

✓ D. B. Seal (4)

MO 20/9/1(A)



Prime Minister.

*This is a formidable report.
Shall I thank the Defence
Secretary on your behalf?*

PRIME MINISTER

A.S.C. 15/12

You will wish to see the latest Quarterly Report on Defence Sales covering the period July to September 1983.

2. During the quarter contracts were signed worth £639M, compared with £401M in the previous quarter and £651M in the corresponding quarter of 1982. Details of the contracts signed are at Annex A to this minute. This brings recorded sales for the first three quarters of the year to £1569M and confirms my earlier confidence that we shall in 1983 comfortably exceed our 1982 sales of £1708M. Since 1979 defence exports have grown by an average of almost 10% a year in real terms, and there is every prospect that this will be repeated in 1983. I consider this to be a very creditable performance by our defence industries, particularly in view of the difficult world economic and trading conditions during that period, and the overall decline in the world arms market of some 20% which has occurred during the last three years.

3. As I mentioned briefly in my last report, following the signature of a Government-to-Government MOU, contracts were signed in July for the supply of Sea King helicopters (£220M) and Sea Eagle missiles (£30M) to India. These significant successes were achieved in the face of particularly fierce French competition, and strengthen our position considerably in what is now viewed by my officials as an important long term market for defence products. Two further major contracts were also signed during the quarter. Turkey has contracted to buy three batteries of Rapier and associated Blindfire radars (£146M).



This is seen by British Aerospace as being the first of a number of purchases of British equipment by the Turks. Also a £72M contract for the construction of an armoured vehicle base was successfully concluded with Oman. Other significant contracts reported were with the Sudan for supply of Strikemaster aircraft and associated support (£24M), with Nigeria for the supply of radios (£15M) and with Canada for supply of naval electronic warfare equipment (£10M). In addition a number of smaller individual contracts, but worth a total of £59M, were signed with the USA, mainly for aircraft sub-systems and spares.

4. We were disappointed to hear the recent announcement that Turkey plans to purchase the F-16 aircraft, since this considerably reduces our chances of selling Tornado there. I have been in touch with Dr Woerner to determine how we can best keep this prospective sale alive, and I took the opportunity to press the Tornado case with the Turks during my visit there in October. We are still awaiting a decision by the Greeks over their proposed aircraft purchase; this is expected before the end of the year. The decision is very finely balanced but there would now appear to be little more that we can do to influence the outcome.

5. During September the Royal Naval Equipment Exhibition was held at Whale Island, Portsmouth. This event, which is organised by the Defence Sales Organisation (DSO) and currently held every two years, presents British industry with an important opportunity to display its equipment to a wide range of potential overseas customer countries and continues to prove increasingly successful. This year was the largest exhibition to date: some 213 firms were represented and about 1000 official visitors from overseas countries attended. Also in early October the first DSO Strategic Plan was issued within Whitehall. This outlines a long term strategy for defence sales over the next ten years. The Head of Defence Sales, Mr Blyth, presented this strategy to our leading defence industrialists at a symposium at the end of November. Geoffrey Pattie opened the proceedings and I look forward to receiving industry's reaction to this new initiative.



6. Sales to the Middle East were again disappointing during the quarter with 90% of the £80M total being attributable to the construction contract with Oman mentioned earlier. There are some signs that we may now be past the low point in the severe cut backs in defence purchasing which the oil producing Arabian states have felt obliged to impose on their defence budgets, although a significant expansion is unlikely in the short term. However, just after the end of the quarter and therefore not included in the quarter's figures, an important contract was signed for the sale of 12 Hawk aircraft to Kuwait worth £73M. This is another successful step in our continuing efforts to promote Hawk as the standard trainer aircraft for the region as a whole. I propose to visit Saudi Arabia (probably in late January) and will raise with Prince Sultan several sales opportunities, including Hawk, Challenger and perhaps most importantly Tornado. I have recently written to the Prince on this last topic and at present the prospects are moderately encouraging. The long running negotiations for the extension of the Saudi National Guard hospital project (SANGMED) worth £105M now look fairly close to a successful conclusion. It is also encouraging that the Saudis have decided to extend the life of their Lightnings to 1987; this opens the way to a further extension of the BAe/MOD support contract (SADAP) with the Saudi air force.

7. Elsewhere in the Middle East we are continuing our marketing efforts with vigour. Our close defence relationship with Oman continues to foster Omani interest in British equipment and services. As and when the promised defence funding by Oman's partners in the Gulf Co-operation Council materialises (only the Kuwaitis are said to have paid their share so far) we can expect substantial business there including the possible sale of Tornado, radars and an extensive communications network. The recent establishment within the DSO of an Air Defence Advisory Team staffed by the RAF should also place us in a stronger position to go for the substantial air defence prospects in the Gulf, an area Geoffrey Pattie expects to visit early next year.



8. The possible sale of Nimrod AEW is, as you are aware, still under consideration by Iraq although their financial crisis must make a sale of this magnitude (currently about £1.4Bn) extremely unlikely. Our short term strategy is therefore to disengage from the negotiations as amicably as possible until Iraq's finances (or those of her Arab backers) allow a meaningful resumption. BAe are also considering the A300 Airbus as an alternative to the Nimrod airframe; this may help trim the size of the programme to more acceptable levels if and when Iraqi funds do become available. In Iran the number of approaches to British companies to sell equipment is high, but the negotiation of contracts remains disappointingly slow. This is true even for non-lethal equipment where approval to supply has been given; the lack of ECGD insurance cover does not help in this respect.

9. Attempts are still being made to arrange a mutually convenient date for the signature of the defence co-operation MOU with Algeria. Unfortunately preparations of the next Five Year Plan and for the 5th Party Congress appear to have priority but signature is still expected before the end of the year. Serious negotiations should then commence on the priority projects: air defence radars, Hawk, ships and submarines. Useful discussions on the latter took place during the Algerian visit to the Royal Naval Equipment Exhibition: further Navy-to-Navy visits to Algeria took place in November. Elsewhere in Africa, the long running saga of the possible sale of further Ramadan Fast Patrol craft to Egypt continues. They are still said to be of the highest priority but the best possible credit terms will be essential if we are ever to conclude this deal successfully. On a more positive note, a contract worth £165M has been signed for the sale of Swingfire anti-tank missiles to Nigeria.

10. Following the sale of Sea King and Sea Eagle to India, negotiations are now continuing on a collaborative umbrella MOU to cover future programmes. During the recent visit of the Indian Defence Minister and Indian Defence Secretary (PUS), my officials agreed a text with the Indian PUS. Final clearance is now



*Please keep me in
touch. This was
raised with
me not*

being sought in respective capitals. As you know they also raised the question of a new line of credit for India, and officials are now investigating whether a credit framework can be arranged. An agreement has now been reached on the recent contractual problems over the sales of Sea Harriers. Following the visit of HMS INVINCIBLE to Bombay the Indian cabinet has reportedly agreed to the purchase of a further twelve Sea Harriers; this is still to be officially confirmed. Negotiations on sales of the Combat Engineer Tractor have been delayed owing to the late submission of the Indian Army trials report. However, it is still hoped that contract signature can be achieved before the end of the year. Discussions also continue on the Indian Light Combat Aircraft programme, where BAe and Rolls Royce are now in competition with both French and German companies. We believe however that there is a preference for the British option.

