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MR POWELL, (10 Downing Street)

EC/US AIRBUS

with CDP?
The Chancellor of the Duchy of Lancaster has minuted the Prime Minister on 24 September about the stage in the delicate negotiations between the United States and the Community on government support for Airbus. This is yet another of the issues between the United States and the Community at the present time and one of the most delicate. Though our share in the Airbus programme is not as big as that of France and Germany we have been taking the initiative with the Commission in trying to ensure that the Airbus partner governments do consider the issues temperately and realistically. Possibly the best hope that agreement may be reached with the United States is the extent of inter-locking between the American and European air frame and engine industries. It is because of this that in paragraph 4 of his minute the Chancellor of the Duchy concludes that it would be difficult to devise trade measures against the Americans which do not cause more damage to British than American interests. But by the same token the Americans also have major interests in selling planes to European airlines and buying engines for US-produced planes.

At this stage the Prime Minister need do no more than take note.

JH

J H HOLROYD

25 September 1987

CONFIDENTIAL



cc:PC

TO:

PRIME MINISTER

Prime Minister²
for information¹.

FROM:

KENNETH CLARKE

DCS
25/9.

24 September 1987

EC/US: AIRBUS

1 You will be aware that the UK and the other Airbus partner Governments (France, Germany and Spain) are involved in a dispute with the US over alleged subsidies to the Airbus Industrie consortium (AI). I have now met my fellow Airbus Ministers and held talks with Commissioner de Clercq. In view of the potential seriousness of the situation if the US were to initiate trade action against AI, and the possible speed with which this could happen, I thought you should know the latest position.



2 Briefly, the US Government, under pressure from Boeing and McDonnell Douglas, AI's competitors, has alleged that the increasing success of Airbus has been detrimental to the US airframe manufacturers and that this success has been unfairly won through substantial Government subsidies. The Airbus partner ~~G~~overnments have argued strongly that US companies receive a great deal of indirect financial support from their Government through NASA and the Department of Defense. In an effort to end the dispute, however, the partner Governments and the EC Commission (which has joint competence in this area) have offered to sign a "Draft Agreed Minute" if the US were to renounce its right to take unilateral trade action against Airbus under its own legislation.

3 Not surprisingly, the US are pressing for the proposed Minute to require a reduction in the level of any future Government launch aid support and the provision of more information about any such support. I have made clear to the other Airbus Ministers and to Mr de Clercq that I would be prepared to go quite a long way towards meeting these points. In my opinion, they should not pose much difficulty to the



British Government. I very much hope that we shall not receive further applications for launch aid. If we do, I shall be looking at the very least to reduce the proportion of total cost and to tighten the conditions still more. I am also quite content for the terms of our providing launch aid to be more transparent. Much of the information which the US are seeking, other than that of a commercially confidential nature, is readily available from the reports we currently make to Parliament.

4 However, the French and Germans are much more reluctant and belligerent. The problem is being handled by Ministers who sponsor the industry and do not want to commit themselves to the reduction of subsidy or the disclosure of it. The French are also prepared to contemplate trade measures against the Americans of an unspecified kind in the aircraft field. It would be extremely difficult to devise such measures which do not cause more damage to British than American interests, particularly to Rolls-Royce and British Airways. A "Trade war" would also threaten the whole market position of Airbus in the US and would very seriously damage the whole Airbus programme.



5 The French and Germans also take a more optimistic view of the likelihood of the US not initiating any trade action. Our Washington Embassy's assessment is that the US Government and Boeing will not take any decision in advance of a meeting between the US Trade Representative, Mr Yeutter, and Mr de Clercq and Airbus Ministers at the end of October. They describe McDonnell Douglas as very restive, however, although because of their current talks with AI on possible collaboration on new aircraft programmes their deadline for a decision on trade action now appears to have slipped well into October. Their hopes of military sales and collaborative ventures in Europe may also be a restraining influence. It seems likely, however, that if the meeting with Mr Yeutter goes badly, the dangers of an escalation will increase rapidly.

6 I am pleased to say that Mr de Clercq largely shares my assessment. He agrees with me that the risk of US action is a serious one and he shared my doubts that the Airbus partner Governments could take effective countervailing action against the US. We agreed that it was essential to have careful Ministerial preparation on the Airbus side well in advance of the meeting with Mr Yeutter. My line will be to continue to emphasise to my Airbus Ministerial colleagues the potential



seriousness of the situation and to press them to take a more flexible approach. The next opportunity will be when I see them at a meeting in Munich on 29 September. I shall inform you of any important developments.

