

# British Aerospace

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From the Chairman,  
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*les to Nott & A for briefs.  
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The Rt Hon Margaret Thatcher, MP,  
Prime Minister,  
10 Downing Street,  
London, S.W.1.

8th April, 1981.

*Dear Prime Minister*

I am very conscious and appreciative of your interest in the promotion of sales of Air Defence equipment in the Middle East, and I have been watching the developments in this area very closely, which is of supreme importance in improving our export performance. We have been very active in marketing in the Gulf area, and I will be visiting Saudi Arabia next week. Your visits to these countries following the visit of John Nott will greatly influence events, since the political associations with major defence sales are a dominant factor - particularly as assurances of continuing after sales support is always a sensitive issue.

Dominating the scene at the moment is the possibility of Tornado sales, where particular interest has been expressed in Jordan and Oman. For some weeks we have been working closely with MoD Defence Sales, in an attempt to displace the French Mirage 4000 as the foremost contender in the Middle East market. In the interest of collective defence, a number of the Gulf States are taking steps to invest in a new combat aircraft re-equipment programme, which under French persuasion was to have been based on the Mirage 4000.

As the specific requirements of each of the Arab States could differ to some degree, we feel that we are able to make a more attractive offer than the French, who cannot deliver the fully developed Mirage 4000 until 1987 or thereabouts.

Subject to the approval of the German and Italian Governments we are able to offer, subject to timely decisions and contracts :

- 1) The Tornado IDS (interdiction strike variant) currently in service, in say three years, or
- 2) The Tornado ADV (air defence variant) currently in production, in four years, or

3) ....



- 3) A development of either of the above for delivery at a date dependent on the extent of the development required, or - as a U.K. development -
- 4) The P.110 project, a new combat aircraft which utilises a significant proportion of Tornado equipment, including the engines. This should be a very attractive export aircraft and one which we believe would be attractive to the Arab nations and this could be available for delivery in 1989 or thereabouts.

I understand that Sir Ronald Ellis has spoken to you about the P.110 project, which has the further merit of being able to meet the significant future requirements of the Royal Air Force. We therefore believe that it would be greatly to the advantage of the Royal Air Force and the British aerospace industry if interest in this new development could be obtained, particularly in sharing the cost of development and production investment to keep within U.K. budgetary profiles. As the French are seeking from the Arab States most of the cost of development and the whole of the production investment of the Mirage 4000, it gives the U.K. a considerable opportunity in spite of the progress already made by the French.

Turning to specific countries which are included in your itinerary :

#### Saudi Arabia

We are extremely hopeful that shortly there will be an extension of the Memorandum of Understanding between the British Government and the Saudi Government in support of the Royal Saudi Air Force, and any encouragement that can be given towards concluding this would be appreciated.

In the context of Saudi Arabia, an official invitation has been sent to the Minister of Defence inviting a Royal Saudi Air Force pilot to fly in the Tornado to see whether any interest can be developed in this aircraft by the Saudis.

We are also hopeful that they may add the Hawk to their inventory of trainer aircraft. As part of the promotion of the Hawk into the scheme of training of the Royal Saudi Air Force, Mr. Nott offered a visit of a team of Royal Air Force specialists to discuss the system of training used in the United Kingdom, involving the Hawk.

/The opportunities ...



The opportunities for increasing our participation in the development of the Royal Saudi Air Force have not been fully exploited in the sense that various proposals have been made to the Saudi Defence Minister for increasing our participation. We believe that these would be a useful addition to the present scope of activity which foreseeably must decline unless additional contracts are awarded to us, since those activities are based on aircraft which are rapidly becoming obsolescent. Therefore, if we are to maintain our presence at current levels, it will entail either new aircraft or additional support activities or preferably both. Clearly we would be most grateful for any opportunity you may have to promote such ideas.

Oman

In Oman, our major presence there is associated with Jaguar aircraft, Rapier Missiles and Strikemaster trainer aircraft and a management task, now completed, for an Integrated Air Defence Scheme

There is a direct interest in the Tornado ADV and at the time of your visit an Omani pilot should have had flight experience on the Tornado in the U.K. If Oman were to buy the Tornado, it would be a most useful foothold for the aircraft in that part of the world.

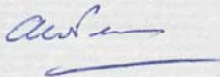
U.A.E.