11. In the Far East, a line of credit has been offered to Malaysia (£100M initially) and we are considering making a similar albeit smaller offer to the Phillipines, although political problems there may delay a formal offer. The proposed line of credit to Thailand (£65M) has run into difficulties with the Thai Ministry of Finance. Following Ian Stewart's visit there recently we are giving urgent consideration as to how our offer can be improved to allow purchases during their FY84. Interest in British equipment in Indonesia appears to be increasing, reflected by the signature during September of a general MOU which covers both sales and industrial transfer of technology. Prospects for significant sales to China have however not improved in the short term, although there are signs of an increasing willingness on the part of the Chinese to re-open a dialogue with UK industry for a project along similar lines to the ill-fated Project 051 (frigate modernisation programme).

12. In early October the Head of Defence Sales visited Japan. Prospects for limited sales there appear reasonable, particularly for marine engines. BAe are also stepping up their efforts to market Harrier, Tornado and ACA to meet long term Japanese requirements, but the prospects for sales of Searchwater radar to Japan will have lessened considerably following the very recent US decision



not to buy this equipment. Considerable concern must exist over the recent "two-way street" agreement between Japan and the US which will allow Japanese defence electronic equipment to be re-exported via the US; this adds a significant new competitor to what is already a tough market. There continue to be reasonable sales prospects in South Korea, especially for sales of Lynx and Sea Skua to the Korean Navy. Prospects also exist for sales of the Vickers SP 155mm gun, the Shorts Skyvan aircraft, and a number of smaller equipments. The important Australian requirement for a new submarine is being pursued actively by Vickers, who recently provided a comprehensive response to the Request for Tender issued in May.

13. The US Hawk VTX programme has met with continued budget problems; the \$4.9M procurement funding for long lead items has been deleted from the FY84 budget by Congress. This is largely due to pressure from Senator Stevens, Chairman of the Senate Appropriations Subcommittee, whose position is understood to have been strongly influenced by the UK attitude to the events in Grenada. The funding setback will cause programme delays and increases the risk of further Congressional pressure next year. We are continuing to monitor this closely and are seeking ways to minimise such future risks. A more positive development has occurred over the question of equipment for the defence of US air bases in Europe. Mr Weinberger has authorised his officials to begin negotiations with ourselves and the Turks for the purchase of Rapier for the defence of US bases in Turkey.

14. Financial confidence in South America continues to deteriorate. Of the more important defence equipment purchasers, in practice only Colombia and Chile remain on ECGD cover. The latest casualty has been Brazil and there and in Ecuador UK defence companies have suffered. My department is continuing to provide such help as it can and I have written on behalf of Plessey to the Secretary of State for Trade and Industry to try and assist them in Ecuador where a £20M



radar sale cannot finally be concluded until credit cover is obtained. We recently lost a major prospect in Colombia for construction of a naval base to Sweden (a major importer of Colombia's prime export - coffee) and, although technically still on ECGD cover, the economic outlook there is less promising than it was. This may threaten the prospective sale of Lynx to the Colombian Navy. In the short term Chile still has some potential as a market. We expect to conclude the sale of HMS ANTRIM to Chile before the end of the year; a cash deposit has been paid. Work is also in hand to prepare a MOD/industry package for the sale of ex-RAF Jaguars which could include Sea Eagle missiles; this would then be worth up to £75M.

15. In Europe, activity has intensified in support of UK prospects for contributions to the Dutch M-Class frigate programme. The Dutch continue to link their purchase of Rolls Royce engines for this with a UK purchase of Goalkeeper for our CIWS (Close In Weapon System) requirement. Possible delays in our own procurement timetable for CIWS could complicate this further, and the Dutch are now showing signs of broadening the discussions to embrace the general question of trade balance. Other UK prospects in this programme are for Vertical Launched Sea Wolf, communications, and Naval Lynx. In Germany we have been informed that the FRG has decided in favour of Sea Skua with associated UK radars; we will continue to pursue this in the next few months. During my visit to Athens I signed an MOU on Defence Equipment Co-operation with the Greek Under Secretary for National Defence which should assist our sales prospects there. The first meeting of officials on this took place in November.

16. Overall the quarter's results were extremely encouraging. In spite of a continued low level of business with the Middle East, our ability to continue to pursue other markets has enabled us to record a high level of sales. This should continue to the end of 1983. There are however very worrying indications that 1984 is going to be a much tougher year for exports of UK defence equipment. The market in the Middle East, our major market in recent years, appears likely



to remain relatively flat as a result of continued reductions in oil revenues, and the number of potential major prospects for the UK elsewhere is less than we would have hoped. Unless we can secure one or two really large contracts during 1984 (such as major Tornado sales) then maintaining our growth of recent years may prove to be difficult. Continued efforts by industry coupled with strong Governmental support will be necessary during the difficult times we expect to encounter next year.

17. I am copying this to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry and to Sir Robert Armstrong.

WOW

Ministry of Defence
12th December 1983

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10 DOWNING STREET

From the Private Secretary

19 December, 1983.

The Prime Minister was grateful for the report contained in your Secretary of State's minute of 12 December on defence sales in the period July to September, 1983.

In noting its contents, the Prime Minister has asked to be kept in touch about the question of a new line of credit for India (paragraph 10 of Mr. Heseltine's minute) which, as you know, was raised with the Prime Minister at an earlier stage by the Indian Minister of Defence.

I am sending copies of this letter to Peter Ricketts (Foreign and Commonwealth Office), John Kerr (HM Treasury), Callum McCarthy (Department of Trade and Industry), and Richard Hatfield (Cabinet Office).

A. J. COLES

Richard Mottram, Esq.,
Ministry of Defence.

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Part III - Contracts signed during the quarter
ending 30.9.83

A. Navy Systems

Country	Equipment	Value	Delivery
Brazil	Training Frigate Machinery Controls	0.500	1984
Brazil	Miscellaneous naval support orders	0.148	end '83
Canada	Canews for Delex programme - MEL	10.500	
Chile	Miscellaneous naval support orders	0.280	End '83
Denmark	Thorn EMI: Coastal Radar Integration System (Nato Infrastructure)	2.000	March '86
Finland	Cone 100 (Racal) (1 System)	0.175	1984
New Zealand	4.5 SL cartridges Qty 8,500	2.972	3.500 Dec '83
New Zealand	4.5 AA Ammunition Qty 805	0.116	Oct/Nov '83
Nigeria	Technical training software	0.100	1983
Nigeria	Helicopter Base - Westlands	6.000	N/A
Oman	Naval Rebroadcast system (Marconi comms)	3.000	
	New naval base communications (Marconi)	0.780	
South Korea	193m Mod 1 Sonar - Plessey	1.300	
South Korea	Mains 500 AIO Navigation System - Racal Decca	0.400	
Sweden	Marconi Avionics: Lapads (2 systems)	0.200	Jan/Feb '84
Switzerland	Marconi Avionics: TICM Prototype equipment	0.500	Oct 84-85
UAE	Racal-Decca RD 150 Radar (coastguard)	0.500	1984
USA	Versatile exercise mine - BAe	0.402	
		<hr/> 29.873 <hr/>	

