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O P 121200Z DEC
FM MODUK
TO BRITISH EMBASSY BONN
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BT
C O N F I D E N T I A L
SIC ACA/A2P

SUBJECT: RATIONALISATION OF THE EUROPEAN HELICOPTER INDUSTRY
FROM PS/DEFENCE SECRETARY

1. WE SPOKE ON THE TELEPHONE (CHAMBERS/MOTRAM) ABOUT DR
WOERNERS TELEPHONE CALL TO THE DEFENCE SECRETARY THIS
MORNING FOLLOWING THE PERSONAL MESSAGE IN OUR TEL NO 110930Z.

DR WOERNER MADE THE FOLLOWING POINTS:

A. HE FULLY SUPPORTED, AND WAS GRATEFUL FOR, THE DEFENCE
SECRETARYS EFFORTS TO ACHIEVE A EUROPEAN SOLUTION.
B. HE HAD, HOWEVER, TO TAKE ACCOUNT OF THE CONSTITUTIONAL
POSITION IN GERMANY. HE WAS NOT ALLOWED TO PROCURE ANY WEAPON
SYSTEM WITHOUT THE APPROVAL OF THE BUNDESTAG AND SUCH
PROPOSALS HAD TO GO TO THE BUDGET AND DEFENCE COMMITTEES. THE PAH2
BATTEFIELD HELICOPTER HAD BEEN APPROVED BY THESE COMMITTEES.
A CHANGE IN THE GERMAN POSITION WOULD HAVE TO GO BACK TO THE
BUNDESTAG FOR APPROVAL. HE COULD DO THIS AND WAS SURE THAT HE
WOULD SUCCEED PROVIDED THAT HE WAS ABLE TO OFFER A REASONABLE
COMPROMISE.

C. GERMANY HAD A GENERAL REQUIREMENT FOR REPLACEMENTS FOR THE
CH53 AND UH1D HELICOPTERS IN HER INVENTORY BUT THIS WOULD NOT
ARISE BEFORE 1999. THERE WAS NO REQUIREMENT IN EXISTENCE AND
NO PARLIAMENTARY DECISIONS SINCE THE ISSUE HAD YET TO ARISE.
HE COULD NOT THEREFORE SAY AT PRESENT THAT HE WOULD PROCURE
THE EH101 TO MEET THIS REQUIREMENT, BUT IT WOULD CERTAINLY BE A
STRONG CONTENDER.

D. SINCE HE DID NOT KNOW HOW MUCH MONEY WOULD BE SAVED BY
BRINGING TOGETHER THE PAH2 AND A129 PROJECTS, HE COULD NOT
DECIDE HOW HE WOULD SPEND ANY SAVINGS. THERE WAS NO FIGURE
HE COULD RE-INVEST AND NO APPROVAL FOR SUCH ACTION.

E. THE EVIDENCE WAS THAT EVEN IF EUROPE CAME TOGETHER ON A
BATTLEFIELD HELICOPTER, NH90 AND EH101, THERE WOULD STILL BE
OVER-CAPACITY. THIS HAD TO BE TACKLED.

F. ON THE DOCUMENTS CIRCULATED TO NADS, HE WAS CONCERNED
ABOUT THE PROPOSED SPECIFICATION AT THE BATTLEFIELD LEVEL.
THIS WAS NOT PRECISE ENOUGH. EITHER WE MADE IT VERY PRECISE
OR LEFT OUT THE DETAILED SPECIFICATION.

2. THE DEFENCE SECRETARY TOOK NOTE. HE SAID THAT IT WAS
IMPORTANT THAT THEY DID AGREE THAT THERE WOULD BE NO COMPETITION
WITHIN EUROPE IN THE THREE CLASSES ON WHICH THEY WERE SEEKING

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Mr O'Shea -
do you have
your own copy?

MFD

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TO CO-OPERATE. DR WOERNER SAID THAT THERE WOULD BE NO COMPETITION FROM HIS INDUSTRY. HE WAS CONCERNED, HOWEVER, THAT THE BURDEN OF COMPETITIVENESS SHOULD NOT BE REMOVED FROM THE EUROPEAN COMPANIES SINCE OTHERWISE THEY WOULD NOT PRODUCE HELICOPTERS ON TIME OR TO COST. THE DEFENCE SECRETARY AGREED THAT THIS HAD TO BE TAKEN INTO ACCOUNT.

3. IT WAS AGREED THAT THEY WOULD BE IN TOUCH IF NECESSARY FOLLOWING THE NADS MEETING.

4. FOR ROME: PLEASE PASS A COPY TO PERRY

BT

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PS/MR EGGAR
PS/PUS
MR DEREK THOMAS
MR BRAITHWAITE
MR GOODALL
MR O'NEILL
MR SAMUEL

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