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SUBJECT

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CC: MOD.
FCO

10 DOWNING STREET

THE PRIME MINISTER

16 January, 1984

PRIME MINISTER

PERS. L. MESSAGE

SERIAL NO. T11/84

Dear Prime Minister,

During 1983 there have been discussions between the defence industries of our two countries about the prospects for collaboration on a wide range of military equipment. The importance which both our Governments attach to these activities has been underlined by the visit of Sr Eduardo Serra to the United Kingdom in June, and Mr. Geoffrey Pattie's visit to Madrid in November.

I am writing to express my hope that 1984 will see this practical dialogue continue and bring constructive results. In particular I am keenly aware of your Government's desire to develop Spain's guided weapons industry. In this regard I believe that the offer by British Aerospace to form a consortium with Spanish industry for the co-production of the RAPIER system to meet the Spanish Army's low-level air defence requirements, and for Spanish participation in RAPIER export sales, could provide a very important contribution.

I am pleased that BAe's proposals have clearly received very serious consideration. Should your Government decide to take them up, I am sure that this will greatly encourage further very significant cooperation. Not only will it afford Spanish industry opportunities to work alongside British Aerospace and important UK subcontractors on RAPIER - it will also provide the possibility of involvement in some of BAe's other guided weapons technology. In addition, and perhaps in the longer term of still greater importance, agreement to cooperate in this important field will

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be seen by both our defence industries as an encouragement to pursue vigorously the opportunities for collaboration on other projects, to the benefit of both our countries' economy and security.

I know that Michael Heseltine has written very recently to Sr Narcis Serra on this same subject, and I feel sure that any of the more specialised aspects of this important decision for your Government could be discussed further, if necessary, between our Defence colleagues. But I wish to add my own support to the British Aerospace proposals, and at the same time to send you my good wishes for 1984.

Yours sincerely
Margaret Thatcher

His Excellency Senor Don Felipe Gonzalez Marques



[Handwritten scribble]

10 DOWNING STREET

From the Private Secretary

16 January, 1984

RAPIER for Spain

The Prime Minister has seen your Secretary of State's minute of 12 January in which Mr. Heseltine recommends that she should write to the Spanish Prime Minister in connection with British Aerospace's efforts to sell the RAPIER air defence missile system to the Spanish Army.

The Prime Minister has signed a very slightly revised version of the message. I enclose the signed letter and should be grateful if you would arrange for its delivery.

I am copying this letter and enclosure to Roger Bone (Foreign and Commonwealth Office).

A. J. COLES

R. Mottram, Esq.,
Ministry of Defence

CONFIDENTIAL

[Handwritten signature]



10 DOWNING STREET

Prime Minister.

The Foreign Secretary recommends
(letter attached) that you write
to the Spanish Prime Minister
about Repia.

"Dear Prime Minister."

A. J. C. ¹³/₁₁.



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PRIME MINISTERRAPIER FOR SPAIN*Type letter pl.**A.J.C. 13*
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Sir Richard Parsons, our Ambassador in Madrid, has suggested that it could be very helpful if you were to write to Sr Gonzalez in support of British Aerospace's efforts to sell the RAPIER air defence missile system to the Spanish Army. You may recall that Geoffrey Pattie reported on this matter following his visit to Madrid last November. We are in fierce competition with the French who are pushing hard with the Franco-German ROLAND system, but British Aerospace's proposals have clearly interested the Spanish authorities, in particular because they offer good prospects for industrial participation and transfer of technology.

The matter is now with Spanish Ministers for decision, and Sir Richard's advice is that Sr Gonzalez is already personally involved. Because of this, and the evidence that the French are doing all they can to sway the decision in ROLAND's favour - including possibly offers of assistance with the ETA terrorist problem - I believe it would be very timely for you to intervene with your Spanish colleague, early in the week beginning 16th January. / I attach for your consideration a draft letter, which has been prepared in consultation with the FCO.

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

Ministry of Defence
12th January 1984

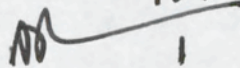
DRAFT LETTER FROM THE PRIME MINISTER TO SR FELIPE GONZALEZ

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I know that Michael Heseltine has written very recently to Sr Narcis Serra on this same subject, and I feel sure that any of the more specialised aspects of this important decision for your Government could be discussed further, if necessary, between our Defence colleagues. But I wish to add my own support to the British Aerospace proposals, and at the same time to send you my good wishes for 1984.

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