

MO 26/11/9

PRIME MINISTEREUROPEAN FIGHTER AIRCRAFT

In my minute of 19th July last I reported the agreement reached in Madrid by Defence Ministers of the United Kingdom, France, Germany, Italy and Spain to launch a six-month collaborative technical and industrial Feasibility Study of a single-seat twin-engined European Fighter Aircraft (EFA). The report on this study has just been received in national capitals and is now being analysed and assessed. Since the participating nations will shortly have to decide on the next step forward, I wish to give colleagues forewarning of the major and complex issues that the Government will need to consider. I stress that the military, technical and financial assessment is not yet finished, and to this extent therefore our perspective is provisional and incomplete.

2. The industries of the five nations have not achieved unanimity in their joint study, and two proposals have been put forward: a majority proposal from the industries of the United Kingdom, Germany, Italy and Spain, and a French proposal from Dassault, based on their demonstrator aircraft the ACX. (We should not be too encouraged by being with the majority because the French industry and their Government sponsors have been at pains to keep their links with the other three nations in good repair; I return to this below). The two airframe proposals are very similar, and both conform to the weight specification of  $9\frac{1}{2}$  tonnes basic mass empty (BME), with a tolerance of  $\frac{1}{4}$  tonne upwards or downwards, as previously agreed by all the nations. There is however a significant difference in engine size, with the French proposing an engine some 10% smaller than the majority proposal.

B. <sup>(2)</sup>  
 CFC  
 CMO

Prime Minister

No decisions required  
yet: but a taste of  
what's to come.

MF

CDP  
 27/2.





3. As foreshadowed in my minute of 2nd July last, in parallel with the 5 nation study of EFA we have undertaken our own independent studies of alternative options available to us, assuming that funding can be found from the defence budget. These are a twin-engined national development; a single-engined national development; an off-the-shelf purchase of a United States aircraft (F15, F16, F18 or F20); and building an American aircraft under licence in the UK. These studies too are incomplete but will be brought to a conclusion in time to enable all options, including EFA, to be considered together.

4. The issues as I see them are as follows:-

- (a) success in meeting the military requirement;
- (b) cost;
- (c) industrial impact;
- (d) the benefits of collaboration, and whether collaboration can be secured.

I deal with these in turn.

5. The military requirement. This is for an aircraft with sufficient speed, acceleration and agility not only to defeat in air combat the fighters which the Soviets will be able to deploy after 1995 (probably improved versions of the already highly capable FLANKER and FULCRUM), but also to remain effective against increasingly powerful opposition throughout the first two decades of the new century. It must also be adequately equipped, and this affects weight. The 9½ tonne specification for EFA is a compromise, agreed by my French counterpart M. Hernu and myself, between the 10½ tonnes or so which my military advisers judged to be necessary and the lighter design of 8½ tonnes initially favoured by the French. The preliminary assessment of our Defence Staff is that the four-nation version of EFA would possibly yield an acceptable margin of superiority provided the ¼ tonne upward tolerance (see paragraph 2 above) was





used, giving a BME of  $9\frac{3}{4}$  tonnes and thus providing the space required for equipment; and provided also that an engine of adequate thrust was installed (see next paragraph). Since the French tend to disregard the tolerance and to look on  $9\frac{1}{2}$  tonnes as a rigid limit, there may be a difficulty here. A heavier nationally-developed aircraft would give greater confidence of fully meeting the operational requirement and countering the forecast threat; likely developments of existing US designs would be inferior.

6. Engine size is important. Disagreement with the French over this reflects not only our desire to give the aircraft adequate performance and capability to meet the threat, but also a unique British need to re-engine the air defence variant of the Tornado later in its life, for which purpose only the larger EFA engine would be adequate.

7. Cost. No cost comparison based on industrial proposals is yet available. In-house parametric studies suggest that the total programme cost to the UK of a twin-engined national development would be some 15-20% dearer than a collaborative EFA, but judgement must be reserved until we have the true figures.

8. Industrial impact and collaboration. These go together. I have already reported on the initiative which my fellow Defence Ministers and I took in The Hague last November to strengthen the work of the Independent European Programme Group (IEPG) and to give a new impetus to equipment collaboration in Europe. The next fighter aircraft provides the greatest challenge in this field. If we could avoid the duplication of design and development effort which has up till now characterised the military aircraft scene in Europe the prizes would be enormous. The participating nations would start with their own requirements amounting in total to 800-1000 aircraft, and might readily expect to approach that number in the export market. While the





Tornado started with a three-nation home base of a similar size, only Dassault with their Mirage series of designs (of which some 1500 have been sold abroad) have come close to providing a challenge to the dominance of the United States. Collaboration on an EFA, if attainable, would thus open up new export opportunities for British industry; equally important, the financial burden of developing a major new aircraft would be shared among five partners, to that extent easing the pressure on the defence budget.

9. It is in this politico/industrial area that I believe the main difficulties lie. While in my judgement M. Hernu and some of his senior advisers are genuinely interested in seeking a collaborative programme which includes the United Kingdom, we know that he is under tremendous pressure from French industry, from their trade unions and perhaps from some other Government departments to continue with a national military aircraft procurement policy which has proved extremely successful in the past. An element of collaboration with other European nations would be acceptable to this lobby only if it took place under clear French leadership.

10. Our own industry, while willing to cooperate on equal terms, have strong reservations about whether this is possible given current French attitudes. British Aerospace (BAe) in particular are concerned that their interests should not be sacrificed in a deal which tacitly allowed Dassault to take the lead on the airframe in exchange for Rolls Royce being given the lead on the engine. However, since the French seem keen to establish their engine company SNECMA in a position from which it could challenge Rolls Royce in world markets, it may be that the French themselves would not press for such an exchange.

11. Realising the political realities which we both face, Hernu and I have agreed that a collaborative project can go ahead only on the basis that there can be "no winners and no losers" in each of the three main sectors: airframe, engine and equipments. It will in my view require a conjunction of political will at the highest level to achieve this.





12. I have concentrated on the Anglo-French relationship because I believe that this is the linchpin of the whole project. In my judgement Germany, Italy and Spain would fall in line with any reasonable Anglo-French agreement. Should we not be able to reach agreement with the French, however, I do not think we can assume that the close relationship built up between the United Kingdom, Germany and Italy on the Tornado project would automatically ensure the isolation of the French. While much warmth and understanding remains among the military and procurement staffs who have been and are still involved in Tornado, we have to recognise the strength at the political level of the Paris-Bonn axis, and we must acknowledge that we could find ourselves the isolated party.

13. The next steps. My military, technical and financial staffs are working hard to complete their assessment as rapidly as possible. I have already made clear my wish that the Department of Trade and Industry should be fully associated with this work, and this applies equally to the Treasury and the Foreign and Commonwealth Office to the extent that they wish to be involved. This will be important because the 5-nation Ministerial meeting to consider the results of the Feasibility Study, originally planned for March, is now expected to take place in late April or early May, and we shall need to have a national position ready by then. Peter Rees has drawn attention to the awkward coincidence of timing between the impending discussions on EFA and the BAe offer for sale. Clearly this needs to be watched, but we cannot realistically expect the EFA problem to stand still for a period of weeks until the BAe sale is out of the way.

14. I am sending copies of this minute to colleagues on OD and to Sir Robert Armstrong. I shall of course consult colleagues further as soon as our assessment is complete.

*msd*  
Ministry of Defence  
26th February 1985



Provenant: DEFENCE Pt 2



1 2 3 4 5 6 7 8 9 10 11 12

27 FEB 1985

COMMONWEALTH OF AUSTRALIA