7 I am copying this minute to Geoffrey Howe, George Younger and Paul Channon, and to Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'K. Clarke', written in a cursive style.

KENNETH CLARKE

(Mr. Greenway), does my right hon. Friend agree that children also have rights as well as teachers and that children have been badly affected by the industrial action that has occurred in our schools in the past few months? That time will never be made up. Will she pay tribute to the good teachers who have refused to obey the dictates of their union bosses?

The Prime Minister: I gladly pay tribute to all those most excellent teachers who regard their first duty as towards the education of their pupils. Parents throughout the country are very grateful to those teachers. The new pay arrangements are designed to give those teachers greater promotion and greater incomes than others.

Mr. Ron Lewis: Will the Prime Minister tell us whether she read an article which appeared in her favourite newspaper, the *Daily Mail*, a few weeks ago under the heading, "Who takes the prize for champion liar . . .?" Since that publication, it would appear that President Reagan and his team are well ahead in the race. When the Prime Minister goes on television—

Mr. Speaker: Order. It is a well-known rule that we do not make accusations by attribution. I hope that the hon. Gentleman is not trying to do that.

Mr. Lewis: I have made no accusations, I am quoting from the newspaper.

Mr. Speaker: But that is accusations by attribution.

Mr. Lewis: I do not intend to make any accusations against anyone. When the Prime Minister goes on television during the election, will she confirm to the British public that never at any time in the past seven years has she ever told a single lie?

The Prime Minister: I hope that the hon. Gentleman has looked at the replies that I have given from the Dispatch Box and found them accurate to the very level best of my ability.

Mr. Speaker (Members' Farewells)

Mr. Speaker: I have a brief statement to make. In view of what was said on Tuesday about hon. Members desiring to have an opportunity to bid me farewell, which I much appreciated, I wish to inform the House that I will be in the Chair at the close of business tomorrow to shake the hands of hon. Members, especially those who are not standing for re-election.

I shall be at home in Speaker's House on Monday next between 12 and 1 pm. I would welcome the opportunity, on that occasion, to offer refreshment and good wishes for the future to hon. Members who are retiring—and I say to the hon. Member for Warley, East (Mr. Faulds) that no one will be turned away.

Mr. Andrew Faulds (Warley, East): On a point of order, Mr. Speaker.

Mr. Speaker: I shall take it after the statement.

Mr. Faulds rose—

Mr. Speaker: Order. I will take points of order in their usual place. Nothing arises on my statement.

Later—

Mr. Faulds: On a point of order, Mr. Speaker. This is more in the nature of an RSVP than a point of order, and I am sure that you will allow me to make it. It was extraordinarily kind of you to issue such a privileged invitation to me for these small drinks—[*Interruption.*]—perhaps large drinks—on Monday. I shall be responding to you privately about that, with great gratitude for your extraordinary and unique invitation.

However, on the question of the cancellation of the prorogation, do you not agree, as I am sure that my colleagues on both sides of the House would agree, that it would be more fitting if in future the wishes of this House and its Speaker were considered rather than the lazy inclinations of the other place and its chairman?

Mr. Dennis Skinner (Bolsover): I should be careful about giving my hon. Friend open invitations to your place, Mr. Speaker. You never know, he might just sue it out for the future.

On the question of the prorogation—

Mr. Nicholas Winterton (Macclesfield): Dissolution.

Mr. Skinner: Yes, dissolution. May we have it stated openly, before anyone else puts his foot in it, that the ceremony was stopped in 1979? It did not happen in 1983, and the lack of it is not something new for 1987.

Mr. Speaker: It is not for me to express an opinion. Indeed, the hon. Member for Bolsover (Mr. Skinner) once wisely advised me not to do so. However, such ceremonies have good historical reasons and act as a reminder of many of the past struggles of those who have been before us in this place. It would be a matter of regret if we were to let them go.

Airbus A330/A340 Projects

3.33 pm

The Secretary of State for Trade and Industry and President of the Board of Trade (Mr. Paul Channon): 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 £450 million in launch aid will be provided to enable the company to participate in the airbus A330 and A340 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.