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Part III - Contracts signed during the quarter
ending 30.9.83

B. Army Systems

Country	Equipment	Value	Delivery
Brunei	76mm Ammunition	1.280	1983/84
Dubai	Demolition Equipment	0.180	1983/84
Egypt	ECCM receivers and simulators - Plessey	0.520	1983
Guyana	Surplus vehicles, guns and ammunition	0.160	1983
Kenya	Calibration equipment - Pilkingtons	0.355	1983
Korea	Invertron AM FCTS Artillery Trainer	0.200	end 1983
Kuwait	AFV Spares various 'A' vehicles	0.264	July '85
Lebanon	Land Rovers - B.L.	1.400	1983/4
Libya	Tank Transporter spares - Scammell	3.000	1983/84
Netherlands	Racal Acoustics: Tank crew helmets (ventilated) for Leopard 2	0.500	1983
Nigeria	Radios (for national security org) - Racal	15.500	1983
Nigeria	FOX/Scorpion support	0.100	1983/6
Oman	Tank base (Costains)	72.000	
Oman	AFU spares chieftain	0.895	Sept 85
Oman	Logistics software (Scicon)	2.500	
Oman	MB2 Ammunition (2nd Buy)	4.700	1983/5
Oman	105mm Light Gun Spares	0.140	1983/4
Qatar	9mm X 5.56 Ammunition	0.210	1983/4
Saudi Arabia	Armoured personnel camers	0.500	Sept '83
Syria	Laser Range finders - AVIMO Ltd	0.614	1983/84
Thailand	Shorts 330 Aircraft	3.000	
USA	B 3410 Telecine - Marconi	0.149	
	H 1230 Equipment - Marconi	0.764	
	B 3410 Telecini - Marconi	0.220	
	Gun display unit for battery control system - MSDS	0.582	
West Germany	Marconi Avionics: TICM	0.100	April 1984
		<hr/> 109.833 <hr/>	

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Part III - Contracts signed during the quarter
ending 30.9.83

C. Air Systems

Country	Equipment	Value	Delivery
Algeria	Radar Technology Training - IAL	2.500	1983/84
Finland	Plessey: Watchman ATC/AD Radars	4.500	1984 onwards
India	Sea King Helicopters - Westland	220.000	
India	Sea Eagle missiles - BAe	30.000	
Iran	Radar Spares - Plessey	1.000	NK
Iraq	Air defence controllers training - Miltrain	0.300	1983/84
Jordan	4 x Gazelle QFI courses - HSL Ltd	0.150	1983/84
Jordan	ARI Radar Spares - Plessey	0.100	1983/84
Lebanon	Aircraft Ammunition	1.100	1983
New Zealand	Steady scope - British Aerospace Dynamics (for airforce and Navy use)	0.250	1983
Nigeria	2 x HS 125-700 (for PGN operated by NAF) - BAe	8.000	1984/85
Oman	Skyvan maritime 360° Radar Conversion (Racal/Decca)	0.729	
Sudan	10 x Strikemaster aircraft and supporting package including spares, produce/engineering support and pilot training - BAe (previously reported in 1981 when a signed contract was not funded)	24.000	1983/84
Turkey	Rapier/DN181: BAe/MSDS	146.000	Late 1983 onwards
USA	Spare parts TF41 - Rolls Royce	10.232	
	TF41 Engine Kits - Rolls Royce	3.764	
	Spare parts Pegasus Engines - Rolls Royce	0.222	
	Spare parts Pegasus Engines - Rolls Royce	4.782	
	AV8B Pilot productin - BAe	0.731	
	AV8B Limited Production - BAe	3.908	
	USMC Spares - BAe	1.654	
	USAF F-111-BAe	1.756	
	Various Spares - BAe	0.166	
	F18 Instruments - Smiths	0.261	
	AV8A support - Smiths	0.332	
	AV8B Development - Smiths	0.346	
	Mk 4 APU/starter Unit for AV8B - Lucas	7.333	
	HUD Lantim - Marconi Avionics	1.214	
	Air Data System Cobra - Marconi Avionics	0.355	
	Projected map Assemblies - Ferranti	6.184	
	Valves for AV8B - Dowty	0.261	
	Valves for AV8B - Dowty	0.254	
	FLIR Pod F18 Laser Designator - Ferranti	1.666	
	AV8B equipment - Smiths	0.233	

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Country	Equipment	Value	Delivery
USA *	Projector Map Assemblies - Ferranti	9.883	
USA *	Laser Rangefinder - Ferranti	0.379	
USA x	Projector Map Assemblies - Ferranti	1.227	
Yugoslavia	Rolls Royce: Viper Engine Parts	4.000	
		<hr/> 499.772 <hr/>	
*	Contracts omitted from our return for quarter ending: 30.6.82.		
x	Contract value amended from return for Quarter ending 31.3.83.		

Part Two: Priority One Prospects

Major planned effort required by Government and/or Industry during 1983 for these opportunities (although not necessarily leading to contract award during 1983) and/or a real prospect of a UK sale being achieved.

PART II - MAJOR DEFENCE SALES PROSPECTS

AFRICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
ALGERIA	*Air Defence Scheme (Project Accord) (Phase 1)	150	1984/85	Industrial consortium have submitted costed proposals through HMG for Algerian authorities covering a phased scheme. Total project could be in excess of £500M.	M of S (DP) to visit Algeria to sign MOU	France FRG Sweden
	Submarines	300	1984/85	Proposals under consideration. Detailed negotiations are now underway for both Piranha and 550 Class submarines. Credit likely to be required.		France FRG Netherlands
	*Hawk (27) and Soviet aircraft refurbishment	200	1983/84	BAe quotation for Hawk under consideration by Algerian Air Force. Proposals for Mig 21 overhaul and refurbishment submitted to Algerian Air Force by BAe(AG), Marconi Avionics and Rolls Royce are still under consideration. *Projects marked '**' depend on the satisfactory conclusion of Govt-to-Govt MOU and credit package.		France
EGYPT	Fast Patrol Craft	290	1984	Vosper Thornycroft are preparing revised proposals including credit. The high proportion of foreign content is causing ECGD some concern. Original credit offer approved by EX.		Spain USA
	Command and Control System (C3)	20-100	1984/85	UK is approaching project on a phased basis. First stage is to set up software training and development facilities in Cairo (ICL: value £5-10M) and to maintain discussions on wider C3 project to allow UK firms to bid on a UK Ltd basis when the full scheme is put out to tender in 12 months time. Implementation is likely to be phased over a long period.		France USA Japan
NIGERIA	Swingfire	165	1983	Detailed contract negotiations still continuing. Last minute financial changes are delaying contract signature.	US of S(DP) may visit in early 1984	France

