supply of a system component incorporated into either a Level 2 partners subsystem a Level 1 partner's system.

Aerospatiale is engaged in providing complete auto flight, electrical power, flight control, engine fuel and control and navigation systems on all programs all landing gear on A300/A310, nose landing gear on A320 family, air conditioning on the A300/A310, and cabin finishings on A330/A340. British Aerospace is responsible for fuel systems on all the programs, complete landing gear systems on A330/A340 and main landing gear on the A320 family. Daimler Benz Aerospace has responsibility for environmental systems on all programs except A300/A310, communication, finishes the cabins on the all programs except A330/A340, indicating/recording, lighting, oxygen, vacuum, waste, APU and ignition systems (Exhibit 11).

In the earliest programs (ie A300B and A310), work was simply negotiated and distributed based on competence, partnership share, and, political considerations. The more recent bidding process resulted in the award of fuselage plugs for the A321 to British Aerospace, a responsibility which traditionally went to DASA. DASA, in turn, received compensating work on wing flaps. Strong sales of the A321 influenced the AI supervisory board's decision to locate its assembly facility in Hamburg; however, this decision was also swayed by the government of Germany and resisted by Aerospatiale. While final assembly and cabin finishing for the A321 and A319 take place in Hamburg (discussions about moving A320 to Hamburg from Toulouse in progress) cabin finishing for the A330 and A340 programs has been transferred to Aerospatiale in Toulouse resulting in significant investments by both partners.

Each of the partners also maintains staff responsible for ensuring that work allocations are in accordance with the partnership interest. Since the partners maintain autonomy for procurement decisions associated with their work shares, potential direct suppliers to Airbus programs must be cognizant of work sharing arrangements so as to properly focus their marketing efforts to the responsible partner.

Production

Each of the partners play an integral role in the production flow of Airbus products (Exhibit 12). The system is based on the integration of large subassemblies that are worked to near completion by each of the partners. To minimize transportation costs, these subassemblies are equipped as fully as possible with the necessary wiring, tubing, and other components and equipment to accommodate systems, before being transported just-in-time in special aircraft or trucks to the final assembly location in Toulouse or Hamburg depending on the program. For this reason, final assembly accounts for only 4% of the total man hours required to