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SENATE ARMED SERVICES

Dear Senator Levin,

I have been following closely the developments in the Joint Strike Fighter programme and in particular the future of the competitive engine strategy involving the F135 and F136 products.

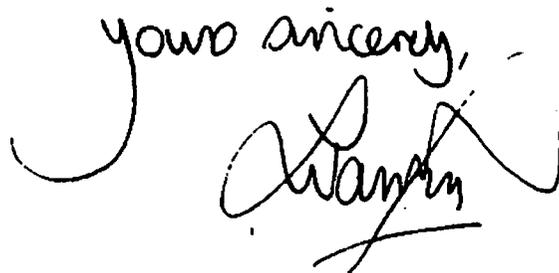
I fully understand the financial pressures within the Department of Defense that have led to the ongoing funding difficulties on F136. As you know, the United Kingdom (UK) was the first international partner in the F35 programme in 2001, providing not only the largest international financial contribution of \$2 billion but also key elements of technology such as STOVL flight control laws and laser alignment manufacturing processes to JSF. Furthermore, we have been the first partner to commit to aircraft purchases. I thought you would therefore wish to know our views on the alternate engine strategy so that your Committee can take them into consideration.

The essential points I wish to convey on F136 are:

- a. The UK - and we believe other international partners on the programme are worried that a decision now to cancel the second engine may save money in the short term but end up costing the US and her partners much more in the long term. A second engine provides competitive discipline during the procurement of the production engines. The alternative, of course, is the creation of a permanent monopoly with all the disadvantages that would flow from that. We think there are very significant cost benefits to be gained for those of us involved in the programme from continued competition and in the present period of budgetary constraint it is particularly important for us to secure them, especially as the great majority of development costs on the F136 have already been expended
- b. We are concerned at the technical risks of making this very substantial programme solely dependent on one engine throughout the life of the aircraft with all the risks and vulnerabilities that this brings.
- c. This is not an industrial based issue. The UK has content in both engines. Whilst there are obviously industrial interests at stake for the UK, given the involvement of Rolls-Royce as a junior partner to GE, by far the greater proportion of work, even for Roll-Royce, will be carried out in the US.

Senator Carl Levin
Chairman, Senate Armed Services Committee
US Senate
SR-228, Russell Senate Office Building
Washington DC 20510

I hope to visit the US again later this year to get better acquainted with the full range of much smaller defence acquisition issues that we share and hope I may have an opportunity to meet with you.

Yours sincerely,


The Rt Hon Dr Liam Fox MP