Mr. Terry Davis (Birmingham, Hodge Hill): Will the Secretary of State take it from me that the Labour party is wholeheartedly in support of British Aerospace and the airbus programme and that our attitude towards his statement is that it is better late than never? Will he confirm that, whereas the package amounts to £450 million, British Aerospace told the Government that it needed £750 million, and therefore it follows that the Government are helping British Aerospace to the extent of less than two thirds of what it needs?

Will the Secretary of State also confirm that the French and German Governments are to provide more than two thirds of the development costs incurred by their aerospace industries in connection with the airbus programme? Will he admit that, when the money runs out, it will be almost inevitable that thousands of men and women who work for British Aerospace will follow their Westland colleagues into unemployment?

Mr. Channon: I am extremely surprised at the hon. Gentleman's grudging support for the announcement. He said that it is better late than never. I do not know how he can describe it as late. We are the first Government to announce a desire to give launch aid for participation in the project. Frankly, the idea that it is late is ridiculous.

The French and Germans have not offered any money so far, so it would be most unwise of me to speculate about how much they will offer for the costs of the project. I am sure that the project will be a great success. British Aerospace and the Government have been holding constructive talks for some time. Both the company and the Government are satisfied that what I announced today will enable their essential objectives to be achieved. My announcement will help to create and maintain about 10,000 jobs. I should have thought that the House would have welcomed it.

Mr. Alan Haselhurst (Saffron Waldon): My right hon. Friend's statement will be widely welcomed in British civil aviation. It is an extremely important boost to British

Aerospace in general, which has been making an ever-greater contribution to Britain's trade balance. Will he confirm that the Government are committed to the group of aircraft that are proving to be world beaters?

Mr. Channon: I agree with what my hon. Friend said about the group of aircraft and also the achievements of British Aerospace and the aerospace industry in general. After all, last year, aerospace industry exports reached nearly £5 billion, which was 12 per cent. up on the figure for 1985. There were orders of some £8 billion, 60 per cent. of which were from overseas. The industry is one of Britain's greatest national assets, and the Government are determined to support it.

Mr. Stephen Ross (Isle of Wight): I congratulate the Government on the announcement. It is welcome on the Opposition Benches, even if it took the imminence of a general election to bring it forward, with perhaps rather more money than was previously forecast. May I take it that the money is adequate for British Aerospace to participate fully in its 20 per cent. stake in the airbus project?

Mr. Channon: It is a little unfair of the hon. Gentleman to say that the imminence of the general election brought about the announcement. We had to make the announcement by 11 June because of the Paris air show, which begins on that date. *[Interruption.]* I expect that other announcements may be made. British Aerospace is convinced that it will be able to participate fully. I am certain that it would not have agreed to participate in such a way if it had not been so convinced.

Sir Anthony Kershaw (Stroud): Is my right hon. Friend aware that many of my constituents, trade union officials and others in the Stroud area will be gratified by the news? I also speak on behalf of the constituents of my right hon. Friend the Member for Northavon (Mr. Cope) who, because of his position, cannot easily speak about those who work at Filton.

Mr. Channon: It is good news for Filton and all those who work there, and it is also good news for British Aerospace in general.

Mr. Bruce Millan (Glasgow, Govan): Will the Secretary of State say whether there is any provision in the agreement that he reached with British Aerospace for the use of the Rolls-Royce V2500 Superfan as and when that engine becomes available for the A340?

Mr. Channon: We will have to await Rolls-Royce proceeding with that and putting forward proposals for this engine to go into that programme. It would be premature to give the right hon. Gentleman an answer at present.

Mr. John Wilkinson (Ruislip-Northwood): My right hon. Friend's announcement is welcome. Does he agree that, far from foot-dragging, our Government are proving to be a catalyst to more effective European aerospace collaboration in securing a whole family of European airbuses that can compete fairly and squarely with Boeing and McDonnell Douglas in the world market? Is not the investment cost-effective, particularly when one considers the repayment terms which will be required from Her Majesty's Treasury?

Mr. Channon: Yes; it is a good investment. I think it is cost-effective and is a very good example of European collaboration. It will be good for the industry, for British Aerospace, and for the taxpayer.

Mr. George Park (Coventry, North-East): Will the Secretary of State accept that his announcement, although welcome, may have the effect of creating difficulties for other projects which British Aerospace is funding without aid?

