



Prime Minister

Agree message to N. Papandreu?

MO 5/20

Yes.

A.J.C. 18/3

Have copy for me please.

PRIME MINISTER

TORNADO FOR GREECE

The Greek decision on the purchase of a new fighter aircraft is now entering the final phase. The Hellenic Air Force have been conducting an intensive evaluation since the autumn of the four competitor aircraft, the Tornado, the US F18 and F16 and the French Mirage 2000. The competing companies submitted their final prices and technical specifications on 21st February and their offset proposals, which will be a critical factor in the ultimate decision, on 15th March. The evaluation team hope to complete their work and submit recommendations to Government Ministers by the end of the month.

The overall Greek requirement is for 100 aircraft, but all the indications are that this will be split between two specialist aircraft to fill the air-to-air and air-to-ground roles. Under a two aircraft purchase, the Tornado IDS has an excellent chance of filling the air-to-ground requirement. However it is evident that the final decision will be a political one, resting with Mr Papandreu in his capacity as Defence Minister as well as Prime Minister.

The importance of obtaining a first order for Tornado cannot be over emphasised. After disappointments in Canada and Australia, Greece and more recently Spain - which is now evaluating the aircraft - represent the only immediate market prospects which do not pose political problems for our German partners. An order for 60 aircraft could be worth approximately £500M to the UK and maintain employment for some 2,000 workers at BAe Warton at a time when the programme would otherwise be running down. More significantly export orders are urgently needed in order to maintain



our capability to manufacture advanced military aircraft at a time when we are not yet ready to purchase the next generation of aircraft for our own requirements.

We face fierce French and American competition. The French have already been exerting considerable political pressure. President Mitterand was in Greece in the autumn and there have been a number of visits in both directions by French and Greek Ministers since. As for the Americans, we fear that Papandreou may wish to do a deal over the future of the US bases in Greece and we know that the repair of the American F16s in Europe has been offered to Greece as an attractive offset measure. In these circumstances our Ambassador in Athens has recommended that letters should be addressed to Mr Papandreou by the Heads of Government of the Tornado partner countries to underline the political support which all three nations are providing for Tornado. We understand that the Italians are prepared to send such a letter at Prime Minister level, but the intentions of the Germans, so soon after their election, are still not clear.

I therefore hope that you will agree to sending to Mr Papandreou the enclosed message which has been agreed with the Embassy in Athens and with FCO officials. Since the timetable for the final decision in Greece remains uncertain, the Ambassador has asked to be given discretion to deliver the message when he judges that it would be most effective. If the opportunity arose for you to speak about this to Mr Papandreou in the margins of the European Council next week I believe that would also be helpful.

I am sending copies of this minute and enclosure to the Chancellor of the Exchequer, the Foreign and Commonwealth Secretary, the Secretary of State for Industry, the Secretary of State for Trade and Sir Robert Armstrong.

WJH

Ministry of Defence
17th March 1983

DRAFT MESSAGE FROM THE PRIME MINISTER TO THE PRIME MINISTER
AND MINISTER OF DEFENCE OF GREECE

As the negotiations for the purchase of a new fighter aircraft for the Hellenic Air Force move into the decisive phase, I thought I would take this opportunity to write and reiterate my belief, which I know is shared by my German and Italian colleagues, in the quality of the Tornado aircraft, and its advantages for the Hellenic Air Force. I believe a decision by the Greek Government to buy Tornado would offer unparalleled operational and logistical benefits to Greece. I understand, moreover, that Panavia are offering a most attractive commercial package.

Your technical experts will have given you a full briefing on the advantages of the Tornado as regards range, payload and weapons systems. It is a well-proven weapons system with over 150 aircraft already in operational service with the Armed Forces of all three partner nations out of a total programme of over 800 aircraft. Tornado is a truly European aircraft built for European defence needs, with considerable development potential and I am convinced that, unequalled in the air-to-ground role, it is the best aircraft of its type in service today.

Association with the tri-national Tornado Government organisation NAMMO (NATO MRCA Development and Production Management Organisation) would enable Greece to participate in joint training, logistic support and exchange of technical information with the three nations currently participating in the Tornado programme. On the industrial side, I understand

that wide ranging proposals are being offered by Panavia, in conjunction with their partner companies and sub-contractors who together represent a very broad spectrum of the most advanced European defence industries. This would present Greek industry with the opportunity of access to the most advanced technology in three European countries who together account for over 30% of Greece's overseas trade.

I should like you to know that the offer of Tornado has the wholehearted support of all three partner Governments. The extent of this support is set out in the detailed terms of the Memorandum of Understanding which has been negotiated ad referendum with the Hellenic Air Force. While the purchase of a new combat aircraft is mainly a technical and commercial question, there is also a wider political context. I believe that the purchase of Tornado would demonstrate the importance attached by all the Governments concerned to defence co-operation on a European basis and strengthen the long-standing relationships which exist between the four nations concerned.

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10 DOWNING STREET

From the Private Secretary

21 March 1983

TORNADO FOR GREECE

The Prime Minister has seen Mr. Heseltine's minute of 17 March. Subject to the views of the Chancellor of the Exchequer, the Foreign and Commonwealth Secretary, the Secretary of State for Industry and the Secretary of State for Trade, Mrs. Thatcher agrees that the proposed message from herself to the Prime Minister of Greece should be sent as drafted.

