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*[Signature]*  
 Prime Minister  
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PRIME MINISTEREUROPEAN FIGHTER AIRCRAFT

*at top PT3*

My predecessor wrote to you on ~~2nd~~ August 1985, about the agreement reached in Turin last August between the National Armament Directors (NADs) of the United Kingdom, Germany and Italy to proceed with the definition of a collaborative programme for a European Fighter Aircraft (EFA), to enter service in the mid 1990s. Spain subsequently joined the project on 12th September 1985, leaving France, of the original 5 partners, as the only nation not to do so. Much collaborative work has been done since Turin, including the completion of negotiations on the General and Project Definition Memoranda of Understanding (MOUs). Before signing these documents, I am writing to let you know where the project now stands.

2. Work on the Project Definition (PD) phase of the project began in September 1985. Although PD has lasted three months longer than planned and will not now complete until 30th September because of the need to carry out additional work to reconcile the technical specification of the aircraft with the European Staff Requirement,



agreement has now been reached on a revised baseline design. This will satisfy the operational requirements of all four nations and is compatible with the technical parameters drawn up in Turin. A full appraisal of the results of PD will now be conducted before the participating nations decide whether to proceed to Development.

3. While this national evaluation process takes place, the EFA industrial teams will remain in place so that, if the decision is taken to proceed with the project, the start of Development will not be unduly delayed. The design and definition of the aircraft will continue to be refined and the negotiation of development contracts will be carried forward. The process of selecting equipment, including the radar, for the aircraft will also continue.

4. The essential elements of the General MOU, which will be supplemented by separate MOUs for each major phase and which defines the overall objectives of the programme and identifies certain general principles, are based on the agreement reached in Turin. They are:

a. Management. The programme will be controlled by a Steering Committee of officials, with an executive Board of Directors. Overall management of the programme will be carried out by an International Programme Office (IPO), which will have NATO status, giving it the legal capacity to place



contracts and pay bills. The general structure of the IPO will be similar to the NAMMA organisation established for Tornado; the allocation of posts being broadly in accordance with the nations' share of the programme.

b. Industry. Industrial management of the programme will be undertaken by two industrial consortia, one being responsible for the airframe and overall systems integration (including integration of the engine) and the other for the engine itself. The airframe consortium, which includes British Aerospace for the UK, was established in June as "Eurofighter-Jagdflugzeug GmbH". The joint engine company, which includes Rolls Royce for the UK, was established earlier this month and is known as "Eurojet Engines GmbH". Both companies will be collocated with the IPO in Munich.

c. Workshare. For the Development phase the nations will adhere to the workshares set out in the Turin Agreement (UK 33%, GE 33%, IT 21%, SP 13%), which are consistent with current international declarations of national aircraft requirements. Work will be shared between the nations on both a qualitative and a quantitative basis. Workshares for Production will be based on the number of aircraft each nation commits itself to ordering at the time of launching Production.



Although it has taken longer than expected, because a number of difficult issues had to be resolved, the text of the General MOU has now been finalised and arrangements are in hand for it to be signed by the four Defence Ministers concerned in the margins of the NATO Nuclear Planning Group meeting at Gleneagles in October.

5. The General MOU does not represent a formal commitment in itself to any phase of the EFA programme; that is the purpose of the MOU for each separate phase. But signature will be a significant political step forward which will consolidate EFA as a firmer prospect than hitherto. It will also permit the MOU for the PD phase to be signed retrospectively; although this is a formality for the UK, it is important for some of our partners.

6. I hope to be in a position by the Spring of next year to invite colleagues to consider the alternative solutions to the RAF's requirement for a future fighter aircraft; one of these will be the EFA.

7. I am sending copies of this minute to other members of OD, to the Chief Secretary and to Sir Robert Armstrong.

A.Y.

Ministry of Defence

25 September 1986

DEFENCE Procurement PTU



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