



Prime Minister.

To note.

A.J.C. $\frac{27}{2}$.

MO 26/9/1A

PRIME MINISTER

QUARTERLY REPORT ON DEFENCE SALES: QUARTER ENDING 31ST DECEMBER 1983

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

2. The quarter saw new export contracts worth £686M reported by our defence industries. This compares with reported contracts worth £693M in the previous quarter and £651M in the corresponding final quarter of 1982. The total recorded value of new defence export contracts won by British industry during 1983 was £2,255M. This represents a real growth of over 20% against the corresponding figure for 1982 of £1,708M, which was itself the highest figure recorded in real terms since 1978. 1983 has been an excellent year for our own defence industries especially at a time when other major defence exporters, notably the French, have been unable to maintain their exports at previous levels. Indeed, reliable although as yet unconfirmed estimates indicate a reduction in French defence exports during 1983 of some 25% to FF32Bn (approx £2.6B).

3. The largest equipment contract signed during the quarter was with Nigeria for the Swingfire anti-tank missile system (£165M) which should be honoured despite the recent coup. Kuwait purchased a further 12 Hawk aircraft (£74M) and an agreement was signed for the next phase of the Saudi National Guard hospital project (SANGMED) (£105M).



Other significant contracts reported were with India for auxiliary fuel tanks for Jaguar (£52M), the USA for limited production of AV8B (£49M), Oman for phase II of a military hospital (£26M) and Turkey for Sea Skua missiles (£17M). A full list of contracts reported during the quarter is at Annex A; details of the major sales prospects being pursued in the near future are at Annex B.

4. I have just returned from a visit to Saudi Arabia and Kuwait, undertaken as part of our drive to improve our prospects in the key Saudi equipment market. The situation there remains very difficult for our defence exporters with continued US and French successes likely. Indeed as you are already aware, the French announced in early January the start of a £3Bn programme for an air defence missile system. Whilst my officials believe that this announcement was timed at least in part to offset domestic criticism of the poor French performance in defence exports during 1983, there is no doubt that it represents a major success for them. In addition, recent Saudi decisions to include their requirements for various radar equipment, for which UK companies were bidding, within an overall C3 package being negotiated with the Americans is a further blow to our sales prospects there. This \$4Bn deal is being undertaken under the US Foreign Military Sales (FMS) scheme; the Americans' increasingly effective use of FMS aid adds to our difficulties in achieving significant sales to the Saudis. However during my visit, on which I was accompanied by Mr James Blyth, Head of Defence Sales, I was able to progress potential sales of Tornado, Hawk and AEW aircraft in Saudi, and armoured vehicles and Sea Wolf in Kuwait.

5. Elsewhere in the Gulf we are continuing to pursue sales of Challenger to Kuwait. In Oman we are continuing to promote a Tornado sale and, in support of this, four aircraft visited the country at the end of January. They have also visited Abu Dhabi and Saudi Arabia to reinforce earlier presentations there. Other realistic prospects for UK sales to Oman include the extensive tri-Service communications



project and also FH 70 artillery, where a contract looks increasingly likely. We are continuing efforts directed at further sales of Hawk to the UAE as well as sales of Challenger, AR3D radars and an Air Defence Operations Centre. Progress on the latter two has, however, been delayed largely for financial reasons. There are now good prospects for sales of Type 21 frigates to Pakistan, where the Navy have stated a firm preference for the UK ship. However, favourable credit terms will be essential to the successful completion of the deal.

6. On 13th December 1983 Geoffrey Pattie signed an important Memorandum of Understanding with Algeria on behalf of HMG. Serious negotiations are now beginning on the priority projects; air defence radars, Hawk, ships and submarines. We expect to see the first contracts to which the terms of the MOU will apply, signed during the first few months of 1984. Elsewhere in Africa, it is still too early to predict with certainty the effects of the coup in Nigeria upon our defence sales there. Nigeria has been for some time an extremely important export market, and in 1983 was our largest overseas customer for defence purchases. The new Government appears well disposed towards the UK and, despite the economic problems of the country, most UK defence companies are optimistic about the prospects for business under the new regime, particularly Vickers for further sales of their Main Battle Tank. Egypt still claims to have a high priority requirement for further Ramadam Fast Patrol Craft and I intend to raise this during the planned visit to the UK of the Egyptian Defence Minister next month. The proposed Nimrod AEW deal with Iraq is finally dead, largely as a result of their financial problems. A revised and substantially cheaper proposal based upon A300 Airbus airframes will be put to the Iraqis early in 1984.