I should be grateful if you would arrange with the Foreign and Commonwealth Office for the message to be despatched.

A. J. COLES

Richard Mottram, Esq.,
Ministry of Defence

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SUBJECT
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T38/83

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FM FCO 241800Z MARCH 83

TO PRIORITY ATHENS

TELEGRAM NUMBER 74 OF 24 MARCH

INFO ROME, BONN

SALE OF TORNADO TO GREECE: YOUR TELNOS 52 AND 53

1. PLEASE DELIVER THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO MR PAPANDREOU WHEN YOU THINK FIT:

'AS THE NEGOTIATIONS FOR THE PURCHASE OF A NEW FIGHTER AIRCRAFT FOR THE HELLENIC AIR FORCE MOVE INTO THE DECISIVE PHASE, I THOUGHT I WOULD TAKE THIS OPPORTUNITY TO WRITE AND REITERATE MY BELIEF, WHICH I KNOW IS SHARED BY MY GERMAN AND ITALIAN COLLEAGUES, IN THE QUALITY OF THE TORNADO AIRCRAFT, AND ITS ADVANTAGES FOR THE HELLENIC AIR FORCE. I BELIEVE A DECISION BY THE GREEK GOVERNMENT TO BUY TORNADO WOULD OFFER UNPARALLELED OPERATIONAL AND LOGISTICAL BENEFITS TO GREECE. I UNDERSTAND, MOREOVER, THAT PANAVIA ARE OFFERING A MOST ATTRACTIVE COMMERCIAL PACKAGE. YOUR TECHNICAL EXPERTS WILL HAVE GIVEN YOU A FULL BRIEFING ON THE ADVANTAGES OF THE TORNADO AS REGARDS RANGE, PAYLOAD AND WEAPONS SYSTEMS. IT IS A WELL-PROVEN WEAPONS SYSTEM WITH OVER 150 AIRCRAFT ALREADY IN OPERATIONAL SERVICE WITH THE ARMED FORCES OF ALL THREE PARTNER NATIONS OUT OF A TOTAL PROGRAMME OF OVER 800 AIRCRAFT. TORNADO IS A TRULY EUROPEAN AIRCRAFT BUILT FOR EUROPEAN DEFENCE NEEDS, WITH CONSIDERABLE DEVELOPMENT POTENTIAL AND I AM CONVINCED THAT, UNEQUALLED IN THE AIR-TO-GROUND ROLE, IT IS THE BEST AIRCRAFT OF ITS TYPE IN SERVICE TODAY.

ASSOCIATION WITH THE TRI-NATIONAL TORNADO GOVERNMENT ORGANISATION NAMMO (NATO MRCA DEVELOPMENT AND PRODUCTION MANAGEMENT ORGANISATION) WOULD ENABLE GREECE TO PARTICIPATE IN JOINT TRAINING, LOGISTIC SUPPORT AND EXCHANGE OF TECHNICAL INFORMATION WITH THE THREE NATIONS CURRENTLY PARTICIPATING IN THE TORNADO PROGRAMME. ON THE INDUSTRIAL SIDE, I UNDERSTAND THAT WIDE RANGING PROPOSALS ARE BEING OFFERED BY PANAVIA, IN CONJUNCTION WITH THEIR PARTNER

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COMPANIES AND SUB-CONTRACTORS WHO TOGETHER REPRESENT A VERY BROAD SPECTRUM OF THE MOST ADVANCED EUROPEAN DEFENCE INDUSTRIES. THIS WOULD PRESENT GREEK INDUSTRY WITH THE OPPORTUNITY OF ACCESS TO THE MOST ADVANCED TECHNOLOGY IN THREE EUROPEAN COUNTRIES WHO TOGETHER ACCOUNT FOR OVER 30 PER CENT OF GREECE'S OVERSEAS TRADE. I SHOULD LIKE YOU TO KNOW THAT THE OFFER OF TORNADO HAS THE WHOLEHEARTED SUPPORT OF ALL THREE PARTNER GOVERNMENTS. THE EXTENT OF THIS SUPPORT IS SET OUT IN THE DETAILED TERMS OF THE MEMORANDUM OF UNDERSTANDING WHICH HAS BEEN NEGOTIATED AD REFERENDUM WITH THE HELLENIC AIR FORCE. WHILE THE PURCHASE OF A NEW COMBAT AIRCRAFT IS MAINLY A TECHNICAL AND COMMERCIAL QUESTION, THERE IS ALSO A WIDER POLITICAL CONTEXT. I BELIEVE THAT THE PURCHASE OF TORNADO WOULD DEMONSTRATE THE IMPORTANCE ATTACHED BY ALL THE GOVERNMENT CONCERNED TO DEFENCE CO-OPERATION ON A EUROPEAN BASIS AND STRENGTHEN THE LONG-STANDING RELATIONSHIPS WHICH EXIST BETWEEN THE FOUR NATIONS CONCERNED.'

PYM

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