

CONFIDENTIAL

PRIME MINISTER



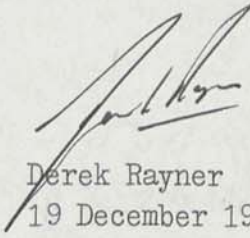
1.

DEFENCE SALES

1. At your reception on 3 December you asked me to supply you with a draft minute to the Secretary of State for Defence.

2. My visit to Japan has somewhat delayed a submission. I am sorry for this. But the interval has enabled my office to take informal soundings in the Ministry of Defence, the Department of Industry and the Treasury, which I have found helpful in submitting a draft (attached).

3. In case you would like me to associate myself with this scrutiny on your behalf, I have included that point in para. 4 of the draft.


Derek Rayner
19 December 1980

Agreed
no.

Enc: Draft minute to the Rt Hon Francis Pym MC MP

*Have submitted
entire letter to Pym to*

Prime Minister.

I gather that there has been some contact between Sir Derek Rayner and Sir Francis Cooper on this, and Cooper would welcome an exercise of this kind.

If you are content, I will convert the draft into a letter from me to Mr Pym's (private) Secretary. There is no need for you to write yourself.

AKH
19xii

DR

CONFIDENTIAL

From me to Sir Philip
SECRETARY OF STATE FOR DEFENCE

DEFENCE SALES

1. *The Prime Minister has* *the question of defence sales*
I have been reflecting on this further since the meeting of the Defence and Overseas Policy Committee ~~meeting~~ on 3 December.

The Minister's view
2. The Committee's decisions should help us to stimulate Defence Sales. In particular, we can look for benefits from your own *Minister's* welcome proposal to set up an in-house working group under one of *his* your Ministers, with an inter-departmental group as well, to give more impetus to sales and to resolve conflicting views.

The Prime Minister is sure that we can
3. We ~~may~~ look to these groups for suggestions for improvements to our policies and procedures in several fields, *Nonetheless, she* but I remain concerned about the organisation and arrangements on which Ministers must inevitably depend from day to day to make their efforts in these fields effective. *she is* I ~~am~~ thinking of

- organisational and procedural arrangements for policy-making including Ministerial involvement at home and abroad;
- the roles of Government and of industry in marketing and selling defence products, including the question whether industry

can play a greater part in sponsoring overseas sales;

- the types of staff and of motivation needed within Government in support of our sales effort;
- whether in formulating operational requirements and equipment projects sufficient account is taken of the need to ensure that equipments have the potential for overseas sale, including the question whether specifications are too perfectionist.

The Prime Minister's view
4. My feeling ^{is} that Ministers would be greatly assisted by an early scrutiny of such matters. ^{the word} I should be grateful if ^{the word} you ^{the word} would arrange for this to be done early in your scrutiny programme for next year and in consultation with Sir Derek Rayner, whom ^{the word} I ^{the word} am asking to make himself available to ^{the word} you for this purpose.

5. In so far as the matters mentioned in para. ^{the word} 3 above are affected or influenced by the policy and other arrangements of other Departments, ^{the word} I should like to see the scrutiny cover them as necessary. ^{the word} The Ministers concerned ^{the word} would, ^{the word} I am sure, give your examining officer the assistance he or ^{the word} she needs.



6. I should make it clear that in suggesting this scrutiny, ^{the Prime Minister} I would expect its main purpose to be improving the effectiveness of organisation and operations, rather than the search for economy although that would not be ruled out, of course.

7. ^{the Prime Minister} I ^{wishes to be kept in touch with progress and} ^{my own Director will take} ^{will be} ^{to} ^{visit} ^{different} ^{parts} ^{of} ^{the} ^{country}

8. I am copying this to other members of the ^{who} ~~Committee~~ ^{Def} and to Sir Robert Armstrong and Sir Derek Rayner.

the Govt Secretary is

MHT