

c B1
EDW

CONFIDENTIAL



cc NO 2

1) Mr. Glabe

2) Prime Minister

PRIME MINISTER

A. J. C. 6/7.

ANTITRUST : DISPUTE WITH THE UNITED STATES

I thought you would like to know that the intensive discussions that have taken place since last Monday have now been brought to what I believe is a very acceptable conclusion. They lasted for five days in Washington, and then yesterday and today here in London. Agreement has now been reached in which we have successfully resisted the request of the Americans to rescind the Protection of Trading Interests Act Directions (thus giving the best protection to British Airways and British Caledonian in their current case before the Court of Appeal) and at the same time have preserved the "non-paper" (containing the basic agreement with the Department of Justice to limit the damage that might arise to our airlines from the Grand Jury investigation). This has been achieved without concessions on either side but by clarification of the extent of the PTI Direction and Consents. We have agreed to give one brief written answer to Parliament, a Consent in respect of the American airlines in the US, and a letter confirming a technical legal point about the freedom to co-operate with the Department of Justice of those who are willing voluntarily to do so. The Americans, for their part, have confirmed that they will not now proceed with the additional subpoenas on British Caledonian in particular, which they were threatening to issue.

As you know, this is a most difficult issue of conflict of jurisdiction which does seriously threaten BA and B.Cal. I believe the outcome of the present negotiation has been as good as we could have looked for in the circumstances

CONFIDENTIAL

CONFIDENTIAL



and reflects great credit on Mr Handley Stevens and his team who conducted these "trans-continental" negotiations under very considerable pressure. I would also like to express my appreciation for the excellent support given by Sir Oliver Wright and his staff at the Embassy.

This is not, of course, the end of the story as we have the Court of Appeal hearing at this moment and it is impossible to tell just what the impact may yet be of either the Grand Jury investigation or the Civil Treble Damage Suit in the United States courts. Nonetheless, I think that we have achieved at least this first objective of giving the best support that we can to our airlines in their Court of Appeal case while preserving our separate understanding with the Department of Justice.

I am copying this to the Foreign and Commonwealth Secretary, Secretary of State for Trade and Industry and the Attorney General.

A handwritten signature in dark ink, appearing to read 'Tom King', with a large, sweeping initial 'T'.

TOM KING

5 July 1983

CONFIDENTIAL

File

da

7 July 1983

Antitrust : Dispute with the United States

The Prime Minister has noted the contents of Mr. King's minute of 5 July.

A J COLES

Miss Dinah Nichols,
Department of Transport.

NR.