



10 DOWNING STREET

THE PRIME MINISTER

25 May 1983

*Dear Peter,*

Thank you for your letter of 20 May.

I know how important the decision on a defence suppression weapon is to British Aerospace and G.E.C. but the analysis of all the issues involved has been a lengthy and complex task. Assuming we win, the question will come forward as one of the first for decision by the new Administration.

I am afraid that it follows that publicity for ALARM at the Paris Air Show must rest on the acknowledged merits of the missile itself. I am sorry I cannot be more helpful, but I am sure it is right for us to come back to this after the Election.

*Yours*

*Rangon*

The Rt. Hon. The Lord Carrington, K.C.M.G., M.C.

*VC*



10 DOWNING STREET

Prime Minister

Horn | Alarm

You may care to read the  
attached 2 letters from the NOB  
and DOI before signing the  
attached letter to Lord Carrington.

I would expect the government's  
portuguese of the decision to  
become public in the next day or  
two (see DOI letter). You may  
be questioned about it.

A.D.C.  $\frac{23}{5}$ .



MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1  
Telephone 01-~~3307822~~ 218 2111/3

MO 26/7

23rd May 1983

*Dear Jim,*

HARM/ALARM

You wrote today asking for advice and a suggested draft reply to a letter which the Prime Minister had received from Lord Carrington.

The Paris Air Show runs from 26th May (Press Day) to 5th June, the last two days being public days. Bearing in mind the Foreign Secretary's reminder in his minute of 16th May of the importance of not making an announcement before the Williamsburg Summit, it might have been possible to announce a decision in favour of ALARM at the Paris Show if Ministers had so decided. In the event they took a clear decision at the Prime Minister's meeting last week to defer a decision until after the Election while further work, as set out in the Prime Minister's summing-up of the discussion, was carried out. It follows that it would be difficult for the Government to assist BAE and GEC "holding the position" as Lord Carrington suggests as he is clearly implying that some indication should be given that Ministers have already decided in favour of ALARM and are only awaiting the right moment to make the announcement. The attached draft therefore takes an entirely straightforward and neutral line. You mentioned that you felt that the Prime Minister might get drawn on this subject in her Press Conference. In that event we would suggest that the line set out in paragraph 2 of the draft letter is the one which the Prime Minister should take.

In view of Lord Carrington's references to the possibility of overseas sales, the Prime Minister will wish to be aware that presentations of ALARM have been given to the German, US and Swiss Governments. We have no knowledge of ALARM's sales prospects in France, Italy or Sweden. Defence Sales estimate of the sales prospect for ALARM (1250 missiles) is more pessimistic than BAE's (upward of 2000, possibly as high as 4000-6000).

*Yours ever  
Nick Evans*

(N H R EVANS)

A J Coles Esq



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LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301  
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Secretary of State for Industry

23 May 1983

John Coles Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
London SW1

Dear John,

HARM/ALARM

The Chairman of British Aerospace has warned this Department of possible political repercussions from the postponement of decisions on this issue. He fears his shop stewards will spread the view that a decision which threatens jobs has simply and deliberately been deferred until after the Election. He is also concerned about possible adverse comments (on HMG's apparent lack of confidence in ALARM) at the Paris Air Show, which the manufacturers of HARM will aim to exploit. He will take the line that ALARM is an excellent missile in which BAe are fully confident; but that decisions on the choice of missile are for the Government, and that the Government does not intend to reach a decision before the Election.

2 I understand that the Ministry of Defence are providing advice on the appropriate line for Ministers and Departments to take on this issue.

3 I am sending copies of this letter to Brian Fall (FCO), Jane Ridley (MoD), John Grieve (Treasury), John Rhodes (Trade) and Richard Hatfield (Cabinet Office).

Yours sincerely,

Jonathan Spencer

J P SPENCER  
Private Secretary

D R A F T

From: Prime Minister

To: Lord Carrington

Thank you for your letter of 20 May.

*I know how important the decision on a defence suppression weapon is to  
both America and G-E. but*

*2* ~~The choice between ALARM and HARM has proved to be a  
difficult one. Analysis of <sup>all the issues involved</sup> the contending bids has been a  
lengthy and more complex task than expected, with a wide  
range of issues needing to be considered and related to each  
other. These include international ramifications which you  
are well placed to appreciate. It was therefore not until  
last week that I was able to chair a meeting of Ministers  
to consider the final choice. We decided then that the proper  
course was to follow the normal conventions and postpone a  
decision of such major importance until after the Election.  
If we win the question will come forward as one of the first  
for decision by the new Administration; meanwhile the choice  
between the two missiles <sup>miss</sup> remains open.~~

*3* ~~I am afraid <sup>that</sup> it follows that publicity for ALARM at the  
Paris Air Show must rest on the acknowledged merits of the  
missile itself. I am sorry I cannot be more helpful, but I  
am sure it is right for us to come back to this after the  
Election.~~

*W. 25.  
3*



10 DOWNING STREET

From the Private Secretary

23 May, 1983

HARM and ALARM

I enclose a copy of a letter which the Prime Minister has received from Lord Carrington. He asks whether, particularly having regard to the opening of the Paris Airshow on 26 May, an immediate decision can be taken on the equipment to be purchased by the Ministry of Defence - and failing that, whether we have any suggestion which would help British Aerospace and GEC to hold the position regarding prospective export customers for ALARM.

I should be grateful for advice and a suggested draft reply as early as possible today.

