

dti

the department for Enterprise

*Pass to Paul Gey
x Andrew Turnbull
for info*

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Our ref
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Dear Mr. Woolley,

AIRBUS : SECOND ASSEMBLY LINE

Sir Jeffrey Sterling has asked me to send Sir Robin a copy of his report on a second Airbus assembly line. I understand that Sir Jeffrey may raise the topic with the Prime Minister when he next sees her.

George Guise already has a copy of the report and is aware of the background to it.

Yours sincerely,

Derek Marsh

DEREK MARSH
AIR 2
ASH629

cc Mr G Guise ✓

PRIME MINISTER

PM file.

MEETING WITH SIR JEFFREY STERLING

I. The Economy

Various parts of P & O provide indicators of the current state of the economy.

- a. P & O monitor movements east and west through their ports which give an indication of the balance of the imports and exports to Europe. Sir Jeffrey may be able to provide the figures for September and October which could give an advance indication of the current account.
- b. Housebuilding. There appear to be no signs of any revival.
- c. Builders merchants: trade is very slack. You could ask about the extent of involuntary stock building.

II Channel Tunnel Rail Link

P & O are part of the rival consortium to Trafalgar House. You have discussed this with Mr. Parkinson and agreed that Trafalgar House should be nominated as the preferred developer. The BR Board are likely to confirm this decision tomorrow, though it may not be announced by the time of your meeting. While you may want to listen to how P & O see this issue, you should not indicate that their proposal is likely to be a lost cause.

III Airbus

Sir Jeffrey now has a more restricted role at DTI, being a Special Adviser to the Department rather than being attached to the Secretary of State. His main function is as one of the "Wise Men" on Airbus. He and his Spanish opposite number have recently

produced a report arguing that a decision on the proposal to set up a second assembly line for "customisation and final assembly" should be taken by the AI Board and not by political decision. The fear is that Kohl and Mitterrand are trying to stitch up a deal. Sir Jeffrey is advising against the second assembly line on commercial grounds.

IV Broadcasting

You could ask Sir Jeffrey how he sees the debate going and where the pitfalls lie.

V General Council of British Shipping Annual Dinner

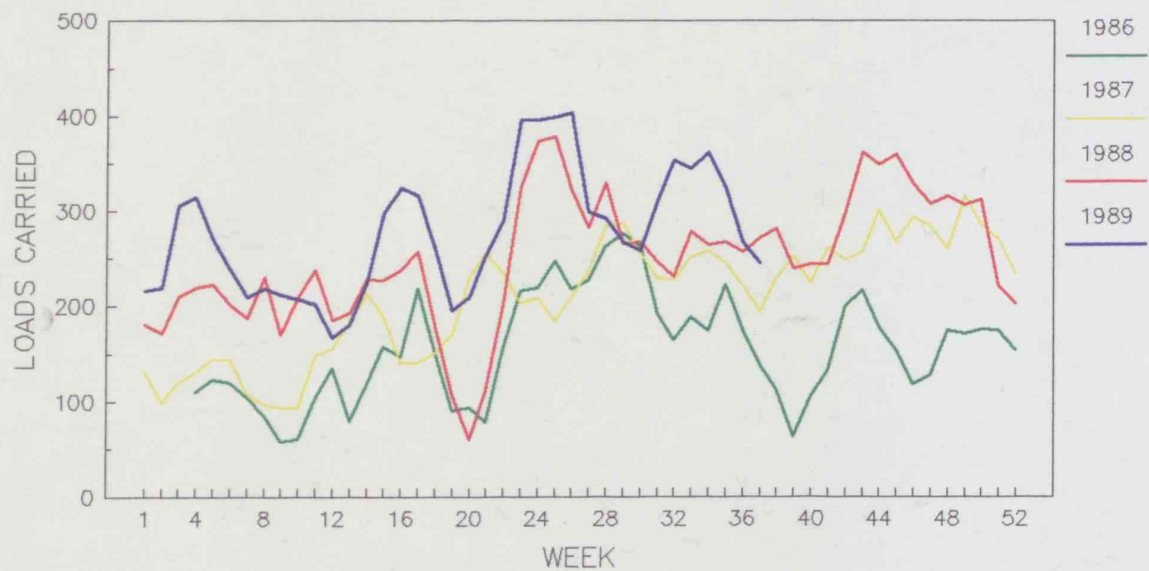
Sir Jeffrey has been pressing you to speak at the Annual Dinner in January 1991 when he will be President. You are reluctant to commit yourself that far in advance. I have informed him of this, and so there is no reason for you to raise this unless he does so.

AC

AT

31 October 1989

FERRYMASTERS - WEEKLY LOADS VARIANCE WEST/EAST-ROLLING 4 WEEK AVG



BALANCE OF PAYMENTS UK IMPORTS less UK EXPORTS

