

pared to the 30 mm of the MIRAGE (please, kindly compare quantities . . . and efficiency).

Incidentally it should be pointed out that the selection by the Netherlands Government of the Northrop NF. 5 was a bad decision in terms of technical and military ability, running costs (corrosion and fatigue) and offsets (less than 20% offset). This should point towards the right decision, i.e. to procure European.

#### Section 4. — Industrial Aspects.

The "Yellow Book" states that "the characteristics of the offer for the F. 16 in terms of industrial content and employment are attractive". This statement does not reflect the true comparison of the F. 16 proposal as opposed to the Fl. E content.

#### a. Compensation and coproduction (pages 25/28).

The „Yellow Book" does not clearly describe the important difference between the industrial participation in the F1-M53—and the F. 16—Program. Although at the bottom of page 25 it is stated that no maxima are applicable for the three programs, it has not been precised that a continuous participation in the F. 16 - follow on Program is subject to some very severe conditions and is not guaranteed at all.

(i) The European Industry has to remain "reasonably competitive but the authorities concerned have not been able to agree on a clear definition of what is meant by" reasonably competitive. The annex "A" to the draft Memorandum of Understanding do not give any usable clarification. To the contrary, it throws a very appalling light on the entire industrial content of the F. 16 proposal since it leaves the final appreciation of the "reasonably competitive conditions" to the sole US Partner.

(ii) As regards a participation in US follow on purchases the M.O.U. only stipulates that "the USG will give due consideration to coproduction capabilities in the European participating countries" (Section L, page 28) which is a very weak promise indeed and no

guarantee at all. Taking into consideration the fact that many third country orders will be placed through the US Government and as such will be considered as US on purchases or as US Military Aid, gives an additional negative emphasis on this unfavorable position of the European Industry.

Participation in the F1-M53 - Program is without such restrictions and gives much more confidence to the European Industry with regard to a life-long participation in the Program.

b. The amounts of industrial participation in the F1-M53 and F. 16 Programs raise the following questions:

(i) Are all these values backed-up, by (preliminary) agreements between the Dutch—and foreign industries? If such an agreement only exists today for Fokker, than it is clear that the F1-M53 is a much better proposition. If the labour-values of Fokker's participation in 1100 F1-M53 aircraft are compared with a participation in 2 500 F. 16 - aircraft the difference amount dfl. 400 million (or 50%) in favour of the F1-M53.

In the case of F. 16, the negotiations between Fokker and General Dynamics *have not yet started*. It is therefore absolutely unclear how the Figures of the "Yellow Book" (p. 27) have arrived at as well as how it can claim that". Even at the present depressed value of the Dollar the Netherlands Industry shall be able to offer competitive prices".

(ii) If one compares the respective total offset content for the Dutch Industry, the enormous advantage of the F1.E proposal is striking, as shown on the attached diagram. (ikke optrykt her). It will be noted, for instance that 100% offset coverage is obtained with 710 Fl. E as against about 2 000 for the F. 16. Of course, the "Yellow Book" makes no reference to this comparison.

c. Why does this comparison not emphasize the fact that an increase in the number of aircraft is much more significant for the European industry in the case of the F1.-M53 (being a single source participation) than in the case of the F. 16 (being a dual source