

Subject « Master

SECRET AND PERSONAL

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bc PC . 5.

10 DOWNING STREET

From the Private Secretary

22 January 1986

NIMROD AEW

The Defence Secretary came to see the Prime Minister this afternoon to talk about Nimrod AEW.

Mr. Younger said that some £850 million had already been spent on Nimrod AEW but it seemed clear that the product had no chance of getting up to or near the original requirement. It was not a matter of the requirement having been significantly modified by the MOD. The fact was that GEC had simply not mastered the requisite technology. With the benefit of hindsight, it might have been better to cancel the project at some stage in the past two years and look at alternatives. Cancellation would be a serious blow to the reputation of British technology and of GEC as a company but he saw no sensible alternative. He proposed to have a further meeting with Lord Weinstock and Mr. James Prior to see whether GEC had any new proposals to make. But he would be sceptical of further promises that the problems could be overcome. Unless the meeting produced anything startling, he intended to minute colleagues to propose cancellation and setting out the alternatives.

The Prime Minister took note of Mr. Younger's report and agreed that he should proceed on the basis he had suggested.

(Charles Powell)

Richard Mottram, Esq.,
Ministry of Defence.

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