



Secretary of State for Trade and Industry

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9 June 1986

Norman Lamont Esq MP  
Financial Secretary to the  
Treasury  
HM Treasury  
Parliament Street  
LONDON  
SW1P 3AG

Price Review 2

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Dear Norman,

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**PRIVATISATION OF BRITISH AIRWAYS, BRITISH AIRPORTS AUTHORITY AND ROLLS-ROYCE**

I am writing to conclude the correspondence which took place on this subject during April.

In view of the arguments put forward by colleagues I accept that the January slot should be allocated to the Department of Transport for British Airways or, failing that, British Airports Authority, and that the April/May slot should be allocated to Rolls-Royce. I have told Sir Francis Tombs that a decision has now been taken that, subject to market conditions, Rolls-Royce should be privatised in late April or in May. He expressed disappointment that the January slot was not available, but welcomed the commitment to a firm timetable.

This timetable assumes, of course, that one of the Transport privatisations will be possible in January. We cannot tell whether the recent decline in passenger traffic particularly over the North Atlantic, will be a continuing feature; and, if so, whether this would call in question, against our current expectations, both the BA and the BAA privatisations. If it were to become clear in the course of the summer that neither privatisation was likely to be possible next January, it might well not be too late to bring forward Rolls-Royce. I suggest, therefore, that we look at this again immediately after the summer break. I shall not, meanwhile,

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mention the possibility of a January privatisation to Rolls-Royce; indeed I believe it is most important that we do nothing at this stage which might re-introduce uncertainty within the company just at the point when a timetable for privatisation has been agreed.

I am copying this letter to the Prime Minister, the members of E(A), the Lord President, the Secretary of State for Defence, the Chief Whip and Lord Denham, and to Sir Robert Armstrong.

*V*  
*ms*

*Paul*

PAUL CHANNON

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Econ Pol; Privatization Pt 13

