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File PM 12A
cc George Huise

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

10 June 1988

Dear Peter,

SUPPORT FOR DOWTY FOR AIRBUS A330/340 BUSINESS

The Prime Minister has seen the Chancellor of the Duchy's minute of 8 June together with the Chief Secretary's earlier letter of 6 June circulated by Jill Rutter yesterday.

The Prime Minister has noted that the Chancellor of the Duchy accepts that to give support to Dowty fits oddly with the general trend of industrial policy. She is extremely doubtful about the case for support on the lines the Chancellor of the Duchy proposes. She has also noted Dowty's case for support is that they are facing heavily subsidised competition from Messier. She therefore agrees with the Chief Secretary that the best approach would be to take steps to ensure that the French cut the extent of their support. She has suggested that, as well as approaching the French direct, we might consider an approach to the Commission about the extent of French subsidies.

I am copying this letter to Alex Allan (H M Treasury), Tony Galsworthy (Foreign and Commonwealth Office), Brian Hawtin (Ministry of Defence), Jill Rutter (Chief Secretary's Office) and to Trevor Woolley (Cabinet Office).

Yours,
Paul

PAUL GRAY

Peter Smith, Esq.,
Chancellor of the Duchy of Lancaster's Office.

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