



MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALLING 01-218 2111/3

CONFIDENTIAL

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MO 26/4/2/1

PRIME MINISTER

TANKS

PRIME MINISTER 2.

Mr Pym reports that the Chieftain tanks could become unnecessary, because he may now want a new series of interim tanks for the late 80's. We will have to hold off the Newcastle MP's for some weeks more, pending a decision.

We really cannot delay like this. Please advise the defence to make their decision quickly. There really is some urgency on para 2 of this. When events. Every delay in our decision will cost us money. MPA

*30/7
delay in our decision will cost us money. MPA*

At the OD meeting on 11th June I was invited, in consultation with the Secretary of State for Industry, to examine the comparative costs of placing the proposed order for 77 Chieftains with Vickers Limited, Newcastle, and at the Royal Ordnance Factory Leeds; and to make a recommendation to the Committee which took account of the employment implications and the importance of preserving at Leeds the capability needed for future Army requirements. I should advise you why you have heard nothing further from me so far.

who?

2. When we came into office the only firm order in prospect for the British Army was for the 77 Chieftains to supplement BAOR's war reserve. Otherwise future tank production plans were centred on the national development of the next generation tank, MBT 80, which is a high quality weapon system required to meet the threat into the next century, and is the only tank in current development amongst the NATO nations which will meet this threat. It had been planned that it should start to enter service in 1987 but my enquiries reveal that this date is no longer attainable. 1989 appears to be the earliest date for it now. This delay causes me much anxiety on account of the disturbing enhancement in the quality of the Warsaw Pact armoured threat in Europe.

3. In the wake of the cancellation of the Iranian order a new option emerged which could provide the Army with an interim enhancement and help to bridge the gap from the early 1980s until MBT 80 can be brought into service. This would involve the acquisition of a slightly modified Shir II tank originally

/ under ...

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2.

under development at Iranian expense (known as Challenger) mounting Chobham armour and having other very significant improvements over Chieftain. The 77 extra Chieftains would then not be required. There is much work still to be done before we can reach a decision on this option, and I expect to be in a position to inform the Committee of the complete picture in the early part of next year.

4. I am copying this minute to the other members of OD and to the Secretary of State for Industry; and to Sir Robert Armstrong.

77

30th November 1979

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Defence



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01 ~~XXXX XXXX~~ 218 2111/3

CONFIDENTIAL

4 December 1979

MO 26/4/2/1

L.S.

Prime Minister

(2)

[Handwritten initials]

Dear Michael,

Thank you for your letter of 4th December about tanks.

The Defence Secretary has asked me to make it clear that there is no question of unnecessary delay now on a decision on future tank procurement, nor of consequent delays in the introduction of new tanks into service. As he explained at OD yesterday he is determined to ensure that the cost-effectiveness of any new equipment project is most stringently evaluated before proposals are put forward, particularly in the light of our real economic problems and the tendency for equipment projects to grow ever more sophisticated and costly.

In the case of Challenger some technical aspects of the design remain to be proven and the development cost plan is still in preparation. Work is also continuing on refining the cost and budgetary implications and identifying the items which would have to be displaced from the programme to pay for it (the cost of the Challenger project is currently estimated to be in the bracket of £300-400M). Project definition and some forward development, including provisions of trials vehicles, has already been authorised and this should result in the outstanding questions being answered early next year. This development work would be required in any case and no delay is therefore involved in the introduction of the Challenger tank into the front line, should this be what is decided.

I am sending a copy of this to the recipients of your letter.

Yours sincerely,
David Omand

(D B OMAND)
Private Secretary

CONFIDENTIAL

M O'D B Alexander Esq
10 Downing Street

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10 DOWNING STREET

c. D/TRADE
CO
LPSO
LPO
HMT
FCO
LCO
HO
D/IND

jfh

Defence

From the Private Secretary

B/F 2.12.79

4 December 1979

Dear Brian,

Tanks

The Prime Minister has seen the Defence Secretary's minute to her of 30 November.

The Prime Minister is unwilling to accept the delay envisaged by the Defence Secretary in paragraph 3 of his minute. She has asked me to say that the necessary decisions must be made quickly. Paragraph 2 of the Defence Secretary's minute makes it clear, in the Prime Minister's view, that there is considerable urgency in the matter. She has noted that every delay in decision-making now means a subsequent delay in equipping our forces properly.

