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CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

SALE OF TANKS TO JORDAN

Memorandum by the Secretary of State for Defence

1. The Royal Ordnance Factory Leeds urgently needs orders for tanks if it is to retain the technical skills to enable it to undertake the production of the new tank for the British Army (MBT 80) which has just begun development. This situation arose as the result of the cancellation of 1,500 tanks under order from Iran. (A note on this order is at Annex A.)
2. I hope shortly to order from Leeds 77 extra Chieftain tanks to supplement the war reserve in the British Army of the Rhine. But Leeds needs orders for at least 50 tanks a year to carry the factory over the next five years before production of the British Army's new tank begins. The Defence Budget cannot find the extra money to order more tanks for the British Army. We are forced, therefore, to look for export markets.
3. The only firm prospect at present is an order from Jordan. King Hussein has expressed interest in buying 274 tanks of the Shir I type designed for Iran. The Shir I is basically a Chieftain with a new engine and gearbox: it does not have the new type of armour (Chobham armour) which MBT 80 will have and which the Shah ordered for some 1,200 of his tanks. In addition, the Jordanians want 21 Armoured Recovery Vehicles (ARVs) and 5 Armoured Vehicle Launched Bridges (AVLBs). The initial order would be worth £225M to £250M or up to £500M including spares and ammunition required over the years. Jordan would like delivery at the rate of 100 tanks a year starting one year from the date of contract. A follow-on order for an additional 300 tanks is a possibility.

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Strategic Implications

4. The Arab States facing Israel already possess considerably greater numbers of tanks (see Annex B). Israel, however, more than makes up for this shortfall with armoured units of considerably greater quality and operational effectiveness. It is probable that Jordan intends to use the 600 Shir I tanks, which they have said they ultimately require, to replace their present 560 ageing British Centurion and US M48 tanks, and on this basis the sale would only lead to a slight increase in the Arabs' numerical superiority. It would also add to the effectiveness of the Jordanian Army since the rifled 120mm gun of the Shir I is superior to equivalent weapons in the Israeli inventory. In the hands of relatively well-trained Jordanian tank crews, the Shir I would improve Arab capability; but even if all Arab confrontation states were to combine against Israel, they could make sufficient improvements to their armoured warfare techniques in the next five years to threaten Israel's technical superiority. Moreover, the sale would not upset the regional military balance as Israel's overall superiority has recently been enhanced by the signing of the peace treaty between Egypt and Israel.

Conclusion and Recommendation

5. I propose that we should be prepared to sell Jordan up to 274 Shir I tanks and 26 derivatives, with the possibility of a further order from Jordan in the future.

Ministry of Defence  
6th June 1979

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ANNEX A

Cancellation of Project 4030 by Iran

1. Before the revolution, Iran was our largest single overseas customer for defence equipment and defence infrastructure work, and contracts worth over £2,000M had been negotiated over the five years up to 1978. The largest and most important of these was Project 4030, which involved the supply of tanks built at the Royal Ordnance Factory Leeds. This was a three phase programme worth some £1,250M to provide the Iranian Army with the following:

- Phase I: 193 Chieftain tanks (this was in addition to an earlier completed order for Chieftain tanks).
- Phase II: The development and production of 125 Shir I tanks. The Shir I is an improved Chieftain incorporating a new engine and gearbox.
- Phase III: Development and production of 1,255 Shir II tanks. This tank has the same power pack as Shir I but a new hull and turret and also incorporates Chobham armour.

2. Earlier this year, the Iranians asked for work and expenditure on a number of defence contracts, including Project 4030, to cease. As a result of subsequent consultations some of these contracts may be restored, but the Iranians have indicated that they regard the cancellation of Project 4030 as firm and that they have no intention of reversing this decision.

Position at Termination

3. Project 4030 was pre-funded so that money was available in the UK at any time to cover the costs incurred and the estimated inescapable liabilities if the contract was cancelled. At the time that Iranian repudiation of the contract was accepted (March 1979), pre-funding payments of some £300M had been received; the 193 Chieftains from Phase I of the programme had been delivered; the 125 Shir Is were in various stages of completion at ROF Leeds; and a good deal of the material to complete a first batch of 250 Shir IIs had also been assembled at Leeds.

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ANNEX B

COUNTRY	TOTAL STRENGTH	TYPES AND QUANTITY
ISRAEL	3134	Centurion 1000 M48 ) M60/M60A1) 1709 M60A1E3 ) T54/55 (captured) 315 T62 (captured) 80 Sherman M4 (Flail) 30 Merkava in production
EGYPT	2015	T34 300 T54/55/55A 860 T62 830 JS3 25
SYRIA	2794	T54 350 T55/55A 1554 T62 890
JORDAN	645	Centurion 280 M48/M48A1 283 M60A1 82
IRAQ	1820	T34 100 T54 400 T55 470 T62 850
SAUDI ARABIA	295+	M47 25 M60 20+ AMX 30 250+
N YEMEN (YAR)	274	T34 206 T54/55 68
S YEMEN (PDRY)	254+	T34 130 T54 124
DUBAI	18	Italian Leopards 18
ABU DHABI	12+	AMX 30 12+
LIBYA	2000+	T54/55 approx 1400 T62 approx 600

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