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
AUSTRALIA	Type 2400 submarine	In excess of £100M. Total not yet known.	1985	No change from last quarterly report. RFT responses must be with DOD by 10 November.		France Holland Germany Italy Sweden
INDIA	Light Combat Aircraft	165	N/K	Discussions are taking place between BAe and the Indians. It is still very much in early stages and is difficult to assess just how rapidly this contract may develop, it is believed that the Indians would prefer to collaborate with BAe. This project may be one of the first to be covered by the proposed G-to-G collaborative MOU currently being negotiated.		Germany
	Combat Engineering Tractor	32	1983	The Indians have trialled CET in India; the trials have apparently been a success and it is hoped that a contract may be signed this year.		N/C
	Sea Harrier	110	1984	The Indians have received the first batch of two aircraft. Due to engine surge problems they have delayed acceptance of the second batch of three aircraft, however BAe and the Indians are expected to reach agreement on this shortly. The final three aircraft will be delivered by the end of November. The Indian Cabinet is reported to have decided upon a further buy of 12 aircraft.		
INDONESIA	Medical Equipment for Services	17	1984 onwards	Decision on package, including training, delayed but still a priority on humanitarian grounds. Package may proceed piecemeal.		
	Hawk (further buy)	20	1984	1982 follow-on contract included option at fixed price for further 4 a/c.		
	Rapier	50	1984	Strong indications that IAF will select Rapier as preferred choice to meet priority requirement for short range AD. BAe have submitted credit backed offer for initial order of one battery of optical/tracked Rapier, plus in country support.		
	MCHVs (4)	N/K	1984	Reported as IN top priority. Vosper's have submitted proposal for their Hunt Class.		FRG Holland Italy

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
INDONESIA	Frigates	185	1984/5'	Genuine interest in acquiring up to 3 surplus Tribal Class Frigates. Initial discussion has been held. Vosper also shortlisted for command Frigate project - but funding constraints causing problems for short term purchase.		FRG Holland
JAPAN	FH 70	25-50	Starting 1983	Decision to purchase now ratified in Diet and funding for first 25 guns confirmed in revised FY 83/84 budgets. Sales of ammunition technology are being negotiated separately.		
	Searchwater Radar	Up to 75	1984	JMSDF have evaluated Searchwater. The recent US decision not to purchase Searchwater will adversely affect our chances.		
MALAYSIA	Defence Operations Room (DOR) project.	50(initial)	1984	Proposals are currently held in MINDEF where continuing delays have necessitated EASAMS submitting a revised quotation now valid until Jan 84. Contract unlikely to be signed before mid 84 earliest to implement a 3-4 year programme. Consideration being given to possible forms of additional, training and assistance to support EASAMS during contract negotiations.	Letter from S of S (10-2-83)	USA
	Petroleum Emergency Project	60+	1984 for study contract	IMS are proposing a G-to-G feasibility study conditional upon IMS being given management consultancy for the main project, completion target for which is 4-5 years.		FRG USA Sweden
	Gemas Range Project	17(initial)	1984	IMS submitting proposals for construction and equipping of an A vehicle workshop as Stage 1 of overall project. Package includes offer of joint venture with Malaysians on construction. Project priority linked to inadequate existing support for recent Scorpion buy.		Australia
PAKISTAN	Frigates (Type 21)	200	1984	Vosper's proposals for qty 2 frigates submitted Aug 82, with offer of 100% credit (50% ECGD) PN decision pending.	Ministerial agreement to 50% ECGD Cover. PM's letter to Zia Aug 82.	France Italy FRG
	Sky Flash	c40	1983/4	PAF have requested BAe to submit proposals for the modification of their F16's to carry Skyflash missiles.		USA

PART II - MAJOR DEFENCE SALES PROSPECTS
ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SINGAPORE	Sea King/Commando	200+	1984	RSAF priority requirement for between 20-25 helicopters (5 SAR + 15-19 utility) with IS date 1984.		Italy France
SOUTH KOREA	Sky Van	100+	1985/6	Shorts are optimistic that a decision will be made in favour of Sky Van, but a decision may now be deferred to 1985/6 due to budgetary considerations.		Spain Canada
	Lynx	60	1983/4	ROK MND have initialled draft contracts for 10-12 Naval Lynx; a decision is expected by the end of 1983 with contract signature by end March 1984.		France USA
	Sea Skua	8-10	1983	B&E DG have been asked to submit a draft contract for Sea Skua in association with the naval helicopter requirement; a decision is expected in November 1983		France
	Twin 30 or 35 mm Battlefield AA Gun System	40+	1983/4	Evershed Power Optics have submitted proposals for radar and optical fire control systems. Up to 200 systems will be required in total with some manufactured under licence.		
	Vickers 155 mm SP Gun	50	1983/4	Following the breakdown of contractual negotiations over the US M109 Gun, VSEL will resubmit an offer based on their earlier proposals, possibly including the Vickers Mk III tank chassis.		USA
	Equipment for MCHVs	10	1983/4	ROK Navy have ordered sonar and AIO/Nav equipments for the first MCHV of a class of 6. Other equipments are still to be selected.		
THAILAND	MBT MK3	250	1984	Vickers DS have tabled proposals for Mk 3 to meet RTA requirement for 100 medium tanks for main defences. RTA have requested in country trial in Spring 84.		
	M41 retrofit	65	1984	Vickers DS in discussion with FFG of Germany re-engine and turret fits for in country trial in early 84.		USA
	Stingray	5 (initial)	1983	Contract anticipated before end 83 for initial quantity 12-20, with in country support.		USA Italy
	Line of Credit	40	NYK	The draft MOU has been forwarded and awaits clearance by the Thai government.		

PART II - MAJOR DEFENCE SALES PROSPECTS

EUROPE

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
BELGIUM	Land Rover	30	1983	Decision on 4x4 vehicle requirement imminent. Technical evaluation of Land Rover, Mercedes and VW completed.		FRG - Mercedes, VW.
	Helicopters	50-80	1984+	Decision expected end '83. Lynx III on offer. Decision on helicopter type expected late '83. Offset package of major importance.		FRG France Italy USA
GREECE	Tornado	500	1983/84	The Greeks are believed to be in the final stages of the decision making process for their new fighter aircraft. The decision is hoped for during 1983. They are concerned about the economic implications of the requirement programme and attach considerable importance to the financial and offset packages being offered. The Greek Prime Minister has confirmed that on political grounds the Greeks should opt for a split purchase and that Tornado is still very much in the running.	S of S accompanied by Min (DP) visited Athens in September to press the case for Tornado with the Greek Prime Minister and to provide details of a revised financial package. A further message from the Prime Minister to Mr Papandreu was delivered during S of S's visit.	USA France
	Light Frigates	Up to £500 M total	1984/85	British Shipbuilders (VT) have been invited to submit proposals for the next stage of the selection process for a new light frigate for the Greek Navy; up to 12 vessels could be required although initial proposals are for 6, and the Greeks are looking for licensed manufacture in Greek shipyards. VT propose to offer designs based on their Mk 18 frigate and on the improved Leander. Prospects also exist for equipment manufacturers on whatever hull is selected.		France Spain Italy Netherlands FRG
NETHERLANDS	Spey Engines. SMIA - Rolls Royce	50	1983	For 'M' class frigate programme. Question of linkage to RN purchase of GOALKEEPER.	M of S (DP) asked Dutch for meeting to discuss offset requirements. CDP met NL Director of Material on 19 October.	USA
SPAIN	Rapier	171.5	Late 83/Early 84	The 3 competing systems for the Spanish LLAD requirement have been invited to submit quotations by 15 October after which the Spanish Army is required to recommend their choice to the Under Secretary for Defence by mid-November, with a final Government decision expected before the end of the year. All 3 systems are accepted as meeting the requirement and BAe's industrial participation proposals have been described as 'very satisfactory'. However political considerations are likely to influence the final decision.	The FCS raised the question of Rapier with the King and the Prime Minister in September. A possible visit by an MOD minister to Madrid might be considered for later this year preceded by a letter from S of S to Spanish Defence Ministers commending BAe's proposals.	USA FRG/France

