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Ref: B06681

20th January 1983

Dear John,

Arms Sales to Argentina

You told David Colvin that a note on major United Kingdom defence contracts with Argentina would be useful as background material for the forthcoming debate on the Franks Report. Paragraph 280 of the Report states that continued arms sales (and the offer of training facilities in the United Kingdom for Argentine military personnel) may have served to cast doubt on the British commitment to the Islands and their defence.

2. I now enclose the following -

a. a table of major defence contracts for Argentina between 1964 and 1982, prepared by the Ministry of Defence. All the material in it can be used publicly; it is a sanitised version of an earlier confidential paper.

b. A defensive note, also drafted by the Ministry of Defence, on the sale of German frigates to Argentina, the first of which is expected to be handed over by the shipbuilder, Blohm and Voss, later this month. The note has been agreed with the Foreign and Commonwealth Office.

Yours ever

David

A D S GOODALL

A J Coles Esq.

cc Mr Fall, FCO
Mr Mottram, MOD
Mr Hatfield

SALE OF GERMAN FRIGATES TO ARGENTINA

DELIVERY OF FIRST FRIGATE

The Government naturally regret that the German Government have allowed delivery of the first of these frigates at a time when Argentina has still not made any satisfactory renunciation of the use of force in relation to the Falklands. We have made our views clear to the Germans on a number of occasions in the course of the close consultations that have naturally taken place between us on this question since the Falklands conflict began. But it is for each country to decide on its own policy on arms sales.

BRITISH EQUIPMENT IN THIS SHIP

All items of British manufactured equipment ordered for this ship were delivered to the shipbuilders prior to April 1982.

AUGUST 1982 DECISION TO APPROVE DELIVERY OF EQUIPMENT FOR THE THIRD AND FOURTH FRIGATES

I refer to my answer to the hon Member for West Lothian on 29 November 1982. (Official Report cols 18-19 - copy attached.)

cols 18-19, Monday 29 November 1982

Argentina (Arms)

Mr. Dalyell asked the Prime Minister what information she has as to resumed supplies of arms by the Government of France to Argentina.

The Prime Minister: The French Government have resumed the supply to Argentina of certain arms and equipment in fulfilment of existing contracts previously subject to their embargo on arms sales to that country. We have made our views about this very clear to the French Government.

Mr. Dalyell asked the Prime Minister whether the supply of: (a) radar control equipment by British Aerospace, (b) Olympus gas turbines by Rolls-Royce and (c) electronic propulsion control systems by Hawker Siddeley Dynamic Engineering and British Aerospace to Blohm and Voss of Hamburg for installation in the two guided missile destroyers being built by it for Argentina was approved by Her Majesty's Government, in view of the continuation of a formal state of hostilities between the United Kingdom and Argentina.

The Prime Minister: I assume that the question refers to the four frigates being built by Blohm and Voss for Argentina. Approval for the supply of equipment by British manufacturers was given before contracts were signed in 1980. Delivery of the Olympus gas turbines and their control equipment for the first two frigates had been completed before the invasion of the Falkland Islands. An embargo on all further deliveries was then imposed, but this embargo was lifted at the end of August.

No radar control equipment has been supplied or been contracted for supply for these frigates.

Mr. Dalyell asked the Prime Minister if she is satisfied that Westland Lynx helicopters manufactured in the United Kingdom are not being supplied to Argentina while a formal state of hostilities persists.

The Prime Minister: Yes.

Mr. Dalyell asked the Prime Minister what was the size of the United Kingdom loan to Argentina to assist in the purchase of two destroyers to be built in a West German yard; and how much is still outstanding.

The Prime Minister: We have no knowledge of any United Kingdom loan to Argentina in respect of the purchase of destroyers built in the Federal Republic of Germany.