



MINISTRY OF DEFENCE

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28th July 1983

*Dear Willie*

/ I enclose a copy of a Statement to be made in the House this afternoon by Mr Michael Heseltine, the Secretary of State for Defence.

*Yours ever*

*Harry Kentish*

(H KENTISH)  
Parliamentary Clerk

W F S Rickett Esq  
No 10  
Downing Street

Mr Speaker,

With your permission I will make a Statement on the Government's decision concerning a defence suppression weapon for the Royal Air Force.

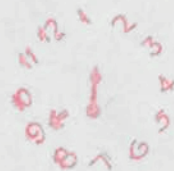
The Government has been examining options for a missile to meet the requirement of the Royal Air Force for a defence suppression weapon to arm Tornado GR1 aircraft. The choice has been between the new British Aerospace Air Launched Anti-Radar missile, ALARM, and the American-developed High Speed Anti-Radiation Missile, HARM, either produced partly in this country by Lucas Aerospace or supplied direct by the United States.

This has not been an easy decision. There has been a wide range of complex factors to weigh including operational performance, technical merit, technological promise, employment and industrial issues, costs and availability.

I am able to tell the House that we have decided that, subject to satisfactory completion of contract negotiations, we shall place an order for the development and production of ALARM with British Aerospace Dynamics Group.

This will provide significant employment at British Aerospace Dynamics' factories at Hatfield, Stevenage and Bracknell in the near term and at Lostock, near Bolton, in the later part of the decade. Marconi Space and Defence Systems will be a major sub-contractor for the missile seeker head, with consequential employment at Stanmore and Portsmouth. Technology relevant to a range of future military missile requirements will thus be maintained and advanced in this country. In all the order is expected to sustain over 3000 jobs in the UK, of which about half will be with British Aerospace Dynamics and Marconi Space and Defence Systems.

28 JUL 1984



*Defence - Harm / Alia*

## Royal Air Force (Defence Suppression Weapon)

3.58 pm

**The Secretary of State for Defence (Mr. Michael Heseltine):** With your permission, Mr. Speaker, I shall make a statement on the Government's decision about a defence suppression weapon for the Royal Air Force.

The Government have been examining options for a missile to meet the requirement of the Royal Air Force for a defence suppression weapon to arm Tornado GR1 aircraft. The choice has been between the new British Aerospace air launched anti-radar missile, ALARM, and the American-developed high speed anti-radiation missile, HARM, either produced partly in this country by Lucas Aerospace or supplied direct by the United States.

This has not been an easy decision. There has been a wide range of complex factors to weigh, including operational performance, technical merit, technological promise, employment and industrial issues, costs and availability.

We have decided that, subject to satisfactory completion of contract negotiations, we shall place an order for the development and production of ALARM with British Aerospace Dynamics Group.

This will provide significant work at British Aerospace Dynamics Group factories at Hatfield, Stevenage and Bracknell in the short term and at Lostock, near Bolton, in the later part of the decade. Marconi Space and Defence Systems will be a major subcontractor for the missile seeker head, with consequential employment at Stanmore and Portsmouth. Technology relevant to a range of future military missile requirements will thus be maintained and advanced in this country. At its peak the order is expected to sustain over 3,000 jobs in the United Kingdom companies concerned, of which about half will be with British Aerospace Dynamics and Marconi Space and Defence Systems.

**Dr. Oonagh McDonald (Thurrock):** I welcome the Government's decision to choose the ALARM project rather than the HARM project. The right hon. Gentleman will know that ALARM has the support of the Confederation of Shipbuilding and Engineering Unions as well as of British industry. After all, those people will be involved in its development and production. Therefore, their support and commitment to the project is important. We are glad to see an entirely defensive weapon being developed.

