



FCS/82/115

MINISTER OF STATE FOR DEFENCE PROCUREMENT

Prime Minister

A

MS

attached

1. Thank you for your letter of 13 August, addressed to Douglas Hurd. I agree that we now have very little choice but to agree to the release of the equipment for the frigates. You will have seen from Bonn telegram number 690 that the Germans have indicated to us they are not happy to give extra assurances above and beyond those already implicit in their arms embargo. The report we have had from our Embassy in Washington seems to me to confirm there is a real risk that General Electric may grab the business if we continue to prevent Rolls Royce from delivering. Unless, therefore, any of our colleagues object I would propose to instruct our Embassy in Bonn to tell the Germans on 20 August that we are no longer looking for a separate assurance and that Rolls Royce is being authorised to negotiate delivery with Blohm and Voss.

2. I am copying this minute to members of OD and Sir Robert Armstrong.

MS

FP

(FRANCIS PYM)

Foreign and Commonwealth Office
18 August, 1982



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Minister of State
for Defence Procurement

D/MIN/TT/12/3/2

13th August 1982

Rue Münster

H

16/8

Dear Douglas

When OD met on 21st July (OD(82)15th Meeting) to consider the arms embargo against Argentina (OD(82)58) and the supply of British equipment for frigates being built in Germany for Argentina (OD(82)63) it was agreed that the Foreign Secretary should seek assurances from the German Government that the frigates would not be delivered to Argentina without prior consultations with HMG. On this basis the remaining British equipment could be released for delivery. These assurances were of course sought by our Embassy in Bonn last month.

will repeat if reqd

Since OD our officials have been in touch over the telegrams that have been exchanged with Bonn on this subject. John Nott is currently on leave, but he has seen Bonn telegram 677 of 3rd August and expressed his concern that the British equipment for the frigates has not yet been released. It is certainly very worrying that our Embassy in Bonn thinks that the Germans may be in no hurry to give us the assurance we have requested or may not be willing to give such an assurance at the end of the day.

/ I believe ...

The Rt Hon Douglas Hurd CBE, MP

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*had
referred
if need*

I understand from John that it was the intention of OD that this equipment should not be delayed indefinitely if a German assurance is not forthcoming. I imagine that your understanding is the same in the light of the last sentence of your telegram (No 375 of 5th August) to Bonn last week in which you say that if there has been no progress in a week's time we shall need to look at the matter again. The various British manufacturers involved are becoming increasingly concerned that if they are not given the go-ahead to deliver their equipment to Germany very shortly they will not only lose this particular business but also the possibility of any further business in other countries with the shipbuilders Blohm and Voss and the other major German companies involved. There is also a very real risk that what will be seen as a failure to deliver the goods will not go unremarked in a wider field to the detriment of our defence sales effort.

I therefore believe that the time has now come to permit our manufacturers to deliver the equipment still outstanding for these frigates and I seek your agreement to this course. For the present the German embargo on all defence sales to Argentina would prevent the delivery of the frigates on their completion.

I am copying this letter to members of OD and Sir Robert Armstrong.

*Yours
Trenchard*

Trenchard

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CC. ~~CONFIDENTIAL~~