



FCS/84/300

SECRETARY OF STATE FOR TRANSPORTAviation and US Anti-Trust: The "Laker" Issue *with AT 2 CP*

1. Thank you for your letters of 13 and 15 November. I have asked my Private Secretary to inform yours orally that I agree that the UK delegation to next week's talks with the United States officials on a possible settlement on the future working of the Bermuda 2 agreement should be instructed to seek an agreement on the lines you propose.

2. I think that the line you propose on the PTI Act is quite right. We clearly must not use the PTI Act to frustrate the objective of any agreement reached on aviation, but we must also not allow the US Department of Justice to use such an agreement for purposes for which it was not intended - something they are only too likely to do if they are not pinned down.

3. I agree that the package now proposed on future arrangements and tariff liberalisation would, if we can obtain it, be of great benefit to our airlines in the particular competitive climate on the North Atlantic. I also agree, however, that we cannot take a final decision on the package until we know what the US authorities will do on the indictments and what help they are prepared to give us on the civil suits. Officials should make it quite clear that in considering the outcome of the negotiations we shall have in mind very much the US decision on the indictments; but, because the indictments are our immediate target, I do not think that at next week's talks our officials should raise explicitly the question of the Laker civil suits. Our own implementation of the package will also depend on the passage of the appropriate Congressional legislation

/abolishing



abolishing private treble damage actions from the aviation field.

4. I think there is one further point on which we need to be agreed: what we should do if the US authorities indicate in the course of next week's talks that they propose to indict. In that event I believe that our delegation should adjourn the discussions, taking the line that they will need to consult Ministers before they can carry the talks any further. They should not make any substantive comment. In that case, or, indeed, if indictments come later, I think that we should re-convene the small group of Ministers which met under my chairmanship last month, in order to consider how to respond.

5. I am copying this minute to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, the Attorney-General and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

GEOFFREY HOWE

Foreign and Commonwealth Office  
16 November, 1984