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The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
HM Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG

15 January 1986

NRBON.

Dear John

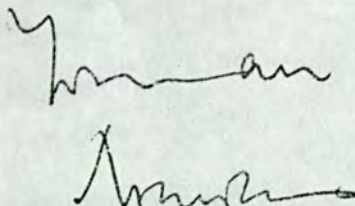
LAKER CLASS ACTION SETTLEMENT: CLAIMS BY GOVERNMENT DEPARTMENTS

Further to my letter to you of 13 December, I understand that your officials have advised that if Government Departments are not to submit claims for coupons, Parliament should be told by means of an arranged written question and answer. They also suggest that the position of Accounting Officers should be protected by the Treasury issuing a DAO letter. In view of the rather exceptional policy reasons which underline this decision, I am prepared to agree to this and enclose a draft question and answer for your consideration.

As the issue at stake here is one of financial propriety which will affect all Departments and will lead to the Treasury issuing a DAO letter, I hope you will agree that it would be appropriate for a Treasury Minister to answer such a question.

I feel that we ought to move relatively quickly to resolve this matter and announce our decision. Could I therefore ask colleagues to let me know by 22 January if they are not content with either the proposal not to claim or the arranged question and answer?

I am copying this to the Prime Minister, Cabinet colleagues and Sir Robert Armstrong.



NICHOLAS RIDLEY

Question

To ask /the Chancellor of the Exchequer/ whether Government Departments will apply for the coupons offered in the recently announced provisional settlement of the US anti-trust class action which arose out of the collapse of Laker Airways.

Answer

No Sir. As my Rt Hon and learned friend the Secretary of State of Trade and Industry explained to the House of 11 December, the Government's view is that the unilateral application of United States' anti-trust law to air services operated under the United Kingdom - US Air Services Agreement (Bermuda 2) is not compatible with the United Kingdom's rights under the Agreement and is damaging to the trading interests of the United Kingdom. Since the Government therefore consider that the bringing of the class action is incompatible with our rights under Bermuda 2, there can be no question of Government Departments benefitting from the settlement.

LEGAL PROCE

US GRAND JURY

PT 2

