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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-~~836 7022~~ 218 2111

MO 26/11/9

24th June 1985

*NBPM
CDP 24/6.*

New Glin

EUROPEAN FIGHTER AIRCRAFT

Thank you for your letter of 21st June and for a sight of your proposed telegram. The Defence Secretary had four points to suggest:

- a. a number of drafting points on the telegram which we have incorporated in the attached revised version;
- b. we wondered whether it would be worthwhile to include the text of the decision reached by Ministers on 18th June, a copy of which is also enclosed;
- c. the Defence Secretary himself has been giving further consideration to follow up action and decided to send a message to his colleagues. We have incorporated this in paragraph 5 of your draft and the text of the message itself is also enclosed. The attachment also refers, in a self-explanatory way, to a further conversation between Mr Heseltine and Dr Woerner;
- d. Mr Heseltine believes it would be helpful to arrange a meeting with Ambassadors to concert action and this too is suggested in paragraph 9 of the re-draft. If this idea commends itself to the Foreign Secretary, you will no doubt be in touch over timing.

I am copying this letter and the attachments to the Private Secretaries to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry and Sir Robert Armstrong.

*Yours etc.
R. C. Mottram*

(R C MOTTRAM)

Colin Budd Esq

CONFIDENTIAL

File No. _____

OUTWARD

Security Classification
CONFIDENTIAL

Department _____

TELEGRAM

Precedence
IMMEDIATE

Drafted by
(Block Capitals) _____

Tel. Extn. _____

DESKBY _____ Z

FOR
COMMS. DEPT.
USE

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(Date) _____

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Distribution :-

Defence Dept
WED
Private Sec
Mr Derek Thomas
Mr Goodall
Mr Jenkins

[TEXT]

PERSONAL FOR AMBASSADOR

EUROPEAN FIGHTER AIRCRAFT (EFA)

1. Following the EFA Ministerial on 17th/18th June, industries have been tasked to finalise the feasibility study for one aircraft with a Basic Mass Empty (BME) weight of 9.5 tonnes plus 140 kg for additional common equipment 110 kg as a contingency against weight growth. Industries have also been tasked to look at three options for engine thrust - 91.7 kilonewtons (the UK solution), 84 kilonewtons (France) and 90 kilonewtons (which the Spanish suggested at the meeting as a compromise and which it is just possible the Germans and Italians could accept). The decisions

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Copies to :-

2. Past form suggests that the French are unlikely to move towards an aircraft of sufficient size and engine thrust to meet the agreed military requirement. Meanwhile, the firmly stated military and industrial requirements of the FRG and Italy would point towards agreement on a 3 nation project with the UK. (The Spanish position seems to be somewhere in the middle). It was British and German concerns to begin the project definition stage as soon as possible if the in service target date of 1995 is to be met which led to agreement on a deadline of 15th July for industry.

3. The implication of the agreement reached by Ministers is that those nations able to agree a common programme in July would go ahead, if necessary leaving the others behind. Herr Woerner, who was largely instrumental in fashioning this decision, appeared to have the agreement of his Government to proceed in this way with a project definition based on the 4 nation (UK, FRG, Italy, Spain) study. But, at the same time, he was clearly reluctant to bring about a decisive break because of the political consequences for the wider Franco/German relationship. Spadolini was also reluctant to avoid a breakdown, at least until the Milan summit was out of the way. The decision to call for further advice from industry but to a strict deadline reflected these conflicting German, and Italian, concerns.

NOTHING TO BE WRITTEN IN THIS MARGIN

4. Defence Ministers tentatively agreed to meet again on 22nd July in Bonn. The reluctance of the Germans and the Italians^{to} precipitate the break up of the project underscores the scope for the French in offering their partners a politically tempting alternative. On the showing of the London meeting, the Germans at the military and industrial levels, back a project which meets the staff target but the political difficulties for the Government are clear. They could be detached. We can certainly count on the French to use the period between now and 22nd July to apply political pressure. We must ensure that the strength of our own position is not eroded as a result. This will require action at the political, military and industrial levels.

5. Action is in hand with British industry. At the military level, the Defence Secretary believes it would be valuable to arrange further talks between Air Staffs to try to sustain the consensus achieved earlier on the aircraft characteristics needed to meet the likely threat in the 1990s. (We recognise these considerations may not cut much ice with the French Government). My second IFT contains a message from the Defence Secretary to his colleagues proposing further Air Staff talks which you should arrange to deliver as soon as possible: it will be followed up by an approach by the Chief of the Air Staff to his colleagues.