PART II - MAJOR DEFENCE SALES PROSPECTS
EUROPE

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SWEDEN	Helicopters Attack/ASW Recce/Tpt	120	1985/6	Requirement to replace fleet over next decade. WHL quoted, in September 1983, for 20 anti-tank and 10 SAR helicopters.		FRG France Italy USA
SWITZERLAND	Helicopter Anti-tank	80	1986	Lynx III on offer. Swiss intend to narrow competition to 2 by end 1983 for final decision 1986.		US France FRG Italy
TURKEY	Sea Skua	18	Late 1983	The Turkish Navy have now signed a contract to purchase Italian helicopters and discussions between BAe and the Turks continue on the supply of Sea Skua missile systems for these aircraft. A contract is confidently expected to be signed before the end of 1983.		France
WEST GERMANY	Sea Skua/Sea Spray/Sea Searcher	50	1983	Prospects for BAe Sea Skua and MEL Sea Searcher strong, as choice for Sea King improvement programme. Announcement expected soon.		France

PART II - MAJOR DEFENCE SALES PROSPECTS

LATIN AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
BRAZIL	Sea Skua	12	1983	BAe (DG) have received a letter of intent to purchase the system but this is conditional on the availability of ECGD credit cover. Efforts to secure this, with DSO help, are now being made but the outlook is not promising.		
	Submarine Fire Control System (for IKL 209 submarines)	8	1983	Contract signed but now the Germans will only offer officially insured credit cover for their own part of the contract and Ferranti is seeking support from ECGD. This is likely to be difficult to obtain.		
CHILE	HMS Antrim	10	1983	Letter of Intent has been signed and a down payment made. Contractual negotiations should be completed before the end of the year.		
	Jaguar Aircraft and Sea Eagle	75	1984	Chilean Air Force wish to purchase 14 ex RAF Jaguars on a Government to Government Basis in 1985/6. They intend to deploy Sea Eagle on at least 6 of the aircraft. The Chileans require a co-ordinated MOD/industry (who will provide spares + support) sale package. This is being put together, with a view to holding further discussions when a Chilean Air Force team visits to see the aircraft in November.		
ECUADOR	Rapier Blindfire	46	1984	BAe(DG) have a letter of Intent for the purchase of Rapier, but the contracts depends on MOD authority to supply Blindfire in 1986, and the firms ability to set up a counter trade deal to finance the purchase. Ministerial approval to supply Blindfire is expected shortly but whether the counter trade (with oil) can now be achieved is doubtful.	US of S (DP)	France - Crotale

PART II - MAJOR DEFENCE SALES PROSPECTS
MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
BAHRAIN	Hawk	22 (ECL weapons)	1984	Highly successful in-country demonstration given April. DSO to assist on BL755 (this could involve speculative buy) but not on sidewinder. Purchase dependent on GCC funding over which there is some uncertainty at present and unilateral purchase of aircraft could result in Saudis withdrawing offer to gift some second-hand F5B's. Recent Kuwaiti purchase should help.		France (Alpha Jet) USA
	Sea Skua/Sea Spray	25+	1984	BAe have excellent prospect to fit Sea Skua to AB212 or 412 helicopters together with Ferranti Sea Spray radar.		France (AS15TT)
	Low level Radar	5	1984	MOD UK report submitted Sept 83.		
IRAN	Air Defence Radar	150	1983/84	Both Plessey and Marconi are bidding for this major project. Full technical discussions have been completed and contract negotiations have started. HMG has recently been asked to confirm that supply would be permitted. ECGD cannot give insurance cover while debts situation from time of the revolution remains unresolved.		Italy
IRAQ	Nimrod (BAe)	1400		The Iraqis are reconsidering a Govt-to-Govt deal; in the meantime political support is reaffirmed. Lack of finance will almost certainly delay this business	Discussed by PM with Iraqi First Deputy PM Oct 83	
JORDAN	Fast Patrol Boats	14	1984	Decision expected soon and UK companies (Fairey and Sauter) well placed. SL Sea Skua being offered but may be too expensive.		USA Spain France Italy
KUWAIT	Hawk	73	1983	Purchase of 12 Hawks signed late October - outside this quarters figures.		
	Air defence system	50	1983/84	Swiss consultants have now given independent assessment of proposals which merely confirmed that proposals were complicated and costly. Kuwaitis obviously disappointed with this and are clearly worried over the high cost. Suspected a decision will not be made for several months. D/KADI has offered to purchase a 5 year phased build up plan. Response from KMOD awaited.		France (Thomson/ CSF) USA (Hughes)

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
OMAN	Tornado ADV-BAe	200	1985/86	Oman has declared strong preference for Tornado ADV and have requested involvement in Exercise Magic Carpet 84.	S of S discussed with Sayid Fahr in June 1983.	
	Mobile Radars MRSL	20	1984/5	A priority GCC funded project. Marconi in dialogue with Oman.		
	Sultan, Samaritan and Spartan, Alvis	5	1984	This package appears on the GCC shopping list but budget restrictions may cause slippage.		
	Tri Service Comms	200+	1984	This project now resurfaced. UK team carried out Study in Aug 83 and report now due. Major prospect for UK electronics companies.		
QATAR	MCMV	30	1984 on	Requirement is for 2 vessels. RN/VT team visited Qatar Dec 82. Likely that Qataris will wish to train one or two officers in UK before deciding upon type of vessel they will purchase. French have also offered MCM training. DN FCT have passed proposals to RNLSF as basis for further discussion. Hope is that course can be offered at no cost (funded jointly by VT and Defence Sales Fund.)		
	JOC	120	1984/85	Project progressing slowly; Plessey's chances of securing order will depend to a great extent on company's performance on AR3D radar contract. HMG letter of assurance given Feb 83. Finance could be a problem.		France
SAUDI ARABIA	Artillery Surveillance Equipment and associated training and support	33	1983/84	Contract negotiations due to begin October 1983.		
	Lynx Helicopters (for Army)	50	1985	Competing aircraft for observation role are now being assessed. Fly off planned for Summer 1984.	S of S raised subject with Prince Sultan in Sept 82	USA FRG
	Hovercraft (Min of Interior)	10	1985	Timing slipping because of lack of funding		
	Challenger MBT (Army)	450	1984/5	MOD presentation in Feb 83. Saudi Army attended UAE trials in July.	HMG has formally offered to sell tank to Saudi Army. Foreign Sec raised subject with Prince Sultan in April 1983.	USA FRG
	MCV 80(Army)	150	1984/5	GKN presentation in May. Saudi army attended UAE trial		

