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cc TB/CP

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PRIME MINISTER

BRITISH AIRWAYS

A decision tomorrow to postpone privatisation of British Airways would damage morale at British Airways. Is there any reassurance the Government can give to Lord King in breaking the news to him?

The obvious reassurance would be a further timetable for privatisation, though this is now wearing thin.

It would also help to be able to give assurance about any decisions that Lord King will have to refer to the Government before British Airways is privatised.

One decision, to be taken in January, 1987, is whether British Airways should convert into firm orders six options for Boeing 747s. Is the Government in a position to say that it will accept the views of British Airways management? What other major decisions are coming up in the next 18 months?

DKW

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10 March, 1986.

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