

PRIME MINISTER

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P120.A

EFA

EUROPEAN FIGHTER AIRCRAFT

MEMORANDUM BY SECRETARY OF STATE FOR DEFENCE AND
FOR TRADE AND INDUSTRY

Aircraft weight

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MH is prepared to go down to 9.5 tonnes. The paper endorsed by MOD's Equipment Policy Committee set out a number of minimum parameters, including 9.75 tonnes and commented that: "None of the solutions offered by Industry in the (EFA) Feasibility Study Report meets the requirement. Consequently, a substantial compromise would already have been made should the EFA solution be pursued. Any further compromise beyond the parameters outlined above would render EFA incapable of fulfilling the military need." How then can we go below 9.75 tonnes? We would sacrifice in-flight refuelling and some avionics which the RAF consider important for effectiveness. The Soviet aircraft EFA is designed to counter are much heavier (Flanker, 29 tonnes; Fulcrum, 17 tonnes).

Engine

By / Defence

There is agreement on 88KN. But there is a technical problem: to provide for the growth potential to compete with the Americans an engine pod is needed of the diameter of the RB199 - slightly larger than that required by either a new engine or the American GE404. These alternatives have other

RB. 155

404

drawbacks, too: designing a new engine and new airframe simultaneously could be expensive because engines take longer and delay the development of the airframe (Tornado was set back by two years by this problem). The use of an American engine seems to negate part of the point of a European programme.

Industry structure

MH wants two consortia, without allocating design leadership; NT wants Rolls Royce design leadership without conceding French leadership on the airframe. The latter is a fairer to our technical capabilities, so we should go for it. But MoD don't think that it is negotiable. The consortia arrangement can work (Tornado, the V2500 airbus engine) and allow partners to retain their technology by work allocation. If Rolls Royce had, say, 50% of the engine consortium and responsibility for the high pressure turbine, their position could be safeguarded.

On airframe, we and the French want the front end. If we do concede this, we must not allow avionics selection to be placed with the front end contractor (our mistake on airbus).

Headquarters

Location is largely symbolic; we should be prepared to trade this in favour of a neutral (German) location.

Export sales

We want to secure French commitment to the aircraft, so that they don't compete against it. MH suggests deferring a decision on allocating markets. Do we want to allocate markets at all? If we do, France will compete with EFA in partners' markets. NT's common marketing organisation looks the best option.

Equipment Shares

If we could agree a common marketing organisation, equipment shares could be agreed at the outset, rather than allow them to depend on which partner wins export orders. NT is right to argue for maximum flexibility within the overall workshare, since this would allow a greater degree of competition and hence, lower costs.

Cost Control

EFA is advocated on cost grounds. What assurance can MH offer that the EFA project organisation can control costs as effectively as we expect Peter Levene will on domestic contracts? This is not a detail and ought to be raised with prospective partners now. One solution: partners' industries bid for work on a firm price basis and carry the risks themselves.

Negotiating Position

MH doesn't have to settle everything on 16 May. He should keep the negotiation alive and report back. He should focus on the plane itself and who builds it.

opening position

9.75 tonnes

hybrid engine programme using RB199
as interim measure; aim for 98KN

Rolls Royce to lead on engines,
consortium on airframe

bottom line

9.75 tonnes

new engine,
98KN potential

consortium for
both

Work to be done in parallel

We suggest MoD should place a contract with BAe in parallel with the EFA project definition to define a national alternative, and come forward with a firm price (BAe have offered a price for the first 25 aircraft but it leaves too much unclear). EFA and the national solution could then be properly compared.

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