

PRIME MINISTER

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NIMROD/AEW

The Defence Secretary has asked to see you next week. His purpose is to tell you that he wants to cancel Nimrod/AEW. But he wants to make sure that you have no objections before he puts round a note to colleagues.

I am told that the Chief of Air Staff has advised that what is at present on offer from GEC, which would involve further expenditure of £400 million, would be no use even for training purposes. The MOD Accounting Officers are quite clear that against this background the project should be cancelled.

I am not sure how far Mr Younger will be ready to discuss alternatives. One thought which I know is being explored in the MOD is that we should try to persuade the Americans themselves to provide AEW cover for the United Kingdom given their interest in the proper defence of ^{their} air bases here. Another alternative would be to purchase an American system.

CJP

CHARLES POWELL
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CAJABL