

*We had better
take this up at the
next Bonn meeting. All in
confidence
get from the PRC for our
defence efforts - then said in
interview - no news
no other. W. cannot go
or Prime Minister
M.P. 18/8.*

MO 26/4/2/1

FOREIGN AND COMMONWEALTH SECRETARY

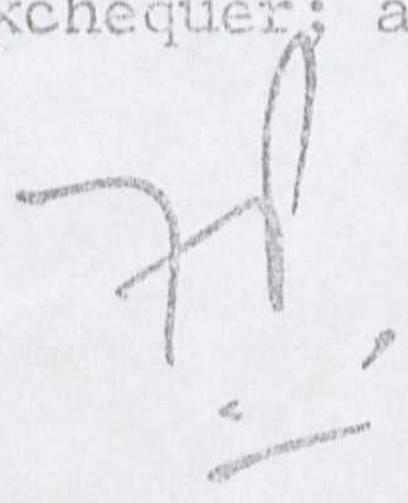
TANKS: CO-OPERATION WITH FRANCE AND GERMANY

Thank you for your minute of 23rd July. As you will know from our many conversations on the subject I agree with the spirit of what you say; what you are proposing is what I myself had in mind; but because of all the past history on equipment collaboration, particularly collaboration on tanks, I am not sanguine about the results even although I am determined to try to achieve some. It has been, and it will continue to be, an important aim of our policy to extend to London the Paris/Bonn entente and to establish a firm trilateral base for future equipment collaboration. A collaborative tank project would be a major step forward.

2. Following our recent decisions on tanks I have set in hand an urgent examination of our future tank policy. This study will look carefully at both the longer term requirement, as well as the more immediate question of how many Challengers to buy and what improvements to incorporate. The inter-relationship between these two aspects, including the question of the main armament for Challenger, is clear. The study, moreover, will also look very carefully at the prospects for a collaborative venture, either in conjunction with European partners or with the United States.

3. We shall need to consider carefully how we might approach possible partners over collaboration in order to retain an effective negotiating position. I think we should avoid immediately opening a discussion with potential partners at Ministerial level. Initial talks might usefully take place between senior officials in one of the Three or Four Power Groups where we are in regular contact with the nations concerned. I will let you know the outcome of our study when it has been completed; and I am asking my officials to keep in touch with yours.

4. I am sending copies of this minute to the Prime Minister and the Chancellor of the Exchequer; and to Sir Robert Armstrong.



Ministry of Defence
14th August 1980



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Prime Minister

(1)

As Amtd - 24/7

It would greatly enhance the Alliance's military capability if agreement could be secured on the development of a single Main Battle Tank.

Paul - 23/7

FCS/80/122

SECRETARY OF STATE FOR DEFENCE

Tanks: Cooperation with France and FRG

1. Your announcement on 14 July of the Challenger decision prompts me to set down a few further thoughts on the possible relevance of cooperation with our main European allies in this area to the topical issue of our relations with France and Germany.
2. President Giscard's state visit to the FRG has again focussed attention on the implications for the UK of the closeness of the Franco-German relationship, and in particular of the personal entente between President Giscard and Chancellor Schmidt. It would be wrong for us to react too emotionally to this by no means new development, particularly where defence is concerned. We should not forget that defence is one field where we have interests in common with both the FRG and France that they do not have with one another - above all our contribution to the front line defence of the Central Region in one case, and our status as a European nuclear power on the other. But if we want the trilateral relationship to remain a real influence in the defence field we shall have to exploit the positive factors in our relations with these two partners to the utmost.
3. I have no doubt that our tank decision, which appears to put our tank replacement timescale very much in line with that of France and Germany, as well as enhancing our armoured strength in Europe in the medium term, will have been generally welcome to our European allies. Little could be more immediately valuable in terms of our defence relationship with both the countries than an unequivocal statement of our determination to design and build a new tank with the French and the Germans in the 1990s. I appreciate of course that one does not buy tanks purely as a matter of political convenience, and also that our negotiating hand in exploring the possibility of cooperation will not be stronger if we are seen to have discarded all other options. But I do very much hope that a start can be made soon in talking to the French and the Germans on this subject, and that you will be ready to consider giving an early political

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impetus to this process. I would of course be very glad to help in any way I can in my own contacts with my French and German colleagues.

4. A single Western European main battle tank for the 1990s would not only be a success for trilateral cooperation, but a great step forward in terms of standardisation and interoperability in NATO. We shall be rightly criticised by our allies if we do not now make every use of the unexpected second chance that we have been given to achieve it. The longer the French and Germans continue to work together on their project without us, the greater the difficulty in establishing a full-scale trilateral venture.

