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UNCLASSIFIED
DESKBY 200900Z
FM WASHINGTON 192310Z NOV 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 3437 OF 19 NOVEMBER

LAKER

1. TEXT OF DEPARTMENT OF JUSTICE ANNOUNCEMENT MADE TODAY WAS AS FOLLOWS:-

BEGINS: THE DEPARTMENT OF JUSTICE TODAY ANNOUNCED THAT IT IS CLOSING AN ANTI-TRUST GRAND JURY INVESTIGATION INTO PASSENGER AIR TRAVEL BETWEEN THE U.S. AND THE UNITED KINGDOM. THE DEPARTMENT ANNOUNCED THAT IT WAS THE PRESIDENT'S DECISION, BASED ON FOREIGN POLICY REASONS, THAT THIS SHOULD BE DONE.

ENDS

2. PRESS REPORTS SUGGEST THAT JUSTICE DEPARTMENT SPOKESMAN MARK T SHEEHAN MADE CLEAR THAT JUSTICE OFFICIALS, CONSIDERING ONLY LEGAL ISSUES, WANTED TO CONTINUE THE CASE BUT WERE OPPOSED BY OFFICIALS IN THE STATE DEPARTMENT. HE IS ALSO QUOTED AS SAYING (QUOTE) IF THE JUSTICE DEPARTMENT HAD THOUGHT THE INVESTIGATION SHOULD BE CLOSED ON PURELY LEGAL GROUNDS, THE QUESTION WOULD NOT HAVE GONE TO THE PRESIDENT IN THE FIRST PLACE. THERE WAS NOT COMPLETE AGREEMENT BETWEEN THE AGENCIES AS TO WHICH CONSIDERATIONS WERE PARAMOUNT - LEGAL OR FOREIGN RELATIONS CONSIDERATIONS. JUSTICE OBVIOUSLY WAS NOT WILLING TO CLOSE THE INVESTIGATION DOWN OF ITS OWN VOLITION AT THIS TIME. IT IS NOT UNUSUAL FOR SUCH QUESTIONS TO GO TO THE PRESIDENT. (UNQUOTE).

3. SHEEHAN IS ALSO REPORTED TO HAVE SAID THAT HE COULD NOT RECALL THE LAST TIME A PRESIDENT HAD ORDERED A CRIMINAL ANTI-TRUST GRAND JURY INVESTIGATION CLOSED. HE IS FURTHER QUOTED AS SAYING (QUOTE) THE DECISION WAS MADE AFTER DISCUSSIONS BETWEEN REAGAN AND TOP WHITE HOUSE, JUSTICE AND STATE OFFICIALS. ALL THOSE WHO DISCUSSED THE DECISION DIRECTLY WITH REAGAN SUPPORTED IT. REAGAN ACTED ON THE PRESIDENT'S CONSTITUTIONAL AUTHORITY AS THE NATION'S CHIEF LAW ENFORCEMENT OFFICER AND THE OFFICIAL RESPONSIBLE UNDER THE CONSTITUTION FOR CONDUCT OF FOREIGN POLICY (UNQUOTE).

4. SHEEHAN IS REPORTED AS REFUSING TO SAY WHETHER REAGAN SPOKE WITH BRITISH OFFICIALS. HE IS ALSO REPORTED TO HAVE SAID THE DECISION WAS NOT LINKED TO ANY U.S. - BRITISH TALKS ABOUT LOWERED TRANS-ATLANTIC AIR FARES, AND TO HAVE SAID THE TWO SUBJECTS HAVE NEVER BEEN DISCUSSED TOGETHER AND THERE WAS NO QUID PRO QUO.

5. WILLIS (STATE DEPARTMENT) TOLD COUNSELLOR (CAS) THAT THESE JUSTICE DEPARTMENT COMMENTS WERE NOT APPROVED BY THE WHITE HOUSE AND EFFORTS WERE BEING MADE TO QUOTE BRING THEM INTO LINE UNQUOTE.

FCO PLEASE ADVANCE DESKBY 0900 TO AYLING (DTI) KNIGHTON, FORTNAM (DTPT), GRAY (MAED FCO), AUST (LEGAL ADVISORS), GARDINER (LOD).

WRIGHT

US ANTI-TRUST ACTION AGAINST BRITISH AIRLINES

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REAGAN ORDERS LAKER PROBE CLOSED

WASHINGTON, MONDAY - PRESIDENT REAGAN HAS ORDERED THAT AN ANTITRUST INVESTIGATION INTO THE COLLAPSE OF BRITISH INDEPENDENT AIRLINE LAKER AIRWAYS SHOULD BE CLOSED, A DEPARTMENT OF JUSTICE SPOKESMAN SAID TODAY.

THE ONE-BILLION-DOLLAR SUIT, BEING HEARD BY A GRAND JURY, WAS INVESTIGATING WHETHER 12 RIVAL AIRLINES HAD CONSPIRED TO PUT THE CUT-PRICE LAKER ACARRIER OUT OF BUSINESS.

LAKER AIRWAYS, THE BRAINCHILD OF FLAMBOYANT BRITISH ENTREPRENEUR SIR FREDDIE LAKER, PIONEERED CHEAP FLIGHTS ACROSS THE ATLANTIC IN 1977, BUT COLLAPSED IN A MOUNT OF DEBT IN FEBRUARY 1982, STRANDING ABOARD AN ESTIMATED 17,000 TRAVELLERS.

JUSTICE DEPARTMENT SPOKESMAN MARK SHEEHAN SAID PRESIDENT REAGAN DECIDED TO CLOSE THE INVESTIGATION LATE LAST WEEK AFTER TALKS WITH TOP OFFICIALS OF THE US JUSTICE AND STATE DEPARTMENTS AND WHITE HOUSE STAFF.

'A CASE LIKE THIS CAN PRESENT DIFFICULT LAW ENFORCEMENT AND FOREIGN RELATIONS ISSUES. THE PRESIDENT IS THE ULTIMATE LAW ENFORCEMENT AUTHORITY IN BOTH OF THOSE AREAS. HE DETERMINED THAT CLOSING THE INVESTIGATION WAS IN THE NATION'S BEST INTERESTS,' MR SHEEHAN SAID.

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