

cc/c

CONFIDENTIAL



John

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Malcom Rifkind MP
Secretary of State for Transport
Department of Transport
2 Marsham Street
London
SW1

8 January 1991

Dear Secretary of State,

THE GULF: WAR RISK INSURANCE FOR AIRLINES

WITH COP? / AM's REP?

I have seen Douglas Hurd's note of 7 January, and I take his point about the desirability of delaying an announcement of the imposition of a war-risk premium until the last possible moment. Given the possible speed of events in the Gulf, I would in any case think it sensible to be able to react through changes to the premium virtually on a day by day basis. The very different nature of the airline business should provide an adequate justification for a different treatment from the 7 days notice required in the case of shipping.

2. I would therefore favour an agreement with the industry which allowed for a much shorter period of notice: perhaps no more than 24 hours. I would not, however, wish to do anything which prejudiced our ability to require premia from 15 January.

3. Given that in the case of shipping the 7 day period of notice is not negotiable, I hope that notice of intent to charge premia there will be issued immediately.

4. I am copying this letter to the Prime Minister, Douglas Hurd, Tom King, Peter Lilley and to Sir Robin Butler.

Yours sincerely

Steph Bowd

DAVID MELLOR

*Approved by the Chief Secretary
and signed in his absence]*