5. In terms of interoperability, the armament of our next tank will be by far its most important single element. Here I notice that the development of a new high-pressure rifled bore gun, originally intended for MBT 80, is under consideration for later marks of Challenger. I understand the importance of keeping Challenger effective throughout its life. But I hope that decisions taken now about its improvement will not pre-empt decisions on the armament of its successor. This could be a most serious blow to the prospects of cooperation.

6. For all these reasons therefore, I was glad to see that in your statement to the House of Commons last Monday on the procurement of Challenger you mentioned the possibility of cooperation with our allies on the next generation of tank. I hope that an approach to the French and the Germans can be made soon, and that we can keep closely in touch on how the matter should be pursued.

7. I am sending copies of this minute to the Prime Minister, the Chancellor of the Exchequer, and to Sir Robert Armstrong.

(CARRINGTON)

Foreign and Commonwealth Office
23 July 1980

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Deane

10 DOWNING STREET

From the Private Secretary

27 August 1980

The Prime Minister has seen your Secretary of State's minute of 14 August to the Foreign and Commonwealth Secretary, in response to Lord Carrington's minute of 23 July on co-operation with France and Germany over tanks.

She would like to take this problem up at the next session of bilateral talks in Bonn. She has commented that all we get from the Federal Republic of Germany for our considerable defence efforts on their soil is criticism, and that there are now neither orders nor offset. She does not wish to see this situation continue.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office), Martin Hall (HM Treasury) and David Wright (Cabinet Office).

M. A. PATTISON

David Omand, Esq.,
Ministry of Defence.

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NFGM



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Telephone 01-~~836 7022~~ 218 2111/3

MO 26/4/2/1

14th July 1980

*B/f endway
for Hansard 14/7*

*Seen + approved
by PM
MS
4/7*

Dear Nick,

TANK PROCUREMENT POLICY

We spoke about the Parliamentary announcement which my Secretary of State is making this afternoon concerning changes in the Army's tank procurement policy, and about a replacement Armoured Personnel Carrier. It was originally envisaged (in Sir Robert Armstrong's minute of 7th July to Mr Whitmore) that these announcements would be made tomorrow, Tuesday, but since that is a day on which we are top for Questions Mr Pym felt it would be only courteous to the House to make the announcement before then. Although there are no direct links with the questions put down for Oral answer tomorrow it is possible that the Newcastle MPs may wish to press my Secretary of State tomorrow about the position of Vickers as a tank producer.

*See
Defence
Oct 79*

I attach a copy of the text of two Written Answers which Mr Pym has approved. These have been telegraphed to posts in Washington, Bonn and Paris and to UK Delegation NATO, Brussels. Mr Pym will also be writing to Sir Peter Matthews, Chairman of Vickers and to the Newcastle MPs.

I am sorry that you did not have earlier notice of these texts.

Yours ever
[Signature]
(D B OMAND)

N J Sanders Esq

MONDAY 14th JULY 1980

QUESTIONS

A. MR CRANLEY ONSLOW (CONSERVATIVE) (WOKING)

Mr Onslow - To ask the Secretary of State for Defence, if he will make a statement on tank procurement and deployment policy for the Army.

B. MR WARREN HAWKSLEY (CONSERVATIVE) (THE WREKIN)

Mr Hawksley - To ask the Secretary of State for Defence, what plans he has to meet the Army's requirement for a replacement armoured personnel carrier.

A N S W E R

(Mr Francis Pym)

ALFA. TANKS.

THE ARMY'S FUTURE MAIN BATTLE TANK REQUIREMENTS HAVE BEEN REVIEWED AGAINST THE LATEST ASSESSMENT OF THE WARSAW PACT THREAT AND THE PROGRESS OF PROJECT DEFINITION OF MBT-80. THE WARSAW PACT HAVE FOR MANY YEARS BEEN ABLE TO DEPLOY MORE TANKS IN WAR THAN NATO; THIS ADVANTAGE NOW STANDS AT SOME

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3 TO 1. IN ADDITION THE SOVIET TANKS THAT HAVE ENTERED SERVICE IN RECENT YEARS ARE TECHNICALLY ADVANCED AND HIGHLY EFFECTIVE. THERE IS EVERY INDICATION THAT NEW TANKS, INCORPORATING FURTHER IMPROVEMENTS, WILL COME INTO SERVICE IN THE 1980S.