Mr. Channon: I do not see why that should be so. If British Aerospace had not wanted to participate in this project, it would not have agreed with the Government on this announcement. The Government and British Aerospace are in full agreement on the announcement. Therefore, I cannot agree with the hon. Gentleman. If he has in mind a special point, perhaps he will get in touch with me.

Mr. Kenneth Warren (Hastings and Rye): I welcome my right hon. Friend's announcement. Can he please tell the House what obligation he has put on British Aerospace to support the rest of the British aerospace industry in the orders and sub-contracts which it will place? In particular, why is there no support for the British equipment industry in this project?

Mr. Channon: I know that my hon. Friend takes a deep interest in the whole industry and in the equipment suppliers. Of course, they are eligible to apply under various schemes and we will consider all cases on their merits. Obviously we have not had any applications yet. On the A320, the British equipment suppliers got a good share of the business. I hope that that will be the case in this project also.

Mr. James Lamond (Oldham, Central and Royton): May I also welcome the announcement by the Secretary of State on behalf of hundreds of constituents and thousands of members of the trade union which sponsors me in Parliament who were fearful of joining their colleagues on the dole queue if the announcement had not been made?

Can the Secretary of State confirm that this is a loan which will have to be repaid because the project is likely to make a great deal of money? Also, in restricting the amount that he is prepared to give to £450 million, does not he agree that other projects being considered by British Aerospace must be in jeopardy because, despite the fact that it has accepted the proposal made by the Minister, it will have to go to the market to find the remaining £300 million?

Mr. Channon: Launch aid is repayable. It is not a grant; it is not a subsidy. The intention is that the principal sum advanced should be repaid in full, together with an adequate return during the life of the programme.

I cannot agree with the hon. Gentleman on the other part of his question. The Government and British Aerospace are satisfied that the launch aid that I have announced today will enable the central objectives of the company to be achieved. It is clearly necessary to safeguard the interests of taxpayers, and British Aerospace properly wishes to safeguard the interests of its shareholders. Both sides are satisfied. I see no reason to complain about the proposal.

Sir Patrick Wall (Beverly): I congratulate my right hon. Friend whose announcement will have a good effect

in my constituency. Is it not £100 million more than was in question when the original negotiations took place? Can my right hon. Friend confirm that it is wholly for the Airbus project and not for any other project such as HOTOL?

Mr. Channon: This is launch aid entirely for the A330 and A340 projects. I do not want to go into all the details of the negotiations with British Aerospace, but I think that it is well known that there have been talks on different sums at different times. Both sides are satisfied with this announcement. I am glad that my hon. Friend has spoken about this because I know of the great concern in his constituency which I was happy to visit a little while ago when I had discussions about this very matter.

Mr. Jack Straw (Blackburn): Since many of us, on behalf of constituents working in British Aerospace factories, including those at Salmesbury, Preston and Wharton in Lancashire, have been in correspondence seeking pledges from the Government over many months for launch aid, is it not the case that both the amount of the aid and the timing of the announcement have been dictated by the anxieties of Conservatives in marginal seats? The Minister says that this money is to be repaid with a rate of return. Is it not a sad reflection on the City that British Aerospace is unable to obtain long-term investment funds for this project save from the British Government?

Mr. Channon: I do not think that that is true at all. Very large sums in funding have been committed to the project by British Aerospace itself. The characteristics of civil aircraft programmes are long development and payback periods, and the level of risk exposure means that the close involvement of Governments is a factor in many countries. It is appropriate for an element of Government support to be given. This is in no way to suggest that the City's support should be criticised. The amount is agreed with British Aerospace, so I cannot understand why any hon. Member should wish to disagree on that point.

I have made an early announcement because I thought that that was in the interests of the company and those who work in it and also because I expect that a firm decision will have to be taken by other Governments during the course of the next few weeks; and, frankly, I thought that the House of Commons had a right to be informed.

Sir Peter Emery (Honiton): On the matter of competition, will my right hon. Friend confirm that as long as the French and the German Governments make contributions in line with the contribution of the British Government and he can give an assurance that there should be major success with these two aircraft this should be published not only to the House of Commons but also to those companies that originally placed provisional orders for these aircraft in order that the necessary assurance can be given to them to overcome the approaches of Boeing and McDonnell Douglas, which obviously would like to see the provisional orders removed from these aircraft going to the American companies? It is most important that something should be done on these lines.

