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MINISTRY OF DEFENCE
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MO 26/11/9

27th June 1985

Dear Charles,

EUROPEAN FIGHTER AIRCRAFT

Thank you for your letter of 21st June. The Defence Secretary believes it would be helpful for the Prime Minister to raise EFA bilaterally with Chancellor Kohl, President Mitterand, Signor Craxi and Senor Gonzalez. I attach a note on objectives, individual lines to take, and a background note.

I am copying this letter and the attachments to Len Appleyard (Foreign and Commonwealth Office), Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

Yours etc,

Richard Mottram

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EUROPEAN FIGHTER AIRCRAFT

Objectives

ALL

- to stress that the UK remains in favour of a 5-nation programme for an aircraft which satisfies the agreed European Staff Target and offers a genuine industrial partnership.

FOR CHANCELLOR KOHL

- to reaffirm understanding reached at Defence Minister level on need to proceed to project definition on an aircraft which meets the European Staff Target

FOR PRESIDENT MITTERAND

- to point out the importance of EFA as a test of European commitment to co-operation.
- to stress that the aircraft must have the technical characteristics necessary to meet the likely threat.
- to explain that anything other than an arrangement of equal partnership would be politically unacceptable.
- to emphasise the need for an early decision.

FOR MR CRAZI

- to reaffirm understanding reached at Defence Minister level on need to proceed to project definition on an aircraft which meets the European Staff Target.

FOR MR GONZALES

- to encourage Spain to agree to participate in project definition of a common programme involving those nations able to agree by the end of July to go ahead.

FOR CHANCELLOR KOHL

Arguments

- a. EFA important test of European ability to collaborate on defence equipment. Combining resources is best way of sharing costs and making Europe competitive against the US.

- b. We share Germany's need for an early decision on both operational and industrial grounds. We cannot afford to spend any more time talking about the project. In accordance with decision reached by Defence Ministers on 18th June at Dr Woerner's instigation, those nations able to agree on a common programme should proceed to joint project definition study by the end of July.

- c. We hope that agreement can be reached on 5 nation programme but:-
 - (1) aircraft must be capable of meeting perceived Soviet threat. UK and Germany (and Italy) in complete accord on technical characteristics needed to give aircraft the required performance. A compromise for the sake of collaboration which did not meet the military requirement would be as unacceptable to Britain, as we understand it is to Germany;

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(Expanded second page of brief line to take with Chancellor Kohl)

2. Organisation arrangements must be on the basis of equal partnership, no winners, no losers. The French proposal for a design office in Paris headed by a French man would lead to French domination. Arrangements must also be efficient. We have relevant own experience on Tornado on which to draw.

d. Should our one last effort to reach agreement on a five-nation EFA prove unsuccessful, we can understand ~~that~~ the political difficulty for any German Chancellor, especially one who has devoted so much to consolidating the German relationship with Paris, to contemplate parting company with France on a matter of such magnitude. But the technological and military arguments are incontrovertible. In weighing the matter up, Chancellor Kohl will no doubt have in mind the conclusions that might be drawn in Britain, and perhaps elsewhere, if it appeared that Germany's special link with France would take precedence in Bonn over even the best case for co-operation with Germany's other partners, on an aircraft intended for use by Britain as by Germany for air defence in the central region.

(2) organisational arrangements must be on basis of equal partnership - no winners, no losers. French proposal for design office in Paris headed by Frenchman would lead to French domination. Arrangements must also be efficient: we have relevant common experience in Tornado on which to draw.

FOR PRESIDENT MITTERAND

Arguments

- a. EFA important test of European ability to collaborate on defence equipment. Combining resources is best way of sharing costs and making Europe competitive against the US.
- b. EFA has been under discussion for two years. From military and industrial point of view the time has come for decisions. Defence Ministers should agree to launch Project Definition next month when the final feasibility study has been submitted.
- c. We shall continue to strive for a 5 nation programme with:-
 - (1) an aircraft which is capable of meeting the likely threat. Both Britain and France have moved in order to achieve a compromise on the size of the aircraft: but it would not be right to build an aircraft which cannot do the job. We have 5 nation agreement on the European Staff Target. We need an aircraft which satisfies this. We believe this will also be attractive in export markets.
 - (2) We share France's wish for efficient organisation and tight cost control. Recognise quality of French aerospace industry. But Britain equally capable. Need arrangement

which recognises this, as well as interests of other partners. Organisational arrangements must be on basis of equal partnership.

