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10 DOWNING STREET

THE PRIME MINISTER

17 January 1984

Dear Herr Strauss.

Thank you for your letter of 26 December. We are considering, as a matter of urgency, British Aerospace's application for launch aid.

I very much hope that the A320 can be a success: I fully appreciate its strategic importance to the future of Airbus Industrie and of European collaboration in aerospace. But the British Government's approach to the project will be rigorously commercial. We need to be satisfied that the A320 can yield a financial return commensurate with the degree of risk involved. We shall be looking carefully at the sharing of this risk between British Aerospace, as a private sector company, and the Government. At a time when the Government are faced with a wide range of competing claims from other sectors for the limited funds available, we must ensure that the best possible value for money is obtained in the use of public funds.

We are of course maintaining close contact with the other Governments involved in Airbus. They are also considering their attitude. I would expect that, when the Airbus Ministers meet in the future, they will be in a position to reach

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substantive decisions on the future of the A320.

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Yours sincerely  
Nagant Halbe

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Herr Franz Joseph Strauss