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PRIME MINISTER

cc Sir Robert Armstrong
Mr Unwin

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Airborne Early Warning (AEW) Aircraft
OD Meeting: 17 December
Supplementary Brief

In his supplementary memorandum OD(86)22, the Defence Secretary has set out arguments for public use in justifying a decision to purchase AWACS. Although the material covers a number of likely points of criticism on the technical aspects, **there are certain additional points which would need to be countered.** You may wish to mention them at OD and ask that they are fully covered in Ministers' briefing:-

- a. **GEC allege that the MOD have changed the specification (or "moved the goal posts")** since the project was first initiated.
- b. **Why was the project not terminated sooner and money saved -** a point that will no doubt be pursued by the House of Commons Defence Committee?

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c. A decision to purchase six AWACS with an option on a further two implies that, at the end of the day, no more than six may be affordable. Yet this is known to fall short of the full RAF requirement. GEC might say that this makes it all the more unreasonable for the MOD to complain that the Nimrod system is operationally inadequate.

d. The public defence of the decision for AWACS should be as positive as possible about GEC's defence and other work for government. In questions today, you quoted a figure of £800M for defence contracts in 1985/86. The Secretary of State for Trade and Industry should be asked to provide details of work being done for government on the civil side. In addition, the overseas aid budget is understood to be supporting exports and overseas projects of GEC valued at £131M. The Foreign and Commonwealth Secretary should be asked whether this could be quoted.

C L G Mallaby

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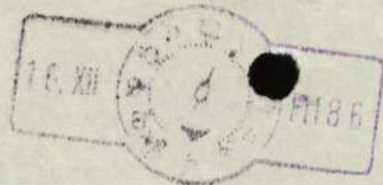
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