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Defence



MINISTER OF STATE FOR DEFENCE
PROCUREMENT

D/MIN/TT/19/5/15

Prime Minister (4)

Secretary of State

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During my visit to Washington earlier this week I met Frank Carlucci, Richard DeLauer, Under Secretary of Defense for Research and Engineering, Dr Ikle, Under Secretary of Defense for Policy, Gerry Cann, Principal Deputy Assistant Secretary of the Navy (Research, Engineering and Systems), Senator Power and Senator Warner, among others, and I had a short chat with Cap Weinberger. Records of the various discussions are being prepared, but my main conclusions were as follows.

Particular Equipment Items

2. The AV8B MOU should be ready for signing by July if Carlucci has been able to remove the legal qualifications stating the pre-eminence of national laws. This is necessary to ensure that the qualification is not misused by Congress ^{or D.C.P.} to block the free flow of technical information ^{AM} in both directions.

3. Torpedoes. Our visit was very necessary. The superiority of Stingray over the current lightweight torpedo (Type 46 with Neartip) is not currently accepted by the US Navy. We agreed a programme of presentations of data in

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both directions which should result in the objective assessment of both torpedoes by end July. If the superiority of Stingray is proved we should be able to negotiate a Government-to-Government and a company-to-company deal to enable both possible interim sales of Stingray and full Marconi/Honeywell co-operation on the longer term advanced lightweight torpedoes. This was only made possible by our flat-footed refusal to contemplate buying their heavyweight torpedo (Mk 48 ADCAP), unless and until we could see the way ahead on lightweight enabling Marconi to keep a lead capability and design team.

4. Rapier. The Administration will strongly support the funding of the nine fire units which we have offered, at all points in Congress. Things look good for Rapier for RDF if we keep up the pressure.

5. Worthwhile discussions took place on Searchwater radar, Scorpion, Hawk and other items.

General

6. They still needed reassurance that we were increasing defence expenditure by 3% per annum in real terms. When they heard that this was against a fall in total output GDP of 5%, they were impressed/sympathetic.

7. As the major partner in the Alliance, they wanted to be consulted about the options within 6. above.

8. They are much more 'individual Service oriented' than we are. There seems currently to be a very large

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number of Navy men among civilian officials on the staff of Ministers and Service Chiefs *and in key positions in Congress*

9. Carlucci was clearly very interested in our new organisation whereby one set of Ministers could wrestle with all three Services on their overlapping and duplicating requirements for future generations of equipment.

10. I think they now understand that our long term review is about changes of emphasis, including adjustments between services to discharge essential roles most (cost) effectively. They also understand that one major constraint on the volume we can get for a 3% increase in spend is the escalation of cost of ever more sophisticated weaponry at a rate far exceeding 3% on a per unit basis (ship, aircraft, tank, missile etc).

11. At Ministerial and at staff and official level they seem genuinely determined to help us get more for our 3% increase by making two-way street work.

11th June 1981

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PS/Prime Minister
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