



the national archives

(c) crown copyright

EXPORT CREDITS SCHEME.

Application to Civil
Aircraft.

Previous
Reference:
Cabinet 4(35)
Conclusion 4(a)(v)).

FR. 12(37) q.

12. The President of the Board of Trade reminded the Cabinet that under the Overseas Trade Acts, 1920-34, the Export Credits Guarantee Department is precluded from giving guarantees in connection with the export of munitions of war - an exclusion which had led to some difficulty over aircraft. Under a decision taken in March, 1931, the Export Credits Guarantee Department was authorised to provide guarantees in connection with aircraft which were neither armed nor fitted for arms and were capable of use for civil purposes. In 1935, however, on account of the disarmament proposals under consideration, the Department ceased to provide facilities for the export of aircraft or aircraft engines of any description.

In the latest draft Arms Convention, a distinction was recognised between civil aircraft and aircraft adapted for military purposes, and it had been represented that an extended export trade in aircraft would put aircraft construction in the United Kingdom on a broader basis and would serve as a buffer against the cessation of large home orders at any time.

In these circumstances, the President of the Board of Trade saw no reason for the continued exclusion of civil aircraft from the Export Credits Scheme and proposed to authorise the Department to resume the granting of guarantees. He reported that the Secretary of State for Foreign Affairs had concurred in this proposal and that the Secretary of State for Air had undertaken that his Department would advise

on the particular applications whether the aircraft in question might probably be regarded as civil.

The Secretary of State for Air confirmed this and said it was proposed to avoid any attempt to define in advance what was a civil or a military aircraft, as difficulties had been encountered in this matter in the past.

In the course of a short discussion, the view was expressed that some means should be found to prevent export credits being used in the case of aeroplanes or engines intended for countries whose policy is threatening the peace, such as Germany and Italy.

The Cabinet agreed:

That the President of the Board of Trade should be empowered to authorise the Export Credits Guarantee Department to resume the granting of guarantees under the Export Credits Scheme in respect of aircraft for civil purposes.