



Prime Minister

AIRPORTS POLICY

You have agreed to see Ian Gow and me, with John Biffen and John Wakeham, for an informal discussion about airports policy next Wednesday. I attach as background drafts of the two papers that I propose, subject to your views, to put to E(A) for the meeting on 3 April. The two papers are on -

- (i) airport development in the South East,  
and
- (ii) the structure and ownership of airports.

I have agreed the first paper with Ian Gow. It describes the decisions which he and I are minded to take on the recommendations of the Inspector on the Stansted and Heathrow Terminal 5 Public Inquiries. I acknowledge the soundness of the Inspector's proposals: we must develop Stansted, and we must make the most use of Heathrow - there is no other feasible solution. But we cannot, I believe, endorse the Inspector's full recommendations, without qualification, in the face of strong opposition to each recommendation from different groups within our own Party. My paper therefore proposes an approach which, I think, will yield the result we want ultimately, but pays particular attention to presentation: it stresses an incremental approach, proposing that we take only those decisions we need to take now to provide London with the capacity it needs, while leaving all the options for the future open.

This leads on to the subject of my second paper, in which I deal, among other things, with the privatisation of airports. My view here is that we should prepare the way



for privatisation, but not take firm decisions about the date for privatisation. I doubt the wisdom of quickly privatising the British Airports Authority. For one thing, I think we need to split the BAA up first. We also need to establish, and try out, a new structure of separate companies for each airport and a system of regulation of airports; and we also need to consider further the implications of privatisation for the adequate provision of capacity in the London area: I believe we should carry forward by a stage or two the implementation of the decisions indicated in my first paper before we decide on privatisation - it will for example be much easier to deal with the Terminal 5 problem at Heathrow while the BAA is still in the public sector.

My second paper also embraces the future of the local authority airports, the BAA's Scottish airports, and the Civil Aviation Authority's airports in the North of Scotland. Taken together these proposals will, I hope, while opening the way to privatisation, serve to make our airports more efficient and more responsive to the communities they serve.

If you and other colleagues agree, my intention is to publish these decisions in a comprehensive White Paper on airports policy in May or June. The publication of the White Paper would be timed to coincide with the issue of Ian Gow's and my decision letter on the Stansted and Terminal 5 Public Inquiries.

I am copying this minute and the attachments to Ian Gow, to John Biffen and John Wakeham, and to Sir Robert Armstrong.

*R. A. Allan  
(Private Secretary)*

NICHOLAS RIDLEY

22 March 1985

*(Approved by the  
Secretary of State and  
signed in his absence).*