

SUBJECT

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File 115
Prime Minister

10 DOWNING STREET

From the Private Secretary

20 February 1981

THE UN ARMS EMBARGO ON SOUTH AFRICA

Mr. Jim Spicer, M.P., and Mr. John Peyton, M.P., called on the Prime Minister yesterday evening as arranged.

Mr. Spicer spoke to the memorandum enclosed with my letter to you of 9 February. He described the present situation at Vospers. He said they had been losing business steadily and might, if this continued, go to the wall. Potentially their most promising market was the South African Government. The difficulty was, of course, the arms embargo. Mr. Spicer said that he himself accepted the embargo. Unfortunately, HMG were the only Government which "played it straight". A colleague of his had recently been to Namibia and had seen that the South Africans were openly using French and Italian helicopters there in their operations against SWAPO. Similarly, frigates originally bought from this country were being openly re-equipped in Simonstown with French radar and French guns. All this equipment appeared to be being supplied through third parties. Why could we here not act in the same way? If some means could be found to circumvent the embargo, Vospers would shortly have an off-shore patrol boat available which would suit South African requirements ideally. He was confident that the South Africans would be interested in this craft.

However, it would be necessary to thrash out the issue in the next month or two. In Mr. Spicer's view it was only a matter of time before the Americans, under the new Administration in Washington, began to take over the South African market.

Mr. Spicer also mentioned a different problem. He said that the civilian radar system in South Africa, which had been originally installed by Marconi, was coming up for renewal. The South Africans would like to buy from Marconi again. Marconis themselves were faced with the need for retrenchment in this country and might soon have to cut some 1400 jobs. Mr. Spicer hoped, therefore, that the minimum of bureaucratic red tape would be placed in the path of a Marconi tender.

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The Prime Minister said that she found it unacceptable that the French and Italians should apparently be able, with impunity, to supply South Africa with military equipment through third parties. She would commission an urgent report on the facts. If we were able to substantiate what Mr. Spicer had said, she would consider the implications for our own trading relations with South Africa. As regards a Marconi tender for the South African radar network, she would ensure that Mr. Spicer's point was followed up immediately. (1)

At one point in the discussion, Mr. Peyton said that he was thinking of going out to South Africa to enquire into the facts in regard to arms supplies there. The Prime Minister said that she thought this would be very useful.

I should be grateful if you, and those to whom I am copying this letter, could arrange for me to receive as soon as possible reports on:-

- (2)
- (a) Supplies of French and Italian military equipment to the South African Government; and
 - (b) the possibility of a tender by Marconi for the replacement of the South African radar network.

Copies of this letter go to David Omand (Ministry of Defence) and, together with the memorandum enclosed with my letter of 9 February, to Stuart Hampson (Department of Trade) and David Wright (Cabinet Office).

no comment

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with FCO*

M. O'D. B. ALEXANDER

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