Mr. Channon: I agree with my hon. Friend. I am very hopeful that our partners in France, Germany and Spain will also wish to participate in this programme. Indeed, I

[Mr. Channon]

am certain that they will. I believe that substantial sales can be achieved. It is extremely significant and encouraging that there are commitments from nine airlines for the A330 and the A340 totalling 128 aircraft and that these have been obtained in advance of a formal commitment to launch the programme. The House will also be aware that there are orders and options for the A320 numbering 442 with almost a year to go before that aircraft enters commercial service.

Mr. David Young (Bolton, South-East): Will the Minister please assure the House that he will keep under review financial support for British firms in the civil aviation industry so that in all ways, commercially and industrially, we back these firms and enable them to maintain the leadership which they have now established in the industry?

Mr. Channon: I think that our actions speak louder than words. We have indeed supported this industry. I agree with the hon. Member about its great importance; the British aerospace industry is now the second largest in the world. It is one of our most flourishing industries and I am looking forward to supporting it still more in the next Parliament.

Mr. Michael McNair-Wilson (Newbury): I welcome my right hon. Friend's statement, which seems to me to underline our commitment to the concept of a European civil aircraft industry and therefore is keeping faith with our European partners. Can he give any estimate of the additional work which may be generated for British industry from these two projects?

Mr. Channon: I am grateful to my hon. Friend. I agree with him about the signal that this will give to the European civil aviation industry in general.

I think that this will maintain or create some 10,000 jobs in the aerospace industry in this country. It will provide very substantial job opportunities and a very substantial amount of work. I hope that it will provide a substantial amount of work for equipment suppliers and, indeed, for many other suppliers further down the line who will have the spin-off from that. It is a very big project and will provide a great deal of work.

Mr. Bowen Wells (Hertford and Stortford): I congratulate my right hon. Friend on making this announcement. Will he confirm that this will keep the British aerospace industry at the leading edge of technology and therefore lead to further orders outside this narrow, although very large, order in relation to Airbus Industrie? Will he point out to the House and Britain as a whole that this demonstrates the Government's continuing support for manufacturing industry in this county and gives the lie to the Opposition statements that we are constantly running down manufacturing industry?

Mr. Channon: I agree with my hon. Friend's last point. The view that he describes is sheer nonsense. As the whole House knows, it is very encouraging to see that the growth in productivity in our manufacturing industry is now outstripping that in the rest of the world. It is also encouraging to see how well British Aerospace has done since it was privatised. Its profit figures and its record of orders from abroad are excellent. The House should be

proud of that, and all hon. Members on both sides of the House who have worked closely with British Aerospace know of the great success of that firm. It is winning many other orders overseas, and will take part in many other projects apart from the A330 and A340 projects.

Mr. Dennis Skinner (Bolsover): Whatever happened to monetarism? For the past three and a half years, just as in the previous general election campaign, the Government have been telling us that throwing money at companies in both the private and the public sectors will not create jobs. Yet for the past six months leading up to the announcement of the election Ministers have been scrambling to get to the Dispatch Box to tell us about the grants, loans, subsidies and so forth that have been allocated to provide jobs. If they can provide jobs during the six months before an election, why cannot the Government be honest enough to tell us that they will do it throughout? Is it true that they are going to call this Airbus Election '87?

Mr. Channon: The hon. Gentleman does not really want a lecture on monetarism from me, and the House would be pretty bored if I attempted to give one. I believe that there is a general desire in all quarters of the House — and that includes the hon. Gentleman — that we should support this imaginative scheme. It will be very good for British aviation, and for Britain in general.

We have taken an extremely short time to make up our minds. We have done it more quickly than any of the other partner Governments, whom, in the words of the Leader of the Opposition, he no doubt considers slothful. We are determined to take part in the scheme, and the hon. Member for Bolsover (Mr. Skinner) cannot say that we are throwing away money as the taxpayer will receive an acceptable rate of return in real terms.

Mr. Michael Stern (Bristol, North-West): Will my right hon. Friend accept the thanks of the many people who work for British Aerospace at Filton, in my constituency, for today's announcement? Does he agree that in building on the success of the A320, as he has done this afternoon, he is showing that we as a Government support success rather than wishing, as the Opposition spokesman, the hon. Member for Birmingham, Hodge Hill (Mr. Davis), appears to have done this afternoon, that he had come to the Dispatch Box and announced failure?

