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Secretary of State for Trade and Industry

20 December 1985

The Rt Hon Nicholas Ridley MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
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NBRM

Nich,

A BILATERAL COMPETITION REGIME FOR UK/US AVIATION

Thank you for sending me a copy of your letter of 17 December to Geoffrey Howe.

2 I am broadly content with what you propose. But the issues are intractable; and I very much agree that the line taken by your officials should be tentative and exploratory. I would enter a number of caveats. Looking to the US position, it will be important to be sensitive to developments in the work of the President's Task Force on Anti-Trust, not least because the President may by January have reached a view on its report. Looking to our own, we need to bear in mind that a range of important issues would need to be settled before we ourselves could give full backing to a scheme of the kind outlined in your letter. These include the question of how a scheme for competition in one sector would sit with our wider competition policy - itself to be under review. There is also the issue of Community competence. At a more detailed level, I foresee much time having to be spent over tricky issues touching offences, penalties, and recourse to the courts. For all these reasons, I am sure you are right in suggesting that your officials' approach to their US counterparts should be without commitment. It will be best for them to confine themselves to giving a broad outline of your ideas at this stage.

3 I am sending a copy of this letter to colleagues on MISC 112, to the Lord Chancellor, and to Sir Robert Armstrong.

Law,
LF
JF4AQZ

LEON BRITTAN

Aeropne Estore BA PC4

