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DEPARTMENT OF TRANSPORT  
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The Rt Hon Nigel Lawson MP  
Chancellor of the Exchequer  
HM Treasury  
Treasury Chambers  
Parliament Street  
LONDON SW1P 3AG

*22* March 1984

*Dear Nigel*

NIGERIA: ECONOMIC RELATIONS

Thank you for your letter of 12 March about the special problems of British Caledonian.

I am very disappointed that despite the arguments in my earlier letter you feel unable to take any special action to help British Caledonian obtain prompt repatriation of their outstanding balances in Nigeria.

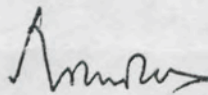
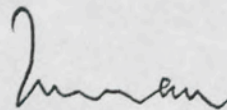
The company is continuing to press its case with the Nigerian authorities and there seems some reason to believe that the Nigerians themselves recognise the company's special position and will be prepared to contemplate some administrative device which will help BCAL to some extent (although going only part of the way to meeting its problem) without setting a precedent which could be embarrassing in their relations with other British and foreign creditors.

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In the circumstances I agree that we should await the Nigerian offer to the uninsured creditors and see what line BCAL take about it. If we are to adopt this policy, however, it is essential in my view that during any inter-governmental discussions with the Nigerians we should avoid any suggestion - let alone any commitment - which would in any way affect BCAL's rights under Article 12 of the Air Services Agreement to repatriate the excess of its earnings over its expenditure in Nigeria. Sir Adam Thomson would have a legitimate ground for complaint (which I am sure he would pursue with both of us) if in the context of negotiating a wider debt settlement we in any way weakened his negotiating position vis a vis the Nigerians. His rights under the Air Services Agreement are an important feature of his case and we must avoid prejudicing them.

I am sending copies of this letter to those to whom I sent copies of my letter of 22 February.



NICHOLAS RIDLEY

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Econ. Pt 4

Indebtedness

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