I should be grateful if you could let me have an early reply indicating how soon a decision on the acquisition of the modified Shir II tank could be taken.

I am sending copies of this letter to the Private Secretaries to the other members of OD, and to Ian Ellison (Department of Industry), and Martin Vile (Cabinet Office).

Yours sincerely

Richard Alexander

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

CONFIDENTIAL

5



JS

cc MOD
19.

10 DOWNING STREET

THE PRIME MINISTER

13 November 1979

Dear Mr. Cowans,

Thank you for your letter of 23 October about the possible order of Chieftain tanks for Vickers. As I said in the House on 8 November, the question of an order is still under consideration, but is linked with many other issues. At the same time I fully appreciate your concern about Vickers' need for orders.

I know that you have also written to Francis Pym who is arranging for you together with Shop Stewards from Vickers at Elswick to have a meeting with Defence Ministers in the near future.

Yours sincerely
Raymond Delisle

Harry Cowans, Esq., M.P.

JS



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~230 7822~~ 218 2111/3

MO 26/4/2/1

9th November 1979

Dear Nick,

I attach a suggested reply for the Prime Minister to send to Mr Cowans' letter of 23rd October about the order of Chieftain tanks for Vickers.

The Defence Secretary hopes to circulate papers to colleagues in the near future concerning some aspects of this problem, and particularly the question of what additional tanks, if any, might be provided for BAOR in the mid-1980s.

In the meantime Mr Cowans has written to ask Mr Pym if he will receive a deputation of Shop Stewards from Vickers, Elswick. In fact Mr Pym believes it would be preferable for the Minister of State, Lord Strathcona, to receive them and the meeting would be arranged for two to three weeks time when it may be possible to say more than could be said now. The draft reply attached accordingly refers to this meeting.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office), Pete Stredder (Department of Industry) and Martin Vile (Cabinet Office).

Yours sincerely,

John Gutteridge.
(J D GUTTERIDGE)

N Sanders Esq
No 10 Downing Street



GR
pl type for PM

sig

cc IGow

DRAFT LETTER FROM THE PRIME MINISTER TO MR HARRY COWANS MP

Thank you for your letter of 23rd October about the possible order of Chieftain tanks for Vickers. As I said in the House on 8th November the question of an order is still under consideration but is ~~inter-related~~ ^{related to} ~~with~~ ^{linked with} many other ~~problems~~ ^{issues}. At the same time I fully appreciate your concern about Vickers' need for orders.

I know that you have also written to Francis Pym who is arranging for you together with Shop Stewards from Vickers at Elswick to have a meeting with Defence Ministers in the near future.



10 DOWNING STREET

From the Private Secretary

29 October 1979

BF 6.11.79

I wrote to you on 17 October to tell you that Harry Cowans, M.P., had telephoned about the possible Chieftain order for Vickers at Elswick. His letter has now arrived, and I attach a copy. I should be grateful if you could let me have a draft reply for the Prime Minister to send to Mr. Cowans, to reach us here by Tuesday 6 November.

N. J. SANDERS

J.D. Gutteridge, Esq.,
Ministry of Defence.



10 DOWNING STREET

From the Private Secretary

29 October 1979

I am writing on behalf of the Prime Minister to thank you for your letter of 23 October about the Chieftain tank order. I will place your letter before the Prime Minister and you will be sent a reply as soon as possible.

N. J. SANDERS

Harry Cowans, Esq., M.P.

Defence

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10 DOWNING STREET

PRIME MINISTER

This letter from Harry Cowans follows up a telephone call he made, asking about progress on the placing of the order for Chieftain tanks. No decision has yet been taken, but we will let you have a draft reply to send.

[Handwritten signature] MJS

29 October 1979

FROM: HARRY COWANS, M.P.

cc I Gow



HOUSE OF COMMONS
LONDON SW1A 0AA

23rd October, 1979

Dear Prime Minister,

Re: The Order of Chieftain Tanks

Further to your letter of the 28th August, the position at Elswick Vickers is now reaching a very critical stage regarding the tank orders. Certainly if nothing is forthcoming in the near future the work will have run out and that will mean possible redundancies. Whilst I appreciate the many problems, are you yet in a position to indicate when this order will be placed, and hopefully a proportion of it with Vickers at Elswick as this will allow them to keep their skilled workforce and also possibly to diversify into other projects. To do this, this order is crucial.

