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IN CONFIDENCE

FCS/83/98

SECRETARY OF STATE FOR DEFENCE

A Defence Suppression Weapon for the RAF

1. Thank you for sending me a copy of your minute of 10 May to the Chief Secretary. I have also seen Leon Brittan's reply of 11 May, and I understand that the Prime Minister is to hold a meeting on 17 May.

2. My main concern is that in the process of reaching a decision we should take full account of the implications for our relations with the United States, and in particular the possible repercussions on the sale of British defence equipment to the Americans. I note the concern on this point expressed by Leon Brittan; it is also touched on in paragraph 3(f) of the paper enclosed with your minute. You will be well aware of the strong protectionist currents in Congress. There must be a risk that a decision to purchase British equipment which is substantially more expensive than its American competitor will make these currents stronger and prompt retaliation against us.

3. In the event that we do go ahead with the decision to purchase ALARM, we shall need to consider carefully how - and when - best to present it in Washington. I should wish to be consulted over this. Apart from the technical and employment arguments, we might also consider

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making the point to the Americans that European procurement decisions of this kind are bound to be affected by protectionist attitudes in Congress, which increasingly run the risk of rebounding on US industrial interests. On timing, it will be important to avoid making an announcement before the Williamsburg Summit.

4. I am copying this letter to the Prime Minister, all other OD colleagues, Patrick Jenkin and Sir Robert Armstrong.

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(FRANCIS PYM)

Foreign and Commonwealth Office

16 May 1983

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