

*File*

PS

PS/LADY YOUNG

PS/FUS

MR BRAITHWAITE

~~MR O'NEILL~~

MR AUST, Legal Advisers

MR FREELAND, Legal Advisers

ED/MAED (2)

ED/NAD

RESIDENT CLERK



PS/S of S

MR LAZARUS, FUS

MR KNIGHTON

MR STEVEN

~~MR [unclear]~~

DEPT OF  
TRANSPORT

MR AYLING

MR ROBERTS

MR SUNDERLAND

MR HENRY

MR BECKETT (Solicitors)

DEI

POWELL

MR COLES

10 DOWNING ST

MR GARDNER,

ATTORNEY  
GENERAL'S OFFICE

IMMEDIATE

CONFIDENTIAL

DESKBY 140900Z

FM WASHINGTON 132355Z

TO IMMEDIATE FCO

TELEGRAM NUMBER 3373 OF 13 NOVEMBER 1984

LAKER: GRAND JURY

1. COUNSELLOR (CAS) DELIVERED TO MILES (STATE DEPT) FORMAL NOTE SETTING OUT THE POINTS OF COMITY WHICH HAD BEEN PUT TO THE JUSTICE DEPARTMENT DURING THE CONSULTATIONS ON THE PROPOSED INDICTMENTS (SEE MY TELNO 3206).

2. WITH REGARD TO THE CONTINUING TALKS ON FUTURE ARRANGEMENTS (SEE MY TELNO 3355) MILES SAID THAT A DEAL WAS AVAILABLE PROVIDED THERE WAS A POLITICAL WILL ON BOTH SIDES TO GRASP IT. HE WAS CONCERNED, HOWEVER, THAT ATTEMPTS TO FINE TUNE THE AVIATION POLICY DETAILS I.E. THE PRECISE NATURE OF TARIFF LIBERALISATION, MIGHT OVER-BURDEN THE NEGOTIATIONS.



LIBERALISATION, MIGHT OVER-BURDEN THE NEGOTIATIONS.

3. MAYNARD SAID THAT HE WAS CONFIDENT THAT THE UK NEGOTIATORS HAD THEIR EYE ON THE BASIC ELEMENT OF THE DEAL, NAMELY THE ANTI-TRUST ASPECTS. THE MAIN RISK LAY NOT WITH DETAIL BUT THE CONSEQUENCES OF ANY DECISION BY THE JUSTICE DEPARTMENT TO PROCEED WITH INDICTMENTS. AN AGREEMENT ON FUTURE ARRANGEMENT WOULD BE A MAJOR STEP FORWARD NOT ONLY FOR THE US/UK AVIATION RELATIONSHIP BUT, PERHAPS, MORE WIDELY. THE WILLINGNESS OF HMG TO ACCEPT THAT THE JUSTICE DEPARTMENT COULD, IN JOINTLY AGREED CIRCUMSTANCES, COULD ENFORCE US ANTI-TRUST LAWS IN AVIATION WAS A SIGNIFICANT BENEFIT TO THE US WHICH BALANCED THE ELIMINATION OF CIVIL ANTI-TRUST LIABILITY. THIS MUST SURELY BE A FACTOR IN THE JUSTICE DEPARTMENTS CONSIDERATION OF THE CURRENT CASES.

4. NILES SAID THAT IN THE LIGHT OF THE REPORTS FROM THE US AMBASSADOR IN LONDON ON RECENT MEETINGS WITH THE PRIME MINISTER AND OTHER MINISTERS, ALL CONCERNED IN THE US GOVERNMENT RECOGNISED THAT A "WRONG" DECISION BY THE JUSTICE DEPARTMENT COULD DESTROY THE POSSIBILITY OF A VALUABLE AGREEMENT. THE LINK BETWEEN FUTURE ARRANGEMENTS AND THE INDICTMENTS WAS FIRMLY ESTABLISHED EVEN IF RELUCTANTLY SO IN THE JUSTICE DEPARTMENT. THE ISSUE WAS BEING URGENTLY EXAMINED AT CABINET LEVEL.

5. KIMMIT (NSC) HAS ALSO CONFIRMED THAT BOTH THE NEGOTIATIONS ON FUTURE ARRANGEMENTS AND THE JUSTICE DEPARTMENT'S FINAL DECISION ON THE INDICTMENTS ARE BEING CLOSELY MONITORED BY THE WHITE HOUSE. AMBASSADOR PRICE'S REPORT OF HIS MEETING WITH THE PRIME MINISTER WILL BE AN ELEMENT IN THIS AND HAS HIGHLIGHTED THE ACUTE POLITICAL NATURE OF THE JUSTICE DEPARTMENT'S DECISION.

FCO PLEASE ADVANCE TO  
KNIGHTON STEVENS FORTNAM DTP  
AYLING HEALEY ROBERTS DTI  
GRAY MAED FCO  
AUST LEGAL ADVISORS FCO  
GARDINER MOD

WRIGHT