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Secretary of State for Trade and Industry

Prime Minister <sup>(2)</sup>  
To be aware

AT 9/3

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9 March 1984

The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
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London SW1

*ms*

*D Nigel,*

NIGERIAN DEBTS: BRITISH CALEDONIAN AIRWAYS

*pt 3*

I have seen a copy of Nicholas Ridley's letter of 22 February to you.

2 I see dangers in further Government action arguing for special treatment for British Caledonian's uninsured debts in the present Nigerian situation. In the context of the present debt restructuring exercise I think that BCal should be prepared to make an equitable contribution to the debt relief operation along with other British creditors - many of whom are owed more than BCal and have been awaiting payment for much longer. I do not see how we could justify an argument for preferential treatment for BCal and not, say, for Unilever in the present situation - unless and until it can be established with precision whether or not the current foreign exchange transfer delays constitute a breach of the Air Services Agreement. But even here we have to bear in mind that debt restructuring negotiations have begun in order to secure fair treatment for all creditors because the Nigerian situation does not permit everyone being paid at once.

3 As you know, we have a responsibility to ensure that all the uninsured trade creditors should receive a fair deal on the basis of a settlement broadly comparable with that for the insured creditors. You specifically mentioned this in the BCal context when you saw Dr Soley on 20 February. The fact that your message was well taken has since been confirmed in the current debt discussions where the Nigerians have made particular reference to BCal's arrears. They have given no indication, however, that they intend to treat BCal any more differently from other uninsured creditors than they already have. If BCal themselves can persuade the Nigerians to take a more positive view of airline remittances, so much the better, but I do not think that this is a matter in which we should intervene.

4 A copy of this letter goes to the recipients of yours.

*Norman Tebbit*  
NORMAN TEBBIT

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