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N L Wicks Esq
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11 September 1986

Dear Nigel

at Prop

FERRANTI AND THE EUROPEAN FIGHTER AIRCRAFT

You wrote on 5 September to John Howe seeking advice on whether the Prime Minister should raise with Chancellor Kohl when she meets him later this month the issue of the radar contract for the European Fighter Aircraft. Mr Rifkind has asked me to let you have his views, particularly on the implications for Ferranti.

That Ferranti should gain at least a substantial share of the EFA radar contract is extremely important for the future of the company. Its current workload is very heavily tied to the Tornado programme and, as that work declines towards the end of the decade, it is essential to the company that replacement work of the magnitude of this contract is found. Despite the successful efforts to diversify into the civil market, Ferranti's Scottish activities are still very largely directed towards the military market. If it is to maintain its competitiveness in world markets, it must have continuity of work.

As Scotland's largest electronics firm, Ferranti is a very major asset to the Scottish and, indeed, British economy and is, at the moment, the main credible flagbearer for the radar industry in Britain. Should a European radar system with Ferranti's involvement not be chosen for the EFA, the implications for Ferranti would be injurious.

Mr Rifkind suggests that the Prime Minister's forthcoming meeting with Chancellor Kohl would be opportune for this matter to be raised.

I am copying this letter to the recipients of yours.

Yours ever

ROBERT GORDON
Private Secretary

Deference: Harm) Alarm PT 4

