



MINISTRY OF DEFENCE  
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MO 3/7/3

Prime Minister.

28th October 1983

good news.

A.P.C.  $\frac{31}{10}$ 

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Dear Tim,

The Prime Minister may wish to be aware that agreement has now been reached between the Kuwait Ministry of Defence and British Aerospace, for the sale of 12 Hawk trainer aircraft to the Kuwait Air Force. I attach a copy of a letter which Mr Pattie, the Minister of State for Defence Procurement, has signed on behalf of my Secretary of State to the Kuwait Minister of Defence. This sets out the Government's part in the agreement, as well as marking the successful conclusion of negotiations.

The sale is worth just under £73M to British Aerospace and was achieved against strong competition. It is a particularly important agreement as it represents the first major British equipment sale to Kuwait since Chieftain tanks were purchased in the mid 1970s. However its wider significance is that it considerably enhances the prospects of further sales of Hawk in the region, including to Saudi Arabia whose requirement for trained aircraft is considerably larger than that of Kuwait.

Signature of the contract is due to take place in Kuwait on 31st October. This sale should help pave the way for a successful visit to Saudi Arabia and Kuwait, which my Secretary of State hopes to make in December.

I am copying this letter to Peter Ricketts at the Foreign and Commonwealth Office.

Yours ever  
 Mick Evans  
 for (S H LOWE)

Tim Flesher Esq



MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

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27 October 1983

*John W. Excellency*

I am very glad that agreement has now been reached between the Kuwait Ministry of Defence and British Aerospace for the supply of 12 Hawk advanced trainer aircraft to the Kuwait Air Force. As I said when we met in London last summer, the Hawk is a first class aircraft and will, I am sure, meet Kuwait's needs very well indeed. I am particularly glad that Britain is once again to provide the Kuwait Air Force with military aircraft. I know this will reinforce the close and long standing relations between our two countries in the field of defence cooperation. My officials have kept in close touch with the progress of the negotiations and with British Aerospace, and you may be sure that the project will have the closest support from the UK Ministry of Defence.

During the course of the negotiations a number of points were raised on which your representatives asked for specific assurances by the British government. I have had these points examined and I am happy to give the following assurances which you require:

His Excellency Shaikh Salim Al Sabah



- a. Delivery. The delivery time of 22 months specified in the contract for the supply of the first aircraft is, in the view of the UK Ministry of Defence, both reasonable and realistic. Nevertheless, my staff will use their good offices with British Aerospace to see if this delivery period can be reduced.
- b. Production standards. As you know British Aerospace is accorded the highest category of defence manufacturing standards (DEFCON 05/21) by the British Ministry of Defence. The aircraft supplied to Kuwait will be built to the same exacting standards. In addition, the United Kingdom Ministry of Defence will give close support to this project through supervision and coordination with BAe regarding the standards of manufacture.
- c. Spares supply. This is an important aspect of any equipment purchase and we have impressed upon British Aerospace the need to ensure that your requirement for spares is met promptly and in full. My staff will monitor the supply of Hawk spares to the Kuwait Air Force and you may be assured of our best endeavours to see that the company fulfills its obligations.
- d. After sales support. I know the great importance which you and your Air Force attach to this aspect of the contract. My staff have already impressed upon British Aerospace the need for this service to be of the highest level and the company have given us their assurance that they too attach great importance to their after sales service in support of the Hawk purchase by Kuwait. The UK Ministry of Defence will be monitoring closely British Aerospace's performance in this area.



A further point which was raised during the negotiations was the question of bank guarantees on progress payments to British Aerospace. As you know, British Aerospace will provide a bank guarantee to cover the advance payment of 20%. I am grateful for the concession granted by your Ministry of Defence over the provision by the company of bank guarantees on the progress payments and over the retention of 5% of the contract price as an insurance safeguard. You have my assurance that all progress payments made by the government of Kuwait will only be used by British Aerospace for the fulfilment of the Hawk contract. On the question of a 5% retention bond you also have my assurance that my staff will make every endeavour through their close contacts with British Aerospace to ensure that the contract is implemented in every respect to your satisfaction. I should be grateful if you would convey these assurances to your Ministry of Finance. I should like to take this opportunity to confirm to your Excellency that the government of the United Kingdom, through the Ministry of Defence, is ready to do all within its power to ensure that the interests of the Kuwait government are properly safeguarded in the execution of this contract.

I am also glad to tell you that the UK Ministry of Defence is prepared to back up the supply of Hawk to Kuwait with an offer of training, without charge, for two Kuwait Air Force instructors in either flying or weapons training. We are also ready to meet your request for places for flying training in RAF flying schools for 20 Kuwaiti student pilots up to Hawk standard, starting next year.

In conclusion, may I say how much I enjoyed our meeting in London earlier this year. I look forward to renewing our acquaintance and to my discussions with you when I visit Kuwait in December.

*Yours sincerely*  
*John Patten*  
*on behalf of*

Michael Heseltine

28 OCT 1983

