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Prime MinisterPRIME MINISTERDmb
20/1SPAIN/GIBRALTAR

Your Private Secretary wrote to Mr Bone in the Foreign and Commonwealth Secretary's office on 17th January, seeking advice on any further steps which might be taken in support of efforts to sell RAPIER to Spain.

2. Current indications are that a final Spanish decision is likely to slip until the middle of February or later. In these circumstances we need to ensure that the Spanish remain mindful of our close interest in this decision. I agree that you should not write again to Sr Gonzalez; and I do not believe it would be useful at this stage for me to send a further letter to my counterpart, Sr Serra. The offer made in my letter of a further visit by Geoffrey Pattie still stands, and he has also written today to the Spanish Industry Minister. However I intend to maintain pressure on the Spanish through contacts below Ministerial level.

3. There are two directions from which such approaches might be made:

a. I am looking into whether it would be possible for either Mr Perry, my Chief of Defence Procurement, or Mr Blyth, the Head of Defence Sales, to visit Madrid in the next fortnight or so. This would be to discuss equipment collaboration matters generally.



b. Both the Spanish Chief of Defence Staff and Chief of Army Staff are new in post, and indeed it is possible that the decision has been delayed in order to give them time to form their own views. It could well prove helpful for Field Marshal Sir Edwin Bramall, and perhaps also General Sir John Stanier, to write to their opposite numbers, looking forward to close defence co-operation in an Alliance context and early opportunities to discuss subjects of common interest, including equipment co-operation.

4. I understand that Sir Richard Parsons in Madrid is in favour of pursuing both of these approaches, and my officials are keeping in close touch with his staff, with the FCO and with British Aerospace, in order to capitalise on any further opportunities that may arise.

5. I am copying this minute to the Foreign and Commonwealth Secretary.

WJH

Ministry of Defence
25th January 1984

Defence Sales
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10 DOWNING STREET

From the Private Secretary

30 January 1984

Spain/Gibraltar

Thank you for your letter of 26 January about further moves by HMG to help British Aerospace secure Spanish purchase of Rapier. The Prime Minister has seen your letter, together with the Defence Secretary's minute of 25 January.

Mrs Thatcher entirely agrees that it would be wrong to imply in any way that our position on Gibraltar could be influenced by a Spanish decision to purchase Rapier. She is in agreement with the approach set out in your letter.

I am copying this letter to Richard Mottram (Ministry of Defence).

A. J. COLES

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister ⁽¹⁾

26 January 1984

Content with this approach?

Joe John,

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Yes

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Spain/Gibraltar

The Prime Minister has asked whether the Foreign and Defence Secretaries have any advice to offer on further moves which HMG might make to help British Aerospace secure Spanish purchase of Rapier (your letter of 17 January).

We have reviewed the options with the Minister of Defence, British Aerospace, and the Embassy at Madrid. We have concluded that our political ammunition has now largely been expended. In anticipation of a Spanish decision in mid-January on procurement of Rapier or Roland (the Franco-German alternative), recent political backing for Rapier has included a meeting between Mr Heseltine and his Spanish counterpart, Sr Narcis Serra, in Brussels on 6 December, which was subsequently followed up by Ministerial correspondence. Then, after the French had tried to exert political leverage (in particular by taking action against Basque (ETA) terrorists living in the south of France), the Prime Minister sent a message to Sr Gonzales, which was delivered on 17 January.

The Foreign and Commonwealth Secretary shares the Prime Minister's view that she should not write to Sr Gonzalez about Gibraltar in the context of this Rapier contract. There might come a time when the Prime Minister's direct involvement with Sr Gonzalez over Gibraltar could be very useful, as it was when the previous Prime Minister, Sr Calvo Sotelo, came to London in January 1982 and we came close to achieving implementation of the Lisbon agreement. But it would be quite wrong to imply in any way that our position on Gibraltar would be influenced by a Spanish decision to purchase Rapier.

We have identified some other steps which might usefully be taken to keep Rapier uppermost in the minds of Spanish decision-makers. I understand that Richard Mottram is writing to you, but, to summarise, we are working for a high level visit to Madrid shortly, either by the Head of Defence Sales or the Chief of Defence Procurement, to discuss defence sales prospects in general; and a letter from the CDS to his newly appointed Spanish counterpart, recommending the Rapier package on offer in the context of closer defence cooperation. In addition Mr Pattie will be writing to the Spanish Industry Minister, Sr Solchaga, in reply to a letter from him, on the

See attached minute from Defence Secretary.

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industrial advantages to Spain of the Rapier package. We think it best now to put the Rapier contract into the wider context of defence procurement collaboration between the UK and Spain, building on the prospects held out by the Prime Minister in her letter to Sr Gonzalez.

I am sending a copy of this letter to Richard Mottram (Ministry of Defence).

A handwritten signature in blue ink, appearing to read 'R B Bone'.

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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Defence: Defences Sales pt-3.

26 JAN 1984

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10 DOWNING STREET

From the Private Secretary

17 January 1984

Spain/Gibraltar

Mr Tristan Garel-Jones, M.P., had a word with the Prime Minister in the House of Commons last night about the attempts of British Aerospace to secure a contract for Rapier from the Spanish Government.

The Prime Minister told me this morning that Mr. Garel-Jones considered that we were unlikely to defeat French attempts to secure a contract to meet Spanish needs. The French were apparently pulling out all stops - e.g. making gestures over the Basque terrorist problem and undertaking to facilitate Spanish entry into the European Community. Madame Mitterrand had also visited Madrid to present to the Spanish Government a cultural item of great interest to them. All this was designed to win the contract for France. Mr. Garel-Jones thought that the best way of promoting our own interests with regard to the Rapier contract was for the Prime Minister to write to the Spanish Prime Minister with the suggestion that they should both attempt to give an added impulse to the talks now taking place at official level over Gibraltar (the rest of the letter would deal with Rapier). Mrs. Thatcher told him that she had already written to the Spanish Prime Minister (on 16 January) supporting British Aerospace's efforts. She has since told me that she is disinclined to write to Mr. Gonzalez about Gibraltar. She is not willing to make concessions about Gibraltar in order to secure an arms contract - and however general the wording she might use, the Spaniards might interpret it as a new willingness to move in their direction.

I understand that the Prime Minister gave the Defence Secretary an account of her conversation with Mr. Garel-Jones later yesterday evening.

/I further

I further understand that he has been in touch with Sir Antony Acland this morning. As I have said above, the Prime Minister is not inclined to contact the Spanish Prime Minister again. But I think that she would be grateful for any advice which the Foreign and Defence Secretaries wish to offer on any further moves which we might make to secure the Rapier contract.

I am copying this letter to Richard Mottram (Ministry of Defence).

Roger Bone Esq
Foreign and Commonwealth Office,