



cc MOD. 24
Defence

10 DOWNING STREET

THE PRIME MINISTER

24 July, 1980.

Dear Mr. Greenwood,

Thank you for your letter of 4 July which I have read with great interest.

The first issue you raised was the possible order for a further ten Sea Harriers for the Royal Navy. This is currently under consideration by Defence Ministers. They will take account of the arguments you have advanced.

Your second issue, the choice between the AV8B and Harrier GR Mk 5 to meet the RAF's requirement for an improved Harrier, is highly complex. We are considering very carefully how best to resolve it. In reaching a decision the Government will certainly have in mind the factors mentioned in your letter. We intend to ensure that, as well as satisfying the Air Staff Requirement, the eventual solution is as beneficial as possible to British industry. We are conscious of the significant interests which BAe and Rolls Royce in particular have at stake.

Much will depend on the future of the AV8B programme and how far its continuation is dependent on UK participation. We need a clearer indication of the US Government's position on this point than we have at present. Francis Pym is seeking further clarification and assurances on this from Dr. Brown. We hope that Dr. Brown's response will provide us with a more certain basis for a decision. The Ministry of Defence will continue to consult you as matters develop and to ensure that your views and interests are taken fully into account.

/You also

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You also mentioned certain points on which UK Government action might help you to secure further overseas sales of the Hawk aircraft. I understand that since your letter was written satisfactory export credit arrangements covering a possible sale to Zimbabwe have been settled. Following further contacts with Zimbabwean authorities the Ministry of Defence has established their training requirements in greater detail and is discussing with BAe how these can be met. I believe the present proposals would eliminate the need for the loan of RAF Hawk aircraft. On the general issue of the requirement for credit to support Hawk sales the arrangements in respect of Zimbabwe and Egypt are evidence of the importance that the Government attaches to the matter.

Finally, you touched on the question of military sales to Chile. You will be aware of the announcement made by the Minister of State at the Foreign and Commonwealth Office in the Commons on 22 July that henceforth applications for arms exports to Chile will be treated in the normal way.

Yours sincerely
Margaret Thatcher

Allen Greenwood, Esq., CBE, JP.