

cc/ds



MINISTRY OF DEFENCE
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MO 26/11/9

17th July 1985

Dear Gen,

EFA

We spoke on the telephone about the line which Sir J Bullard should take on EFA when he sees Chancellor Kohl tomorrow (Colin Budd's letter of 10th July refers).

As you know, Mr Heseltine had an informal working dinner last night with Dr Woerner at which Sir J Bullard was present. This revealed a close identity of view between ourselves and Dr Woerner on the essentials of the project. Dr Woerner also categorically denied reports that the Germans were engaged in seeking a deal with the French. We have yet to receive a read out here of today's meetings in Bonn but Sir J Bullard may himself have this.

In the light of these developments I have revised the draft line as attached, which the Defence Secretary has approved.

I am copying this letter to Charles Powell (No 10), John Mogg (DTI) and Richard Hatfield (Cabinet Office).

Yours etc,
 Richard Mottram

(R C MOTTRAM)

L Appleyard Esq
 Foreign and Commonwealth Office

DRAFT SPEAKING NOTE FOR SIR J BULLARD

- Britain and Germany have worked now for some 2 years to try to achieve a truly European solution, including the French, and a five nation project which meets the jointly agreed military requirement remains our first choice.

- Extensive discussion on Tuesday night between Dr Woerner and Mr Heseltine to review the latest round of studies by industry showed close identity of view on all important aspects of the project.

- Despite repeated efforts and joint attempts closely to define parameters for the project to which industry would submit a single response, on every occasion four nations have been able to put forward a joint proposal but Dassault has responded separately. We agree with the German Government that this process cannot go on. In accordance with agreement reached in London in June meeting of Defence Ministers can be no further delay and we must decide one way or the other whether five nation project is possible within the next week or so. If it is not, then very ready to work with you and other nations who have participated in four nation industrial studies and to move to project definition by September.

- In evaluating scope for co-operation two key considerations. First aircraft must have the characteristics required to deal with the threat and the potential to respond as that threat develops beyond 1995. Little or no difference between us on what we need in terms of engine thrust and other characteristics to do this. Second co-operation must be on the basis of a genuine

industrial partnership with "no winners and no losers". Again the views of our industries are in very close accord about how this can be achieved.

- The British Government shares German concern to keep down the weight and cost of the aircraft and to ensure that it is competitive in world markets. Have supported the restrictions on weight sought by Dr Woerner and need to keep up the pressure on this.

- Hope we can keep very closely in touch over the next few days in our joint efforts to find an acceptable five nation solution. But ultimately we like you must have an aircraft which is credible in military terms and arrangements for its development and production which do not involve the subordination of our industry. If, to achieve this, we have to go ahead on a four nation project definition study, can leave open opportunity for France to join later.

- If ultimately we have to proceed to later stages on a four nation rather than a five nation programme this will be gravely disappointing as a missed opportunity for Europe but should be seen in the perspective of collaborative opportunities as a whole. 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.