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CONFIDENTIAL

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

22 May 1985

Dear Nick,

DRAFT WHITE PAPER ON AIRPORTS POLICY

Thank you for the copy of your minute of 16 May to the Prime Minister.

I am writing to confirm that I am content specifically with the aspects of the White Paper on which I have a direct interest and more generally with all the decisions proposed and their presentation. I therefore support publication of the White Paper to the timetable you propose.

I am copying this to the Prime Minister, other members of the Cabinet, the Attorney General, the Chief Whip, the Paymaster General, the Financial Secretary, the Minister for Housing and Construction and to Sir Robert Armstrong.

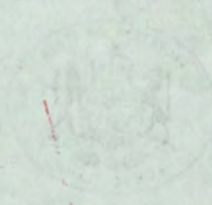
Yours sincerely,

George

Aerospace: BA P+4.

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From The Secretary of State for Wales

The Rt Hon Nicholas Edwards MP

21st May 1985

In Ned

Thank you for sending me a copy of the draft White Paper on Airports Policy. In the very short time available I have not been able to study the draft in any detail but one point does strike me. I wonder whether the presentation of the argument in sections 6.24 to 6.27 could be clarified a little. The draft states that only Manchester Airport is to be designated as a gateway international airport for long haul services (together with the London area airports). It does, however, go on to say that other regional airports may be able to support some long haul services in the longer term: am I correct in assuming therefore that if, for example, Cardiff Wales Airport were successful in attracting a scheduled service to the USA or Canada, there would be no obstacle in its way to introducing such a service forthwith? The present drafting of the White Paper does not seem to me to be entirely clear on the point.

/ I am sending copies of this letter to all members of E(A) Committee.

*For
Ned*

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

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Secretary of State for Trade and Industry

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DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
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TELEPHONE DIRECT LINE 01-215 5422
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21 May 1985

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

D. Nicholas

DRAFT WHITE PAPER ON AIRPORTS POLICY

Thank you for copying to me your memorandum of 16 May to the Prime Minister, together with a copy of your draft White Paper.

2 For the most part I welcome this presentation of the proposals we agreed at E(A) in April. They achieve a balance between the interests involved - particularly the South East on the one hand and 'the regions' on the other - and should facilitate the expansion of business generally, as well as encourage an increase in international trade. In the latter context I am pleased at the reference to Patrick Jenkin's decision to grant planning permission for the STOLport in Docklands. Equally I endorse the one notable departure from what we agreed at E(A) - your decision not to impose an Air Traffic Movement limit at Heathrow. I accept that it would probably not have been practicable to do so, and more importantly, that such a limit may have had a detrimental effect on commercial activity, particularly in the South East.

3 My reservation concerns the proposals dealing with regulation, set out in sections 9 and 10. I should like to suggest two small drafting changes, as follows. First, to paragraph 10.11: it would be more accurate, I think, to replace the words, 'continue to contribute towards meeting airport costs', with 'are taken into account in setting traffic charges'. The original wording suggests the imposition of cross-subsidy, which consultations between our officials have established is not the point at issue in this paragraph. My understanding is that our international obligations extend to taking account of airports' commercial activities in setting traffic charges, so that both sets of costs and revenues form a 'common pot'; but we are not obliged to ensure that commercial activities make any particular level of profit. While it has been our policy to subsidise traffic operations from non-traffic revenues, I am not convinced that it is appropriate to seek to impose such an obligation on a privatised airport company.

JH2APA



The level of 'cross-subsidy' should be a matter for investigation and report by the MMC.

4 The second drafting amendment I should like to suggest refers to paragraph 9.8 which concerns the need for transparency. I consider it important that this should apply not just between airports but also between different operations within an airport. I understand that this is your intention, but perhaps the text should be clarified on this issue. I suggest that a minor insertion be made in paragraph 9.8 in the fourth sentence, so that it reads, "This structure, together with the regulatory system described in section 10, should ensure transparency, both between airports and between the various functions within an airport....."

