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Foreign and Commonwealth Office

London SW1A 2AH

18 June 1980

*Dear Jonathan,*

*MRON*  
*Plus*

Defence Sales to China

Ministers agreed that they would consult when cases of politically sensitive defence sales to China arose.

The United States have now submitted to COCOM an application to export technical data which would enable helicopters to be assembled in China. Although this technology is stated to be for a civil end use, I understand that MOD officials have pointed out that the technology could be equally used in the assembly of helicopters for military use. As such it should be regarded as politically sensitive (Category 3) which Ministers agreed in June last year would require their prior approval if such a sale were contemplated by a British manufacturer.

Given that Ministers have already approved in principle the sale of British defence equipment of similar sensitivity, notably Rolls Royce tank engines and an avionics fit for the Chinese F7 aircraft, the Foreign and Commonwealth Secretary does not think that we have any reasonable grounds for objecting to an American sale of helicopter technology to China.

We need to consider how we should react to the US application in COCOM. We have been bypassing the organisation for our own politically sensitive sales and notifying our partners of them bilaterally in capitals. But we are under pressure from our partners to respond positively to the broader American proposal that sales to China be given more favourable treatment than those to other Communist countries, and to submit our own defence-sales cases to COCOM. In these circumstances Lord Carrington thinks that it would be inappropriate for our delegate to COCOM to take an active part in the Committee's discussion of the case. The right course would seem to be for him to keep silent which, under COCOM's procedures, would denote assent.

The case is likely to be taken at the next regular meeting on 24 June. We would like to be able to send appropriate instructions to our delegate before then. (Otherwise he would be obliged to enter a reserve which would upset the Americans who have of course been sympathetic to our own defence sales problems). If I do not

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hear to the contrary from you and other recipients of this letter by close of play on 20 June, we shall assume that your Secretary of State is content with the line proposed.

I am copying this letter to Michael Alexander at No 10, the Private Secretaries to other members of OD, the Private Secretary to the Secretary of State for Industry and David Wright in the Cabinet Office.

*yours ever*

*Roderic Lyne*

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