Yours sincerely,

Harry Cowans

Rt. Hon. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
S.W.1.

Defence

645

CF PPA

17 October 1979

As I told you on the telephone, Harry Cowans, M.P. rang me today to ask whether decisions had yet been taken on the possible Chieftain order for Vickers at Elswick. After consulting you, I told Mr. Cowans that no decision had yet been taken and that we could not give him any indication of when final decisions would be reached - but that he and the other interested constituency members would of course be informed when that day came. He said that his constituents were very anxious and he thought he would have to write again to the Prime Minister. We await his letter.

N. J. SANDERS

J.D. Gutteridge, Esq.,
Ministry of Defence.

BK.



10 DOWNING STREET

THE PRIME MINISTER

10 September 1979

Dear Sir,

Thank you for writing to me on 5 September about the future of Vickers in Newcastle.

You will probably know that, in reply to Mr. Brown and Mr. Cowans, I have been unable to give a definite timetable for a decision on the Chieftain order. The position on this is a complicated one, and there are a number of uncertainties over the production of main battle tanks following the changes in Iran which should be resolved first. But I certainly hope that a decision can be reached in the coming months. I am grateful to you for writing as you did, and I will ensure that the bipartisan support expressed by the Tyneside MPs is taken fully into account when decisions are reached.

Yours sincerely

Margaret

Sir William Elliott, M.P.

Defence TW
cc: MCD

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PRIME MINISTER

cc. Mr. Gow

Sir William Elliott adds his views to the representations about the future of Vickers in Newcastle.

You have had several letters from the two Labour M.P.s for Tyneside pressing for the defence tank order to go to Vickers, and Sir William also argues that this order, or a part of it, would be a lifeline. Defence have advised that a substantive answer can not yet be given.

Would you therefore like to reply as in the attached draft letter to Sir William Elliott? (I have not mentioned in this letter your forthcoming visit to Newcastle, as this might well lead Sir William to ask that you visit Vickers. It would be best for you to avoid that as long as there is controversy over this order.)

MAD

7 September 1979

FILE

VLS



10 DOWNING STREET

From the Private Secretary

7 September 1979

I am writing on behalf of the Prime Minister to acknowledge your letter of 5 September.

I will bring this to her attention immediately, and you will be sent a reply as soon as possible.

M. A. PATTISON

Sir William Elliott, M.P.

SIR WILLIAM ELLIOTT, M.P.

cc 19 ✓



HOUSE OF COMMONS
LONDON, SW1A 0AA

5th. September, 1979.

My dear Prime Minister,

I am aware that Labour Members from Tyneside, including Robert Brown and Harry Cowans, have written to you regarding a possible order of Chieftain tanks being awarded to Vickers Elswick, Newcastle upon Tyne.

I have had regular meetings with the management on this order in particular and the future of this important firm in general. My discussions have been free from Trade Union influence.

I should like to emphasise at once that my representations on the potential tank order have been most sympathetically received at M.O.D.. I accompanied the joint Managing Directors to a meeting in the Department with Lord Strathcona in July. The Minister of State on that occasion gave the Vickers officials a full hearing, and they were most impressed with him.

I write to you on the broader issue of Vickers future. As you know, C.A.Parsons were fortunate earlier this year in obtaining DRAX B Power Station order. The considerable firms of Clark-Chapman and Reyrolles, now under the able directorship of Sir James Woodeson, seem to have a reasonable future ahead. Vickers constantly stress to me that their aim is diversification of production. They have very substantial plans in this regard. Their great need is the breathing space which the order, or part of it, for the British Army, would give them. I do feel that if this firm can be kept in being, it will substantially contribute to the longer term employment prospects in Newcastle upon Tyne.

I thought it right to convey my view to you at this time.

The Prime Minister,
Downing Street,
London, S.W.1.

Yours sincerely,
Bill



10 DOWNING STREET

THE PRIME MINISTER

28 August 1979

Temp
cc MOD
Press Off.
Defence

Mr. H. Cowans

Thank you for your letter of 7 August about a possible order for Chieftain Tanks. I do of course recognise the problems to which you refer and I hope that a decision will not be delayed too long into the autumn. You will understand, however, that the position is a complicated one and that there are a number of uncertainties over the production of Main Battle Tanks post-Iran which have to be resolved first.