Both Abu Dhabi and Dubai have expressed interest in the Hawk and we would be very pleased to achieve a Hawk sale in both of these countries since once again we are in competition with the French Alphajet, and it would be a significant boost to further sales of Hawk in the Middle East if we could secure these two markets.

In particular in Abu Dhabi, we believe there could be opportunities for Jaguar or Tornado sales as well as an opportunity to develop an Air Training Academy, which would add usefully to our presence in the Middle East.

If possible, I should be grateful to hear from you of any follow-up action that should be necessary subsequent to the visit, so that we can take full advantage of the effect of your talks with the various Heads of State.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'A. S.', with a horizontal line underneath.



THE CURRENT DYNAMICS GROUP SITUATION  
IN QATAR, ABU DHABI, EGYPT AND SAUDI ARABIA

QATAR

Rapier

Major General Perkins (Director, Military Assistance Overseas) led a Ministry of Defence team to Qatar to study and report on the reorganisation of the Qatari Armed Forces in November 1980. One of its recommendations was the purchase of up to four low level air defence batteries (40 to 50 fire units), but it recognised that manpower would be a major problem.

In January 1981 MOD(UK) sponsored a visit of a Qatari Air Defence team to the UK and Germany where the RAF Regiment successfully demonstrated Rapier.

Our latest proposal which offered two, three or four batteries of 12 Towed Rapier Fire Units with 50% Blindfire at a cost of up to £270M, was submitted by 21st March 1981. It was well received and following Mr. Nott's visit and with the assistance of our Ambassador, Mr. Colin Brant, our negotiating team was invited out to Dohar to start discussions on the offer on Sunday, 12th April.

The latest word from Doha suggests that all is going well, but the initial contract will only be for one battery with a possible follow-on order once this is operational. Manpower, as expected, is said to be the main problem.

ABU DHABI

The Abu Dhabi Forces already have a battery of Crotale and a battery of Towed Rapier. At the conclusion of a survey, carried out in late 1980 by a team led by Major General Perkins, it was recommended that additional low level systems were required and that to provide increased mobility a Tracked version should be procured.

Accordingly, a proposal for a battery of Tracked Rapier has been prepared and was handed to the Abu Dhabi authorities on 26th March. The battery consists of 12 Tracked Rapier Units, with missiles, at a total cost of some £44M.

We have, as yet, had no further response from the Abu Dhabi authorities.

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EGYPT

Swingfire

The Swingfire Beeswing Pallet is already in service with the Egyptian Army, one battalion of 40 pallets mounted on the 1 tonne Land Rover. From now on ABD manufactured units will be mounted in the CJ6 Jeep, also manufactured in Egypt.

Arab British Dynamics, of which BAe is an active partner, has undertaken manufacture of Swingfire under licence in Cairo. They presently manufacture some parts of both pallet and missile and then assemble them. They will take on more of the parts manufacture in stages.

Interests now lie in the Combined night sight and the Mark II warhead.

Rapier

Initial discussions on Rapier started in 1974/75, but were inconclusive. Technical discussions were reopened in 1977 and continue to date.

In August 1980 a senior team from the Air Defence Command (ADC) visited an RAF base in Germany and witnessed a successful firing demonstration in the Hebrides. The Vice President and the C in C, ADC visited us at the Farnborough Air Show in September 1980 and discussions have continued in Cairo.

Many technical queries have been raised and despite detailed replies they continue to reappear. Modifications to the equipment to suit their operation are also being discussed.

Our Chairman and Marketing Director are currently in Cairo on the advice of our Ambassador to see if progress can be made.

SAUDI ARABIA

The Saudi Arabian authorities have been encouraged to look to the UK for advice and assistance in establishing a comprehensive air defence system including Rapier as the low level point defence system.

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Much interest has been shown in SkyFlash, the medium range air to air missile (already sold to Sweden after detailed evaluation) as armament for the F15 aircraft, but there has been opposition from the US Government and Industry.

Dynamics Group has tendered as Prime Contractor of a group of European aerospace companies including Matra and Thomson CSF and in competition with Hughes and Ford for the proposed communications satellite for the Arab world. The bids are currently being evaluated by the Arabsat organisation in which Saudi Arabia has a powerful voice. A full brief has been submitted to the Prime Minister by the Department of Industry.

JAA/LJF

13th April, 1981