

Subject



cc Hasler

10 DOWNING STREET

31 July, 1985.

From the Private Secretary

EUROPEAN FIGHTER AIRCRAFT

The Prime Minister held a meeting this evening to consider the negotiating issues on the European Fighter Aircraft raised in the Defence Secretary's minute of 26 July on which the Trade and Industry Secretary commented in his minute of 30 July. The Defence Secretary, Trade and Industry Secretary, Chancellor of Exchequer, Chief Secretary, Minister of Information Technology, and Minister of State at the Foreign and Commonwealth Office were present.

It was agreed that at the meeting of National Armaments Directors to be held on 1 August the United Kingdom representative would be authorised to agree to a four-power project definition study on the basis set out in paragraph 10 of the Defence Secretary's minute, that is accepting if necessary the German compromise proposal of a 50 square meters wing and 90 kilonewtons engine thrust, with appropriate industrial arrangements.

It was also agreed that the terms and conditions on which we might agree to a five-nation project, and British industry's understanding of these, needed to be further elucidated. This was particularly necessary in the case of the industrial arrangements. The Defence Secretary and the Trade and Industry Secretary were invited to consult further and confirm the existence of a common understanding between them and the firms principally concerned on these points. Only on that basis could a decision be taken to go below the German compromise proposal described in the preceding paragraph. If necessary, there would be a further meeting of Ministers on 1 August to consider the matter again.

I am sending copies of this letter to John Mogg (Department of Trade and Industry), Rachel Lomax (HM Treasury), Richard Broadbent (Chief Secretary's Office, HM Treasury), Tim Abraham (Office of the Minister for Information Technology, Department of Trade and Industry), Hayden Warren-Bash (Office of the Minister of State, Foreign and Commonwealth Office), and Richard Hatfield (Cabinet Office).

Charles Powell

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Ministry of Defence.