

participation, at the best)? In this respect one cannot understand that from an industrial point of view—and this chapter deals with industrial aspects only—the single source arrangement has also *disadvantages*, as is stated on page 27.

d. On this same page 27 it is mentioned that the Dutch industry—even with the present low dollar value—will be able to offer competitive prices. Taking into account that at least part of the work package in the F. 16 is not yet defined and price negotiations still have to begin, one wonders how much value must be attached to such a general and optimistic statement.

e. On page 28 the opinion of the Dutch industry has been given. Since this weapon replacement programme concerns an *aircraft* one should have expected that more weight would be given to the opinion of the Dutch aircraftindustry. To say that Fokker has a preference for the Fl.-M53 and the other Dutch industries for the F. 16 (or no preference) does not give justice to the afore mentioned expectation.

f. Strong objections have to be raised against the *conclusion* mentioned at the bottom of page 28, viz that a certain preference has to be given to the co-production of the F. 16. The observations and questions mentioned above, sufficiently support these objections. For the aircraftindustry the technological value of its participation is in *both* cases of minor importance.

Employment (pages 29—31).

One of the conclusions mentioned on page 31 is that a higher production volume over a shorter period of time is preferable. Taking into consideration the fact that the coproduction work can only be carried out by high skilled labour of which—notwithstanding a relatively high general unemployment percentage in the Netherlands—still a shortage exists, it is not possible to understand that a *continuity* in work has not the preference of the author(s) of this report. It has been pointed out on several occasions by the industry that peaks in workload should be avoided and that a continuous workload over the largest possible number of years is one of its greatest concerns.

3. *The Influence of the choice on the policy with Regard to the European Aircraftindustry* (pages 39 and 40).

The first paragraph of this chapter endeavours to minimize the results obtained through inter-industrial discussions on a further extended cooperation between European aircraft industries. Therefore it should be emphasized that the industries concerned have reached an agreement on the next step for further European cooperation. Unfortunately the report simplifies this very important subject to such an extent that the next step should be full integration, whereby all intermediary phases which are extensively studied and agreed upon by the industries, have been left out. It furthermore states that the agreement has not yet been signed, but omits to add that the outstanding decision on this fighter replacement programme is one of the major reasons for this situation. Knowing that the first international merger between the aircraftindustries (VFW and Fokker) was the direct result of—and probably would not have taken place without—the very intensive cooperation between the two companies during the European production of the F. 104G, one cannot agree with the statement on page 39 that this European fighter program in itself is not sufficient for a further integration.

Although on page 40 it is mentioned that a sufficiently large market is essential for aircraft developed and manufactured by European aircraft industries, the report does not pay any attention to the aspects of a European home market, aspects which have been brought forward by the European aircraft industry at numerous occasions. How can one expect to find a sufficiently large world market if its own home market is being kept saturated with non-European products and European aircraft are almost non existing on the US market, although technically and financially speaking these aircraft are fully competitive with American products?

Section 5. — Industrial Policy Aspects.

The "Yellow Book" claims that in the purchasing of the F. 16 there is no "counter