PART II - MAJOR DEFENCE SALES PROSPECTS
MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SAUDI ARABIA	Javelin (for National Guard)	17	1984	MOD presentation Sep 82. Further more detailed information on cost, performance etc has now been provided at NG's request. MOD follow up visit scheduled for Oct 83.		USA Sweden
	Engineering Support package (Army) IMS	6	1984	Draft contract being considered. IMS hopeful of contract negotiations commencing early 1984.		
	Engineer Supply package (Army) IMS	38	1984	Draft contract issued but negotiations delayed owing to moratorium.		
	193M Sonar Retrofit (to RSNF MCMV's)	6+	1984	Plessey invited to give in-country presentation and proposals in Sep 83. Company expect contract Dec 83.		USA France
	Air Defence Ground Radar system	200	1983/84	Confirmation still required that Radars are included in the American FMS C ⁵ package which is reportedly now funded by the Saudis in the sum of \$1.5 billion (the original proposal was for a \$3 billion programme) If Radars are incorporated this will effectively exclude Marconi and Plessey from bidding, unless they can tie in with a major US Prime contractor.		USA
	Nimrod AEW	250	1985/86	Prince Sultan has expressed an interest in acquiring Nimrod AEW with an enhanced capability for EW and intelligence gathering. More recently he indicated to Mr Pym that the timescale envisaged was 1985/86 (i.e. after the aircraft enters service with the RAF)		USA
Tornado IDS	450	1987	There would appear to be some prospect for Tornado IDS as a potential replacement for the Lightning aircraft when this is phased out of Royal Saudi Air Force service in 1987. Information is being supplied to interested commercial agencies in Saudi Arabia.	S of S wrote to Saudi Minister of Defence and Aviation.	USA	

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SAUDI ARABIA (national guard)	Sangmed Project	90	1983	The current LOA expired on 23 May 1983. Negotiations for a second LOA for the continued operation of the King Khalid hospital are proceeding, but this will now only cover the period to 23 May 1984. Work on this Phase 2 has, however, begun using surplus funds from LOA I		USA
UAE	EGA Hawk (10) BA	84	1984	Although contract signed for 16 trainers, EGA was budget casualty. Recent interest in Harrier 2 (qv) may hold off US marketing of AIO and keep door open for EGA.	Mr Pym raised further aircraft sales during his visit Apr 83	France USA
	AR3D Radar Plessey	50	1983	Plessey proposals well regarded and limited to ADOC. IMG letter of assurance may be required or ADAT study.		USA France
	Challenger ROF	100	1984/85	Successful trials held Jul/Aug 83. Prospect for up to 270 tanks. Intensive marketing follow up. MD/HDS has offered visit to UK	M of S (DP) to visit Jan 1984	
	ADOC Plessey/IMS	50	1984	See AR3D Radar		
	IJOC Design Study. IMS/Consortium	3	1984	Proposals on interim solution have been put forward. Contract expected to be signed shortly.		
	NOC Ferranti	50	1984	Ferranti are waiting to be called forward for contract discussions but budget considerations apply.		

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
UAE	EW System (Marconi/Racal)	100	1984	Company proposals under consideration, supported by MOD training offer. There seems to be a waning interest due probably to budget restrictions.		
	Field Engineer Equipment	54	1984/86	Following completion of requirement definition, early commencement of negotiations is expected.		
	Joint Operations Centre	50	1984 onwards	Proposal delayed until current IJOC negotiations completed.		USA France

PART II - MAJOR DEFENCE SALES PROSPECTS

NORTH AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
USA	Improved 81 mm mortar	350	1984-	Single year procurement planned for FY 84; multi year programme thereafter.		
	Combat Support Boat	Proportion of 6-700 boats	Nov 1983	Decision on American small business set aside awaited.	Minister (DP)	USA
	Hawk VTX	1 BN (total programme)	1984	Appropriation committees sceptical about the Dry/Wet concept. Funding \$30M R&D and \$4.9M procurement for FY 84 now likely to be a conference item.	Minister (DP)	USA
	Searchwater Radar	50	1983	The US have indicated that they will procure the TI Profile system in preference to Searchwater. There may however still be prospects for a reduced Searchwater buy as an interim measure.	Minister (DP)	USA
	Integrated Communication System (1 c33)	50-100	1983	Moves within congress to open up the procurement to competition.	Minister(DP)	USA
	European Distribution System Aircraft (EDSA) Shorts	81	Nov 1983	Competitive bids submitted. Shorts main rival CASA teamed with McDonnell Douglas.	Minister (DP)	USA Spain Israel France Italy

ANNEX B

Part Two: Priority Two Prospects

Significant effort required by Government and/or Industry during 1983, but to rank lower than Priority One opportunities.

PART II - MAJOR DEFENCE SALES PROSPECTS

AFRICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
Algeria	Aircraft Ground Support Workshop Complex at Blida.	20 +	1983	Plans for implementation of workshop complex at Blida still under consideration. UK companies are discussing requirement with Algerian Air Force. A smaller scale project may now be favoured.	M of S(DP) to visit later this year to sign MOU.	None.
	Further Ship purchases.	100	1984/85	British Shipbuilders are actively pursuing proposals to meet possible requirements for a variety of surface vessels including light frigates and auxiliaries.		FRG France Italy
Egypt	Main Battle Tanks	500	1986 +	Long Term prospect. Egyptian Director of Armour visited UK this October to further evaluate challenger and Vickers valiant.		France
	Licence manufacture of 105 mm tank gun. 105 mm FS APDS Ammo	19.7 (including sales of hardware).	NK	Prospect.		
Nigeria	Lynx and Commando Helicopters for Nigerian Army Air Corps.	up to 300	1984/85	Westlands are preparing detailed proposals for the setting up of an Army Air Corps for the NA which includes the sale of Lynx and Commando aircraft.	M of S(DP) may visit in early 1984.	USA FRG France
Tunisia	Post patrol craft (52 x 2) (Exocet armed)	52	1983/84	No change. It is hoped that the Tunisian Defence Budget will include a provision for the vessels. Attractive credit terms will be essential.	Secretary of State discussed with Tunisian Ambassador March 1983.	France