Does the fact that the Ministry of Defence has decided to choose a British project mean that it will now resist the allurements of much vaunted United States technology, which all too often disintegrates, as we saw with Pershing 2 off Cape Canaveral yesterday? Does it mean a change in the climate of opinion in the Ministry of Defence so that it will consider the needs of British industry and give preference to British technology in other projects that are under consideration, such as the P146? Will the Secretary of State say whether this is a fixed-price contract with penalty clauses for late delivery, which was offered at the beginning? If so, does that mean that the Ministry of Defence will go for fixed-price contracts with other firms to prevent the alarming cost over-run that we have seen in other Ministry of Defence contracts? Finally, may I ask about employment prospects at Lucas Aerospace? The

right hon. Gentleman will know that if British Aerospace had been the prime contractor—I take it that he means that it is not—it would have been prepared to offer work to Lucas Aerospace workers, who would have worked on the HARM project. Have the Government taken into account employment prospects at Lucas? If so, can the right hon. Gentleman tell us about them?

**Mr. Heseltine:** I do not take the same insular view of United States technology as the hon. Lady. My view is that we have a great deal to gain from an advanced North Atlantic Alliance. There will be many occasions when we shall wish to buy United States technology. I shall do all that I can to persuade the United States that it would be to their advantage to buy British technology quite often. It is a fact that about 95 per cent.—if I remember the figure correctly—of my budget is spent with British industry. That is a very high percentage.

I am in favour of fixed-price contracts, whenever they can practicably and rationally be entered into. I shall seek to continue that practice and perhaps extend it. In her question about employment, the hon. Lady may have misunderstood the position. British Aerospace is the prime contractor in the project. It must follow that I cannot place work with both British Aerospace and Texas Instruments, when I have only one option in front of me. There are consequences for Lucas, which is in partnership with Texas Instruments and not with British Aerospace. However, I do not want to answer specific questions about employment in Lucas.

**Mr. Robert Atkins** (South Ribble): Does my right hon. Friend recognise that the decision was difficult and that the consideration that he and his hon. Friend the Minister of State for Defence Procurement gave to it is a tribute to the Procurement Executive? Does he recognise that he has made the right decision and that it is a tribute to British industry that it has won an important contract with enormous export potential, which will benefit those who work in the industry as well as the subcontractors? Will my right hon. Friend pay special attention to the problems of Lucas Aerospace, bearing in mind that it is a major contractor in defence aerospace? Anything that can be done to ensure its participation in the contract should be done.

**Mr. Heseltine:** I thank my hon. Friend for his fulsome tribute to the Procurement Executive. I shall do my best to pass on his message as appropriately as possible. My hon. Friend is absolutely right. It was a difficult, complex and balanced decision. There was not an easy answer, but I believe that the Government have taken the right decision. There must be consequences for companies that did not win. I appreciate that, but I have no doubt that Lucas will win many other contracts with my Department, with which it is a prime contractor.

**Mr. Russell Johnston:** (Inverness, Nairn and Lochaber): In what was a balanced decision, how important were the employment consequences, with whom nearly half the right hon. Gentleman's statement was concerned? Given that other matters of a similar character, such as the ordering of the Airbus for British Airways have defence relevance, why are the Government taking a different line there?

**Mr. Heseltine:** In fairness, I think that the hon. Gentleman will realise that employment is consequential

upon the main announcement that I made. I would not want to tell the House that the employment consequences were a decisive element in the argument, because there were other ingredients in the decision. Perhaps the technology base is a prime consideration, but again, that was not a decisive factor. There were many factors, all of which have to be balanced, one with the other. In no context in defence can one put at the forefront of influences on a decision anything other than the defence interests of the country. However, many other things influence the decision if the matter is in balance. I would not want to pretend that the situation was other than that.

**Sir Geoffrey Johnson Smith** (Wealden): While I accept that my right hon. Friend had a difficult decision to make and came down on what appeared to be the right side, certainly in the view of the House, we all recognise that there may be occasions in the future when my right hon. Friend has to make a decision that is not quite so popular. Does not that underline the fact that there is far too much senseless duplication in military technology in the western world?