Yours sincerely
Margaret Thatcher

Harry Cowans, Esq., M.P.

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10 DOWNING STREET

PRIME MINISTER

Mr. Cowans wrote to you again on 7 August about the order for Chieftain Main Battle Tanks. Defence advise (Flag A) that decisions will not be reached before the autumn.

Are you therefore content to send a further non-committal reply to Mr. Cowans?

A handwritten signature in blue ink, appearing to be 'MAD'.

24 August 1979



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~9367022~~ 218 2111/3

MO 26/4/2/1

21st August 1979

Dear Nick,

Thank you for your letter of 9th August enclosing a further letter from Harry Cowans MP.

As John Gutteridge explained in his letter of 20th July, the requirement for the 77 Chieftains has had to be placed in abeyance while the possibility is examined of buying modified Shir II tanks for the British Army. The latest position is summarised in the Defence Secretary's minute of 25th July, of which you have a copy. You will have seen from the Chief Secretary's letter of 8th August that there is agreement that decisions ought to be deferred on the Chieftain order for the time being. A further interim reply to Mr Cowans is therefore indicated. We cannot say when a substantive reply can be given, but we would hope that the decision will not be delayed too long into the autumn.

*Yours ever,
David*

(D B OMAND)

Nick Sanders Esq
10 Downing Street



Dobson

DRAFT TO HARRY COWANS ESQ MP

Thank you for your letter of 7th August about a possible order for Chieftain Tanks. I do of course recognise the problems to which you refer and I hope that a decision will not be delayed too long into the autumn. You will understand, however, that the position is a complicated one and that there are a number of uncertainties over the production of Main Battle Tanks post-Iran which have ~~got~~ to be resolved first.

LONDON

tmw

BF 22/8/79

Defence

9 August 1979

I attach a further letter the Prime Minister has received from Harry Cowans M.P. about the placing of the Chieftain tank order. Could you please let me have a draft reply for the Prime Minister to send to Mr. Cowans, to reach us here by Wednesday 22 August?

NJS

J.D. Gutteridge, Esq.,
Ministry of Defence.

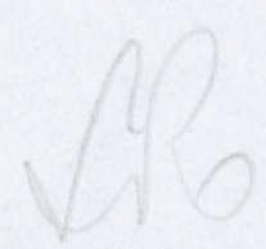
CRB

9 August 1979

I am writing on behalf of the Prime Minister to thank you for your letter of 7 August about the order for Chieftain tanks. I will of course place your letter before the Prime Minister at once and you will be sent a reply as soon as possible.

NJS

Harry Cowans, Esq., M.P.



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10 DOWNING STREET

PRIME MINISTER

Here is another letter from Harry Cowans about the placing of the Chieftain tank order. For the time being there are no developments on this front.

I have asked the Ministry of Defence to suggest a suitably temporising reply for you to send.

MS

A handwritten signature in black ink, appearing to be 'MS' with a flourish.

9 August 1979

DEFENCE



Treasury Chambers, Parliament Street, SW1P 3AG

Rt Hon Francis Pym MC MP
Secretary of State
Ministry of Defence
Main Building
Whitehall
London SW1A 2HB

8 August 1979

P.A.
G.M.
9/8

Dear Secretary of State

THE 77 CHIEFTAIN ORDER: VICKERS/ROF LEEDS

I have seen Keith Joseph's reply of 31 July to your minute of 25 July.

It seems right to defer decisions on the Chieftain order for the time being.

I am copying this letter to the Prime Minister, members of OD, the Secretaries of State for Industry and Employment and to Sir John Hunt.

Yours sincerely
John Biffen

PP JOHN BIFFEN
[Approved by the Chief Secretary
and signed in his absence]

FROM: HARRY COWANS, M.P.

cc: I Gow 9.8



HOUSE OF COMMONS
LONDON SW1A 0AA

7th August, 1979

R9

Dear Prime Minister,

Thank you for your previous letters concerning the order for the Chieftain Main Battle Tanks. Could I stress that the delay in making a decision in placing this order is creating uncertainty and hardship at the Elswick Works of Vickers Limited in my constituency. Is there any early indication when the decision will be made?

