

CONFIDENTIAL



BF 1481

10 DOWNING STREET

From the Principal Private Secretary

22 December 1980

*Dear Baron,*

DEFENCE SALES

The Prime Minister has been reflecting further on the question of defence sales since the meeting of the Defence and Overseas Policy Committee on 3 December.

2. She believes that the Committee's decision should help us to stimulate defence sales. In particular, we can look for benefits from Mr. Pym's proposal to set up an in-house working group under one of his Ministers, with an inter-departmental group as well, to give more impetus to sales and to resolve conflicting views.

3. The Prime Minister is sure that we can look to these groups for suggestions for improvements to our policies and procedures in several fields. Nonetheless, she remains 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 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.

4. The Prime Minister's view is that Ministers would be greatly assisted by an early scrutiny of such matters. She would be grateful if your Secretary of State would arrange for this to be done early in your scrutiny programme for next year and in consultation with Sir Derek Rayner, whom she is asking to make himself available to Mr. Pym for this purpose.

/In so far as

CONFIDENTIAL

CONFIDENTIAL

- 2 -

5. In so far as the matters mentioned in paragraph 3 above are affected or influenced by the policy and other arrangements of other Departments, she would like to see the scrutiny cover them as necessary. The Prime Minister is sure that the Ministers concerned will give the official conducting the scrutiny the assistance he needs.

6. I should make it clear that in suggesting this scrutiny, the Prime Minister 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 wishes to be kept in touch with progress. She intends that her own overseas visits should be used to assist defence sales.

8. I am copying this letter to the Private Secretaries to other members of DOP and to Sir Robert Armstrong and Sir Derek Rayner.

Yours etc,

Oliver Whiteman.

B.M. Norbury, Esq.,  
Ministry of Defence.

CONFIDENTIAL

K.R.B.