

7. Ambassador Price raised the question of Laker (just beating the Prime Minister to the draw). He was concerned that the issue should not get out of hand or emotions run riot. It was a dispute which needed to be managed carefully. By his own interpretation of Article 12(4) of the Bermuda Agreement the United States was on strong ground in acting as it had. The Prime Minister said that she took a very grave view of the matter. While she welcomed the official talks which were going on and which seemed to be making some progress, it must be clear that if the Department of Justice were to bring indictments against British airlines and former British Airways' employees, we should face a very difficult situation. It would be worse, distinctly worse, than the Siberian pipeline dispute. She very much hoped that the Department of Justice would exercise its discretion not to indict.



10 DOWNING STREET

From the Private Secretary

8 November 1984

Dear Callum,

Laker

I enclose an excerpt from the record of the Prime Minister's conversation with the US Ambassador today, dealing with Laker.

I am copying this letter and enclosure to Dinah Nichols (Department of Transport), Henry Steel (Law Officers' Department) and David Peretz (HM Treasury).

Yours sincerely
C.D. Powell

C.D. Powell

Callum McCarthy, Esq.,
Department of Trade and Industry.