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Foreign and Commonwealth Office

London SW1A 2AH

19 August 1986

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Dear Jon,

UK/US Air Services

Thank you for your letter of 14 August to Robert Culshaw. We are glad to know that DTp officials are assessing the options open to Ministers if the Americans decide not to accept the ideas put to them last week after the failure of the Annex 2 negotiations, ^{WITH TLP?}

I assume that your officials will be consulting ours before recommendations are put to Ministers.

I am copying this letter to the recipients of yours.

Yours Sincerely,
Colin Budd

(C R Budd)
Private Secretary

J Cunliffe Esq
Private Secretary
Department of Transport
2 Marsham Street
LONDON SW1P 3EB

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DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

Robert Culshaw Esq
Private Secretary to the
Secretary of State for Foreign &
Commonwealth Affairs
Foreign & Commonwealth Office
Downing Street
LONDON SW1

Prime Minister

JF

15/8
14 August 1986

Dear Robert,

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UK/US AIR SERVICES

In his letter of 30 July to the Foreign Secretary, my Secretary of State reported the limited progress made in the negotiations which had just taken place in Washington, and undertook to report to colleagues again after the further round which had been arranged to take place in London in mid-August.

These further negotiations were held between 11-13 August, but he has to report that no agreement was reached. Our negotiating team stretched to the limit the brief Ministers had agreed in MISC 112 but to no avail. The US side are still thinking about the final positions we put to them, and they may yet come round, but we cannot rely on that. In the circumstances the Secretary of State has instructed officials here to proceed urgently with a full assessment of the alternative options sketched in the paper he circulated to MISC 112 on 7 July, so that Ministers can decide in September what further steps to take in relation to the privatisation of BA.

I am copying this letter to Charles Powell, to the other Private Secretaries of Members of MISC 112 and to Michael Stark.

Yours Sincerely,

Jon Cunliffe.

JON CUNLIFFE
Private Secretary

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Future of BA: AEROSPACE

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