



NEW ST. ANDREWS HOUSE
EDINBURGH EH1 3SX

CNO

Rt Hon Nicholas Ridley MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON
SW1

21 October 1985

Dear Nicholas,

W
2/10/85

ECONOMIC REGULATION OF AIRPORTS

I have seen a copy of Lynda Chalker's minute of 4 October.

I understand the awkwardness about the potential overlap between the duties of the CAA and those of the DGFT, in relation to the regulation of airport core activities. I fear however that your proposed solution risks causing uncertainty among potential investors in relation to the BAA prospectus. The uncertainty will also worry airport management who will face the possibility of double investigations and the need to educate two separate agencies. I can also imagine that it might not be straightforward to secure agreement between the Secretaries of State for Transport and for Trade and Industry as to the content of any Regulations that may prove necessary at a later stage, given the rather different perspectives from which the two Ministers will be looking at the problem.

I would therefore see merit in sorting the issue out now, on a once for all basis. The main need is for greater certainty, and I suppose this could be achieved simply by giving OFT and CAA a strict timetable within which to reach agreement, and then insisting that the agreement stick. But I cannot see that anything would be lost by going further and excluding the DGFT from the area of core activities altogether. I think on balance the latter option deserves further thought.

I am copying this minute to the Prime Minister, to members of E(A) and to Sir Robert Armstrong.

Yours well,

George

AEROSPACE: Future of BA: PE 4

HERALD AND BAWBY HOUSE
100 BROADWAY



Mr. Ian Hinchey
Secretary of State for Transport
Department of Transport
2 Marsham Street
LONDON
SW1

21 October 1985

[Faint handwritten text]

ECONOMIC REGULATION OF AIRWAYS

I have seen a copy of your letter of 4 October. I understand the awareness about the duties of the AA and the regulation of air traffic and your proposed solution takes into account the need to ensure that the industry is able to continue to provide a high quality service to its customers. I am sure that the industry will be able to meet the challenge of the future.



The main aim of the...
I am copying this letter to the Prime Minister, to members of the...
I am sure that the industry will be able to meet the challenge of the future.

[Handwritten signature]

[Handwritten signature]