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The Rt Hon Paul Channon MP  
Secretary of State for Trade and Industry  
Department of Trade and Industry  
1-19 Victoria Street  
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24 February 1986

Dear Paul

A BILATERAL COMPETITION REGIME FOR UK/US AVIATION

Thank you for your letter of 10 February <sup>at 11.30</sup> about some of the broader anti-trust competition aspects of my visit to Washington last week. It was most useful to have your views on these matters.

As you will no doubt have seen from the reporting telegram we did not make much headway on aviation and anti-trust, but equally I was careful not to be dismissive of the anti-trust law reforms proposed more generally, knowing that these could be of some limited value both in aviation and in other sectors. At all events I do not think that anything I said will have discouraged the US Administration from pressing on with that work; indeed I was told that anything more far reaching on aviation and anti-trust would have to be considered later in the light of progress with Congress on the main package.

Meanwhile it was very helpful to have your agreement that we could discuss the broad principles of our proposed bilateral regime for aviation in more definitive terms, and we have accordingly given US officials a copy of the draft text for a bilateral understanding in this area which I circulated to colleagues on MISC 112 with my letter of 17 December. Despite the not very encouraging response which I encountered in Washington, I hope that we shall be able to keep the dialogue going constructively, and it is at least a good sign that the Americans have again agreed to spend one day on 25 February exploring these issues with us within the context of our air services discussions that week. We shall be reviewing the situation in the light of any response they may be able to make then.

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

*Nicholas Ridley*  
*Nicholas Ridley*

NICHOLAS RIDLEY

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РА ПТС.

