

MEMORANDUM

THE PRESIDENT HAS SEEN....

HAK

THE WHITE HOUSE
WASHINGTON

781X

~~CONFIDENTIAL~~

ACTION
March 17, 1973

MEMORANDUM FOR THE PRESIDENT

FROM: Henry A. Kissinger *AK*

SUBJECT: Letters from Ambassador Annenberg

The Ambassador has written you two letters (Tabs B and C) about the Concorde. In the more important of the two (Tab B), the Ambassador warns of effects in Europe arising out of the recent PanAm and TWA action in cancelling their options for the aircraft. To counter suspicions that we are trying to throttle Europe's aerospace technology, the Ambassador proposes that we issue an invitation to the European Community and Japan to join us in developing a second generation supersonic air transport. (The second letter encloses a clipping with several letters to the editor of a British paper, two of them critical of the US.)

Peter Flanigan and I believe that the Ambassador's idea is far ahead of its time. A proposed letter to him from you expresses your appreciation for his proposal, says that it is being studied in the White House, and thanks the Ambassador for doing a good job in London. The letter has been cleared with Dave Gergen.

RECOMMENDATION:

That you sign the letter to Ambassador Annenberg at Tab A.

~~CONFIDENTIAL~~

GDS - Dec. 31, 1979

DECLASSIFIED
E.O. 13526, Section 3.5
PER REVIEW 3/17/11
By MLH NARA, Date 4/27/12
NIN 04-59/5113 [p. 1 of 9]



781X

THE WHITE HOUSE

WASHINGTON

March 19, 1973

Dear Walter:

Your recommendation for the joint free world development of a second generation SST is very interesting. As you know, I have personally followed the difficulties which the Concorde has experienced and have corresponded with both Prime Minister Heath and President Pompidou on the subject. I remain very concerned about the effect which a failure of the Concorde would have on relations between the United States and our closest allies, particularly if there should be any pretext for blaming that failure on U.S. government actions.

Although it is my judgment that this is not the precise moment for the United States to make the proposal which you suggest, I have asked a few of my advisors who are closest to the Concorde problem to give serious attention to your recommendation.

I very much appreciate your sensitivity to this and other issues in our relationship with the United Kingdom. I continue to take great pride in your conduct of our affairs in London.

Sincerely,



The Honorable
Walter Annenberg
American Embassy
London

Dispatched via diplomatic pouch, 3/20, 1rh

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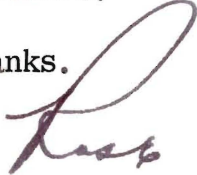
THE WHITE HOUSE
WASHINGTON

February 14, 1973

General Scowcroft:

Would you please have a reply prepared for the President's signature.

Thanks.



RMWoods

P.S. The President has not seen this letter.

MIN 04-59/513 [p. 3 of 9]

NATIONAL SECURITY COUNCIL

John Murphy

Can this be
X no. please
give action to
Scowcroft &
info copy to AEP
with note that we

EMBASSY OF THE
UNITED STATES OF AMERICA
LONDON

February 6, 1973

Dear Rose Mary:

When convenient could you please
see that the President gets the enclosed
letter.

Sincerely,



Walter Annenberg
Ambassador

Miss Rose Mary Woods,
Secretary to the President,
The White House.

NIN 01-91/5113 [p. 6 of 9]

EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

~~CONFIDENTIAL~~

February 7, 1973

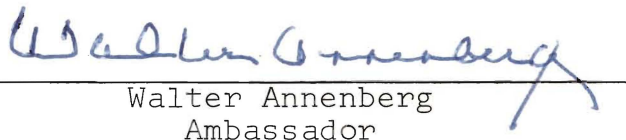
Dear Mr. President:

I recommend that at an appropriate time an invitation be issued to the nations of the European Community and to Japan to participate with the United States in a joint Free World venture for the development of a second generation supersonic air transport as a successor to the Concorde venture.

Notwithstanding your assurances to the Prime Minister and the fact that PanAm and TWA cancelled their purchase options for purely commercial reasons, we must anticipate the danger that the US will end up as the scapegoat and be blamed for killing the project in the service of our own aerospace interests. This will certainly be the case if local authorities make it impossible for the plane to land at JFK Airport or if we do not permit the export of the US-manufactured inertial navigation system aboard Concordes ordered by the PRC, both of which would be further heavy blows to Concorde. In any case there are many in Europe who believe that the US is deliberately attempting to throttle European aerospace and other advanced technological industries, and there are those who feel it in their interests to encourage this suspicion. Concorde's commercial failure seems highly likely and will contribute to this suspicion and tend to drive Europe together in a way that would be inimical to US long-term interests.