Yours sincerely,

Harry Cowans

Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
S.W.1.



Secretary of State for Industry

CONFIDENTIAL

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

Telephone Direct Line 01-212 3301
Switchboard 01-212 7676

NBPM yet

MAD
1/11/79

31 July 1979

Rt Hon Francis Pym MC MP
Secretary of State for Defence
Ministry of Defence
Whitehall
London SW1A 2 HB

Mr Francis,

THE 77 CHIEFTAIN ORDER: VICKERS/ROF (LEEDS)

Thank you for your letter of 25 July. I note that you propose to defer any decisions on the Chieftain order for the time being.

When the decision on the location of any such order has to be taken, it would of course be right to take account also of regional policy considerations, especially if as seems likely any price difference between the two tenders was very small. Moreover, if the Jordanian order did not materialise, you would no doubt want to be satisfied that sufficient other orders would be forthcoming for ROF (Leeds) to maintain the essential capacity there. I understand that the Chieftain order alone would not be sufficient for this.

I am copying this letter to the recipients of yours.

Erin,

Kerr



cc Mr. Cowans tmp
la

Defra

10 DOWNING STREET

THE PRIME MINISTER

25 July 1979

Dear Mr. Brown

You wrote to me on 26 June about the order for Chieftain tanks, and you raised it with me at Questions.

It is still true that no final decision on this order can yet be taken. We shall of course give full weight to the employment issues involved, along with all the other relevant factors that arise from the Iranian cancellation.

I am sending a copy of this letter to Mr. Cowans.

Yours sincerely

MT

Bob Brown, Esq., M.P.

jfh

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Defence

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 9000
DIRECT DIALING 01-218 2111/3

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MO 26/4/2/1

OK from you.

*Blu
20/7*

SECRETARY OF STATE FOR INDUSTRY

THE 77 CHIEFTAIN ORDER - VICKERS/ROYAL
ORDNANCE FACTORY LEEDS

At the OD meeting on 11th June, I was invited to examine, in consultation with you, the comparative costs of placing an order for 77 Chieftain tanks with Vickers Limited at Newcastle and with the Royal Ordnance Factory Leeds. I was to take into account both the employment implications and the strategic importance of ROF Leeds to our future tank production. Officials of our two Departments and the Department of Employment have since been in touch and have discussed the matter.

2. It is not possible at present to make a proper comparison of the cost of placing the order with Vickers or with ROF Leeds, since we have not had true competitive tenders from them; however, the indications are at present that the difference between the two prices would be so small as to render inappropriate a decision on the grounds of price alone.

3. The question of employment at ROF Leeds and at Vickers is complicated by the fact that we do not yet know whether Jordan will buy Shir I tanks, and we are still considering whether to acquire Shir II tanks for the British Army: if we do, the additional 77 Chieftains will not be needed.

4. If an order for Shir I is forthcoming from Jordan, it will be placed with ROF Leeds. In this event, the

/ question ...

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question of whether Vickers or Leeds should have the order for 77 Chieftains, should it still need to be placed, ought to be decided on the basis of competition between the two. We would hope to have decisions by about September on the Jordan order and on whether the British Army is to take Shir II. It is an important defence interest to maintain the essential capacity for manufacturing the new tank for the British Army (MBT 80) which we shall need in the late 1980s and if, therefore, neither the Jordan order nor the order for Shir II for the British Army is forthcoming, on general defence grounds I would wish to place the Chieftain order with Leeds.

5. I am copying this minute to the Prime Minister, my OD colleagues and the Secretary of State for Employment, and to Sir John Hunt.

25th July 1979

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 017837022 218 2111/3

CONFIDENTIAL

Mr. Sanders.

MO 26/4/2/1

20th July 1979

6/21
20/7

Dear Nick,

Thank you for your letter of 29th June, enclosing a further letter from Harry Cowans MP and Bob Brown MP about the Chieftain tank order.

You will recall that this matter was discussed by OD on 11th June in the context of the proposed sale of Shir I tanks to Jordan. OD agreed that negotiations for the sale to Jordan should continue and that the Defence Secretary, in consultation with the Industry Secretary, should examine the comparative costs of placing the order for 77 Chieftains with Vickers at Newcastle and in the Royal Ordnance Factory, Leeds, and should make a recommendation to the Committee which took account of the employment implications and of the importance of preserving at Leeds the capability needed for future Army requirements.

