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MR TURNBULL

26 September 1984

CIVIL AVIATION POLICY

PRIME MINISTER'S MEETING WITH LORD KING ON 27 SEPTEMBER

We have just (3.00 pm) seen a late draft of the recommendations which Nicholas Ridley will deliver later today.

They are without doubt an attractive package. We think the Prime Minister should give credit to BA for the flexibility they have shown in putting it together (the package is very largely their creation) and to Mr Ridley for having got BA to see the political need for compromise.

We strongly support Mr Ridley's proposals (a), (b) and (c) - respectively domestic deregulation, dual designation, and the encouragement of new services between UK regional airports and Europe. These are real benefits to airline passengers.

As to proposal (d) - route swapping between BA and BCal - Mr Ridley is quite right to want to tell BCal to take it or leave it. It is a very good deal, which offers BCal at least £15 million of profit on top of the £14 million they expect to make this year.

Proposal (e) - the prevention of anti-competitive practices in the deregulated sector - is necessary and sensible. It will probably need strengthening in presentational terms, and we would prefer power to devolve to the OFT rather than to the CAA.

The Prime Minister could ask Mr Ridley whether he feels in a position to deliver. (For instance, he does not have direct power to instruct route swaps). How is he going to get the CAA on side in implementing a package which falls some way short of the Authority's recommendations?

R.Y.

ROBERT YOUNG

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