

PRIME MINISTER

Mr. Younger is coming to discuss Nimrod/AEW. I gather that he will ask your agreement to propose to OD that we cancel the project (another Blue Streak) and purchase instead from the US.

The points which you might ask him are:

- (i) has he really reached the end of the road with GEC? How will they react? Are there wider implications for the government's relations with GEC?
- (ii) are there alternatives to buying American? Cooperation with some other European NATO partners?
- (iii) what are the implications for the Defence Budget?

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21 January 1986