Mr. Channon: I agree entirely. We believe in backing success. This company has been very successful, and we are pleased to be able, after careful evaluation, to offer launch aid for the programme. It is extremely good news for Filton. I am sure that I am not alone in paying tribute to the excellent work done there, and I hope that there is a good future for that base of British Aerospace.

Mr. Nicholas Winterton (Macclesfield): On behalf of hundreds of my constituents who work for British Aerospace at Woodford, I thank my right hon. Friend and the Government for the statement. As he has said, British Aerospace has been outstandingly successful since its privatisation, not only in guaranteeing secure jobs but in its return on capital invested. Will he emphasise that, if we are to continue to play a meaningful part in providing civil aviation aircraft, it is vital that British Aerospace should be part of any wide-bodied project so that it can compete with McDonnell Douglas and Boeing?

Will my right hon. Friend also give an assurance that if, in the light of subsequent events, the French and the

Germans are seen to be giving additional launch aid, he will be prepared to consider a further approach from the management of British Aerospace for further aid? As my right hon. Friend highlighted in his statement, such aid will be repaid in accordance with the production of the A330 and the A340 as and when they are produced and sold.

Mr. Channon: I am most grateful to my hon. Friend for his support. I know of the work that is done at Woodford and of the great importance of that work to British Aerospace.

I agree about the importance of the civil aviation industry in this country and in Europe. This afternoon's announcement will enable British Aerospace to join the Germans, the French and the Spanish in European collaboration to provide these aeroplanes. It will lead to a very exciting future for European civil aviation, going wider than United Kingdom civil aviation alone, although that must be our particular concern.

As for French and German launch aid, I do not think that I should anticipate what the German and French Governments may announce, because I have no idea what that announcement may be. Therefore, I had better stick to what I have already said—that this is good news.

Mr. Gerald Howarth (Cannock and Burntwood): Is my right hon. Friend aware that this decision will be widely welcomed not only in constituencies such as that of my hon. but silent Friend the Member for Kingswood (Mr. Hayward), which has a British Aerospace manufacturing facility, but also in Cannock and Burntwood, where we take an objective view of these matters? Does my right hon. Friend agree that this historic decision represents a decisive strike at Boeing's long-held monopoly in the long-haul market?

Mr. Channon: I am very grateful to my hon. Friend. I assure him that the silence of our hon. Friend does not mean that he has not been an active pursuer of this decision. I pay tribute to many of my hon. Friends, who have been very persuasive and who have explained to me very clearly and coherently why this is such an important project. I am also very glad to have the support of my hon. Friend the Member for Cannock and Burntwood (Mr. Howarth) for this very exciting project, which will be very good for the future of the aviation industry.

Mr. Keith Raffan (Delyn): I thank my right hon. Friend for the statement, which will be widely welcomed by those who work at British Aerospace, Broughton, where the wings for the A330 and A340 will be built, but is he able to provide more details about launch aid? Is he able to give the time span over which the money will be made available? Will it be front-end loaded? Does he agree that these two planes can be at least as commercially viable as the A320, which had more firm advance orders than any other civil aircraft in the history of mankind?

Mr. Channon: My hon. Friend recently came with a deputation to see me about the matter, and I pay tribute to him for his continuing interest in the project. There is every prospect of these aircraft being commercially viable. If I did not believe that, the Government would not have offered launch aid. I hope that my hon. Friend will forgive me if I do not go into the details of the launch aid, which must remain commercially confidential. However, it would not be going too far to say that there is a considerable element of front-end loading that will be helpful to British Aerospace.

Mr. Speaker: Mr. Geoffrey Dickens.

Mr. Geoffrey Dickens (Littleborough and Saddleworth): They also serve, Mr. Speaker, who stand and wait.

General elections always bring out the worst in everybody. Despite some of the remarks that have been made about this statement, on behalf of the thousands of people who work for British Aerospace, whether on the shop floor or in the board room and of whatever political party, may I thank my right hon. Friend most sincerely for this vote of confidence and support in them, including hundreds of my constituents in Littleborough and Saddleworth? I hope that it will be duly recorded that it was due to my representations that they got the money.

Mr. Channon: I am very grateful to my hon. Friend. During the lifetime of this Parliament I have made it an absolute rule to do everything that my hon. Friend asks me to do.

Mr. Speaker: May I say to the hon. Member for Littleborough and Saddleworth (Mr. Dickens) that very frequently those who stand have to wait!