The joint venture which I recommend would help to disarm this movement within Europe. It would help to arrest the drive to form a competing force in the development and employment of advanced technology, and it could have the collateral advantage of placing us in a position of being leading advocates of Free World cooperation.

Sincerely,


Walter Annenberg
Ambassador

The Honorable
Richard Nixon,
The President,
Washington, D.C.

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EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

February 7, 1973

Dear Mr. President:

The enclosed appeared in THE DAILY TELEGRAPH this morning. Incidentally, Mr. President, this newspaper has given you greater editorial support than any other publication in the United Kingdom, and therefore the contents of this clipping are all the more impressive.

Sincerely,


Walter Annenberg
Ambassador

Enclosure

The President,
The White House.

THE DAILY TELEGRAPH

WEDNESDAY, FEBRUARY 7, 1973

135, FLEET STREET, LONDON, E.C.4.

TEL: 01-353 4242. TELEX: 22874/5/6.

CLASSIFIED ADVERTISEMENTS: 01-583 3939.

LETTERS TO THE EDITOR

ANTI-CONCORDE CAMPAIGN IN U.S.

From Prof. JOHN GILROY

SIR—I have watched with amusement the efforts made by American airlines and the American Press to discredit the Concorde.

The Press has confidently discontinued the Concorde project almost every day since the cancellation of the American supersonic transport. The decision to cancel options made by Pan American and Trans World Airlines now increases the tempo of the anti-Concorde campaign.

The truth is that Pan Am and TWA are in a poor financial condition. They have over-extended themselves in the purchase of jumbo jets and do not wish to make further capital commitments at this time. However, they may lose heavily if other airlines introduce the Concorde on the Atlantic routes.

The Americans have been unable to accept the idea that foreign manufacturers might succeed in the development of an SST following the failure of their own project. American prestige is at stake so every effort is being made to destroy the rival project.

I predict a rebirth of the American SST within the next year in keeping with the resurgence of national feeling in the United States.

JOHN GILROY
Dept of Neurology,
Wayne State University, Michigan.

Supersonic age

SIR—The decision of two American airlines not to convert their options on Concorde into firm orders is no doubt a disappointment to the makers, but it does mean that the British Airways and Air France Concorde fleets will enjoy a virtual monopoly of all first-class air traffic on the lucrative North Atlantic route which, at the moment, accounts for 60 per cent. of the total revenue.

It is confidently expected that on practically all of the long-distance routes Concorde's break-even load factor, i.e. the number of seats it is necessary to fill in ratio to those available, is considerably less than that of the largest sub-sonic airliner,

therefore ensuring a greater profitability.

Concorde will be a commercial success and, sooner or later, to remain competitive, all the major airlines will be bound to order it. By the 1980s all long-distance air travel will be by supersonic airliners.

It is by no means certain that the other option holders will adopt a "wait and see" policy. They are much more likely to take a positive lead from Britain, France, Iran and China, bearing in mind that there is no hesitation in Russia about going supersonic, and the Tupolev 144 airliner is in production.

There seems to be no lack of support from the travelling public who apparently have complete faith in Concorde for, shortly after the British Airways Board placed a firm order, the writer tried to make a reservation, only to find that thousands of others had the same idea.

British Airways will be assured of capacity loads for an indefinite period after the first Concorde fleet enters service in 1975.

JEAN BATTEN
United Service and Royal Aero Club.

Jealous of Britain

From Sir ROY FEDDEN

SIR—Having read with approval, in *The Daily Telegraph* of Feb. 2, two whole columns devoted to the prosperity and health of Britain's aircraft industry, I was equally shocked at the doubts and hawking as to Concorde getting production orders.

In the course of my 45 years' professional career in aeronautics it was necessary for me to visit the United States many times and impossible not to note their unwillingness to buy anything foreign, even when it was out of the question to get it at home for years. I also realise their jealousy of the United Kingdom.

Having watched carefully the sound development of Concorde over the last decade, I find it astonishing, therefore, that Concorde is not getting sufficient production orders. Surely the answer is in our country's and France's hands. We should jointly place production orders ourselves and demonstrate to the world the profound effect on the long-term policy, no matter what the immediate cost will be.

ROY FEDDEN
Bwlch, Breconshire.

NIN 04-59/5113

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