

Prime Minister ²

D. Pascall. *LM*
29/7

MO 26/16/1

PRIME MINISTEREH101

Signor Fanfani's reply to your message of 17th May is carefully non-committal on the important question of the future of the naval element of the EH101 programme, but you will wish to know that your intervention has produced valuable practical results in that the Italians have now found enough money from within their current defence budget to finance the programme at development levels until the end of the year.

2. This should enable programme timescales to be preserved while allowing time for the new Italian government, when formed, to decide on its policy towards EH101. I am sure that this positive result is a direct consequence of your readiness to write to Signor Fanfani, without which we would probably have secured no more than 3 months' trickle funding from Italy. I and my officials are most grateful for your readiness to intervene.

3. In the confused aftermath of the Italian elections we expect an interval of 3 or 4 weeks before a new administration is formed. When it is, I have it in mind to write to the new Defence Minister urging an early decision to support EH101. We really need such a decision by mid-October.

4. I do not think that you need pursue your correspondence with Signor Fanfani further. I suggest, however, that when a new Prime Minister



Minister is installed we should instruct Lord Bridges to ensure at an early opportunity that he is aware of the importance of EH101.

5. I am copying this minute to Geoffrey Howe, Cecil Parkinson, Peter Rees and to Sir Robert Armstrong.

[Handwritten signature]

Ministry of Defence
22nd July 1983



29 JUL 1988

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10 DOWNING STREET

From the Private Secretary

1 August 1983

EH101

The Prime Minister has now seen your Secretary of State's minute of 22 July about the EH101 programme. This is just to record that she has noted the position set out in the minute.

TIMOTHY FLESHER

Richard Mottram, Esq.,
Ministry of Defence.