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MO 26/11/9

PRIME MINISTER

EUROPEAN FIGHTER AIRCRAFT

/ I enclose a report which I have sent to OD colleagues of the EFA meeting in Rome.

2. I thought I would write to you personally to set out the background as I see it should you have occasion to discuss this matter with Chancellor Kohl.

3. You will remember that when I first became involved in the discussions on the next generation of fighter aircraft there were two national alternatives - British and French - and both industries were trying to entice other European nations to join their schemes. There are indisputable cost-sharing benefits from such collaboration. Germany had refused to join British Aerospace as they would not make the political commitment to us and they were being actively pursued by the French in furtherance of the Franco-German axis.

4. My interests were twofold. First - if collaboration could be achieved in a way compatible with our defence and industrial interests - it would enable us to secure a single European project which could provide the basis of scale that is available as a matter of course to the Americans. Second - if this failed - it would mean that we could try and ensure that the Germans and others came our way if both projects proceeded.

5. The two objectives are totally linked. The more the Germans are involved with me in trying to persuade the French to accept adequate specifications the more they know that we have genuinely tried to find a common solution. It is most important that Dr Woerner -



the German Defence Minister - is persuaded that at all stages we have played a straight game in the pursuit of a European objective to which he is personally totally committed. As long as he believes this, if the EFA negotiations breakdown because France will not accept the standards that both Germany and ourselves believe to be necessary then the better the chance that Germany will stay with us in any new configuration. Chancellor Kohl may well want to give the French every chance (Dr Woerner told me privately that Chancellor Kohl had sent him last week to see President Mitterand to urge him to take a more sensible view) and Dr Woerner must be able to assure him of the efforts that we have made.

6. In this sense, last night was particularly gratifying as I was often able to let Dr Woerner argue my case for me. At no stage was there any divergence between our position and that of Dr Woerner. It is a principal part of my strategy to keep it that way.

7. As you might expect the Italians and Spanish played relatively little part although all the indications are that at the moment the Italians are firmly behind our position. I doubt if the Spanish will take other than a political decision to join whoever offers them the best industrial package.

8. I would therefore be grateful if, in discussing this with Chancellor Kohl, you felt able to stress the efforts we are making to secure a genuinely European solution. While we cannot sacrifice in the name of collaboration the standards of the Air Force requirements upon which our defence interests depend, as we all face the same threat it should be possible to agree on a common response. You could express disappointment that whilst the industries of Germany, Italy and Spain have all worked closely with our industry to produce common advice to Ministers, French industry still seems unwilling to make this genuinely collaborative effort and appears more interested in getting the rest of us to join their prototype ACX proposals. This would be tantamount to acknowledging French



supremacy in this field, which we do not accept and will not do. We do not believe that the Federal Republic want that either.

9. I hope you would feel able not to speculate on what happens if EFA collapses. I am anxious not to create the impression that we would welcome this or are striving to bring it about. Such an impression can only help the French.

10. We made only limited progress in Rome but it was the French who were very much out on a limb. In that we advanced it was in our direction. I cannot pretend that I yet see a way through but I have no doubt that our tactics to date are standing up.

[Handwritten signature]

(Drafted by the Defence Secretary &
signed in his absence)
Ministry of Defence
17th May 1985



10 DOWNING STREET

Prime Minister

The meeting in
Rome seems to me
to have got
nowhere. All that is
happening is that
even elementary
decisions about the
parameters of studies are
being deferred. But we
are getting locked into
a process which is
deliberately designed to be
irreversible.

C.D.P. 17/5.



MO 26/11/9

PRIME MINISTEREUROPEAN FIGHTER AIRCRAFT

Following our discussion of the European Fighter Aircraft (EFA) in OD on 7th May, I attended the meeting of Ministers of the five participating nations in Rome on 16th May. In the light of your meeting with Chancellor Kohl this weekend, I thought you might find an early report of the outcome helpful.

2. We made some progress in reconciling the military and technical differences between the potential partner nations. There remains a great deal yet to be done before it will be possible to consider entering a collaborative programme of project definition.
3. More specifically, it was agreed that the industries of the five nations should continue work to define more clearly the characteristics of an aircraft with a target in-service weight of 9.5 tonnes, and a ceiling on the in-service weight of 9.75 tonnes. My military advisers tell me that, subject to the incorporation of the appropriate engine and wing area together with space for equipment, an aircraft to this specification would be adequate in performance and capability. On the engine, and as agreed by OD, it was decided that further studies should be undertaken of a design to give an in-service thrust of 88 kilonewtons (equivalent to a nominal thrust of 92 kilonewtons). This is the design favoured by Rolls Royce. It was also agreed, at the particular insistence of the French, that the further period of study should also define an engine of lower thrust, what they call the "optimum" engine, which, taken with the proposed airframe, would best satisfy the

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Prime Minister
Relevant to your
meeting with
Chancellor Kohl.
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joint requirements of the air staffs as set out in the European Staff Target. The point here is that the industries and air staffs of the United Kingdom, Germany, Spain and Italy all believe that the 88 kilonewton engine in-service thrust is the right one for the job; the French believe that an engine of around 85 kilonewtons would be adequate. But until now it has not proved possible to get Dassault/SNECMA to take part in any constructive way in the industrial studies, so there has been no real opportunity to demonstrate to them that the 88 kilonewton engine is indeed the right choice. On the basis of the formula described above, they will be instructed to take part fully in the joint studies and, at their conclusion, we should be able to demonstrate comprehensively that the solution favoured by the British air staff and Rolls Royce is the correct one.

4. As we agreed in OD, I resisted strongly the French demand that the American GE 404 engine should be used for development flying of prototype models if the new engine was not be available in time; Manfred Woerner supported me strongly in keeping open the options until further studies have been completed. Eventually a compromise was reached under which the industries of the five nations are to study development programmes which would involve using the new engine from the start; using the RB 199, or using the GE 404 and RB 199 for prototype flights.

5. Discussions on these issues were lengthy and laborious, but at the same time amicable. It was not possible to move on in the time available to any detailed discussion of the arrangements for collaborative worksharing, export rules etc. Charles Hernu made a very strong pitch to have the headquarters of the international management and consortia located in Paris; I made it clear that we wanted the headquarters in London and that Paris was totally unacceptable and not negotiable as far as the United Kingdom was concerned. Again, Manfred Woerner was helpful over this.



6. Time is pressing if decisions on all these complex issues are to be reached sufficiently early for the project to be launched to meet the required in-service dates. The FRG in particular needs to decide the way forward this summer. It was therefore agreed that the Ministers of the five nations should meet again when they are all in London for the meeting of the Independent European Programme Group on 17th and 18th June. If the further studies which have now been set in hand result in satisfactory conclusions, and the discussions in London result in a package consistent with our decision in OD as to what should be studied during Project Definition, then I would hope to be in a position to agree to the launch of Project Definition on EFA, lasting probably up to one year, at the London meeting. There would, of course, be no further commitment on the part of any nation before the results of Project Definition had been evaluated.

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

Ramm
Ministry of Defence
17th May 1985

(Approved by the Defence
Secretary & signed in
his absence)



17 MAY 1985

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