

British Aerospace

PUBLIC LIMITED COMPANY

From the Chairman,
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cc Far Policy No 2
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21st September, 1981.

Idea from Minister

I wrote to you on the 8th April prior to your tour of the Middle East, seeking your help in the promotion of sales in prospect in the various countries you were to visit. Following your tour the results were most gratifying: a £41M order for 8 Hawks in Dubai and activation of negotiations in Abu Dhabi for a quantity of Hawks. Your visit to Saudi Arabia, and the subsequent State visit of King Khalid to the UK, stimulated interest in the Nimrod AEW (Airborne Early Warning) aircraft, the Tornado, and possible participation in the development of new combat aircraft such as the P110. The sale of Hawk trainers to the Royal Saudi Air Force has also become a possibility.

I am also pleased to report that we appear to be making progress in the Middle East states in advancing our P110 project in relation to the French competitor product, the Mirage 4000. We have been greatly helped by Sir Ronald Ellis and the Defence Sales staff, but if we are finally to succeed we shall require continued top level political support in view of the very hard promotion of the Mirage 2000 and 4000 by the French Government. The benefits to the UK and the aerospace industry in particular is immense, since conservatively we see exports exceeding £4,000M and the creation of 25,000 jobs in high technology areas, equivalent to 300,000 man-years of employment.

We should be most grateful for similar assistance in your forthcoming tour - particularly in Kuwait, Australia and Pakistan - Bahrain is unlikely to yield orders of any significance, other than in association with Saudi Arabia.

If I may now turn to our interest in the specific countries you are to visit:

Kuwait Apart from a keen interest in an air defence system based on Rapier, Kuwait is now showing interest in the P110 and formal invitations have been made for the Kuwait Air Force to evaluate the Tornado. We also believe that there is the possibility of the sale of 15 to 20 Hawks. We have not been successful in this market for a number of years, but your presence could provide the necessary impetus to break the stalemate.

Bahrain There is interest in the purchase of a small quantity of Hawks, but most likely as a gift from Saudi Arabia should the Hawk be selected by them.

Australia

Australia has been a fairly dull market in recent years, but I believe could to some degree redirect attention to the UK for defence equipment and civil aircraft. We have a small subsidiary company in Australia manufacturing electronic and precision equipment and generally supporting our activities; we have sold Rapier to the Army. We are trying to sell the Sea Skua (an anti-ship missile launched from a helicopter) and, possibly, a version of the Sea Dart (a shipborne anti-aircraft missile) to the Navy. We believe there is also a good possibility of selling the Sea Harrier to the RAN, particularly if they acquire a new British carrier.

There is renewed interest in the Tornado in Australia to meet their requirement for a replacement fighter aircraft - this is a very sizeable programme for the Royal Australian Air Force. Although the Tornado was not included in the short-list until recently, we understand that there is growing disenchantment with the first favoured aircraft - the American F.16 and F.18 fighters. The latest unsolicited Tornado proposal was welcomed.

We are most anxious to see our new BAe 146 80-100 seat feeder aircraft operating in Australia and we are principally pursuing Ansett ANA in which Mr Rupert Murdoch and Sir Peter Abeles are the leading figures. You may know that the BAe 146 made its maiden flight on 3rd September 1981 and is continuing to make satisfactory progress. Anything you are able to do to influence the adoption of the 146 in Australia would be particularly welcome.

Pakistan

This is another country where for many years we have been unable to penetrate with BAe products partly due to our substantial conflicting interests in India. Pakistan is dependent on financial aid from Saudi Arabia and other Gulf states for its aerospace purchases. Of direct interest is the Rapier missile which is currently under consideration. At the request of the Pakistan Air Force we made presentations on the Hawk, and we believe this requirement is for about 70 aircraft, which probably would be coupled with a Saudi Arabian interest.

As a footnote I should like to remind you of our 20% stake in Airbus Industrie, and that we have the design and manufacturing responsibility for all Airbus wings. The Airbus has been ordered by Kuwait Airways and Pakistan International Airlines.

I hope you have a most successful tour and I should be grateful to hear of any follow-up action we can take.

*John Young -
T. S. P.*

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