

*Defence*



MINISTRY OF DEFENCE  
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MO 26/11/17

30th May 1980

*It's as well that isn't  
a war on.*

*Star David,*

Prime Minister

*There is now a month  
(larger (to end June) in  
which to sort this out.*

RAF COMMUNICATIONS AIRCRAFT

In view of the difficulties set out in the Minister of State for Northern Ireland's letter of 28th May in reaching a conclusion on the proposed purchase of Jetstream 31 aircraft before the existing BAe offer expires on 31st May, we have been pressing BAe to extend their tender deadline.

*MAO  
30/V*

BAe claims that the sub-contracting of work to Shorts from BAe upon which Northern Ireland Office aid depends is proving far more expensive than they expected and, on the basis of Shorts' present proposals, the work is likely to cost twice as much as it would in Scotland. BAe's view is that it will take a further two weeks to complete negotiations on the price of work planned to be sub-contracted to Shorts and, therefore, they have agreed orally to extend their offer of £16.2M for fourteen aircraft, linked with the provision of £6.5M aid, to the end of June.

It follows from this that the E(EA) meeting for which my Secretary of State has been pressing should be timed to take place as soon as possible after BAe's negotiation with Shorts can be concluded.

D J Wright Esq





This should not, of course, delay the appraisal by the Northern Ireland Office of the Shorts/BAe proposals in terms of whether they would qualify for regional aid and of the extent of such aid available. However, we already know that there is likely to be a shortfall in regional aid of at least £0.85M and, the gap may be considerably more than this, given Shorts' latest proposals to BAe and the budgetary difficulties mentioned in Mr Allison's letter. In view of this, my Secretary of State is concerned that, if a conclusion is to be reached by the end of June, Ministers should be prepared at the prospective E(EA) meeting to give a clear view on how they see the required level of £6.5M regional aid being found.

I am copying this letter to Mike Pattison (No 10), to the Private Secretaries of members of E(EA) and to Mike Hopkins (NIO).

*Yours sincerely*  
*Jonathan Dawson*

(J D S DAWSON)

30 MAY 1960

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