**Mr. Heseltine:** My hon. Friend has made an absolutely critical point, but the problem is that someone has to make a decision if we are to change the assumptions and practices of various allies. If we are to break out of the present practice, the first decision invariably means that we have to forgo either employment or technological opportunities in our country. That is bound to be at least a risk—perhaps a justifiable risk—but we cannot take it often. I am sympathetic to the feeling behind my hon. Friend's question, but the House will remember that we buy twice as much from the United States as it buys from us, which shows our acceptance that there are technologies overseas that we cannot produce ourselves.

**Mr. David Young** (Bolton, South-East): I welcome the Secretary of State's decision, but I am concerned about how long it took him to make it, particularly because Ministers in his Department were saying to delegations of Members of Parliament, of which I was one, that the decision would be arrived at at the beginning of April. How much of the delay was due to pressure on his Department from the United States Government? In future, will the right hon. Gentleman say that under the Government's "buy British" policy, when there is a balance, that balance will go in favour of British workers?

**Mr. Heseltine:** I understand why the hon. Gentleman asks me that question, but it would be wrong to suggest for a moment that pressure was put on the British Government by the United States Government. I mentioned the matter to Mr. Weinberger when he was over here. We discussed the issue. It is right that we should do so. I would expect him to do the same on a reciprocal basis. I do not run from the hon. Gentleman's point. It took a long time to make the decision, perhaps longer than one would have liked, although the general election played a critical part in extending the time. The Government had to decide whether to try to take a slightly quicker decision than they would have liked in the run-up to the general election or to wait and take a fuller view after the general election. We took the latter view. That added about six weeks to the decision-making process.

**Mr. Bill Walker** (Tayside, North): How long will it be before the equipment becomes operational on RAF

[Mr. Bill Walker]

aircraft? I am sure that the RAF is pleased at the decision that has been taken, but one aspect that concerns the RAF is when it will be available.

**Mr. Heseltine:** I should like to help my hon. Friend, but I know that he will understand if I do not. When there is a certain delay before the introduction into service of a specific weapon system, it is normal practice not to announce in advance when the date of introduction will be. I believe that to be the right practice.

**Mr. John Cartwright (Woolwich):** Is the Secretary of State aware that his decision will be very widely welcomed, not just because of the number of jobs that it will protect, important though that is in the current industrial climate, but because it provides positive encouragement for the future of an independent British missile technology, which may be extremely important in the defence of this country?

**Mr. Heseltine:** I go along with what the hon. Gentleman has said. The issue is not just missile technology but seek-ahead—the smart generation of weapon systems, which depend on their capacity to strike enemy targets as a result of the characteristics of the targets. That technique of warfare will undoubtedly become more prevalent as the century advances.

**Mr. Tom Sackville (Bolton, West):** I welcome the excellent news on behalf of the work force of British Aerospace, Lostock. Does my right hon. Friend agree that it is highly desirable for future defence procurement policy that we keep control of as much of the technology of our advanced weaponry as possible?

**Mr. Heseltine:** I know that my hon. Friend, who was interested in this subject before the election and has continued his interest, is fully apprised of the value of this technology. Having regard to the potential development of this technology, it is important that Britain should remain in the forefront. Marconi undoubtedly has particular expertise in this. Nevertheless, we must understand what the priorities are and that it is not possible to pursue them all.

**Mr. Peter Pike (Burnley):** I am sure that the Secretary of State recognises the difficulties that the decision will cause to Lucas, especially Lucas Aerospace at Burnley. Will he give an assurance that he will do everything possible to ensure that no unemployment is caused at Lucas Aerospace, Burnley as a result of the decision?

**Mr. Heseltine:** I should like to help the hon. Member, but that is not my responsibility. Lucas made a valiant and coherent attempt to win the contract. It was unsuccessful, but this is no different from any other of the large number of contracts that it does or does not win. It must be a matter for the commercial judgment of the company.

**Mr. Cranley Onslow (Woking):** Welcome though the decision is, can my right hon. Friend assure us that it does not carry any danger that the Americans will not buy equipment from us such as Searchwater, about which they have been taking a long time to reach a decision?

