

## Report from Bonn by Rainer Apel

### Transatlantic aerospace wars

*The Franco-German Airbus project is posing a challenge to U.S. aircraft producers.*

A startling attack on European aircraft technology appeared in the Oct. 3 issue of the Paris-based *International Herald Tribune*. The author, George F. Will, characterized the European Airbus project as an "unfriendly" act against the Americans. European state subsidies to the project, or "Airbus's arrogant aggression," as Will put it, are a threat to the U.S. commercial aircraft industry, which he called "a crucial component of America's economic virility."

"Airbus's contemptuous illegalities already have cost America more than \$80 billion in lost markets and jobs," Will charged.

"Free trade is not solitaire, a game at which one can play alone. And the alternative is trade war. The Airbus dispute is a suitable occasion for America to say what Americans said about some overbearing Europeans 216 years ago: If they mean to have war, let it begin here."

Airbus is basically a Franco-German project, with the two nations holding a joint share of 75%. Attacks on it have appeared before, and the Bush administration officially protested with the supervisory board of the General Agreement on Tariffs and Trade (GATT) against the European governments that are backing Airbus Industries. What made this new attack special was the date: It appeared one day before the first public presentation, in the French city of Toulouse, of the first prototype of the A340-300. This is a new four-engine airliner that can carry 260-320 passengers over a distance of 12-14,500 kilometers.

In the past 10 years, Airbus Industries has conquered a world market share of 30%, in the medium-range aircraft category. The A340-300 is challenging the long-time domain of the U.S. aircraft industries also in the longer-range category, turning into a rival to the four-engine Boeing 747 jumbo. The new Airbus airliner is developing into a best-selling product, before its assembly-line production has even started.

The fears Will expressed are based on a real competitive threat: Kuwait, for example, which was expected to give a Gulf war "dividend" to the United States and order its new airliners there, decided to buy 15 of the A340, instead. Singapore canceled a contract for the new McDonnell Douglas MD-11 airliner, and ordered 14 A340s.

The A340-300 is not only a third smaller than Boeing's 747 and more than a third less expensive, but it also fills a market gap left open by the U.S. aircraft sector: It can land and take off at smaller airports and is, therefore, highly attractive for countries that do not have the average volume of air passengers nor the airport capacities that would require the use of the 747s.

A military version of the A340 is presently being worked upon, for use as a long-range transport aircraft. A genuine European product, it would further the goal of genuine European defense. This in itself is seen among the "Bushmen" George Will speaks for, as a mortal threat to the U.S. monopoly in large transport aircraft. But there is yet another threat: the perspec-

tive of cooperation between continental Europe and the new Soviet Union.

European aircraft industries should cooperate with the Russians to "reduce the high dependency Europe has on supplies from the United States," said Erich Riedl, the German government coordinator of aerospace affairs, on Oct. 3.

The Airbus group, Riedl declared, presently has a 40% dependency on American parts such as engines and flight electronics, but there is a viable potential for cooperation with big Russian producers like Tupolov or Ilyushin, which have "respectable know-how in aircraft engineering."

Especially for the Airbus project of a "Euro-Jumbo" airliner for the late 1990s, there is a good perspective not only of joint production with the Russian air-tech sector; there is also the perspective of flying the future "Euro-Jumbo" profitably on the giant grid of the Soviet Aeroflot routes, Riedl said.

He added, "Cooperation in a sector of Russian industry that is already showing a remarkable productivity today, would be a contribution much more meaningful for the U.S.S.R. than anything else that has so far been discussed."

There are many question marks as to whether these perspectives will materialize. Will talks between the Russian aircraft producers and Airbus Industries that have been going on for at least a year, lead to concrete results now? Will the U.S. veto the projects on the basis of the CoCom black list, which still bans exports of high technology to the East? Will the Europeans back down, as they have done many times before? Or will the Germans and the French, the main proponents of the Airbus project, pursue their plans under the threat of open U.S. trade war? And—most important—can the Germans count on French support in a showdown?