

CONFIDENTIAL



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Treasury Chambers, Parliament Street, SW1P 3AG
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12 March 1984

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON SW1P 3EB

Nicholas Ridley

NIGERIA: ECONOMIC RELATIONS

Thank you for your letter of 22 February about the special problems of British Caledonian.

I delayed my reply because I wanted to see if, in the light of a broad hint from the Nigerians that some solution would be found, a visit by BCal representatives to Lagos produced any result. Unfortunately, it did not, and BCal must therefore remain in the same position as the ordinary uninsured creditors, despite the existence of the Air Service Agreement. This means that they will face a long wait for money due to them for 1983. They must also, of course, be concerned about continued prospects for remittance of their 1984 earnings.

I understand that the Nigerian Government are now considering a draft offer to all the uninsured creditors, including airlines, which may be issued in the next week or two. In addition, the Nigerians have told us that they will do their best to maintain a free flow of foreign exchange during 1984. Given the normal delays in transmission, it is too early yet to be sure whether they will honour this undertaking.

In the circumstances, I suggest we await the Nigerian offer to the uninsured creditors, and see what line BCal (along with the other creditors) take about it. Despite the existence of the Air Service Agreement, I am reluctant to put particular pressure on the Nigerians on behalf of a single creditor, although I did take the opportunity to mention BCal when the Nigerian Finance Minister came to see me on 20 February.

Copies of this letter go to the recipients of yours.

Nigel Lawson

NIGEL LAWSON

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indebtedness

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