



From the Minister of State
for Industry and Information Technology
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Dear Charles,

US/AIRBUS TALKS IN GENEVA ON 25/26 JUNE 1986

Mr Pattie has asked me to let you know that a further round of informal talks on trade in civil aircraft will be taking place in Geneva on 25/26 June between senior officials of the United States and those of France, Germany and the United Kingdom. The United States attaches great importance to securing a satisfactory outcome to the talks in order to defuse protectionist pressure in Congress against Airbus, so there could be considerable Press interest in the issue.

The talks were originally conceived as a means of exchanging information and removing misunderstandings about Government assistance to the Airbus Programmes, particularly the A320. However, companies like Boeing and McDonnell Douglas, and their lobbyists in the US Congress, have in recent weeks pressed the US Administration to treat the talks more as an opportunity to renegotiate or reinterpret the GATT Aircraft Agreement of 1980 which in their view does not operate fairly.

The talks are being handled on the European side by the Airbus Intergovernmental Committee, of which the UK is currently in the chair, and on which the FCO is represented. The EC Commission will be represented by an observer. The US officials have been told informally in recent days that a draft text which they have tabled setting out their interpretation of the GATT Aircraft Agreement is not acceptable as the basis for the next week's talks. However, they have also been told that the Airbus countries will do their best to find a solution that will

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put down on paper the progress made in the talks in a form satisfactory to both sides. There is a risk that this will not go far enough to help the US Administration to defuse the issue, in which case action could be taken against Airbus later this summer under US trade and tariffs legislation.

My Minister has discussed this issue recently with his Ministerial colleagues in France and Germany, and has endorsed the line which UK officials and their counterparts plan to take in the talks. He has also agreed that, as US officials will be holding a Press Conference in Geneva at the close of the talks on 26 June and briefing the Press generally during the talks, DTI officials should be free to do the same, either jointly with US officials or separately along with the other Airbus countries' delegations.

I am copying this letter to the Private Secretary to the Foreign and Commonwealth Secretary.

Yours sincerely,

Tim Abraham

T P ABRAHAM
PRIVATE SECRETARY

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