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Prime Minister (2) *[Handwritten signature]*
MS 21/2



Treasury Chambers, Parliament Street, SW1P 3AG

Norman Lamont Esq MP
Minister of State
Department of Industry
Ashdown House
123 Victoria Street
London SW1E 6RB

[Handwritten initials]

21 February 1983

Dear Minister of State

THE FUTURE OF CONCORDE

PM's Box

Thank you for sending me a copy of your letter of 15 February to Iain Sproat.

I am content with the terms of the written PQ and the draft letter for Iain Sproat to send to Sir John King. I am also content with your proposal that a small team of officials should have exploratory discussions with BA to establish the amount of flexibility in Sir John King's opening negotiating position.

I must say that I found his letter of 13 December laid down completely unrealistic conditions for the handover. We must await the results of officials' discussions and consider then whether an acceptable arrangement could be reached. But I should say now that I regard British Airways' conditions that the Government should continue to pay some of the project support costs beyond March 1984, and that it should accept any redundancy liabilities resulting from future cancellation as completely unacceptable. I understand that officials will be trying to negotiate arrangements without these provisions but I do not believe we should make costly concessions in other areas to British Airways. If we discover that the only conditions on which BA are willing to take over in-service support costs are disproportionately costly to HMG we shall need to review the situation fundamentally.

I am copying this letter to the recipients of yours.

Yours sincerely

J. Brittan

LEON BRITTAN

[Approved by the Chief Secretary]

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