**Mr. Heseltine:** The House will not be surprised to know that American politicians are no different from politicians anywhere else in the world. They have the same pressures upon them as we do, but they will be aware that

British technology is often ahead of American technology. They have purchased significant quantities of technology from us, a classic example being the head-up display on the F16. The overall balance, however, is substantially in favour of the United States, and we purchase about twice as much from the Americans as they do from us.

**Mr. Kenneth Warren (Hastings and Rye):** If my right hon. Friend does not wish to give the in-service date will he give an assurance that, whatever the delays were in the Ministry of Defence Procurement Executive, they will be recaptured in the development programmes so that the Royal Air Force, which should have the weapons now, will not go undefended longer than is absolutely necessary?

Will he also give an assurance that the Ministry of Defence will monitor most carefully the management ability of the supplier to ensure that no delays occur that will leave our pilots unprotected, as they are now?

**Mr. Heseltine:** My hon. Friend is absolutely right to raise that question. I assure him that significant steps have been taken in this context to give particular defence capability to Tornado pilots, and we believe that those steps are effective, in part, in meeting the threat that exists. It is important that effective monitoring should take place. I believe that the prime contractor, British Aerospace, will regard the contract as a significant challenge to its capability to deliver what it has promised within the agreed time scale.

**Mr. John Wilkinson (Ruislip-Northwood):** Does my right hon. Friend agree that his decision is important for two reasons? First, ALARM is a relatively lighter weapons system than HARM and can be fitted to a wider range of aircraft. It is thus potentially more applicable to the Hawk, Harrier, Jaguar and so on. Secondly, although defence suppression is important, a stand-off capability for interdiction aircraft to penetrate today's complicated air defences will be important in the not too distant future.

**Mr. Heseltine:** My hon. Friend has great knowledge of these subjects. In the first instance, I rely upon the judgment of the RAF as to the operational requirements that it seeks for this weapon system and I shall consider carefully any matters that it puts to me.

**Mr. Jonathan Sayeed (Bristol, East):** Following today's most welcome statement, does not my right hon. Friend deplore the reported decision of British Airways to buy American aircraft rather than the Airbus Industrie A320 and the consequent loss of jobs, expertise and technology—

**Mr. Speaker:** Order. I do not think that that has much to do with the statement.

**Mr. D. N. Campbell-Savours (Workington):** What constraints do the Government intend to impose on the producers of the equipment to prevent them selling it abroad in countries that may be unable to pay for it in the future?

**Mr. Heseltine:** That is an important question, but it is wider than the financial penalties involved in selling to countries that could not pay. There are, rightly, the tightest constraints on the export of armaments. We do not consider just the financial ability of the country to pay but the political desirability of selling weapons systems to

individual countries. That was the position under the Labour Government and it remains so under the present Government.

**Mr. Hugh Dykes** (Harrow, East): Is my right hon. Friend aware that his decision will be particularly well received in Stanmore, the headquarters of Marconi Space and Defence Systems as it will help to keep together a brilliant scientific and technical team? Does my right hon. Friend think that the ALARM system, apart from satisfying our domestic Air Force systems in the future, is capable of export promotion and development with other European air forces?

**Mr. Heseltine:** My hon. Friend is right to draw attention to the excellence of the MSDS team and its capability. It was an important factor in reaching a judgment that that team should be kept in existence, not only with demonstrator projects but with the capability of taking a project through to full development. The export potential of the ALARM system must be a matter for the contractors involved. The leading contractor, British Aerospace, considers that there is significant export potential for the system, but that is for the company to fulfil.

