

CONFIDENTIAL

Defence



MINISTRY OF DEFENCE
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MO 26/11/5

11th July 1980

*Covered in the correspondence
with BAe & at OD.*

NRPA

Am 14/7

John Nich,

You asked in your letter of 1st July to me for a note about the prospects for further Harrier orders from British Aerospace, both in the short and the longer term. We shall be replying separately to your letter of 7th July forwarding the Deputy Chairman of BAe's letter of 4th July.

You report that British Aerospace expressed worries about the possibility of building Harriers in America in the longer term. We believe that this concern arises from consideration now being given to meet the Royal Air Force's requirement to introduce improved Harrier aircraft into service by 1987. Two options exist: either to join with the United States in development of the Advanced Harrier (AV8B) which is required by the US Marine Corps, or to develop a national aircraft (the Harrier GR5(K)). The issue was addressed, inter alia, in my Secretary of State's OD memorandum (OD(80)49) which was discussed at OD on 8th July. OD was not asked to take a decision on which option should be selected to meet the RAF's requirement, but endorsed my Secretary of State's proposal to approach the United States Defense Secretary to enable examination of the AV8B to continue, while at the same time completing project definition of the GR5(K).

British Aerospace have expressed some concern that, by joining with the United States on a collaborative AV8B programme, they would be forced to concede their position as world leaders in Vertical and Short Take Off and Landing Technology. They see difficulties in working as the lesser partner with McDonnell Douglas - the relative size of the orders would make this inevitable - and they are also worried about the diminution of the BAe market image across the range

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of their business. However, BAe has accepted that there is no advantage to be gained from a national programme if this were to be at the expense of losing the work for the US Marine Corps. As is made clear in the OD paper, the industrial issues are complicated. We estimate that industrial benefits amounting to £700M would come to the UK from a US Marine Corps order for AV8B. Less than half of this would fall to BAe and there are, therefore, a number of other industrial interests, notably Rolls Royce Ltd, to take into account before a final decision can be made.

British Aerospace also mentioned the prospects of orders for a further 10 Sea Harrier aircraft for the Royal Navy. This is still under active consideration within the Ministry of Defence. The MOD have ordered 34 Sea Harriers to sustain two front-line squadrons of five aircraft each and a training unit of six aircraft until 1995. In addition the Department proposed the purchase of a further 10 aircraft in order to form a third front-line squadron of five. This proposal was last year studied by Defence Ministers who subsequently commissioned a further examination of the justification for the additional 10 aircraft. This report has recently been submitted to Ministers. It will now also have to be judged in the light of the Department's current financial position.

In terms of numbers, domestic and overseas orders for Harriers of all types (leaving aside long term overseas sales of AV8B or GR Mk5(K)) include:-

- a. About 60 new aircraft to meet Air Staff Requirement 409 (either AV8B or GR Mk5(K)).
- b. Twenty four Harriers are currently on order for the RAF, of which two have been delivered.
- c. In addition to the possible 10 Sea Harriers mentioned above, 34 Sea Harriers have been ordered already for the Royal Navy, of which 20 are still to be delivered.
- d. Three Harrier trainer aircraft are on order for the Royal Navy and 4 for the Royal Air Force.



e. A possible order of 14 aircraft for Spain, in addition to the present order of 5 (it is not yet clear what the breakdown between Harrier, Sea Harrier and trainer aircraft would be).

f. Six Sea Harriers and two trainer aircraft are currently on order for India with deliveries expected to commence early in 1983.

Yours truly
Jonathan Dawson

(J D S DAWSON)



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The following information was received from the
Director of the Central Intelligence Agency on July 14, 1950.
It is being furnished to you for your information.
The information is being furnished to you in confidence.