

2 PPS (2)
C.D.P.
CCMS



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-930 7022

MO 26/11/9

12th September 1986

Prime Minister
This issue was raised with you during your visit to Ferranti in Edinburgh. The advice is that it would be premature to raise the specific point with Chancellor Kohl before tender documents have been issued. But you could make the general point that EFA must be a truly European project.

FERRANTI AND THE EUROPEAN FIGHTER AIRCRAFT (EFA)

Thank you for your letter of 5th September reporting the Prime Minister's conversation on the subject of the radar for EFA with the Chairman of Ferranti Defence Systems Ltd, Mr D M McCallum, during her recent visit to South Gyle. You also enclosed a memorandum on the same topic which the Prime Minister had received from Lord James Douglas-Hamilton MP.

Allowing for natural Ferranti partisanship in favour of their ECR90 radar there is much force in their arguments - although the technical differential between the ECR90 and the Hughes APG65 as it would be developed for EFA is by no means as clear cut as Ferranti make it.

The choice of radar is a major hurdle which the EFA project has to face: it may even prove decisive for the project as a whole. The German policy is to support the APG65 for reasons which make sense from a narrow point of view. The prospect of commonality with their Phantom aircraft is attractive to them - although we believe the attraction to be superficial because the radars would in practice be rather different versions - but it is not really an issue which should drive the design of a European aircraft project of this magnitude. If the German position has been clearly articulated, UK officials have been no less supportive of Ferranti. A recent meeting of the EFA Board of Directors was held in Edinburgh with the main aim of allowing Ferranti to make their case directly to EFA policy-makers in the other countries - which they did to good effect.

N Wicks Esq
10 Downing Street



Given the importance of the issue it may well become necessary to ask the Prime Minister to intervene at an appropriate stage. But our advice is that the stage has not yet been reached. The formal international position is that the four EFA nations have agreed that options for the choice of the radar should be kept open during the Project Definition phase which completes at the end of this month. Selection will then be made on the basis of a competition in which all competent firms will be invited to participate. Tender documents should be issued in October with a request to respond within 6-8 weeks. We expect the serious bidders to be Ferranti (with FIAR of Italy and INISEL of Spain), Hughes (also with FIAR and INISEL but additionally with AEG of Germany and GEC Avionics) and possibly Westinghouse (who are looking for collaborative partners). Naturally we hope that Ferranti will emerge clear winners on cost and technical grounds. There are, of course, other considerations: the need to be able to export the aircraft without US interference (a major concern for us), the retention of UK technological leadership in Europe in the field of avionics, consolidation of the European technological base, and indeed the political need for European industry to benefit from a European project to the maximum extent. But first we must determine the position in terms of relative cost-effectiveness, and that will not become clear until the end of this year.

The Prime Minister should not, however feel inhibited from stressing to Chancellor Kohl the need for EFA to be a truly European project, nor indeed from pressing him on the issue of the moment - signature of the General Memorandum of Understanding for EFA which Mr Younger has proposed should take place at Gleneagles on 22nd October immediately after the Nuclear Planning Group. (Mr Younger will be minuting the Prime Minister on this subject). The Germans have been uncertain whether they can meet this date but Mr Younger will be pressing Dr Woerner to do so in the margins of the summit. The significance of the timing is that German decision making will soon be overtaken by their General Election.

I am sending copies of this letter to Colin Budd (Foreign and Commonwealth Office), Alex Allan (HM Treasury), Timothy Walker (Department of Trade and Industry) and Robert Gordon (Scottish Office).

*Yours sincerely,
John Howe*

(J F HOWE)
Private Secretary

Deference
Proceedings

PPY



COGNITION

The following information was obtained from the records of the Department of the Interior, Bureau of Land Management, on the subject of the above captioned matter. It is noted that the land in question is situated in the State of California, and is owned by the United States of America. The land is situated in the County of Santa Clara, and is more particularly described as follows: [illegible text]