

CONFIDENTIAL



Secretary of State for Industry

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301  
SWITCHBOARD 01-212 7676

29 January 1980

r. 30/1

Sir Frank McFadzean  
Chairman  
Rolls Royce Ltd  
65 Buckingham Gate  
London SW1

CF

please ask Dol if his  
letter was really  
sent on  
12  
25 Jan  
2/1

Dear Frank.

Following signature of the Rolls Royce/Japan Collaboration Agreement and an examination of the information provided by the Company on the prospects for the collaborative development of the RB432, the Government is content that the Agreement on the Initial Launch Phase should enter into force.

I recognise that the Board of Rolls Royce has not yet taken any decisions whether it wishes to go beyond the Initial Launch Phase. You will equally appreciate that this approval does not imply in any way that the Government will give authority for full development of the engine. I think I should add that taking into account the very great uncertainties of the aero-engine business, on the information so far available to me the prospective rate of return from the project does not look adequately attractive.

Leon  
Kear

Copied to  
Misc 22

30 JAN 1980



Tuh

Thompson  
Th.

This letter was actually sent to Sir Frank Mc Fudgean yesterday. Although his letter was dated 29/1 the copies were dated 25/1.

Steve

30. 1. 80.