Note by the Secretary of the Cabinet

I attach the draft of a statement on Civil Air Transport to be made in both Houses on Tuesday, 27th May. The Prime Minister has directed that it should be considered by the Cabinet to-morrow.

(Signed) NORMAN BROOK

Cabinet Office, S.W.1.,

26TH MAY, 1952.
DRAFT STATEMENT ON CIVIL AIR TRANSPORT FOR
TUESDAY, 27TH MAY, 1952

My Noble Friend, Lord Leathers, has already stated in another place that it is the policy of Her Majesty's Government for air transport to combine the activities of the Airways Corporations and the independent companies in the way which will best serve the interests of British Civil Aviation and of all users of their services.

We recognise that the Airways Corporations have established themselves well in the international field. We shall do all we can to encourage this. They are up against intensive competition from foreign airlines and we are determined that the competitive strength of the Corporations to operate both first and second or tourist class services on their present established networks will not be impaired.

On the other hand, we seek to improve the position of the independent companies, who with few exceptions lack long term security and opportunities of expansion. They cannot establish their position if they cannot plan firmly ahead. We therefore intend to give the independent companies more scope and more security, while at the same time not increasing the cost of civil aviation to the taxpayer.

We have therefore decided that the development of new overseas scheduled services shall be open to the Corporations and independent companies alike. Applications will be made to the Air Transport Advisory Council, who will administer a procedure on licensing lines. Associate Agreements for new routes will normally be granted for seven-year periods with extension to 10 years in special cases. This should give private firms sufficient security for capital outlay and expansion. In particular, we have hopes of independent companies developing the all-freight market, which is a growing field with great possibilities. There are also opportunities for special types of service such as seasonal inclusive tours and services at cheap fares not directly competitive
with B.O.A.C. to places within the Colonial Empire.

Charter operations are in the main the domain of the independent operator. The Corporations will keep the right to engage in charter work in those cases where they have special facilities. They will not, however, maintain aircraft specifically for charter work. United Kingdom internal services present a special problem. Their cost to the tax-payer is considerable. We are still examining the best way of relieving the tax-payer of this burden so far as possible, while at the same time meeting the needs of, for example, Scotland, the Channel Islands and the Isle of Man. In the meantime B.E.A. will continue to operate their existing network. Internal services additional to those of B.E.A. will be made available to private operators for long-term periods. The Air Transport Advisory Council will be ready to receive during this summer applications for these and for overseas services in time for the policy to take effect in 1953. The companies will continue to operate scheduled services as Associates of the Corporations but under a modified form of Agreement and without subsidy. Terms and conditions of service must comply with agreements reached through the machinery of the National Joint Council for Civil Air Transport.

Under this policy, which has been framed after consultation with the many interests affected, the public and private sectors of the industry can both make their best contributions to the development of British civil aviation.