6. For Bonn. The Defence Secretary spoke to Dr Woerner on the telephone on Friday about his proposed message. During their conversation, Woerner confirmed that he had been authorised to make one last attempt to achieve a compromise. He was careful not to describe on an open line the parameters in terms of BME, wing area and engine thrust which the German Government could accept. In delivering Mr Heseltine's message, you should refer back to his conversation and seek to establish what has been decided on the minimum performance the FRG can accept.

7. On contacts at the political level, we should be grateful for advice on the lines the Prime Minister and the Secretary of State should be briefed to take in the margins of the Milan summit. Our own view is that they should impress on our partners that:

- a. a five nation EFA remains our first choice; but
- b. this must be able to meet the Soviet threat;
- c. essential to reach a decision in July if in service dates are to be met;
- d. those countries able to move forward on a collaborative project on the basis of (b) should do so;
- e. organisational arrangements must be on a "no winners and no losers" basis (French ideas for a joint design office in Paris and run by a Frenchman would amount to French domination of the project).

8. Grateful for a reply in the course of [] June so that briefing can be finalised.

9. [The Defence Secretary and I believe it would be helpful to hold a meeting in London with you to discuss the concerted action we should be taking over the next four weeks and I will be in touch separately about this shortly.]

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NOTHING TO BE WRITTEN IN THIS MARGIN

1. Having noted the results of the industrial studies conducted on the basis of the NADs directives of 3 June 1985, Ministers after a close scrutiny came to the conclusion that progress in the programme can be expected only on the basis of one common aircraft design. Industry is therefore invited to finalise the Feasibility Study by reconsidering jointly the studies presented so far with the objective of presenting this design by 15 July 1985.
2. This study should be based on a BME of 9.5 tonnes plus 140kg for equipment plus 110kg allowance for growth and should vary the thrust for each of the following options; 91.7 kilonewtons, 90 kns, and 84 kns.
3. In view of the time schedule for taking a decision in favour of a quinquelateral initiation of the next phase, any further delay must be avoided. Nations which will not be in a position to support these common programme activities without reservation could be invited to join the programme at a later stage in accordance with their own judgement and then to accept the status of the programme and the rules established by the participating nations at the time of formal entry.
4. Meanwhile, industry should study a joint programme for radar, missile and other equipment.
5. The industries will be invited to study the impact of the French Navy requirement on the above programme.

MESSAGE FROM THE SECRETARY OF STATE FOR DEFENCE TO
MINISTERS INVOLVED IN EFA

I am sure we have all been giving some further thought to how best to follow up our discussion last week to ensure that we are in a position to take a timely decision once the further work we have commissioned from industry is available.

We agreed in our discussion that it was essential that the European Fighter Aircraft should have the capability to meet the threat it is likely to face in the 1990s. Our Air Staffs have earlier defined the requirements which flow from this in agreeing the European Staff Target. I believe it would now be helpful to ask our Air Staffs to continue their discussions so that we can have a jointly agreed set of criteria against which to judge the proposals put forward by industry by mid-July.

In initial British studies in this area, the performance in combat of fighter aircraft with the alternative characteristics being considered by Ministers have been tested by pilots "flying" them in a simulator and assessment work has been undertaken by the Royal Aircraft Establishment at Farnborough. I should be very happy to make available these assessments to your representatives and to offer the opportunity for your pilots to participate in further simulations. By the same token, you may wish to make available any simulations and studies by your

experts. Ministers could then have an agreed data base on which to draw in assessing the final feasibility study from industry.

I believe it would be appropriate for this further work to be led by our Air Staffs and I am asking Air Chief Marshal Sir Keith Williamson, the Chief of the Air Staff of the Royal Air Force, to continue the dialogue which he and his colleagues have established on the EFA project.

I hope you will feel this will all help to carry forward our joint endeavours to reach agreement on this most important project.

Provement : DEFENCE Pt 2:



Foreign and Commonwealth Office

London SW1A 2AH

21 June 1985

NBRN

CDD 24/6

Dear Richard,

European Fighter Aircraft

The Foreign Secretary read with interest Mr Heseltine's minute of 18 June to the Prime Minister.