5 I am content with the remainder of the proposals for the broad regulation framework set out in the draft White Paper. There are detailed points which our officials will need to clarify, such as the precise roles of the various regulatory authorities and their interface in dealing with airports; but I am satisfied that section 10 of the draft White Paper sets out the appropriate parameters for settling these points.

6 I am copying this letter to the Prime Minister and those to whom you copied your minute.

A handwritten signature in black ink, appearing to read 'Norman Tebbit', with a horizontal line underneath.

NORMAN TEBBIT

ACLOSACE; future of BA 1+4

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21 MAY 1955

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MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH



From the Minister

CONFIDENTIAL

The Rt Hon Nicholas Ridley MP
Department of Transport
2 Marsham Street
London SW1P 3EB

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AT
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21 May 1985

125 to 126

DRAFT WHITE PAPER ON AIRPORTS POLICY

Thank you for copying to me your minute of 16 May to the Prime Minister.

As I said in E(A) on 3 April, the development of Stansted itself and the consequential road, rail and urban development will inevitably result in the loss of much good quality agricultural land. This was an aspect which attracted strong criticism during the Public Inquiries, and the publication of the White Paper will no doubt stimulate further discussion on this point. I was grateful, therefore, to see that the draft White Paper stresses the Government's continued commitment to its policy for the protection of agricultural land. I am sure I can rely on you to ensure that in accordance with that policy every effort is made to keep the loss of agricultural land to the minimum commensurate with carrying out the development to the required standards.

I am copying this letter to the Prime Minister, other members of the Cabinet, the Attorney General, the Chief Whip, the Paymaster General, the Financial Secretary, the Minister for Housing and Construction, and to Sir Robert Armstrong.

Nick Ridley
Michael

MICHAEL JOPLING

Aerospace, CAA reviews Pt 4

21 MAY 1987

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NSPM
AT
21/5FCS/85/144SECRETARY OF STATE FOR TRANSPORT

1. In your minute of 16 May to the Prime Minister, you asked for colleagues' agreement to your publishing your draft White Paper on airports policy in the week after the Whitsun Recess. I am happy to agree to this. The short time-limit for replies has meant that my officials have not been able to study the draft as fully as I would have liked but, provided the detailed points which my officials have already made to yours are incorporated in the draft, I am content with it.
2. I note that your proposals for dealing with the allocation of slots at airports (section 11.16) should help to minimise any legal or political objections by foreign airlines and their governments. Nonetheless, I suggest that legislation requiring the Civil Aviation Authority to draw up a scheme for allocating scarce airport capacity should require the CAA to consult all interested persons, and that this should be spelled out in the White Paper.
3. In paragraph 12.15 on the regulation of airports I should be happier if the phrase in the third line "abide by" could be replaced by "act consistently with". The point here is that in the past the US Government has sought to establish that the BAA itself was subject to international obligations.
4. May I conclude by expressing my admiration for the thoroughness of this White Paper, given the difficult task you and your colleagues have faced.



5. I am sending copies of this letter to all members of the Cabinet and to the Attorney General, the Chief Whip, the Paymaster General, the Financial Secretary, the Minister for Housing and Construction and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign & Commonwealth Office
21 May 1985

21 MAY 1985

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bc John Wybrew ✓

10 DOWNING STREET

From the Private Secretary

20 May 1985

DRAFT WHITE PAPER ON AIRPORTS POLICY

The Prime Minister has seen your Secretary of State's minute of 16 May, to which was attached the draft White Paper. Subject to any comments colleagues may have, she is content for the White Paper to be finalised and published. She has commented that it is important to avoid a clash with other major statements after Whitsun and she therefore welcomes the fact that the Parliamentary handling will be discussed with the business managers.

I am copying this letter to Private Secretaries to members of Cabinet, to Henry Steel (Law Officers' Department), Murdo Maclean (Chief Whip's Office), Alex Galloway (Paymaster General's Office), Vivian Life (Financial Secretary's Office, H.M. Treasury), Neil Kingham (Mr Gow's Office, Department of the Environment) and Richard Hatfield (Cabinet Office).

