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PC
Foreign and Commonwealth Office

London SW1A 2AH

10 July 1985

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Dear Richard,

European Fighter Aircraft

You will have seen Sir J Bullard's telegram 689 (attached for ease of reference) recommending that our case should be put repeatedly to the Germans at the political level over the next fortnight.

The next two weeks are likely to be crucial for the future of EFA; and the Germans are the key actors. The "political" arguments for accommodating the French are likely to commend themselves particularly to the Chancellor and Herr Genscher. It would therefore suit us best to confine the debate to Defence Ministers, but we can be certain, as HM Ambassador in Paris has argued (Paris telno 563: also attached), that the French will be pressing their case to the Germans at all levels. The Foreign Secretary therefore believes it important that Mr Heseltine's regular contacts with Herr Woerner should be supplemented by approaches to the Foreign Ministry and the Chancellery. Sir Geoffrey Howe proposes to speak to Herr Genscher in Bonn on 21 July. Sir Julian Bullard hopes to speak to Dr Kohl shortly after the latter's return from Turkey on 12 July. Subject to Charles Powell's views, we think it would be best for Sir J Bullard to have the Prime Minister's authority to speak to Kohl (or his senior advisers, if he is unable to get an appointment before the German Cabinet's regular meeting on 17 July).

It is clearly important that the message we get across to the Germans should be consistent. I therefore attach a draft Speaking Note which, subject to your views, might serve as the basis for separate approaches by Sir Julian Bullard and Sir Geoffrey Howe. It is based on the briefing material you prepared for the Milan Summit.

I am copying this letter to Charles Powell at No 10, John Mogg at the DTI, Rachel Lomax at the Treasury, and Richard Hatfield at the Cabinet Office.

Yours ever,
Colin Budd

R C Mottram Esq
PS/Secretary of State
for Defence

(C R Budd)
Private Secretary

DRAFT SPEAKING NOTE FOR SIR J BULLARD

- EFA important test case of European ability to collaborate effectively on defence equipment.
- The UK has throughout battled for a truly European solution, including the French, and that, if achievable, remains the ideal solution.
- But if, as now seems clear from Paris, the French are not prepared to participate on terms acceptable to the FRG and UK, then we do not believe that this of itself should prevent the project from going forward.
- The overriding need is for a plane which will meet the Soviet threat.
- UK, FRG (and Italy) in complete accord on technical characteristics; and we have common experience in Tornado on which to draw.
- Hope therefore that when current studies are completed, those nations able to agree a common programme can proceed - on basis of equal partnership: no winners, no losers - to joint project definition stage, as Defence Ministers decided on 18 June.
- We share Germany's need for an early decision on both operational and industrial grounds.
- Understand political difficulty for any German Government to contemplate parting company with France on matter of such magnitude. But in this case, technical and military arguments point incontrovertibly towards a solution not favoured by the French. The defence and security interests of both Germany and
/Britain

Britain are at stake. Aircraft intended for use by Britain and Germany for air defence of Central Region.

- Would be difficult to understand if it appeared that even in a case where technical and security arguments were overwhelmingly in favour of cooperation with Germany's other partners, the German special link with France were to take precedence. Grave implications for Europe's ability to collaborate effectively on broad and balanced basis.
- We need to see this in perspective. Different partners will collaborate on different projects on basis of shared technical and operational requirements. Note Franco-German agreement last year on anti-tank helicopter. Important to maintenance of viable and relevant European defence industry that we collaborate on projects which make sense in cost and performance terms.
- Understand French desire to sell EFA in third markets. We too are determined to build competitive aircraft and to keep costs down. But first requirement is to meet threat in Europe. Expert advice in both UK and FRG is that French design would not meet that threat.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 689 OF 5 JULY

INFO PRIORITY PARIS, ROME, MADRID, MODUK (FOR AS/CDEC, PS/S OF S AND PS/MR BUTLER)

YOUR TELNO 354: EUROPEAN FIGHTER AIRCRAFT (EFA)