Negotiations are continuing on the sale of Shir I tanks to Jordan, and the next step will be a visit by Sir Ronald Ellis, Head of Defence Sales, to Jordan beginning on 3rd August during which he expects to hand over our detailed proposals to the Jordanian Commander in Chief. All the indications are that the Jordanians are still very serious in their interest in Shir I, though we expect there to be some difficult negotiations over price.

It is not at present possible to complete the examination of comparative costs in respect of the 77

/ Chieftains ...

Nick Sanders Esq.,
10 Downing Street

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Chieftains and to reach a recommendation about where the order should be placed. Urgent consideration is being given to the possibility of buying 200-250 modified Shir IIs as an interim enhancement of BAOR's armoured capability against the increased Soviet threat. This raises major issues of resource allocation and funding and would involve a substantial change in the balance of the Army equipment programme. The matter is being considered urgently but necessarily affects the Vickers' order as the 77 Chieftains would not be needed if Shir II were purchased.

/ In these circumstances a further interim reply to the MPs is indicated and I enclose a draft accordingly.


Yours sincerely,

John Gutteridge

(J D GUTTERIDGE)

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Thank you very much for your further letter of 26th June about the order for Chieftain tanks.

2. My earlier letter was indeed an interim reply and I am afraid that no final decision on this order can yet be taken. I am, of course, aware of the employment issues involved and these will be given their full weight along with all the other relevant factors that arise from the consequences of the Iranian cancellation.

3. I am writing in the same terms to Mr Brown.

B.F. 20/7

29 June 1979

I attach a further letter to the Prime Minister from Harry Cowans, M.P. and Bob Brown, M.P. about the Chieftain tank order.

In acknowledging it, I have said that I am sure that the Prime Minister will want to write again once a decision has been reached.

I should be grateful, therefore, if you could let me have a suitable draft reply once Ministers have reached a decision on this matter. If things are still uncertain as the Recess approaches, we should send a second holding reply. Perhaps you could let me have a further draft for that purpose, if necessary, on Friday 20 July.

N.J. SANDERS

John Gutteridge, Esq.,
Ministry of Defence.

JGS

HS

29 June 1979

I am writing on behalf of the Prime Minister to thank you for your letter of 26 June about the Chieftain tank order. I will place your letter before the Prime Minister as soon as she returns from Tokyo and I am sure she will want to write to you again when a decision has been reached.

I am sending a copy of this letter to Mr. Brown.

N.J. SANDERS

'''

Harry Cowans, Esq., M.P.

Handwritten initials

FROM: HARRY COWANS, M.P.



HOUSE OF COMMONS
LONDON SW1A 0AA

PPS
cc I Gow
R28/6
26th June, 1979

Dear Prime Minister,

Thank you for your letter of the 11th June about the order for 77 Chieftain tanks.

I hope this was only an interim reply and that you will let me know the final outcome and the decision reached on this very vital and important matter that has serious implications for my constituents.

Yours sincerely,

Harry Cowans
Bob Brown

Rt. Hon. Mrs. Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
London, S.W.1.



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fress

10 DOWNING STREET

THE PRIME MINISTER

11 June 1979

Mr R. Brown,

Thank you for your letter of 31 May about the order for 77 Chieftain tanks.

We are considering the serious consequences of the cancellation by Iran of their large order for tanks and we are not yet in a position to decide where the order to which you refer should be placed. We shall, of course, take fully into account the impact on employment, as well as all the other relevant factors.

I am writing in the same terms to Mr. Cowans.

Yours sincerely
Margaret Thatcher

R.C. Brown, Esq., M.P.

—
tw



TT
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fres

10 DOWNING STREET

THE PRIME MINISTER

11 June 1979

Dear Mr. Cowans,

Thank you for your letter of 31 May about the order for 77 Chieftain tanks.

We are considering the serious consequences of the cancellation by Iran of their large order for tanks and we are not yet in a position to decide where the order to which you refer should be placed. We shall, of course, take fully into account the impact on employment, as well as all the other relevant factors.

I am writing in the same terms to Mr. Brown.

