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**British
airways**

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Pine Ministu
Lord King's circular sets out
the Nott undertakings very
clearly

AT 1817

Lord King of Wartnaby
Chairman

pa
20/7

Mr Turnbull

To see.

Agree no reply? Yes AT

20/7
18/7

To: All Members of Parliament
House of Commons
London SW1A 0AA

17 July 1984

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FUTURE OF THE BRITISH AIRLINE INDUSTRY

I regret that this impersonal approach to you is necessary in view of the urgency required to convey my reactions to the recommendations of the Civil Aviation Authority.

Substitution of one airline for another by transfer of routes does not increase competition nor does it do anything to benefit the consumer. Furthermore it is likely to lead to an immediate diminution in business by British airlines for the benefit of foreign carriers.

If the Government were to accept these recommendations this would amount to a breach of faith to the airline and its staff. In a letter to my immediate predecessor from the then Secretary of State, Mr John Nott, dated 29th October 1979, it was said that;

"The size, status and prestige of British Airways confirms its position as our national flag carrier and that there will be no arbitrary reallocation of routes".

On 19 November 1979 in the House of Commons during a debate on the 1980 Civil Aviation Act Mr Nott stated;

"I do not propose that any part of British Airways should be broken up or sold off. I propose that the airline as a whole should be quoted and it will then be for the board of directors to take decisions on how they organise their business".

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On taking office I, and my Board, were given a similar understanding and with this assurance we restructured the airline.

If adopted, these recommendations would lead to the loss of many jobs at considerable cost to the airline.

Furthermore the reduction in profits would be substantial. This country would lose its position in the forefront of the world's airlines - the beneficiaries possibly being the few shareholders in certain other British airlines as well as the foreigners who would take great pleasure in seeing one of their largest international competitors reduced in stature.

I am urging the Secretary of State for Transport to keep British Airways intact and to introduce more competition on our routes as soon as his officials are able to negotiate dual or multiple designation with their foreign counterparts. Some already exist with a number of countries, not many of which have been fully taken up by other British carriers.

By this means we would avoid lost jobs, and ensuing costly, painful and damaging redundancies. Such avoidance would ensure the continued progress of one of this nation's greatest successes.

King