Appellate Committee (Proceedings)

Mr. Speaker: I undertook to reply today to the point of order raised yesterday by the hon. Member for Tiverton (Mr. Maxwell-Hyslop) about the making available to hon. Members of this House and to the public of the proceedings of the Appellate Committee of the House of Lords. In the time available, I have been able to make only a preliminary appreciation of the problems involved, but I have already concluded that the matter raised by the hon. Gentleman touches upon the rights of the House of Lords to determine which parts of its proceedings to print or publish. I undertake to draw the attention of the authorities of the House of Lords to the hon. Gentleman's point and to supply them with a copy of the arguments that he advanced in its support.

Mr. Robin Maxwell-Hyslop (Tiverton): I am grateful to you, Mr. Speaker, for your response. However, with the delicacy and tact perennially at your command in these matters, might you not also draw to the attention of the authorities in another place the fact that their expenses are met from the Consolidated Fund by a Vote of this House and that their Members subsist thanks to that Vote? Therefore, if they wish to stand on the fine point of expenditure, that may call into question an examination of their whole expenditure before this House votes it—perhaps something that neither they nor some of us would wish to bring about.

BILL PRESENTED

VEHICLE NUMBER PLATES

Mr. Fallon presented a Bill to regulate the manufacture and supply of vehicle number plates; and for connected purposes; And the same was read the First time; and ordered to be read a Second time tomorrow and to be printed. [Bill 163.]

BUSINESS OF THE HOUSE

Ordered,

That, in respect of the Irish Sailors and Soldiers Land Trust Bill [*Lords*], if the Bill be committed to a Committee of the whole House, further proceedings on the Bill shall stand postponed and that as soon as the proceedings on any Ways and Means Resolution come to by the House in relation to the Bill have been concluded, this House will immediately resolve itself into a Committee on the Bill.—[*Mr. Durant.*]

SITTINGS OF THE HOUSE

Resolved,

That this House shall not adjourn to-morrow until Mr. Speaker shall have reported the Royal Assent to any Acts which have been agreed upon by both Houses.—[*Mr. Durant.*]

Orders of the Day

Criminal Justice Bill

Lords amendments considered.

Clause 1

THE SERIOUS FRAUD OFFICE

Lords amendment: No. 1, in page 2, line 15, after "him" insert "on reasonable grounds"

4.2 pm

The Minister of State, Home Office (Mr. David Mellor): I beg to move, That this House doth agree with the Lords in the said amendment.

Mr. Speaker: With this it will be convenient to take Lords amendments Nos. 2 to 4 and 172.

Mr. Mellor: The Bill comes back to us in a somewhat different form from that in which it left us, as I am sure that those of us who sat through 36 sittings of the Committee will ruefully have to concede. I am glad that the other place was prepared to consider, in the time available, the very important provisions of part I, dealing with serious fraud, which have always commanded the support of all parties in the House. We properly had lively debates in both Chambers and in Committee about the precise nature of, and the demarcation lines appropriate to, the powers, duties and responsibilities of the Serious Fraud Office.

Clearly, a number of significant provisions in the Bill will not now become law during the lifetime of this Parliament; for example, the important changes to the laws of extradition and the arrangements for child witnesses to give evidence by video link as well as other significant changes to the laws of evidence, changes in penalties and important improvements in the law on confiscation. I hope and expect that those provisions will come back at an early stage of the new Parliament. I trust that they will then be considered with the seriousness of purpose and in the spirit of co-operation that characterised our debates in Committee.

The amendments mainly serve to make explicit assumptions that we believe to be implicit. Amendment No. 1 makes it clear, for example, that the director of the Serious Fraud Office may involve himself in a case only on reasonable grounds. Under amendments Nos. 2 and 3 the admissibility of prior inconsistent statements in the court when the defendant chooses to give evidence is placed beyond doubt. In the other place Lord Roskill called forcefully for the deletion of clause 2(8) on the ground that the financial and companies legislation on which the serious Fraud Office powers are modelled expressly allow evidence obtained by the investigative powers to be adduced in court against those who provided the information.

We undertook to reflect further on that matter, and naturally gave great weight to the fact that the point was made to us by Lord Roskill, who, with others, had been charged with the duty of considering the matter and bringing forward the report upon which the present changes are based. Nevertheless, we concluded that the traditional safeguards in criminal proceedings should