The conclusion appears inescapable that a five nation project acceptable both to the UK and France is now unlikely. But while the apparent readiness of Herr Woerner to give a lead in moving the project on to a three or four nation basis if the French are unwilling to move is encouraging, the natural reluctance of our partners to precipitate a break underlines the scope the French still have for offering a politically tempting alternative.

We can be certain that the French will use the period between now and 22 July to apply political pressure on our partners. Sir Geoffrey Howe believes that we should mount our own lobbying campaign to prevent our position from being eroded. The margins of the Milan summit will offer an early opportunity for discreet lobbying - though EFA should clearly not be allowed to sour the overall atmosphere.

As a first step, I suggest we should consult our Ambassadors in other EFA posts. We have accordingly prepared the attached draft telegram, which draws extensively on Mr Heseltine's minute. By addressing it to Ambassadors personally, we would ensure that it retains the restricted distribution Mr Heseltine has asked for. If you agree, we should like to despatch the telegram as soon as possible, in order to allow time for the replies to be reflected in any briefing for Milan. I should accordingly be grateful for any comments by lunch on 24 June.

I am sending copies of this letter to the Private Secretaries to the Prime Minister, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry and Sir Robert Armstrong.

Yours Sincerely,
Colin Budd

(C R Budd)
Private Secretary

Richard Mottram Esq
PS/Secretary of State
Ministry of Defence

File No.

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Department

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(Block Capitals)

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Distribution:-

- Defence Dept
- WED
- Private Sec
- Mr Derek Thomas
- Mr Goodall
- Mr Jenkins

[TEXT]

PERSONAL FOR AMBASSADOR

EUROPEAN FIGHTER AIRCRAFT (EFA)

1. In the light of the EFA Ministerial on 17/18 June, the prospects of a 5 nation solution acceptable to both the UK and France seem remote. Industries have been tasked to finalise the feasibility study for one aircraft with a Basic Mass Empty (BME) weight of 9.5 tonnes, and an allowance of 250 kilos for equipment and other contingencies. Industries have also been tasked to look at three options for engine thrust - 91.7 kilonewtons (the UK solution), 84 kilonewtons (France) and 90 kilonewtons (which the Italians

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/and

and Germans could accept).

2. Past form suggests that the French are unlikely to move towards an aircraft of sufficient size and engine thrust to meet the military requirement. Meanwhile, the firmly stated military and industrial requirements of the FRG and Italy point towards agreement on a 3 nation project with the UK. (The Spanish position seems to be somewhere in the middle). British and German concerns to begin the project definition stage as soon as possible if the in service target date of 1995 is to be met led to agreement on a deadline of 15 July for industry.

3. The implication of the agreement reached by Ministers is that those nations able to agree a common programme in July (in practice the UK, FRG and Italy) would go ahead, if necessary leaving the others (ie France) behind.

Herr Woerner, who was largely instrumental in fashioning this decision, appeared to have the agreement of his Government to proceed in this way. (It was helpful from a UK point of view that the discussion should not have taken the form of pitting the UK and France against each other.) But, at the same time, he was clearly reluctant to bring about a decisive break because of the political consequences for the wider Franco/German relationship. Spadolini was also reluctant to avoid a breakdown, at least until the Milan summit was out of the way.

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- 3 -

4. Defence Ministers tentatively agreed to meet again on 22 July in Bonn. The reluctance of the Germans and Italians to precipitate the break up of the project underscores the scope for the French in offering their partners a political tempting alternative. We can certainly count on them to use the period between now and 22 July to apply political pressure. We must ensure that the strength of our own position is not eroded as a result and we should be grateful for your views as to how we might best counter any French lobbying. We should, in particular, be grateful for advice on the lines the Prime Minister and the Secretary of State should be briefed to take in the margins of the Milan summit. Our own view is that they should impress on our partners that:

- a) a five nation EFA remains our first choice; but
- b) this must be able to meet the Soviet threat;
- c) essential to reach a decision in July if in service dates are to be met;
- d) those countries able to move forward on a collaborative project on the basis of (b) should do so, leaving open the door for subsequent accession by others;
- e) organisational arrangements must be on a "no winners and no losers" basis (French ideas for a joint design office in Paris and run by a Frenchman would amount to French domination of the project).

5. Grateful for a reply in the course of 24 June, so that briefing can be finalised.

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DEFENCE: Procurement: Pt 2.