



MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1A 2HB
 Telephone 01-~~990 7022~~ 218 2111/3

MO 26/11/9M

11th November 1985

Dear Charles,

EFA - PRESIDENT MITTERRAND'S LETTER

President Mitterrand's letter of 11th October to the Prime Minister is a reaction to the unexpected outcome (for France) of the European Fighter Aircraft (EFA) negotiations and a realisation of the technological and financial problems of going it alone. It also, no doubt, reflects an attempt to regain the initiative in the European aircraft field. Mitterrand's proposals have been put to the other EFA Heads of Government. The French also doubtless hope to provoke, and benefit from, divisions between the EFA partners: it may be significant that the letter to Chancellor Kohl was sent a week earlier than that to the Prime Minister. We have been careful to co-ordinate our proposed reply with them via our posts in the capitals concerned.

Press reports that "France was to rejoin the EFA programme", following the meeting between President Mitterrand and Chancellor Kohl on 7th/8th November seem to be an over-reaction to statements at the Summit press conference in which the President appears to have done little more than reiterate the contents of his October 11th letter. We are advised that no discussion of substance on EFA took place during the Summit itself, but that Woerner had been robust in making it clear that there should be no delay to EFA. But we have included a reference to this point in the draft reply.

We understand from the French Embassy here that President Mitterrand has now written in similar terms to the Heads of Government of the other Independent European Programme Group (IEPG) countries. That would appear to sit rather oddly with the proposal we understood him to be making to the Prime Minister, for a special study led by the Defence and Foreign Secretaries of the United Kingdom, France, Germany, Italy and Spain. But it does offer us an opportunity to mitigate some of the awkwardness of that proposal.

The President's proposals are couched in general terms; superficially they appear attractive. But it is difficult to see much that is new, valuable and substantive emerging from them.

Charles Powell Esq
 No 10 Downing Street



The proposal for a European strategy on future military aircraft co-operation up to the turn of the century seems, at first sight, to be eminently sensible. But apart from EFA the United Kingdom's only requirement for a major new fixed-wing aircraft in the period is for the Future Large Aircraft (essentially the Hercules replacement). That project is already being addressed in an IEPG Panel under British Chairmanship as a result of an initiative taken by Defence Ministers last year; a number of European companies, including BAe and Aerospatiale, are also studying the project, together with Lockheed.

The French proposal that the industries of the 5 nations should work together on EFA and Rafale also gives rise to practical difficulties. The French have yet to decide what size Rafale will be. The problem as we see it is that, if they decide upon an aircraft of roughly the same size as EFA, the two will be direct competitors in export markets and the EFA consortium companies would strongly object to anything which helped to improve the French product. Conversely, if Rafale is to be a significantly smaller aircraft, the two would be less direct competitors but the technical opportunities for commonality would be much reduced.

None of this is of course to suggest that the Prime Minister's reply to President Mitterrand should be negative: clearly it cannot and should not be so. But, as they stand, the President's proposals entail the danger that the Defence and Foreign Secretaries would find themselves embroiled in a high visibility study (for the French Press would undoubtedly publicise it) which would have very little of substance to address, unless it were to reopen the EFA argument. That is not at all in our interests.

Reports from posts indicate that our EFA partners share these concerns, albeit in slightly differing degree. All agree, however, that our replies should make it clear to the French that there can be no question of delaying the EFA programme while any studies take place.

My Secretary of State therefore recommends that the Prime Minister should return a cautious welcome to President Mitterrand's initiative but that her reply should:

- (i) make use of the fact that a similar letter has gone to the Heads of other IEPG Governments in order to divert follow-up action on the wider review of future military aircraft requirements towards that forum;
- (ii) take up the President's offer of more detailed proposals on co-operation between EFA and Rafale suggesting that once received these proposals should be studied first by the National Armament Directors of the EFA countries and France, who would then report to Defence Ministers;



(iii) above all, make it clear that EFA must not be delayed, and that we intend to continue to maintain close contact with our EFA colleagues on these issues.

/ I attach a draft reply along these lines which my Secretary of State has approved. I understand that the Foreign and Commonwealth Secretary is also content with it. It would clearly be desirable for it to reach the Elysee before the President leaves for the Summit in London on 18th November. We understand that our EFA partners will also be replying over the next few days and we shall endeavour to obtain copies of their replies in due course.

I am sending a copy of this letter to Colin Budd (Foreign and Commonwealth Office).

Yours ever,
Denis

(D BRENNAN)