Yours sincerely,

Robert Heath

H. Cowans, Esq., M.P.

—
tw

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MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-~~9XXXXXX~~ 218 2111/3

CONFIDENTIAL

MO 10/4

8th June 1979

Dear Sir,

ROYAL ORDNANCE FACTORY - LEEDS

Thank you for your letter of 5th June about the Chieftain order. I appreciate the Newcastle problem, and quite see its importance. But I also see difficulties on a larger scale altogether if this order does not go to ROF Leeds. I am however happy to discuss this at OD next week, as you suggest.

I am sending copies of this letter to the Prime Minister, other OD colleagues, Sir Keith Joseph and Sir John Hunt.

James Prior

Francis Pym
Francis Pym

The Rt Hon James Prior MP

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~938 7028~~ 218 2111/3

CRS

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MO 26/4/2/1

7th June 1979

Dear Mike,

Thank you for your letter of 4th June, in which you asked for a reply for the Prime Minister to a letter from Mr R C Brown MP and Mr H Cowans MP about Chieftain tanks.

The Army have an approved requirement for 77 new tanks for the War Maintenance Reserve; it was originally intended to place the order, worth some £50m, with Vickers, Elswick, because our principal tank supplier, the Royal Ordnance Factory (ROF) Leeds, was fully occupied with the order for Shir tanks for Iran. The cancellation of the Iranian order led us to stop negotiations with Vickers, because of concern about work loading at the ROFs in the future. The ROF at Leeds is the only factory capable of producing the next main battle tank (MBT 80) on plan and we have to maintain capacity at Leeds at a level which will enable the build-up to MBT 80 to be achieved in a timely and economical fashion. We are therefore looking for other work for the ROF and on 11th June OD is to consider a possible sale of Shir I tanks to Jordan. There are further prospects for Shir production, but these are not yet clear, and so we need to reserve the order for 77 Chieftains for Leeds, in addition to the Jordan order, in the interests of MBT 80. It is of the highest operational importance to produce MBT 80 to plan, and this can only be done by keeping ROF Leeds properly loaded until the new tank comes "on stream" in the 1980s.

/ The ...

Mike Pattison Esq.,
10 Downing Street

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The Prime Minister will have seen from Mr Prior's letter to Mr Pym of 5th June that the regional and operational arguments as to whether the order should be with Vickers or the ROF do not point in the same direction. Mr Prior has therefore suggested that this issue should be discussed at OD when the Jordan order for Shir I is considered. The Defence Secretary has no objection to this.

Mr Pym suggests that until Ministers have considered the Jordan order collectively it would be appropriate for the Prime Minister to send only a holding reply for which I attach a suggested draft.

I am sending copies of this letter and the attachment to Peter Mason (Department of Industry) and John Anderson (Department of Employment) whose Departments have been consulted on the proposal to send this holding reply.

Yours sincerely,

John Gutteridge

(J D GUTTERIDGE)

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Thank you for your letter of 31st May about
the order for 77 Chieftain tanks.

2. We are considering the serious consequences
of the cancellation by Iran of their large order for
tanks and we are not yet in a position to decide
where the order to which you refer should be placed.
We shall, of course, take fully into account the
impact on employment, as well as all the other relevant
factors.

I am writing in the same terms to Mr { Brown
Cowar

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Thank you MS
NJS to see - esp. for
MP's letter below.



8 ST. JAMES'S SQUARE LONDON SW1Y 4JB
Telephone Direct Line 01-214 6025
Switchboard 01-214 6000

MA
YAD

Rt Hon Francis Pym MC DL MP
Secretary of State for Defence
Ministry of Defence
Whitehall
LONDON SW1

5 June 1979

Francis

ROYAL ORDNANCE FACTORY - LEEDS

I understand that the cancellation of the Iranian order for Shir tanks has caused capacity problems for the ROF at Leeds, and that a programme of voluntary redundancies has already been introduced there. My officials tell me that your Department is considering means of finding new orders for the ROF, including the possible sale to other countries of tanks which were to have gone to Iran. I gather that you may be seeking a discussion in OD on this subject in the near future.

