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Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY

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David Norgrove Esq
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Prime Minister
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Dear David

LAUNCH AID FOR BRITISH AEROSPACE

Following Cabinet this morning, I attach the text of the statement on Launch Aid for British Aerospace which my Secretary of State proposes to make this afternoon.

I am copying this letter to Mike Eland (Lord President's Office), Robert Culshaw (FCO), Alex Allen (Treasury), Andrew Lansley (Chancellor of the Duchy), Steven Wood (Lord Privy Seal's Office), Max Felstead (Chief Secretary's Office), Murdo MacLean (Chief Whip's Office) and Trevor Woolley (Cabinet Office).

Yours

(R. Walker)

TIMOTHY WALKER
Private Secretary

JG4AYG



With permission, Mr Speaker, I would like to make a statement about the Government's policy on the question of launch aid for British Aerospace's participation in the Airbus A330/A340 projects.

After discussion with British Aerospace, I am glad to tell the House that agreement has been reached that up to £450m in launch aid will be provided to enable the company to participate in the Airbus A330 and 340 projects.

This launch aid will be fully repayable on terms designed to yield an acceptable return in real terms on the Government's investment.

At this stage our support is conditional upon our partner Governments also making the arrangements that are necessary to enable their manufacturers to participate in the projects.

At a time when the competitive pressures in the world aerospace industry are as strong as ever, I would like to praise the determination of Airbus Industrie and its partners to extend their family of large airliners.

