

5 September 1986

BA PRIVATISATION

The problematic, highly-publicised history of BA privatisation, the Government's repeated intention to proceed at the first available opportunity, and the corresponding assurances to BA's frustrated management mean that we should go for a January 1987 launch unless the case against is compelling.

Is John Moore right to conclude that the only factor which is sufficiently compelling to justify the further postponement of BA privatisation would be the unsatisfactory outcome of next week's negotiations with the US Government over the North Atlantic air services regime?

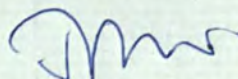
He is certainly right to conclude that the residual anti-trust liabilities are no longer a constraining factor; likewise the influence of timing on the prospects for higher proceeds from the flotation.

Reluctantly we concur with the Department of Transport as regards the hazards of proceeding with BA privatisation if the negotiations over the North Atlantic air services regime have not been satisfactorily concluded.

What is at stake is the credibility of the Government's successful privatisation programme in the run-up to the election. There is every promise that British Gas privatisation will be a resounding success. The public memory is short. The last thing we want to do is to mar that success by following it with a damaging flop, especially when there are two other candidates - BAA and Rolls Royce - of similar scale and at least as much merit.

Conclusion

We would support the line proposed by John Moore.



JOHN WYBREW