

CONFIDENTIAL



file EL3BXH
SUBJECT
CC MASTER

10 DOWNING STREET

LONDON SW1A 2AA

29 April 1987

From the Private Secretary

Dear Richard,

MEETING WITH LORD KING

The Prime Minister this morning met Lord King, Chairman of British Airways, at his request.

The Prime Minister congratulated Lord King most warmly on the successful privatisation of British Airways. Much of the discussion thereafter need not be recorded. However Lord King said that, whilst BA was firmly in favour of domestic airlines competing on domestic routes, BA was a little bit at cross-purposes with the Government on the matter of competition on international routes. There was a need for a single strong British international carrier to take on the four or five US mega-carriers and the many other international airlines. Air France in particular would become a fearsome competitor if it were ever to wake up. British Caledonian was an irritant. The result of giving it routes alongside BA was to increase the number of flights allocated to foreign airlines. British Caledonian were likely sooner or later to fail. They were, for example, only making small profits on the Saudi Arabian route, whereas BA had made profits of £17 million a year. Lord King said finally that Adam Thomson and people at the CAA were saying that the Prime Minister had decided personally that British Caledonian should be given the route to Seoul because they had to be given something.

The Prime Minister made no response to Lord King's comments, except to say that she was not even aware of any discussions about the route to Seoul and that in any case such decisions were matters for the Secretary of State for Transport acting in a quasi-judicial capacity.

Yours,

David.

DAVID NORGROVE

Richard Allan, Esq.,
Department of Transport.

DT

CONFIDENTIAL



Ali

EL3BX1

bc Appts.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

SIR ROBERT ARMSTRONG

MEETING WITH LORD KING

Lord King, Chairman of British Airways called to see the Prime Minister this morning at his request.

Among other things, Lord King pointed to the extent of his involvement with the public sector over many years. With the privatisation of BA, this had for the moment come to a stop. Lord King offered his services in any other capacity in which the Prime Minister might wish to employ him.

DAVID NORGROVE

29 April 1987