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
Australia	Tri-service helicopters. Lynx/ Super Lynx.	50 (helicopters and spares)	1983/84	There is only one change from the last quarterly report. The Australian decision has been delayed and is now expected early in 1984.		USA (Sea Hawk, Black Hawk) France (Super Puma, Dauphine)
	Project Perentio	NK	1985	Australia has a requirement for 3,000 - 3,500 $\frac{1}{2}$ tonne and 1 $\frac{1}{2}$ -2 tonne vehicles. Following submission of tenders in 1982, 9 vehicles have been chosen from 3 companies for trials. UK interest is through Jaguar Rover Australia which has vehicles based on the Land Rover trial. The trials are expected to be completed in 1984 and contract placed in 1985.		Mercedes Jeep
China	Project O37 Refit of Corvettes	20 +	1985 +	The Chinese decided not to proceed until Project O51 was underway and since its demise have not re-opened discussion on O37, although the requirement is known to stand.		
India	FH70	300-500	1984/85	FH70 is in a four-cornered competition. A decision could be made in early 1984. Indian MOD have confirmed that 155 mm (rather than 152 mm) system is required. An invitation to commence negotiations is awaited.		France Austria Sweden
Indonesia	Medical	5.4	By end of 1983	Offer.		
Japan	FH70 ammunition	20	1984/7	Preliminary discussions on licencing arrangements with potential manufacturers have taken place. Initial supply quantities are still under discussion.	None foreseen.	USA
Malaysia	Lynx	50 +	1985/86	Formation of Fleet Air Arm a priority for RMN with procurement of up to 10 helicopters for ASW/ASV/Utility operations. Offers of MOD training and assistance to RMN under active consideration. Good prospects for Lynx to meet this requirement and Air Force requirement for Alouette replacement. (Qty 30, initially).		USA France

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
Malaysia (Continued)	Submarines (2)	NK	1985/86	Formation of submarine service also a priority for RMN. Offers of MOD training and assistance under active consideration. Good prospect for Vickers S/B medium sized submarine for coastal patrol.		FRG
Pakistan	Fire Control System for T59 Tanks. (Ferranti and Marconi)	100	1983/84	Firing trials have narrowed competition down to those stated. Ferranti believe they are favourites but latest trials resulted in lower than average success rates by all 3 countries. Further training to be given pending retrial.		FRG Belgium
	Retrofit of Sea Dart and Sea Wolf	15	1984	Under evaluations by PN.		
Phillipines	Lynx	NK	1985 onwards	Realistic prospect for WHL to meet future gunship requirement for Armed Forces and Police. Credit and indigenous manufacture will be key.		USA
Singapore	Rapier (further buy)	50	1985	Further buy confidently anticipated following successful introduction into service with RSAF next year.	Ministerial approval given for RSAF to conduct Rapier live firing at Hebrides in Summer 1984.	

PART II - MAJOR DEFENCE SALES PROSPECTS

EUROPE

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
France	AEW Equipment	300	1984/85	<p>France has been studying options for their AEW requirement including Marconi's MSA fit in a Transall aircraft, Boeings ANACs system and more recently the Nimrod AEW system itself. The Grumman E2-C Hawkeye is believed to have been discounted.</p> <p>BAe have agreed to provide the French with prospects for the Nimrod option before the end of the year whilst Marconi continue to press through Aerospatiale for inclusion of their avionics systems in the French produced Transall or alternatively the A300. Airbus Airframe Funds have been allocated from 1986 onwards and a decision is expected during 1984.</p>	During regular exchanges with the French, Ministers will be briefed to press the European solution on the French Air Force.	USA.
Netherlands	LAW 80	50+	1984/85	Decision C 1984. RNLA requirement for C75,000 hand-held light anti-armour weapons. Potential for co-production between HEL and Eurometaal under discussion.		Various
	VI/Sea Wolf	50+	1984	Possible RNLN requirement for missile fit in 'M' class frigate, with HSA VM40 radar.		Various
	Wavell	20	1984	NL interest continuing. Plessey discussing co-production possibilities with HSA.		
Spain	Licence manufacture of 105 mm Light gun and ammunition.	3.5 (does not include Hardware element)	NK	Prospect		

PART II - MAJOR DEFENCE SALES PROSPECTS
EUROPE

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
Sweden	JAS 39 - GRIPEN Multi-role combat aircraft		1983	Number of UK Firms involved in sub-contract work. Also prospects for Skyflash as missile fit.		
Switzerland	Artillery fire control - FARGO.	14 (UK part)	1983	Collaborative venture. BAe are sub-contractors to Swiss firm Zellweger Uster AG order anticipated Oct/Dec 83.		
	Bloodhound Booster Rockets	21	1983	Funds set aside in budget for procurement in late 1983.		
	TICM	Multi-million	Not yet defined.	MAV have sold prototype equipment, value £1M, to Contraves to build into SEA GUARD. Prospects exist for onward sales of SEA GUARD and possible application to LAND GUARD and SKY GUARD.		
	Barmine System with 'Add on' fuzes.	3.00 (does not include hardware)	1985	Good prospect.		Sweden and France.

PART II - MAJOR DEFENCE SALES PROSPECTS

LATIN AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
Columbia	Naval Lynx	20	1984	Lynx thought to be technically preferred aircraft, however, Navy experiencing problems in getting financial approval for the purchase.		W Germany (BO 105) France (Dauphine)
Ecuador	Air Defence Radar	20	1983	Contract for second stage of project signed but ECGD credit cover unavailable due to Ecuador's debt rescheduling. S of S wrote to S of S (DTI) on Plessey's behalf but this was unsuccessful. A further attempt to get the case re-examined in the light of a Plessey offer to bear some of the risk themselves is now being considered.	S of S	Israel USA
Peru	Chimbote Naval Base	330	NK	Presidential approval for the project has now been given. However, it is not clear where the Peruvian Government will obtain funds.		France.

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
Bahrain	MBT	50	1985 on	Priority for armour appears to have slipped. Possibility of Vickers offering ECGD backed credit package, though Valiant did not perform particularly well during Abu Dhabi trials which BDF attended and unilateral purchase could cause problems over Saudi funding which may well have strings attached. Challenger is now also being considered despite its weight and unsuitability for Bahrain's conditions and French challenge is increasing. But Bahrainis have yet to decide whether they really need heavy armour or not.	S of S has supplied letter of comfort to BDF to allay fear over purchase of tank not in service with British Army.	France (AMX 32) Italy (OF40)
	Light Armoured Vehicles	20	1984/85	Requirement is for assortment of some 60 vehicles from same stable. Interest centres on MCV 80 though Scorpion now making strong challenge. In-country demonstration refused owing to uncertainty over GCC funding.		France
	Patrol Boats.	8	1984/85	BDF intends purchasing a number of vessels with GCC funds.		France FRG
Iran	Westland 30 Air Ambulances	117	1984	Negotiations with the Iranian authorities are continuing. ECGD will not at present provide credit cover for this contract.		
Iraq	Hawk (BAe)	200		BAe have offered supply of 30 Hawks as lead into major Iraqi aircraft industry project. Although Iraqis are still talking about industry project, its scale (3bn) is way beyond current Iraqi financial resources.		France Italy
Jordan	ACA	NK	Late 80s	Subject to external funding and dependent on next buy/refurbishment.		USA France
	Hawk (BAe)	100	1985	Being pushed as replacement for F5B. Decision could be delayed if RJAF refurbish F5E.		France Italy Spain USA
	Refurbishment of F5Es	NK	1984	UK companies promoting various packages (HUI/EM/MAI attack). If USA block F16 sales then refurbishment leaves market open for ACA in late 1980s.		USA France
	Khalid MBT maintenance spares.	16	Two year maintenance scale (1983/85)	Sales offer dated 9.8.82. (Offer previously reported value £26.5M. Value of offer reduced 8.8.83)		

