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FROM: CHIEF SECRETARY
DATE: 30 September 1986

PRIME MINISTER

CDP
YK.

EUROPEAN FIGHTER AIRCRAFT

I have seen George Younger's letter of 25^{at Har} September recording the current position on this project and proposing that Defence Ministers might sign the General Memorandum of Understanding at Gleneagles next month.

2 I note George's view that the baseline design of the aircraft will satisfy the operational requirement of all four nations and is compatible with the technical parameters drawn up in Turin. Signature of the MOU now will be seen by others (both our partners and industry) as a significant political commitment to the project, although OD agreed on 7 May 1985 (OD(85)5th meeting) that it must be possible for the United Kingdom to withdraw from the EFA programme without political difficulty at the conclusion of the Project Definition phase, if this proved necessary. George has said that signature of the General MOU does not represent a formal commitment to any phase of the EFA programme. I am content that we should sign now on the understanding that this does not prevent us from choosing a different solution to the RAF's requirement when we have a full analysis of all the choices next year.

3 I am copying this minute to George Younger, other members of OD and to Sir Robert Armstrong.

JOHN MacGREGOR

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DEFENCE; Procurement Pt 4.



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