7. During the successful visit of the Indian Defence Minister to the UK in November discussions continued on the general collaborative MOU. A further draft has now been put to the Indians. You will recall that they also raised the possibility of credit for long term defence



equipment purchases; you will receive a separate note on this in the next few days. Negotiations for the sale of Combat Engineering Tractors and further Sea Harriers continue; both contracts could be concluded in the first half of 1984.

8. In the Far East, no decision has been taken by the Malaysians as to whether to accept our offer of a Line of Credit (£100M initially), although I understand that the offer has been well received. The Line of Credit (now £40M) offered to Thailand is currently under consideration by the Thai Cabinet, but the prospects are now less promising. Vickers continue to pursue the sale of their Type 2400 submarine to the Australian Navy. The Australian Chief of Naval Materiel, Admiral Rouke, has proposed a co-operative RAN/RN acquisition process and my officials hope to visit Australia in February to clarify this proposal.

9. There is still concern over the FY85 R&D provision for the US Hawk VTX programme despite the assurance given to Geoffrey Pattie by Mr Lehman, the US Secretary of the Navy, that the USN will keep the programme fully funded. Geoffrey Pattie hopes to visit Washington in March and will take the opportunity to lobby key Congressional figures. We hope that the Full Scale Engineering Development Contract will be placed before the end of 1984. We remain cautiously optimistic over the prospects for further sales of Rapier to the USAF for defence of their European bases, with Turkey being the most likely area of deployment.

10. Our recently announced decision to purchase the Goalkeeper Close-In Weapon System from Holland should ensure that contracts for the purchase of Rolls-Royce engines for the Dutch M-Class frigate programme are signed early in 1984. Other prospective sales to Europe include Sea Skua (and ALARM) for the Federal Republic of Germany, Land Rovers to the Belgian MOD; and Rapier for Spain. The Greeks and Turks have still not made decisions over their possible purchase of Tornado, although these decisions are now expected soon.



11. In Latin America, the Chilean Air Force now wants to buy Jaguar. However, funding problems exist and the Chileans are seeking improved credit terms. Elsewhere in the region, continuing difficulties over credit cover are forcing more companies to offer credit financing at their own risk.

12. Despite the impressive performance of our defence exporters throughout 1983, it will not be easy to maintain our growth record of recent years during 1984. Continued budgetary restrictions in our major Middle Eastern markets coupled with a toughening of the competition, especially from France and other countries whose performance in 1983 has been disappointing, can be expected to combine to make 1984 a year in which we must be prepared for a possible reduction in our rate of growth.

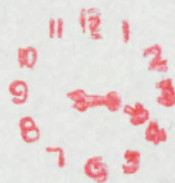
13. I am copying this to the Foreign and Commonwealth Secretary, The Chancellor of the Exchequer, the Secretary of State for Trade and Industry and to Sir Robert Armstrong.

WJH

LONDON

Ministry of Defence
21st February 1984

LONDON
FOREIGN OFFICE
27 FEB 1984





FILE

R07

10 DOWNING STREET

From the Private Secretary

28 February, 1984

QUARTERLY REPORT ON DEFENCE SALES

The Prime Minister has noted the contents of your Secretary of State's minute of 21 February about Defence Sales in the quarter ending 31 December, 1983.

A. L. COLES

Richard Mottram, Esq.,
Ministry of Defence

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CONFIDENTIAL UK EYES B
COMMERCIAL IN CONFIDENCE

ANNEX A - CONTRACTS SIGNED DURING THE QUARTER ENDING 31.12.83

A. NAVY SYSTEMS

<u>Country</u>	<u>Equipment</u>	<u>Value</u>	<u>Delivery</u>
Chile	Miscellaneous Naval Support Stores	0.102	End March 1984
	N97 Fuzes for 4.5 Ammunition (Qty 1000)	0.420	1984
China	Underwater high pressure water jet cleaning equipment and video system	0.224	Jan/Feb 1984
Oman*	Equipment for Naval Base (Habitat Contracts)	16.000	
Pakistan	Doppler Radars	2.000	
	Boiler Tubes	0.130	Early 1984
Saudi Arabia	Naval Training Aids	0.300	1984
South Korea	Engine Digital Controls (Hawker Siddeley Dynamics)	0.380	
Tunisia	30mm Naval Guns Spares and Components (BMARC)	0.600	1983
Turkey	Sea Skua	17.500	1986
USA**	Gun Control Sub System (Marconi Radar)	0.307	
		<hr/>	
		37.963	
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*Contract omitted from our return for quarter ending 30.6.83