BAOR'S PRESENT MAIN BATTLE TANK, CHIEFTAIN, HAS BEEN IN SERVICE SINCE THE 1960S. ALTHOUGH IT IS THE MOST EFFECTIVE NATO TANK OF ITS GENERATION AND CONTINUES TO BE IMPROVED, ITS PERFORMANCE WILL NOT BE FULLY ADEQUATE AGAINST THE INCREASING THREAT. UNDER EXISTING PLANS IT WOULD BE REPLACED BY MBT-80. BUT IT IS NOW CLEAR THAT MBT-80 CANNOT BE AVAILABLE UNTIL THE EARLY 1990S AND IN ORDER TO MEET THE THREAT A MUCH EARLIER ENHANCEMENT OF BAOR'S ARMoured CAPABILITY IS REQUIRED.

I HAVE THEREFORE DECIDED TO BRING INTO SERVICE BY THE MID-1980S A MODIFIED VERSION OF THE SHIR II TANK KNOWN AS CHALLENGER. CHALLENGER INCORPORATES A NUMBER OF TECHNOLOGICAL ADVANCES INCLUDING CHOBHAM ARMOUR AND A 1200 HORSE-POWER DIESEL ENGINE. ITS FIREPOWER WILL BE SIMILAR TO THE IMPROVED CHIEFTAIN'S BUT ITS LEVEL OF PROTECTION AND MOBILITY WILL BE MARKEDLY BETTER. AN IMMEDIATE ORDER IS TO BE PLACED WITH ROF LEEDS FOR ENOUGH CHALLENGERS TO EQUIP ONE OF BAOR'S FOUR ARMoured DIVISIONS. THE ESTIMATED COST IS SOME £300M. THE FINAL NUMBER OF CHALLENGERS TO BE BOUGHT WILL BE THE SUBJECT OF FURTHER STUDY BUT THE PRESENT ASSUMPTION IS THAT THEY WILL REPLACE UP TO HALF THE EXISTING CHIEFTAINS IN BAOR.

THE MBT-80 PROGRAMME WILL BE DISCONTINUED BUT A PROGRAMME OF TANK DEVELOPMENT, BUILDING ON WORK ALREADY DONE FOR MBT-80, WILL CONTINUE. THE LONGER TERM REQUIREMENT INCLUDING THE REPLACEMENT OF THE REMAINING CHIEFTAINS WILL BE THE SUBJECT OF FURTHER STUDY, WHICH WILL ENCOMPASS THE POSSIBILITY OF SOME FORM

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OF COLLABORATIVE PROJECT WITHIN NATO AS WELL AS THE OPTION OF AN IMPROVED CHALLENGER.

THE PURCHASE OF CHALLENGER WILL LEAD TO A SIGNIFICANT QUALITATIVE IMPROVEMENT IN BAOR'S ARMoured CAPABILITY FROM THE MID-1980S AND, BY THE RETENTION IN SERVICE OF REPLACED CHIEFTAINS, WILL MAKE IT POSSIBLE TO DEPLOY MORE TANKS IN WAR. IN ORDER TO EFFECT AN IMMEDIATE ENHANCEMENT OF OUR ARMoured CAPABILITY I HAVE ALSO DECIDED THAT A NINTH ARMoured REGIMENT SHOULD BE FORMED IN BAOR THIS NOVEMBER BY REROLING AN ARMoured RECONNAISSANCE REGIMENT. IT WILL BE EQUIPPED WITH CHIEFTAINS CURRENTLY HELD IN RESERVE FOR WAR. THESE MEASURES ARE CONSISTENT WITH THE OBJECTIVES OF THE NATO LONG TERM DEFENCE PROGRAMME AND WILL, I AM SURE, BE WARMLY WELCOMED WITHIN THE ALLIANCE.

BRAVO. APCs.

THE ARMY'S PRESENT ARMoured PERSONNEL CARRIER, THE FV432 SERIES OF VEHICLES, HAS BEEN IN SERVICE SINCE THE 1960S AND WILL NEED TO BE REPLACED FROM THE MID-1980S. TWO VEHICLES HAVE BEEN CONSIDERED FOR THIS REQUIREMENT, THE MECHANISED COMBAT VEHICLE (MCV-80), DESIGNED BY THE BRITISH FIRM GKN-SANKEY, AND THE AMERICAN INFANTRY FIGHTING VEHICLE, WHICH WOULD BE MANUFACTURED UNDER LICENCE IN THIS COUNTRY.

AFTER A CAREFUL ASSESSMENT OF THE RELEVANT OPERATIONAL, FINANCIAL AND INDUSTRIAL FACTORS I HAVE DECIDED TO SELECT MCV-80 TO MEET THIS REQUIREMENT. THE TOTAL ESTIMATED COST OF THE REPLACEMENT PROGRAMME IS ABOUT £1000M AND FULL DEVELOPMENT WILL BE LAUNCHED SHORTLY.