

PRIME MINISTER

EUROPEAN FIGHTER AIRCRAFT

Apart from Trident this is the biggest procurement decision this Government will have taken. The purpose of the meeting of Ministers on Tuesday is to have a first discussion of the options before the Defence Secretary puts round a formal paper to OD.

The Defence Secretary's minute at A sets out the options as he sees them. Policy Unit advice is at B. Mr. Tebbit's ideas and questions are at C.

Mr Heseltine has set his cap very firmly at European collaboration on this and other defence procurement issues. It is becoming an article of faith which might lead to unsatisfactory compromises. The need is to work towards a negotiating brief which:

(a) takes proper account of other options and does not assume that collaboration is desirable for its own sake;

(b) makes sure that he bids high for British leadership in a joint project; and

(c) does not give him too much scope for concessions to reach agreement on a collaborative project at this stage.

The particular issues on which you might focus are:

(i) the need for this aircraft at all;

(ii) the project definition we should seek;

(iii) alternatives to collaboration as a way to meet it:
the national option: buying off the shelf;

(iv) what is the British role we should aim for in a collaborative project?

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(v) the politics of collaboration: how can we stop the French running rings round us?

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