(Andrew Turnbull)

Richard Allan, Esq.,
Department of Transport.

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~~Not included~~
~~Report on the~~
~~subject~~

10 DOWNING STREET

Prime Minister ①

Mr Ridley's White Paper draws
together all the E(A) decisions.
Chapters 12 & 13 provide an
excellent summary and
index of conclusions.

Agree White Paper be published
subject to any comments from
colleagues? Yes no

The date of publication and
the accompanying statement
will need to be coordinated
with other statements of the
Social Security Review. ✓

To note that Mr Ridley will
be discussing this with the
business managers.
ML

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Cepo

Prime Minister

DRAFT WHITE PAPER ON AIRPORTS POLICY ¹³

As we agreed at E(A) on 3 April, I have been preparing a draft White Paper on airports policy to be issued at the same time as Ian Gow's and my decision letters on the Stansted and Heathrow Terminal 5 planning applications.

I now attach a draft of the White Paper, which I should like to publish in the week after the Whitsun Recess.

The draft White Paper follows the lines we agreed at E(A), except for the imposition of a "cosmetic" limit on air transport movements at Heathrow. After further consideration I have come to the view that it will be enough for me to have the power to impose limits on air transport movements, but I need not impose a limit at Heathrow for the time being. (I shall nonetheless, as we decided, need to impose a limit on air transport movements at Stansted in addition to the phasing condition in the planning consent.) A limit at Heathrow of 325,000 air transport movements a year would not have any effect, being at or above the airport's present capacity; and for this reason it would not provide any real relief or reassurance to people living under the Heathrow flight paths. Moreover, insofar as it had any credibility, the limit would anger those around Stansted and in the North who wish Heathrow to be used to the fullest extent possible.

All passages in the draft relating to ATM limits and to the development of Stansted are subject to drafting clearance by Counsel to minimise the risk of legal challenge to the planning decisions. This clearance is being sought in parallel.



- E(A) asked that my Department should discuss arrangements for the regulation of airports with the Department of Trade & Industry and with Treasury. This we have done; and the relevant passages in the White Paper have been agreed with them.

We have discussed the draft at official level with Departments mainly concerned, and we have incorporated their comments as far as possible. I hope therefore that it will be possible to clear the draft by correspondence, and for me to have authority to make minor drafting changes, so that we can get it to the printers by the middle of next week. If clearance has to await a meeting of E(A) or Cabinet, then I fear the timetable for publication will slip, with disastrous consequences. I am anxious to avoid this if at all possible. This means, however, that I must ask you and colleagues to let me know by noon on Tuesday 21 May if you are content for me to go ahead.

I will circulate shortly a draft of the statement which I propose to make to the House on publication. We have promised the House a further opportunity to debate the Government's airports policy. Such a debate could take place a week or two after publication, presumably on a motion to approve the White Paper. (Such a motion would be amendable.) The Parliamentary handling will need particular care, and I shall be discussing this shortly with the Lord Privy Seal and the Chief Whip. In the meantime we must continue to maintain the confidentiality not only of the contents of the White Paper but also of the likely timing of publication.

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I am sending copies of this minute and of the draft White Paper to all members of the Cabinet, and to the Attorney General, the Chief Whip, the Paymaster General, the Financial Secretary, the Minister for Housing and Construction and Sir Robert Armstrong.

A handwritten signature in blue ink, consisting of the initials 'NR' followed by a flourish.

NICHOLAS RIDLEY
16 May 1985

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AEROSPACE

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PRIME MINISTER

17 May 1985

DRAFT WHITE PAPER ON AIRPORTS POLICY

The elements of the policy agreed at E(A) have now been brought together into a White paper which Nicholas Ridley hopes to publish immediately after the Whitsun Recess. The end product justifies your enthusiasm to take up Graham Eyre's challenge to Government to stop muddling through in a series of short-sighted expedients.

