



Chancellor of the Duchy of Lancaster

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11th April 1986

The Rt Hon Nicholas Ridley MP AMICE,  
Secretary of State for Transport,  
Department of Transport,  
2 Marsham Street,  
London, SW1

NBRN.

D Nicholas.

## PRIVATISATION OF THE BRITISH AIRPORTS AUTHORITY

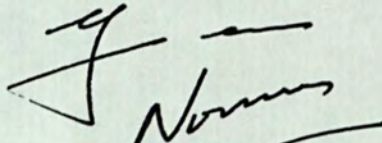
I have seen a copy of Paul Channon's letter of 9 April to you, responding to your own minute of 3 April to the Prime Minister. Paul raises the further question of whether we can now decide which, of Rolls-Royce and BAA, should be scheduled for flotation in the early 1987 slot, and which for later, but still in the first half of the year. John Moore's letter of 4 April reflected that Treasury now expect up to three candidates (BA, BAA, Rolls-Royce) for three slots in the first half of 1987.

Inevitably, there will be a judgement to be made, closer to the time, as to the market conditions and the readiness of the candidates for a flotation. Equally, there are always good arguments for pressing forward with privatisation. But these arguments are, in my view, all the stronger when we are considering a manufacturing firm, operating largely in a market composed of private sector competitors. We have always maintained most strongly that there is no reason for, and many against, Government owning a manufacturing business of this kind. We should not delay in restoring Rolls-Royce to the private sector.

Subject to the privatisation of British Airways at the earliest practicable date, I should therefore like to support Paul's view that we should be disposed towards the flotation of Rolls-Royce before that of the British Airports Authority and should now give Rolls-Royce a firm timetable leading to privatisation in early 1987.

CONFIDENTIAL

I am sending a copy of this letter to the Prime Minister, Willie Whitelaw, members of E(A), John Wakeham, Bertie Denham, and to sir Robert Armstrong.

  
NORMAN TEBBIT

Econ P87: Privatisation Pt 13.