1. DURING MR ADAM BUTLER'S VISIT HERE THIS WEEK THERE WAS PLENTY OF EVIDENCE THAT THERE IS INDEED A DANGER OF THE WEIGHT OF THE PROFESSIONAL ADVICE BEING OVERRIDDEN BY CHANCELLOR KOHL FOR POLITICAL REASONS. IT WAS PUT TO MR BUTLER BY STATE SECRETARY TIMMERMANN THAT IT WOULD BE IMPOSSIBLE, ESPECIALLY FOLLOWING MILAN, FOR KOHL TO TAKE WHAT WOULD LOOK LIKE AN ANTI-FRENCH DECISION ON EFA WITHOUT SOME "COMPENSATION" TO FRANCE, AND WE WERE INVITED TO SUGGEST WHAT FORM THIS MIGHT TAKE. THE TROUBLE IS THAT THE ONLY OTHER DEFENCE PROJECT WHICH IS (A) OF IMPORTANCE TO FRANCE AND (B) OF COMPARABLE SIGNIFICANCE TO EFA IS THE IDEA OF A EUROPEAN RECONNAISSANCE SATELLITE, WHICH THE GERMAN DEFENCE MINISTRY ARE EXTREMELY COOL ABOUT AND DO NOT THINK THEY WOULD GET THE MONEY TO PAY FOR.

2. I THINK IT ESSENTIAL IN THE NEXT FORTNIGHT THAT OUR CASE SHOULD BE REPEATED TO THE GERMANS AT THE POLITICAL LEVEL, KOHL ESPECIALLY. IF CIRCUMSTANCES ARE NOT THOUGHT PROPITIOUS FOR A PERSONAL MESSAGE OR TELEPHONE CALL FROM THE PRIME MINISTER, I BELIEVE IT WOULD BE VALUABLE IF I COULD RECEIVE INSTRUCTIONS TO SPEAK ON THE PRIME MINISTER'S AUTHORITY. AS REPORTED TO RENWICK, I HAVE ALREADY ASKED FOR A CALL ON THE CHANCELLOR ON COMMUNITY BUSINESS. IF I COULD RECEIVE A PACKET OF INSTRUCTIONS COVERING BOTH COMMUNITY AND EFA (THE CONNECTION BEING OBVIOUS) I COULD TRY TO SEE KOHL EITHER BEFORE OR MORE LIKELY AFTER HIS VISIT TO TURKEY (9-12 JULY).

3. THERE IS ALSO GENSCHER, WHOSE INFLUENCE, IF HE HAS ANY IN THIS MATTER, WILL BE EXERTED IN A PRO-FRENCH DIRECTION. I RECOMMEND THAT I TELL THE MFA THAT, ALTHOUGH YOU DO NOT WISH THE POINT TO BE PUT ON THE FORMAL AGENDA, YOU WOULD LIKE TO TAKE THE OPPORTUNITY OF YOUR MEETING WITH GENSCHER ON 21 JULY TO TALK TO HIM VERY SERIOUSLY ABOUT THE POLITICAL IMPLICATIONS OF EFA.

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4. BOTH WITH KOHL AND WITH GENSCHER OUR MAIN MESSAGE COULD BE THAT THE PROFESSIONAL ADVICE IS IRREFUTABLE, AND THAT IT WOULD BE THE HEIGHT OF IRRESPONSIBILITY AT GIGANTIC COST TO EQUIP FIVE NATO AIR FORCES WITH AN AIRCRAFT IN WHICH NEITHER GERMAN INDUSTRY NOR THE GERMAN DEFENCE MINISTRY HAVE ANY CONFIDENCE. THE TECHNICAL ARGUMENTS IN PARIS TELNO 563 WOULD NEED TO BE ADDRESSED AT LEAST AS DEFENSIVE POINTS. ON THE POLITICAL SIDE, THE ARGUMENT IN MY TELNO 657 IS ALL THE MORE VALID SINCE MILAN.

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LIMITED
DEFENCE D
WED
PS
AS/AWS
MR DEREK THOMAS
MR DAUNT
MR JENKINS

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