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SCOTTISH OFFICE
WHITEHALL, LONDON SW1A 2AU

The Rt Hon John Moore MP
Secretary of State for Transport
2 Marsham Street
LONDON
SW1P 3EB

16 July 1986

Dear John

NBN

AIR TRAFFIC DISTRIBUTION IN THE LONDON AREA

Thank you for copying to me your letter of 14 July.

ATTACHED

I am entirely content with what you propose, and grateful for the careful account you have taken of the regional implications of the CAA's proposals. I do agree that it is important to make an early announcement, so that local interests and the airlines know where they stand, and I hope that you will be able to do so next Monday.

I am copying this letter to the Prime Minister, Willie Whitelaw, Geoffrey Howe, Douglas Hurd, George Younger, Nicholas Edwards, John Biffen, Norman Tebbit, John Wakeham, and Sir Robert Armstrong.

Yours ever,

MALCOLM RIFKIND



CCBG



DEPARTMENT OF TRANSPORT
2 MARSHAM STREET LONDON SW1P 3EB

01-212 3434

The Rt Hon Douglas Hurd MP
Secretary of State for the Home Department
Home Office
50 Queen Anne's Gate
LONDON SW1

14 July 1986

1. ITR
2. NEA

To see the sentences marked.

Douglas

3. NDA.

DK
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AIR TRAFFIC DISTRIBUTION IN THE LONDON AREA

In view of your responsibilities for the Insular Authorities I am writing to you to set out the response I propose to make to the Civil Aviation Authority's advice on traffic distribution rules for the London area (CAP522).

The CAA has produced a very thorough and professional report which advances a comprehensive strategy for the development of the four London airports into the 1990s. The rules which the CAA has proposed can conveniently be viewed in two groups: those which should be implemented as soon as the necessary powers under the Airports Act 1986 commence on 8 September; and those which should be made at some later date.

I am disposed to accept the CAA's advice for rules to be introduced as soon as the necessary legislation commences. These rules will be:

- (i) confirmation of the existing restrictions at Heathrow (no charter services, and no international scheduled services by operators who have not previously mounted such services from Heathrow);
- (ii) new domestic scheduled services will continue to be permitted at Heathrow, but only where the benefits to the user are likely to outweigh all other considerations; and
- (iii) that general and business aviation and all-cargo services at Heathrow and Gatwick should be excluded from the peak hours subject to certain exemptions to ensure that flights such as those made by the Royal Family, Government Ministers, visiting foreign dignitaries etc will be permitted.

I would not expect any of these rules to have any significant impact on the interests of the Insular Authorities.

I propose also to confirm as formal rules, under Section 31 of the Airports Act 1986, the existing controls which apply at the three Scottish Lowland Airports, Prestwick, Glasgow and Edinburgh (ie that Prestwick will cater for long-haul flights while Glasgow and Edinburgh handle domestic and shorthaul services). I do not propose that the formalisation of the existing controls should alter our White Paper view that the policy for Prestwick should be reviewed if the airport's financial results have not improved by 1989.

The most controversial of the CAA's recommendations for later rules, and the most sensitive politically, is the proposal that six regional services should be displaced from Heathrow. As you have explained to me, Guernsey, Jersey and the Isle of Man have been particularly concerned by the CAA's recommendation that the first of the rules designed for deferred implementation should displace flights to the Islands from Heathrow and Gatwick. Hamish Gray of the Scottish Office has made representations to me on behalf of the Inverness service, while Peter Morrison has done so on behalf of the Plymouth/Newquay service. Over recent weeks Michael Spicer has seen delegations on behalf of all the routes threatened with displacement, including that to Carlisle and Dundee. I have been impressed with the very great importance which the regions attach to continuing links with Heathrow. I have naturally given the CAA's recommendation very careful consideration, prompted as it is by our policy for the development of Gatwick as a second scheduled "hub" airport. But in each case, I have weighed the CAA's recommendations against the regional implications: and I have judged that the civil aviation benefits of displacement at Heathrow are outweighed by other considerations. I do not, therefore, propose to implement the CAA recommendations for the future displacement of Heathrow domestic services. I am convinced that a clear decision of this kind is necessary to assuage the deep concerns which have been expressed by the regions involved.

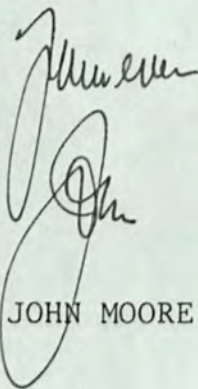
I propose to follow the CAA's advice on the other rules which they have suggested for deferred introduction: these concern giving priority to scheduled carriers over charter operators at Gatwick, and the capping of frequencies with which carriers are allowed to operate services at Heathrow. I envisage such frequency capping being applied initially to domestic operators and non-reciprocated international scheduled services. Capping would later apply to most remaining international services. We shall, of course, be careful to ensure that our international obligations will be met. Both of these later rules at Heathrow and Gatwick would be introduced on the advice of the CAA itself and the local scheduling committees. One of the threads which runs throughout the CAA's review is the Authority's high regard - which I share - for the airlines' own voluntary scheduling committee system, which allocates landing and take-off slots at congested airports like Heathrow and Gatwick. The scheduling committees have a commendable record of eking out scarce capacity; I have no doubt that they still have much to contribute to the development of the civil aviation industry and the rules that I have proposed will enable them to fulfill that central role.

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Throughout the latter stages of the CAA's review a number of airlines and individuals have argued vehemently that there is considerable remaining capacity at both Heathrow and Gatwick but that its release is precluded because of over-stringent procedures operated by the National Air Traffic Service. There is a risk that later rules which involve further restrictions, like frequency capping, may not command acceptance unless there is clear and generally accepted evidence of saturation of capacity. I propose, therefore, to invite the CAA to carry out a study of the inter-relationship between runway capacity and airspace management. The study will be assisted by a committee under the chairmanship of the Chairman of the CAA, Mr Christopher Tugendhat, who is ready to proceed on this basis. Members of the Committee will be drawn from the UK civil aviation industry and one or more independent experts. The Ministry of Defence (in their role of airspace users) should also provide an input.

I am, of course, conscious of the risk of commercial "blight" which exists in the case of those operators whose regional services have been threatened with displacement from Heathrow and I am therefore anxious to make an announcement before the Recess begins - so as to avoid any unnecessary prolongation of uncertainty. I have in mind to make an announcement on Monday 21 July. I should, therefore, be grateful to have any comments on my proposals as quickly as possible. I shall assume, unless I hear to the contrary by noon on Thursday 17 July, that you and colleagues are content for me to proceed as I propose.

I am copying this letter to the Prime Minister, Willie Whitelaw, Geoffrey Howe, George Younger, Nick Edwards, John Biffen, Norman Tebbit, Malcolm Rifkind, John Wakeham and Sir Robert Armstrong.



JOHN MOORE

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