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9 July 1987

Dear David

NBM

BRITISH AIRWAYS AND BCAL

Thank you for your letter of 8 July. You have already seen my letter of the same date.

I mentioned to you on the telephone this morning that Lord King had asked that he and Sir Adam Thomson should come and see the Prime Minister about the proposed merger of the two airlines. My Secretary of State's view was, and still is, that this would be unwise. Lord Young's office agreed. You were in no doubt that the Prime Minister would not wish to see the two airline Chairmen on this matter. This response was communicated to Sir Adam Thomson and to Lord King, who came together to see my Secretary of State early this evening.

Lord King and Sir Adam had not as yet agreed the terms but were anxious to avoid a reference to the MMC if they did. Mr Channon pointed out that this was a matter for the Secretary of State for Trade and Industry, advised by the DGFT. Sir Adam has arranged to see Sir Gordon Borrie at 11.30 am on Friday 10 July.

My Secretary of State has commissioned further work on the issues and intends to write tomorrow.

I am copying this letter to Alex Allen (HM Treasury) and Tim Walker (Department of Trade and Industry).

Yours
R J

R J GRIFFINS
Private Secretary

AGROSPACE: British Airways PT6.

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301



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