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Secretary of State for Trade and Industry .

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23 September 1986

The Rt Hon George Younger MP  
Secretary of State for Defence  
Ministry of Defence  
Main Building  
Whitehall  
LONDON  
SW1

*CDP  
24/9.*

*Dear George,*

**AIRBORNE EARLY WARNING AIRCRAFT**

*at trap.*

Thank you for sending me a copy of your minute of 18 September to the Prime Minister.

I should just like to raise one point in relation to the final stage of competition between GEC and Boeing. I understand that the question of the future development potential of the systems may be a factor in the eventual decision. I recognise that various factors, some outside the immediate terms of the competition, may influence the decision, and that it is not practicable to inform competitors of all such factors in advance. However where such a factor arises directly from consideration of the system itself, as in the case of development potential, I would have considerable reservation if this were not clear to the competitors. This is partly a general matter of straight dealing. But more specifically, I think the Government would be open to criticism if it became known that development potential had been a material factor in the decision, but competitors had not been warned of this. The impact of such criticism would be the stronger, of course, if the British company turned out to be the loser.

I have in mind only that GEC and Boeing should be told that development potential is one factor that will be examined, (if this is the case), not that it should be included in the

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specification against which the companies are invited to bid. If the matter is handled in this way, I do not believe it should cause any delay to the final stage of the competition. It may well be that the question of future development potential will not be a factor in the decision, but I should be grateful for reassurance on this point.

I am sending copies of this letter to the Prime Minister, the other members of OD, and to Sir Robert Armstrong.

*Y  
ms,  
Paul*

PAUL CHANNON

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DÉFENSE Procurement PTC.

