



FCS/85/145

SECRETARY OF STATE FOR TRANSPORT

UK/US Civil Aviation: Bermuda 2

- with AT?*
1. Thank you for your letter of 13 May about our objectives and negotiating strategy in dealings with the United States over civil aviation.
 2. I am glad to see that we are in agreement on the need to replace the Capacity Annex to Bermuda 2 with arrangements which will safeguard the interests of our airlines.
 3. I think you have misunderstood what I said about the potential advantages of liberalisation. I do not of course advocate giving the Americans "what they want" without regard to our own interests. The concept of greater liberalisation in transport operations, in civil aviation as in other sectors, is something to which we are as a Government committed. In the present context, we have an opportunity, as you say, to put the Americans on the spot as to just how far they are really ready to expose their airlines to greater competition, and to secure what we want on capacity. We have no need to be defensive.
 4. As to the longer term, we are in complete agreement that anti-trust must be taken up again in due course, but only after the Laker suit and the Class Actions have finally been disposed of.

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5. Given the degree of understanding between us, I agree that there is no need for a further meeting of MISC 112 at present.

6. I am copying this minute to the other members of MISC 112 and to 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
22 May 1985

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