

CONFIDENTIAL

R. Hunter
CB
22/3
ms

PRIME MINISTER

EC/US DISPUTE OVER AIRBUS

stop

In my minute of 7 February I reported on the efforts I was making to achieve an agreed European paper to put before the US authorities in order to resume discussions on this long-standing issue.

2. I am pleased to say that it was in the event possible for Airbus Ministers to agree a paper and the Commission have put the paper to the US authorities. They have reacted positively and formally accepted it as a basis for the resumption of talks. I hope that these will start shortly.

3. The US have not so far indicated any major difficulties over the main issue of supports for Airbus programmes but are concerned about the European position on equity infusions into State owned companies (such as Aerospatiale) and exchange rate guarantee schemes (like that used by the German Government to facilitate the privatisation of MBB last year). There is not much, if any, flexibility in the French and German positions, so negotiations are likely to be difficult particularly as the US Treasury and State Departments are very hostile to exchange rate schemes. A complication is that the US still seem ready to pursue the German exchange rate scheme in GATT although the European side have made clear that they could not conclude an Airbus agreement in these circumstances. This may, however, be a negotiating tactic.



the department for Enterprise

4. The Commission and the US Trade Representative have agreed on a target date of 31 July for the conclusion of negotiations. I shall keep you in touch with progress.

5. I am copying this minute to members of OD(E) and to Sir Robin Butler.

A handwritten signature, likely of N R, is written in dark ink above the typed name.

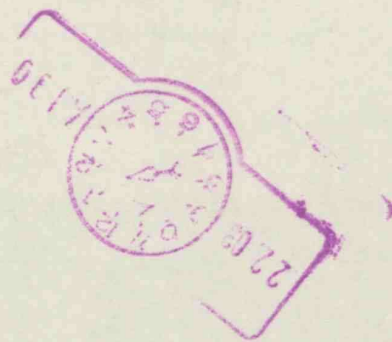
N R

21 March 1990

DEPARTMENT OF TRADE AND INDUSTRY

PE3AKC





AEROSPACE

Airbus

fl 3

CONSERVATION