**Mr. Dennis Skinner** (Bolsover): Is the Secretary of State aware that it would make much more sense if the Government made a statement urging industries operating at a low ebb to manufacture kidney machines on a massive scale for the National Health Service—

**Mr. Speaker:** Order. I must stop the hon. Gentleman. That question has nothing to do with the statement.

**Mr. Skinner:** Yes it has. [HON. MEMBERS: "Order."]

**Mr. Speaker:** Order. I said no.

**Mr. Skinner:** On a point of order, Mr. Speaker.

**Mr. Speaker:** Order. I shall take the point of order at the end of the statements.

**Mr. Skinner:** On a point of order, Mr. Speaker. The National Health Service under this Government—

**Mr. Speaker:** Order. Mr. MacKay—

**Mr. Skinner:** It is a scandal.

**Mr. Andrew MacKay** (Berkshire, East): Is my right hon. Friend aware that his statement will be most welcome in my constituency, especially in Bracknell, and that my constituents will believe that the decision was taken not for sentimental or emotional reasons but because we have the best weapons system available anywhere in the world to offer to this country?

**Mr. Heseltine:** I had not fully appreciated what a large number of my right hon. and hon. Friends had constituencies interested in this project.

**Mr. Robert Hughes** (Aberdeen, North): Pure coincidence.

**Mr. John Home Robertson** (East Lothian): Even in Scotland.

**Mr. Heseltine:** I welcome the enthusiastic support of my hon. Friend the Member for Berkshire, East (Mr. MacKay) for his constituency interests, but it is important to recognise that this weapon system does not yet exist. It has to be developed to a cost, to work and to be on time.

**Mr. Michael Colvin** (Romsey and Waterside): I welcome the decision. Although my right hon. Friend cannot disclose any in-service date, can the prime contractor, British Aerospace, be persuaded to improve upon the date that has been disclosed to my right hon. Friend? In view of the need to improve the two-way street of defence sales and procurement between Britain and the United States, the export potential of the project and the decision by some United States forces that HARM is not exactly what they require, is there any potential for the sale of the equipment to the United States?

**Mr. Heseltine:** I would be satisfied with the in-service date that was envisaged in our discussions. I admire my hon. Friend's early attempt to export the missile to the United States. I should be only too happy to encourage that. It would be more appropriate in this case, however, to concentrate on the general arguments for the two-way street which are well understood on both sides of the Atlantic.

**Mr. Christopher Murphy** (Welwyn Hatfield): Is my right hon. Friend's statement not a vote of confidence in the excellence of design and workmanship in Hatfield and in the aerospace skills in Hertfordshire? Will those skills be considered when he makes a decision on ASRAAM and the A320 Airbus?

**Mr. Skinner:** What has that got to do with the subject?

**Mr. Heseltine:** I assure my hon. Friend that all these matters will be carefully borne in mind when we make decisions, but I cannot undertake to make the same decision for the same reasons.

**Mr. Graham Bright** (Luton, South): Although my right hon. Friend's announcement is good news for British Aerospace, it is not such good news for Lucas, which would have built about 50 per cent. of the HARM missile. Is my right hon. Friend aware that I have constituents in both companies? Will he use his good offices to persuade British Aerospace to give Lucas the opportunity to participate in the ALARM missile?

**Mr. Robert Hughes:** In a cartel, do you mean?

**Mr. Heseltine:** I extend my sympathies to my hon. Friend if he has constituents on both sides of the argument. That must make his decision almost as difficult as that which faced the Government. It would be unrealistic to suggest that there could be a further spread of the work-sharing arrangements in view of the tight competitive decisions so far.

**Mr. Neil Thorne** (Ilford, South): I welcome my right hon. Friend's decision and I am aware that it was made after a good deal of deliberation. Will he assure the House that the two-way street that he mentioned, which, he will remember, I have strongly supported for the past four years, should be extended in this regard because the House and the country feel that arms producers in the United States tend to string our industry along for far too long and then suddenly let us down, as they will choose only their own industries, which are in competition with ours? Does he agree that that might be one of the reasons for the enormous discrepancy in the two-way street? Will he please ensure that the ALARM system is properly and adequately promoted in the United States?