Of course I welcome any means of sustaining the workload at Leeds, but one suggestion that I understand has been mooted does cause me concern. This is the idea that a contract for 77 Chieftain tanks for the BAOR, which it was originally envisaged would be placed with Vickers' Elswick plant at Newcastle, should be diverted to ROF Leeds. (I see from No 10's letter of 4 June to your Private Secretary that 2 Newcastle MPs have written to the Prime Minister about this). I would be unhappy about this proposal on two grounds: first, it would involve transferring work from a Special Development Area with high unemployment to a place where unemployment is below the national average; and secondly, it seems to me to be a questionable principle that public sector facilities should have the first call on available work and private companies be left to bear the brunt of reductions. Of course if it were shown that there were significant savings in cost, or other sound reasons for the transfer, that would be another matter.

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If when you have considered these aspects of the question you still favour the transfer of this contract from Newcastle to Leeds, I hope that you would agree that it merits collective discussions. If such a discussion were to take place in OD, perhaps alongside your proposals about sales of tanks to other countries, I would aim to ask the Prime Minister if I might attend.

I am sending copies of this letter to the Prime Minister, other members of OD, Sir Keith Joseph and Sir John Hunt.

Leeds
T
un



Mr. BROWN
Mr. COWANS

10 DOWNING STREET

Chieftain Tanks

From the Private Secretary

4 June 1979

I enclose a copy of a letter addressed to the Prime Minister by Messrs. Brown and Cowans, two Newcastle MPs, about an order for Chieftain tanks.

The Prime Minister wishes to reply personally, and I would be grateful for a draft by 7 June.

I am sending copies of this letter and enclosure to Peter Mason (Department of Industry) and John Anderson (Department of Employment), whose Departments will need to be consulted.

J.D. Gutteridge, Esq.,
Ministry of Defence.

M. A. PATTERSON



10 DOWNING STREET

From the Private Secretary

1 June 1979

I am writing on behalf of the Prime Minister to thank you for your letter of 31 May, about a tender by Vickers for 77 Chieftain tanks. I will place this before the Prime Minister at the first opportunity.

I am writing in similar terms to Mr. Brown.

M. A. PATTISON

H. Cowans, Esq., M.P.



10 DOWNING STREET

From the Private Secretary

1 June 1979

Thank you for your letter of 31 May, about a tender by Vickers for 77 Chieftain tanks. I will place this before the Prime Minister at the first opportunity.

I am writing in similar terms to Mr. Cowans.

M. A. PATTISON

R.C. Brown, Esq., M.P.

PRIME MINISTER

The attached letter from Messrs R.C. Brown, M.P. and H. Cowans, M.P. bids for the allocation to Vickers of an order for 77 Chieftain tanks.

The argument about this order between Vickers and the Royal Ordnance factory at Leeds is long running. Mr. Brown may have been party to it as a Junior Defence Minister.

Shall I ask the Ministry of Defence to provide a draft reply, after consultation with the Departments of Employment and Industry?

MA

*Yes please
not.*

1 June 1979

FROM: Mr. R. C. Brown, M.P. and Mr. H. Cowans, M.P.



R/C

May 31st, 1979

The Rt. Hon. Mrs. Margaret Thatcher, M.P.
10, Downing Street,
LONDON, S. W. 1.

Dear Prime Minister,

We have today met the Joint Managing Directors of Vickers, on Tyneside, Mr. Noel Davies, Scotswood works and Mr. Peter Crowther, Elswick works. They both expressed serious concern that the tender they submitted for seventy-seven Chieftain tanks to the previous government has not yet met with a response. They are both extremely anxious that Vickers should in fact be awarded this contract since failure to obtain this work will result in an immediate 200-300 redundancies at the Elswick works.

This, coming on top of the closure of Scotswood works with a loss of 750 jobs would be an absolute body blow to Tyneside.

Whilst we appreciate that events in Iran have caused difficulties for the Royal Ordnance factory at Leeds, we are sure you will agree that the employment situation on Tyneside is such that this order really must, in the interests of maintaining existing jobs, be awarded to Vickers.

Whilst it is the long term aim of Vickers management to diversify their products at Elswick following the final closure of Scotswood in September, failure to obtain this contract will deprive them of this opportunity.

We hardly need tell you that unemployment on Tyneside is currently more than twice that of the Leeds area and hope that you will give this matter your immediate and sympathetic consideration.

Yours sincerely,

Handwritten signature of R. C. Brown in blue ink.

R. C. BROWN, M.P.

Handwritten signature of H. Cowans in blue ink.

H. COWANS, M.P.