

Britain's business

Dr Weinhardt, chairman of Deutsche Airbus, is a diplomatic man who chooses his words carefully. All the more reason to heed the strong ones he recently uttered. "With the best will in the world," he said, "I cannot understand how the British Government, having saved the money for the A-300B Airbus, could use the money to develop the BAC Three-Eleven as a competitor."

M Henri Ziegler, president of the French company which is leader of the A-300B programme, has not spoken quite so strongly. Asked at a recent Press conference what he thought about Britain's reported plans to launch the Three-Eleven, M Ziegler replied: "Competition is good for us." This was a statesman-like reply, but he no doubt shares his German colleague's feelings. What a pity that the British Government, when it pulled out of the A-300B nearly a year ago, did not attend better to its public relations, and in particular to its European public relations.

Britain made it clear, in the A-300B Memorandum of Understanding of 1967, that her support for the project depended on the fulfilment of three main conditions: (1) a starting order, including BEA, for 75 aircraft; (2) a Rolls-Royce engine; and (3) limited UK Government financial liability, i.e., a guaranteed fixed-price contract.

These conditions were all known and understood by the French and German partners. They signed the Memorandum. Various ministers, in particular Mr Stonehouse, referred to the conditions frequently, both privately and in public statements. No time limit was imposed, but it was generally understood that the airline commitments would be made by July 1968.

By the end of 1968 the three main conditions were far from being fulfilled. Lufthansa said, not once but repeatedly, that it did not need to commit itself to an aircraft of this size for some years. BEA similarly declined to commit itself; indeed, by the end of 1968, BEA was beginning to show interest—which has since become serious—in the BAC Three-Eleven. Only Air France and Air Inter, both captive markets of the French Government, were making favourable noises.

The second British condition was a fixed-price contract. The cost estimate had been cut from £200 million-plus to £180 million by scaling the aircraft down; but no guaranteed fixed price was offered. As the British Government and industry—though perhaps not yet those of France and Germany—know, there is a world of difference between a manufacturer who estimates £x million and contracts to carry any overrun and a manufacturer who estimates £x million and comes back five years later for £2x million. The British Government was being asked to carry the whole risk for an unlimited amount of money.

As for Britain's third condition, by the end of 1968 the French leaders of the programme were openly confirming that the aircraft was not being exclusively offered with a Rolls-Royce engine—as the Memorandum of Understanding had clearly required. The French were well aware of the importance of this condition to Britain, since it was the basis on which France secured airframe design leadership.

It is a pity that Mr Wedgwood Benn, when he abandoned the A-300B, did not spell out these reasons instead of inventing a new one (i.e., that it had become a

different aeroplane). Britain has a clear conscience—clearer than she may have over ELDO or than France may have over the AFVG. We hope that France and Germany will not misunderstand the British position when, as now seems likely, the Three-Eleven is launched. The British Government will be right not to support this project too if the manufacturer concerned is not prepared to limit the Government's liability, to put its own money at risk, and to obtain a firm starting order book with non-returnable deposits paid on contract guarantees. As Mr Geoffrey Knight of the British Aircraft Corporation says: "With the exception of high-technology projects like Concorde and the Apollo programme, I don't see why governments should even listen to requests for aid if you are not prepared to put your money where your mouth is. I don't know any other way in which efficiency is imposed."

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