FOR MR CRAIXI

Arguments

- a. EFA important test of European ability to collaborate on defence equipment. Combining resources is best way of sharing costs and making Europe competitive against the US.

- b. We have urgent need for early decision. Cannot spend more time talking about project. In accordance with decision reached by Defence Ministers on 18th June, those nations able to agree on a common programme should proceed to joint project definition study by the end of July.

- c. We shall continue to strive for 5 nation programme but:-
 - (1) aircraft must be capable of meeting perceived Soviet threat. Note UK and Italy (and Germany) in complete accord on technical characteristics needed to give aircraft the required performance. A compromise for the sake of collaboration which did not meet the military requirement would be as unacceptable to Britain as we understand it is to Italy.

(2) organisational arrangements must be on basis of equal partnership - no winners, no losers. French proposal for design office in Paris headed by Frenchman would be French domination. Arrangements must also be efficient: we have relevant common experience in Tornado on which to draw.

FOR MR GONZALEZ

Arguments

- a. EFA important test of European ability to collaborate on defence equipment. Combining resources is best way of sharing costs and making Europe competitive against the US.
- b. We have urgent need for early decision. Cannot spend more time talking about project.
- c. We shall continue to strive for 5 nation programme but:-
 - (1) aircraft must be capable of meeting perceived threat. Note that Spain is closer to Germany, Italy and UK than to France on key technical characteristics; and
 - (2) organisational arrangements must be on basis of equal partnership - no winners, no losers. French proposal for design office in Paris headed by Frenchman would be French domination.
- d. Hope Spain will join common programme which we hope will be agreed by the end of July.

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BACKGROUND

1. The Defence Secretary's minute of 18 June set out the outcome of the Ministerial meeting in London on 17/18 June. Essentially, industry was tasked with a final round of studies based on 3 different engine thrusts and a given definition of aircraft mass. The aim is to reach a common aircraft design. Industry is to report by 15 July, and it is possible that a Ministerial meeting may be held in Bonn on or around 24 July.

2. At the London meeting, M. Hernu continued to press for an aircraft which would be smaller and therefore less capable than that which the other 4 nations require, and for organisational arrangements which could effectively lead to French domination of the programme. Dr Woerner argued strongly in favour of an early decision on an aircraft that would meet the threat, needing in the German view 9.75 tonnes Basic Mass Empty and a nominal engine thrust of 92 kilonewtons. He also firmly advocated equal partnership. Dr Woerner's position therefore lined up exactly with our own, although Germany is less antagonistic to the HQ location in France than we are. Italy shares our views; Spain is between France and the rest.

3. Militarily and industrially, the 4 nations (other than France) agree closely. Their industries are lobbying hard for a 4 nation programme to proceed if a common five-nation position cannot be agreed. Many direct benefits of collaboration could be obtained by a 3 or 4 nation programme but the omission of France would leave Europe

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fragmented in Third World sales in competition with the US.

4. A national UK programme is being examined. But this could be up to £1.5 billion (about 30%) more expensive than EFA and scarcely affordable within the expected defence budget. Alternatives would be an off the shelf buy of US aircraft, their manufacture under licence, or further purchases of existing UK types, but these would not provide the required capability.

5. Germany is the key. Her clear preference is for a solution embracing France and UK. But if, as seems possible, that fails, would she participate with us (and Italy and perhaps Spain), rather than with France? For operational, industrial and administrative reasons her preference would be to side with the UK, and there are signs of a preparedness to contemplate a solution without France. All the indications are that Dr Woerner is not prepared to compromise on the technical characteristics, provided industry and air staffs confirm that anything less than the 9.75 tonnes/92 Kilonewton formulation would be insufficient to satisfy the EST. But the political pressures on Chancellor Kohl are strong in the other direction, and there is a risk that the Germans may be ready, in the final analysis, to compromise further than the UK is able to. We must therefore be wary of a swing which would leave the UK rather than France in the isolated position.

6. Our Ambassador in Paris has advised that Chancellor Kohl's attitude should best be tested through bilateral contact, since any

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wider meeting would be likely to expose him to conflicting pressures and the risk that he might move publicly in the French direction. Although Mr Craxi may not have been briefed by Senatore Spadolini, the Prime Minister is recommended to raise the matter with him, and Mr Gonzalez in the light of her conversation with Chancellor Kohl. It is recommended that the approach to President Mitterand be low-key.

7. The Foreign and Commonwealth Secretary is being advised to raise the subject with his German and Italian counterparts, and in the light of their reactions to approach the Spanish (probably) and French (possibly) Ministers.

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