



the department for Enterprise

CONFIDENTIAL

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Dr. Sainsbury

EUROPEAN TRANSONIC WIND TUNNEL (ETW)

I note the contents of George Younger's letter of 19 January to you. I am pleased that he has now agreed that the MOD should continue with our arrangement for sharing equally the cost of the UK contribution to the ETW project. I hope now that all the formalities can be resolved and that the construction phase can start without further delay.

The offer from the MOD has a condition attached relating to the funding of joint military/civil programmes at MOD research establishments. It has always been our intention to spread the additional costs of ETW across the entire Civil Aircraft and Aeroengine Research and Demonstration budget. I can therefore confirm that there will be no significant impact on our future funding plans for MOD establishments.

I would reiterate the concerns expressed by Robert Atkins in his minute of 22 December 1987 to Tim Sainsbury about European programmes. I do think we should take a broader view of European collaborative projects and try to choose between them well in advance according to where our real interests lie. You may like to consider whether any new arrangements need to be put in place to make sure this happens.

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I am sending copies of this letter to the Prime Minister, George Younger, John Major, John Fairclough and to Sir Robin Butler.

A handwritten signature in dark ink, appearing to be 'K. Clarke', is written above the printed name. The signature is stylized, with a large 'K' and a cursive 'Clarke'.

KENNETH CLARKE

EC4AFK

AEROSPACE : European Airbus
Pt 3

