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20th February 1984

De Pinis

I understand that you are now considering the final bids for the New Fighter Aircraft for the Hellenic Air Force and I should like to remind you of several of the points which I made in favour of Tornado during our discussions last September.

You will recall that I emphasised the outstanding characteristics of Tornado. It is unique in its all-weather, day or night ground attack capability and hence provides a degree of deterrence which no other aircraft can match. The accuracy of its weapon delivery systems have far exceeded our expectations and its performance in terms of payload, range and speed, considerably exceeds its competitors. The design is fully proven with over 300 Tornados already in service. Over 550 will be in service by the time deliveries to the HAF would commence. Tornado is designed for minimum maintenance and support costs. The arrangements negotiated between the three partner nations and the HAF in the draft Memorandum of Understanding will provide access for Greece to a well established international procurement and logistics system. Under these arrangements the HAF will be closely involved in the future development of the programme and will benefit from common training, logistic support, and quality assurance. We are in effect offering Greece partnership in a successful European enterprise.

His Excellency Mr Andreas Papandreou



When we met in September I was able to offer attractive financial terms for a purchase of Tornado. A fixed price has been offered by Panavia and the three Governments have agreed to waive their normal research and development levies. The credit terms now cover 95% of the contract value inclusive of progress payments and local manufacturing costs with repayment spread over a period of eight years from final delivery. A fixed rate of interest of 8.95% in Deutschmarks, inclusive of all fees and charges is on offer for the British element in the credit package. The three governments and Panavia fully recognise the importance attached by Greece to the arrangements for offset. Panavia have accepted a contractual commitment of exceptional content and value, over the 15 year period, with liquidated damages applied to any short fall. This offer involves a considerable element of technology transfer and provides for final assembly of the aircraft in Greece. In support of this the three partner Governments have stated in the Memorandum of Understanding that, if Tornado is selected, they would expect their total imports from Greece, which already account for over 30% of all Greece's exports, to increase by 3% per annum over the 15 year period.

Finally I should like to reiterate the political importance which the Governments of the United Kingdom, Germany and Italy attach to their relations with Greece through partnership in the Tornado programme. This partnership will not only lead to immediate military and industrial benefits, but also to longer term co-operation if desired in the development of a future European fighter aircraft which the three Tornado nations are now actively discussing with other countries. On a bilateral basis I note with satisfaction that the first steps have already been taken to implement the Anglo-Greek Memorandum of Understanding which we signed in September. The first meeting of the Anglo-Hellenic Committee on Defence Equipment will take place in London on 27th February and I feel sure that this will open a new era of co-operation between our two countries.

Michael Heseltine



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MO 5/20

21st February 1984

N. D. P. R.

Dear Roger,

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TORNADO FOR GREECE

We understand that the Greeks may now be on the point of making a final decision on the choice of a new fighter aircraft for the Hellenic Air Force. The Ambassador has recommended that a ministerial message should be sent to Mr Papandreou to remind him of the advantages of a choice of Tornado. He recommended that this message should go from the Prime Minister but we here consider that it would be more appropriate for the kind of detailed message which needs to be sent at this stage to go from Mr Heseltine. Mr Heseltine did of course visit Greece last year, mainly in support of a Tornado sale, and has seen Mr Papandreou on a number of occasions subsequently. There is also the point that the Greeks have been on the point of making a decision for some time and this process may be further protracted. In view of this it would be better to keep the possibility of a further letter from the Prime Minister (she has written twice already) in reserve. I therefore attach the text of a message from Mr Heseltine to Mr Papandreou and I should be grateful if you could arrange for this to be telegraphed to Athens as soon as possible.

I am copying this letter to John Coles.

Yours ever

Mich Evans

(N H R EVANS)
Private Secretary

R Bone Esq