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
Kuwait	Various 'A' vehicle spares.	5.7	2 years.	Enquiry received. Spares scaling in course of preparation.		
	MBT	100	1985 on	Kuwaitis highly impressed with Challenger at Abu Dhabi trials. There is strong possibility of purchase of 2 regiments worth. Provided political or financial considerations do not outweigh military ones. Consideration to be given to inviting Kuwaitis to see tank under exercise conditions.	S of S discussed armour with Shaikh Salem, Minister of Defence in July 1983.	France (AMX 32) FRG (Leopard II) USA (M1) USSR (T72)
	Light Armoured vehicles.	70	1985	Scorpion has good prospects of replacing obsolescent Saladin. MCV 80 also under consideration and ROFs have submitted budgetary quotation for 101 Fox vehicles. There is currently strong preference for wheeled vehicles.	It is hoped S of S will be able to visit again in November.	France (AMX 10) Brazil (Engesa) Austria (SK 105)
	MBT update.	8-14	1983/84	Pilkington proposal to fit No 34 sight to improve night fighting capability under consideration for Chieftain and Vickers. FCS has been demonstrated on Vickers.		
Lebanon	Tactical Communications Package (Racal)	10	1984	Company have now obtained ECGD credit cover. No decision as yet.		USA France
Oman	Hawk BAe	200	1985/86	Following recent successes in UAE and Ministerial interest by Bahrain and Kuwait, BAe are marketing in Oman.		
	Scorpion Alvis	20	1984/85	There is a reasonable prospect for a further 27 vehicles but GCC funding may not cover it.		
	LAW 80 HEL	10	1984/85	Strong interest expressed at BAEE 82 but GCC funding problems have intervened.		
	Stormer Alvis	20	1984	Following successful 1982 trial there is interest, but GCC funding will dictate timescale.		
Saudi Arabia	Hawk	200	1985/86	HRH Prince Sultan has written to the British Ambassador in Jeddah saying that whilst the Royal Saudi Air Force recognised the capabilities of the Hawk aircraft, they did not have a requirement for it at this time. He said that it would be taken into consideration should a new requirement arise in the future.		France Italy Spain

PART II - MAJOR DEFENCE SALES PROSPECTS
MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
Saudi Arabia	Air Base Security System	80-90	1983	Shorrock Security Systems are still in a position to win a contract for the provision of security systems for RSAF Airfields and other facilities. The RSAF have gone out to tender again but have now been forced to cancel this action and restart the process to comply with new government regulations on open tendering. Previously this requirement only applied to civilian projects.		USA
	Armoured Personnel carriers - for Public Order duties (Ministry of Interior).	C.18	1984+	AMAC have sold qty 2 vehicles Sep 83 and are hopeful of a successful evaluation of these with a follow-on order of some 100 vehicles.		Various.
	FH70 ammunition (L15) for Army	43	1984/85	IMS resubmitting proposals to Army October 1983		USA
	Tank Ammunition (L64 AP FSDS) for Army	16	1984	Trialled in Saudi, April 83 - New draft contract being submitted (with reduced price) by IMS.		USA
	Rapier (for national guard)	90	1984	MOD presentation Sep 82.		Various
	A/D frigates (for RSNF)	2-300	1985/6	RSNF have requirement for 2 x AD frigates in 5-8 years time. BS and BAeDG are concerting a response. Two presentations on Sea Wolf and SEA DART given (Dec 82 and Apr 83).		France. USA
	Additional spares for FH 70 IMS	11	1984/85	IMS proposals about to be resubmitted.		
	NBC/EDD equipment and associated training and support.	31+	1983/84	Start of detailed negotiations delayed and not now expected to start until early 1984.		France
	Carl Gustav Ammo	5.00	Nov 83	Offer.		Not known.
UAE	Tornado (ACA) BAe	600	1989/90	BAe keen to replace Mirage with Tornado in late 1980s. MD/HDS has offered visit UK for further evaluation.		USA.
	Harrier 2 BAe		1985	UAE have recently shown an interest in Harrier 2 (qv). This may hold off US marketing of A10 and keep door open for Hawk BGA (Priority 1 Prospect).		USA France
	Tracked Rapier BAe	70	1984	BAe keen to follow up Rapier sales. Recent Oerlikon sale of AD guns may well make sales much more difficult. Recent interest in Laser Fire.		

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
UAE	Stormer (Dubai) Alvis	6	1984	Prospects looked good but unconfirmed reports from DA that Engesa will be successful with Cascavel.		Brazil
	MCV 80 GKN	50	1986	Was successfully trialled with Challenger July/Aug. Wheels versus tracks argument could inhibit progress.		
	105 mm Light Gun IMS	28	1983	IMS hopeful that UAE will purchase further 28 guns if modifications are successful.		
	MCMV Vospers	100	1985/86	With Egyptian COMD now replaced by Abu Dhabians, Vosper prospect looks better but budget considerations will apply.		
	SAR helicopters	NK	NK	SAR committees visiting US and NW Europe in November. Prospect for W30. DSO will consider sponsored visit.		
	Integrated Communications System	120	1984 onwards	Reaction to proposals submitted in December 1982 still awaited.		USA France
	Military and Technical Services	100	1984 onwards.	Reaction to proposals submitted in December 1982 still awaited.		USA France

PART II - MAJOR DEFENCE SALES PROSPECTS
NORTH AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
Canada	Rapier	100	1985	Bae are still waiting for Canadian DND to issue a request for proposals (RFP) which is expected to be issued later this year.		
	Canadian Patrol Frigate (CPF) Programme	NK	1983	<p>Moderate. Canada is planning to purchase 6 new patrol frigates to be designed and built in Canada. Although the main contractor will be Canadian a number of UK companies hopeful of major sub-contract work in propulsion machinery, radar, communications and weapon systems.</p> <p>The main frigate contract has just been awarded to the St John Shipyard Co with Sperry. However, the choice of many systems has not yet been finalized and so it is not yet know exactly what UK content there will be on the ships.</p> <p>It is planned that the first ship will be operational by February 1989.</p>		
USA	Licence manufacture of 81 mm motor system.		NK	Good prospect. (This is a free licence in respect of large hardware sale).		
	RAPIER	£50 - 250 (£33 - 166 approx)	NK	In addition to £50 m for FY 83, congress has authorised (but not yet appropriated) a further £200 m for FY 84 to improve US Air Base Defence in Europe. Rapier is a strong candidate for US Base in Turkey and Roland/Patriot for Germany.		

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