The White Paper is comprehensive, well-constructed and lucid. Some might, as it were, sense the author's walking on eggshells through the sections which deal with regional airport policy, and the balance struck between economic and environmental factors at Stansted and Heathrow. However, this reflection of the sensitive politics surrounding airports development does not detract from what emerges as a rational and coherent presentation of the Government's policy.

The central elements of that policy are:

- Recognition of the great economic benefits, direct and indirect, conferred by the UK commercial aviation business. This has been one of the fastest-growing sectors of the economy, and continues to have potential for long-term growth. It has long been the envy of Europe, if not the World. Our European competitors are snapping at our heels and would like nothing more than to

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displace the London airports system from its dominance as an international aviation hub.

- The prospects for UK commercial aviation are made the more exciting by the Government's readiness to set the pace in liberalising commercial air travel to the advantage of consumers and competitive airlines.

- Underlying demand growth, compounded by liberalisation, requires sufficient airport capacity in the right place. The right place is not just the heavily-loaded London system, but the regional airports. These generally have sufficient modern capacity, but deserve a more prominent place in the overall scheme of aviation policy as influenced by the Government.

- The need to minimise the detrimental impact of airports on the environment - and for that to be more than lip-service.

- The scope for encouraging enterprise and efficiency in the operation of major airports through the introduction of private capital.

- For all that, recognition of the continuing role of Government as regulator and referee - not in a tight repressive sense, but as a benign defender of liberal competition between airlines, the consumer and the wider

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public affected by the development and operation of airports.

Nicholas Ridley fully deserves the backing of the Government and its supporters for a sound, well-presented policy.

For easy reference, the conclusions of the White Paper, with key points flagged, are attached.

JW

JOHN WYBREW

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PART I: INTRODUCTION

SECTION 1

Foreword

1.1 From 1981 to 1983 Public Inquiries were held into proposals for the development of Stansted and Heathrow Airports. The report of the Inspector at these Inquiries, Mr Graham Eyre QC, was published last December. The Secretary of State for Transport and the Minister of Housing and Construction (on behalf of the Secretary of State for the Environment) have today issued their decision letters on the planning applications, approving that for Stansted (with conditions) but turning down that for Heathrow in accordance with the Inspector's recommendations.

1.2 The Inspector was invited to consider wider airports issues than the two planning applications before him; and he made numerous recommendations going beyond these applications. The Government is accordingly publishing this White Paper to explain its response on these wider matters and to set its decisions on the London airports in the context of an airports policy for the country as a whole. The White Paper deals in particular with the following questions:

- the future development of the London airports system;
- the role of the regional airports and policies to help their development;

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- the privatisation of the British Airports Authority;
- the reconstitution of all major airports as airport companies, to improve financial discipline and facilitate the introduction of private capital;
- the regulation of airports and rules for the distribution of traffic between them;
- the environmental issues associated with airport development, in particular the problems of aircraft noise and night flying, and the need to plan for the related urban development;
- proposals for legislation to implement these changes.

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SECTION 2

Civil Aviation and Airports Policy

The importance of civil aviation

2.1 One of the most remarkable developments in the field of transport in the post war period has been the dramatic growth in air travel. In 1950 UK airports handled only two million passengers; by 1984 the figure was over 67 million.

2.2 Growth has been in all sectors; but particularly important has been the growth of leisure travel: nearly 20% of the UK population now goes on holiday abroad by air, mostly by charter services, nearly half of which operate from regional airports. Air travel is now a thriving mass market; and demand seems certain to continue to grow. The Government's policy, set out in the White Paper "Airline Competition Policy" in October 1984 (Cmnd 9366), is to liberalise the market for scheduled services so as to promote fair competition. This will bring air travel within the reach of a still wider public.

2.3 Civil aviation is vital to our national prosperity. Aviation directly supports 60,000 jobs and contributes some £500 m a year to our balance of payments. 62% of foreign tourists to the UK travel by air and tourism is one of our most successful growth industries. Expenditure by air travellers in the UK together with civil aviation earnings amounted to over £6 billion in 1984. Our export effort relies on air transport: over £27 billion of our visible trade passed through UK airports in 1984 (three quarters of it through London).

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