

APPOINTMENTS IN CONFIDENCE

TO: cc PS/Mr Hogg
PS/Sir Peter Gregson
PS/Sir Jeffrey Sterling
Mr Williams
Mr Nieduszynski
FROM: Mr Moorey Inf
Mr Lawrance Air 2a
Mr Guise / No 10 Policy Unit

DEREK MARSH
Air 2
Room 629
Ashdown House
215 6199

Sir Jeffrey Sterling
(at 79 Pall Mall - by FAX)

27 October 1989

AIRBUS SECOND ASSEMBLY LINE

I have separately sent you today a final draft report from Sir Jeffrey Sterling and Sr Emilio Gonzales.

2. The report refers to the lack of effective management at AI both at Supervisory and Executive Board level and recommends the appointment of a Deputy Chairman and strengthening of the role of the Director of Finance. Sir Jeffrey has asked that his following personal message about the Deputy Chairman post is put before SoS before his meeting on Monday:

- "1. I strongly advise that there is an urgent need for the post of AI Deputy Chairman, as outlined in the report, to be implemented.
2. I recommend that Sr Emilio Gonzales is extremely well suited to play this role. He has the appropriate background. His style is down to earth and he is rich in commonsense. He is numerate and speaks all four "Airbus" languages. He has continued to be strongly supportive of the thrust of the recommendations of last years' 4 Wise Men report on AI management, and of course, has played a full part in the current Wise Men exercise. Most importantly, I know that he is interested in the role and has the time and commitment to make it work. The Deputy Chairman

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post would be a Supervisory Board appointment. As Sr Gonazles is Spanish, and the three other Airbus partners already have top management posts, he should be acceptable to them.

3. I consider that M. Jean Pierson and Mr Robert Smith (the President of the AI Executive Board and Director of Finance respectively) need powerful support to force the partners' manufacturing interests to operate in a commercial manner. Sr Gonzales would be in an excellent position to lean heavily when necessary and force the issue. I attach a copy of his CV which shows his extensive experience. You will have the opportunity to met him on Monday.
4. Finally, I have discussed this matter with Roland Smith who is strongly supportive of the idea and who told me that he has discussed with Dr Reuter their mutual concern over Dr Friderichs. I have also spoken to Dr Friderichs this morning and broached the subject with him. He confirmed his many commitments and said that, on the Supervisory Board, he was "totally alone".

D. Marsh

DEREK MARSH

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Mr. Emilio González García, Doctor in Aeronautical Engineering, Geographical Engineer, and Master of Science in Engineering, joined the BANESTO Group on September 1.982 as General Manager of the Companies Participated by the BANCO DE MADRID, 98% own by BANESTO. On 1.987 was appointed Deputy General Manager in BANESTO.

He was born in 1.927 and educated at the Academia Militar de Ingenieros Aeronáuticos in MADRID and graduated with maximum Honours (1.946/52). at Princeton University (1.958/59) and at the "Instituto de Estudios Superiores de la Empresa" (1.969).

After different Technical positions in the Spanish Air Force ("Instituto Nacional de Técnica Aeroespacial" and the "Escuela Superior del Aire") and in the Politechnical University of Madrid as Professor in Economy and Business Administration (1.969/80), He was appointed General Manager in the Aeronautical Division of the "Instituto Nacional de Industria" (1.970/74), Director and Member of the Executive Committee in the "BANCO DE CREDITO INDUSTRIAL" (1.970/75), Director and Member of the Executive Committee in "IBERIA Spanish Airlines S.A." (1.970/74) and Chairman and President in "Construcciones Aeronáuticas S.A." (1.974/79).

In 1.973, he was appointed Member of the Government Commission to negotiate the joining of Spain to the Airbus consortium. He has been Director of the Airbus Industry Board (1.975/78) and Chairman of the European Association of Aerospace Industries Manufacturers (AECA).

November 1.987