**Mr. Heseltine:** I am grateful to my hon. Friend. We must understand that there are bound to be political

[Mr. Heseltine]

pressures on decisions such as these on defence or any other industry. It is wrong to cast a general description against one of our allies in this context.

I must pay tribute to the United States for ensuring that the two-way street has reached a point at which the Americans buy half as much from us as we buy from them, whereas not so long ago the trade was four to one in their favour. It is not possible to make narrow national issues out of this. The Americans have made considerable strides towards a better balance. However, they will always be subjected to the same constituency and industrial pressures as right hon. and hon. Members here.

**Mr. Skinner:** On a point of order, Mr. Speaker. I wonder whether you can tell me under what Standing Order it is possible for you to draw the attention of an hon. Member to the fact that he is not allowed to draw an analogy between the Government's priorities on weapons of war as opposed to the National Health Service and the disabled.

I well recall, as do many other right hon. and hon. Members, comparisons between the spending of taxpayers' money and other moneys being made when statements are made, when questions are asked and during speeches. I find it quite remarkable that, on this occasion, I was not allowed to make the vivid comparison between the massive amount of money spent on defence and the need for money to be spent in the National Health Service and for the disabled.

**Mr. Speaker:** Yes, I can answer the hon. Gentleman. I stopped the hon. Member for Bristol, East (Mr. Sayeed) because his question did not directly relate to the statement. I stopped the hon. Member for Bolsover (Mr. Skinner) for exactly the same reason.

## Fisheries Council

4.24 pm

**The Minister of Agriculture, Fisheries and Food (Mr. Michael Jopling):** With permission Mr. Speaker, I wish to make a statement on the meeting of the Council of Fisheries Ministers on July 25 and 26.

With the Minister of State at the Scottish Office and my hon. Friend the Minister of State in my Department, I represented the United Kingdom.

Once again the Council could not agree about the allocation of quotas for North sea herring and I greatly regret that it proved to be impossible to settle other parts of the package, including the proposed arrangements on structures, in the absence of agreement on herring. The methods of determining quotas for herring will be discussed further by officials before the next meeting of the Council on 3 October.

The Council also refused to confirm the Community's fishing agreement with Norway but the Council did agree, by a qualified majority, to permit the Norwegians to extend their interim fishing for North sea herring to two thirds of their proposed allocation of 31,000 tonnes. I voted against this proposal. The considerations were finely balanced. I attach great importance to our fishing relations with Norway and would certainly not wish in any way to harm them. There are also very important advantages for our fishing fleet in the maintenance of the agreement with Norway. I nevertheless conclude that I should not support an arrangement which permitted Norwegian fishermen to fish for North sea herring when United Kingdom fishermen were not able to do so.

Finally, in my statement on the previous Council meeting I was asked about the possibility of extending controls over foreign klondikers. I am glad to say that my right hon. Friends and I are laying an order before Parliament today which will extend to foreign vessels the arrangements which currently apply to British pelagic vessels transshipping their catch to klondikers within our fishery limits.

**Mr. Norman Buchan (Paisley, South):** The Minister has held his present position for about one month and, because of his predecessors's actions, has been forced to accept two humiliating experiences. He is now beginning to call it Canossa rather than Brussels.

Has not this deal angered British fishermen, especially Scottish and Shetland fishermen, more than any previous one? The original deal, which was made in January, was supported by the fishermen and they assured me today that they supported it on the basis that the Government promised them they would fight like hell to get a good agreement. The Government have failed.

The Minister said that he did not support the proposition but did not use his veto. Some opposition that is. The Danes, who will benefit from it, used the veto three times in the two sets of discussions. We, who will suffer most, learn that our representative did not use the veto. It is a humiliating capitulation. The anger in the north-east of Scotland, Shetland and Shetland reflects that.

In the mid-1960s we were fishing 1 million tonnes of herring in the North sea. It was industrial over-fishing, most notably by the Danes and purse-net fishing by the Norwegians which slaughtered the stocks and brought about the introduction of a ban. We, who honour the