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10 DOWNING STREET

THE PRIME MINISTER

4 September 1985

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No T158/PT.

Dear Prime Minister,

I understand that All Nippon Airways will reach a decision shortly on the type of new aircraft which it will buy to replace its present Lockheed Tristar fleet. As you may be aware, Airbus Industrie is vigorously pursuing with the airline this important opportunity for the sale of Airbus A300-600s. The United Kingdom and its partners in the Airbus programmes, France, West Germany and Spain, have been greatly encouraged by the world-wide sales successes achieved by Airbus Industrie. I am confident that on commercial grounds the Airbus represents a very competitive option.

I know that you will understand the very great importance which the United Kingdom and its European partners attach to a substantial increase in the quantity of their manufactured goods purchased by Japan. The procurement of a European aircraft such as the Airbus would be a significant step, and much in keeping with the intentions set out in your Action Programme for Improved Market Access. I hope very much that this consideration will be taken fully into account.

With warm best wishes,

Yours sincerely
Margaret Thatcher

His Excellency Mr. Yasuhiro Nakasone

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Secretary of State for Trade and Industry

AND
PC

DEPARTMENT OF TRADE AND INDUSTRY
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} September 1985

Mark Addison Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Mark,
AIRBUS SALES TO JAPAN

I would be grateful if you would seek the Prime Minister's agreement to write to Prime Minister Nakasone of Japan in support (in relatively low-key terms) of the Airbus Industrie (AI) bid to win a large order from All Nippon Airways (ANA), a major Japanese domestic airline. You will recall that the Prime Minister wrote to Mr Nakasone in July to promote the sale of Tornado aircraft to the Japanese Defence Agency.

ANA has, for some months, been considering new wide bodied aircraft types to replace its ageing Tristar fleet. The contenders are the Boeing 767 (with virtually no UK content) and the Airbus A300-600 (for which British Aerospace manufacture the wings). During their visits to Japan earlier in the year, both the Secretary of State for Trade and Industry and Mr Pattie took the opportunity to promote the Airbus as a suitable aircraft to meet ANA's needs and, of course, as a contribution towards redressing the trade imbalance between Europe and Japan.

A senior AI team was in Tokyo last week for final discussions with ANA on the AI bid to supply 15 A300-600s plus 10 options. Although ANA already operates a sizeable B767 fleet and the Japanese aerospace industry participates in the Boeing 767 production programme, AI believe that their bid is highly competitive with Boeing's in all respects, is receiving fair and serious consideration from ANA and thus stands a reasonable chance of success. Their major concern is last minute US political pressure on the Japanese Government to influence ANA's decision in favour of the Boeing aircraft. ANA's decision is expected in early September.



The AI team, at the end of their Tokyo visit met jointly with representatives from the Embassies of the four Airbus partner countries to consider how the Airbus bid might best be further supported. The conclusion drawn was that parallel letters from the four European Prime Ministers to Prime Minister Nakasone, expressing the hope that the ANA decision would be taken on purely private, commercial grounds, would be helpful. We have established that M Fabius, Chancellor Kohl and Sr Gonzales are willing and intend to write to Prime Minister Nakasone in terms broadly similar to the attached draft. If the Prime Minister is content to proceed on these lines, which Ministers here strongly recommend, I should be grateful if Peter Ricketts (Foreign and Commonwealth Office) to whom I am copying this letter, would arrange for immediate transmission of the text of the letter, with the original to follow by bag.

Yours Sincerely,

ANDREW LANSLEY
Private Secretary