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Editor
J. M. RAMSDEN

Air Transport Editor
H. A. TAYLOR

Production Editor
ROY CASEY

Editorial Director
MAURICE A. SMITH DFC

Managing Director
H. N. PRIAULX MBE

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Concorde Cost

So many different and sometimes conflicting figures have been published that it is as well to clarify the sums of money at present spent on, committed to, and estimated for Concorde research, development and production.

First of all there is the neat round figure of £500 million, which is the estimated cost of research, development and special-to-Concorde tooling. This is shared fifty-fifty by Britain and France. About £110 million has so far been spent by each country.

This £500 million buys six aircraft—two prototypes, two pre-production aircraft, and two structural-test specimens. It also pays for more than 4,000 hours of flight-testing up to 1971 certification. It further includes an allowance of £80 million for the testing and "post-certification" of the more advanced standard aircraft in 1973.

Also included in the £500 million is the cost of testing, designing, developing and building 44 Olympus engines, and the cost of special-to-Concorde tooling—that is to say tooling that can be used only for Concorde work, and not for other aircraft or engineering applications. Finally, the £500 million includes a £50 million allowance for contingencies—though this has almost certainly already been bespoken.

On top of the £500 million comes the recently announced £30 million to be spent by Mintech (plus approximately £30 million, it is said, by the French Government) on the provision of general machine tools for production. These are tools which can be applied to any kind of job, but which the companies could not afford to buy for the Concorde project only. The tools are being loaned by Mintech at what is called a "full economic rental." This is believed to assume amortisation of the whole £30 million outlay over a period of not more than eight years.

Mintech has also admitted to the Public Accounts Committee a figure of £28 million—now rounded off to £30 million—for what are termed "intramural" costs. This is expenditure (over and above the £500 million) incurred by Government establishments like the RAE and NGTE on structural fatigue-testing, Olympus Vulcan, BAC-221, HP.115 and so forth (why these costs were not within the £500 million estimate is not clear). The French "intramural" costs are claimed to be of the same order, although these have never been published.

Now for Production

The production provision is £100 million per country. This money has not actually been committed; the British Government has obtained the necessary Parliamentary powers to draw up to £100-£125 million if necessary. This is a legislative procedure rather than expenditure so far, but it does indicate a more definite Government move towards production. The money will be needed over the next five years, but it will not be spent until drag, noise and weight have been measured and the commercial prospects of the project look promising. Included in the £100-£125 million production money is £25 million to be raised by the British companies concerned, although the risk will be underwritten by the Government. In fact the entire financial risk on the Concorde project, right through to production, looks like being borne by the two Governments.

Adding it all up, the total estimated cost of the Anglo-French supersonic airliner programme up to and including production is now £820-£870 million, of which about £220 million has been spent to date. There cannot be anyone in the British and French industries unaware of the technical responsibility they carry for making this expensive project a success.