



Secretary of State for Trade and Industry

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6 April 1987

The Rt Hon John MacGregor OBE MP
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
London SW1P 3AG

Dear John,

NBRN

A330/A340 LAUNCH AID: IMPLICATIONS OF BAE BID FOR ROYAL ORDNANCE

Thank you for your letter of 26 March about the possible implications for my negotiations with BAe on launch aid of their bid for Royal Ordnance, which has now of course been sold to them, subject to there being no reference of the sale to the Monopolies and Mergers Commission.

I do not have the information available to you about the financial situation of Royal Ordnance, but I very much agree with your view that we should resist robustly any suggestion by BAe that we should increase our launch aid offer because of their acquisition of the Company. I believe that the two issues should be regarded as quite separate.

I am copying this letter to the Prime Minister, George Younger and to Sir Robert Armstrong.

Yours,
Paul

PAUL CHANNON

JG5ATB

AGROSPACS : Airbus PT2

