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13 October 1986

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Dear Paul,

AIRBORNE EARLY WARNING AIRCRAFT: STRETCH POTENTIAL

Many thanks for your letter of 23rd September about the relevance of development potential to our ultimate decision between GAV and Boeing on the choice of AEW aircraft.

As I said in my minute of 18th September, as part of the work to be undertaken before I make a final recommendation to OD, my Department will be re-assessing in-house the likely evolution of the military threat which our future AEW system must match, and considering which of the two remaining contenders has the better potential for future development to respond to that changing threat. But I see this very much as one of the factors which may influence our decision but are outside the terms of the competition, and I would not expect

The Rt Hon Paul Channon MP



it to be decisive. Moreover, I believe that any formal notification to the companies specifying stretch potential as a criterion for assessing their "best and final bids" could be interpreted as "moving the goalposts" at this stage in the competition. (You will recall that GAV suggested in the earlier stages of the competition that the Department did just this by changing the requirement during the course of the project).

Both firms are already well aware at working level that, as a part of the normal conduct of such business, factors of this kind will form part of our overall assessment of the competitors. I am satisfied that this meets your point.

I am sending copies of this letter to the Prime Minister, to other members of OD, and to Sir Robert Armstrong.

Yours truly,

George Younger

DEFENCE
ALARM

PT 4