A. J. COLES

SC

R. Mottram, Esq.,  
Ministry of Defence

Prime Minister

THE GENERAL ELECTRIC COMPANY, p.l.c.  
1 STANHOPE GATE · LONDON W1A 1EH  
01-493 8484

We will let you  
have a draft reply,

20th May, 1983.

FROM THE CHAIRMAN

MCS 20/5

Jean Jurgens

In normal times, I would have asked to see you about this, but I know what enormous strains you are under in the Election Campaign and how important it is for you and for us that we win. But I hope you will find time to read this letter as I believe the issue is of considerable national importance.

British Aerospace and GEC have bid for a defence suppression weapon (ALARM); they submitted a fixed price offer last December. The US firm, Texas Instruments, are in competition, with their HARM system, and they bid on the usual US basis of the out-turn cost at the time of delivery.

The Ministry of Defence, with the support of the Department of Industry, last week chose ALARM. In view of the considerable interest in this question, the M.O.D's choice of ALARM was not surprisingly quite widely reported in the press. An official announcement was confidently expected before the end of last week; unfortunately, it was not forthcoming. On the contrary, we were subsequently asked to keep our fixed price bid open until the end of June.

British Aerospace and GEC have spent heavily on the development of ALARM; had they not done so, the early delivery required would not have been achievable. This is of some importance because the Falklands campaign clearly confirmed the urgent need for such a system; delay is not acceptable to the M.O.D. or to other prospective users.

Unless there is some new doubt about the ultimate decision, the companies would obviously fund the project for a few weeks more. But there is a problem. BAe and GEC have been making strenuous efforts to sell ALARM overseas. They have secured good prospects in France, Germany, Italy, Sweden and Switzerland; even in the United States, General Dynamics have announced their interest in fitting ALARM to the F.16.

cf. Stupray!

cont'd..

(2)

20th May, 1983.

Everyone in the aerospace world will go to the Paris Air Show which opens on 26th May. Both ALARM and HARM will be exhibited, fitted on aircraft, and all the prospective export customers will be expecting HMG's choice of ALARM to have been formally confirmed.

Since all these export prospects depend on the choice of ALARM by HMG, British Aerospace and ourselves believe that failure to make an announcement will have a most damaging effect upon something like £750 million of potential export orders. There can be no doubt too that the US HARM system will have a field-day over our failure to announce a decision.

I very well understand the problems which face the Government in this situation. But I do hope it will be possible, even in these circumstances, to make a decision; if that is impossible, we would be grateful for any suggestion which might help us hold the position - although that could only effectively be done for a short time.

*J. P. P. C. A.*  
        

The Rt.Hon.Mrs. Margaret Thatcher, MP.,  
Prime Minister's Office,  
10 Downing Street,  
LONDON SW.1.



THE GENERAL ELECTRIC COMPANY, p.l.c.  
1 STANHOPE GATE · LONDON W1A 1EH  
01-493 8484

FROM THE CHAIRMAN

9th June, 1983

Jean Robb

You will remember that the Prime Minister gave an undertaking that she would take the question of ALARM, as one of the very first decisions of the new administration.

There is a considerable need for urgency, for the reasons I set out in my letter of the 20th May, 1983. I would be grateful if you could remind the Prime Minister of the undertaking she gave.

J. Robb

F. E. R. Butler, Esq.,  
Principal Private Secretary  
to the Prime Minister,  
Prime Minister's Office,  
10, Downing Street,  
LONDON. SW1

Defense: Procurement of Weapon Systems  
(Harm/Alarm air launched  
missiles)

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13 June 1983

Thank you for your letter of 9 June about ALARM. I have reminded the Prime Minister of her wish to take a very early decision on this matter and plans have been made for a very early Ministerial meeting.

AJC

The Rt. Hon. The Lord Carrington, KCMG, MC.

VC



Copy no 1 of 18

✓ RJ

*From the Secretary of State*SECRETCOMMERCIAL IN CONFIDENCE

John Coles Esq  
Private Secretary  
10 Downing Street  
London  
SW1

*See record of meeting.**A.S.C. 19/5.**17* May 1983*Dear John,*

My Secretary of State has seen the correspondence about a Defence Suppression Weapon for the RAF. He considers two points in particular should not be overlooked.

First, the Secretary of State shares the concern expressed by the Chief Secretary about the effect on US opinion. A decision to reject the co-production proposal presents US industry and certain Congressmen with exactly the sort of opportunity they must be looking for to prevent the purchase from the UK of major items of defence equipment, the value of which Mr Heseltine himself has put at £1 billion. Despite the unfortunate developments in the case of the Martin Baker ejection seats, the Administration is on the whole managing to stand out against many protectionist pressures. A decision on our part against the American options would undoubtedly strengthen the hand of the protectionist lobbies particularly in the defense field.

Secondly, the Secretary of State would also like to see a more detailed analysis of the export potential for HARM under the co-production programme. There is considerable British involvement in HARM and prospects for overseas sales are much higher than for ALARM. We really ought to assess properly the employment prospects of the two systems. The Secretary of State recognises that he cannot comment on the strength of the case for maintaining British technological capability in this area. But he hopes that the effect on our industries' exports both to the USA and elsewhere can be studied carefully before a final decision is taken.

SECRETCOMMERCIAL IN CONFIDENCE



*From the Secretary of State*

SECRET

COMMERCIAL IN CONFIDENCE

I am copying this letter to OD Private Secretaries, Jonathan Spencer (DoI), John Gieve (Chief Secretary) and Richard Hatfield (Cabinet Office).

*Yours sincerely*  
*John Rhodes*

JOHN RHODES  
Private Secretary

SECRET

COMMERCIAL IN CONFIDENCE