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MINISTRY OF DEFENCE

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MO 26/9/1

17th December 1980

*ms*

*Prime Minister*

*Dear Michael,*

*It looks from X/ meeting as though other you said to Schmidt in Bonn had the desired effect! KHL 12xii*

DEFENCE SALES

The Defence Secretary has already mentioned to the Prime Minister a number of recent Defence Sales successes. You may find it convenient to refer to the attached note. Since Mr Pym spoke to the Prime Minister, we have heard about the Zimbabwe Government's intention to purchase Hawk (and other aircraft), and I have therefore included this in the attached.


I am copying this letter with its attachment to the Private Secretaries to the other members of OD, to Ian Ellison (DOI) and to David Wright (Cabinet Office).

*Yours sincerely  
Peter Dawson*

(J D S DAWSON)

M O'D B Alexander Esq

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A contract to supply 100 Rapier Blindfire units to Switzerland was signed in Berne this morning; value in excess of £200M.

The US Administration's decision to buy 32 Rapier Blindfire units for defence of USAF bases in the UK was finally endorsed by Congress last week in appropriating \$90M in the FY 81 budget for this purpose. This is \$40M higher than initially expected. Negotiations have now started in earnest with the USAF/Department of Defense to enable a contract to be placed early in 1981. Also, we have been asked to examine the implications of increasing the buy to 46 units.

The Saudi National Guard informed our Defence Sales representative in Riyadh last week that the SANGMED contract would be awarded jointly to UK and France. The initial value to UK will be £100M-£150M for 18-24 months' work; potential value is more than £500M.

X | A contract to the value of £125M for the supply of Army equipment to Morocco has been approved by the King. We expect that it will be signed on arrival of the Saudi financing, due this week. The package includes 36 FH70s and is the first sale of this gun outside the consortium.

Three contracts have been approved in Nigeria and await signature. These are for the supply of 45 Vickers tanks (£53M), 10 Medium Girder Bridges (£6-7M), and 10 Field Artillery Computer Equipment (£3.5M).

| The Zimbabwe Government have formally accepted an aircraft package deal from BAe, which includes the supply of 8 new Hawk aircraft, 5 surplus Hunters and 2 surplus Canberras. BAe expect to sign a contract, worth about £35M, before the end of this year.