**Contract omitted from our return for quarter ending 30.9.83

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PART III - CONTRACTS SIGNED DURING THE QUARTER ENDING 31.12.83

B. ARMY SYSTEMS

<u>Country</u>	<u>Equipment</u>	<u>Value</u>	<u>Delivery</u>
Algeria	Automatic Pistol 9mm - (Heckler and Koch)	0.500	1983
	HF MAN Pack Radio PRC 320 (Plessey)	7.800	1983
	Radio Equipment (Racal Tacticom)	3.200	1983
	Shotgun Powder (Nobel Explosives)	0.300	1983
Canada	Mexeshelter (Heywood Williams)	0.100	N/K
Chile	Blowpipe training units (Qty 2)	0.200	Delivered Late 1983
	IFF Transponders	0.350	1984
China	Vacuum Guns and Associated telemetry and film recording/processing equipment (Graseby/Dynamics)	0.280	
Denmark	Optical FCS (Eveshed)	0.500	
Egypt	Plant Products, Technical Assistance and Services (IMI Kynoch)	1.400	1983
	Explosives (Nobel Explosives)	0.570	1983
	Spares for Anti Aircraft Trainer and Tank Simulator (Ferranti)	0.470	1983
	Gyro controls for T62 tanks (USI)	2.520	1983
	Vehicle Radios (VHF 1410) (Plessey)	3.000	1983
	Rocket Motor Components and Anti Aircraft Forged Components (Vickers)	4.750	1983
	Cymbeline Spares (Thorn EMI)	0.140	1983
	Band Sets (Boosey and Hawkes)	0.300	1983
Jordan	GRO 83 Radio Relay (MSDS)	1.000	1984/1985
	Spares and Test Equipment for Laser Rangefinder (USH)	0.138	1984
	Ammunition and Demolition Stores	1.370	1984/1985

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<u>Country</u>	<u>Equipment</u>	<u>Value</u>	<u>Delivery</u>
Kuwait	L60 Engine Spares (Scammell)	0.500	1985
	AFV Spares - various 'A' Vehicles	0.243	November 1985
	Medical Equipment	0.119	1984/1985
Libya	Saladin Spares (Alvis)	8.150	1983/1984
	Communications Equipment, Vehicle mounted (Racal Communications)	9.000	1984
	NP2 4.5" Fuzes (Thorn EMI)	1.452	N/K
Nigeria	Swingfire (British Aerospace)	165.000	1985/1986
Oman	AFV Spares - Vickers Main Battle Tank (Vickers)	0.160	October 1985
	Military Hospital Phase 2 (John Laing)*	26.000	
	FACE (MSDS)	4.000	
Pakistan	LT Gun Spares	0.122	1984/1986
	LT Gun Ammunition VI	2.640	1984/1985
	Medium Girder Bridging	0.700	1984
Qatar	Special Forces Equipment	0.340	1984
Saudi Arabia	Sangmed LOA II	105.000	Valid until May 1984
	Explosive Ordnance Disposal Equipment	0.140	1984
	Airfield Camouflage (Hoybond)	1.000	
Sudan	Rifle and Machine Gun Spares (Heckler and Koch)	0.800	1983
Switzerland	Computer for FARGO Fire Control System (British Aerospace)	14.000	September 1985- November 1987
Syria	Multi Purpose Guns and Smoke Grenades (Paines Wessex)	0.439	1983/1984
	Mobile Comms Centre (IAL)*	6.000	
	Vehicles (Land Rover Ltd)	14.300	1983/1984
Uganda	Barrack Room Stores	1.070	1984
UAE	Scorpion Spares II	0.730	1984/1985
	Interim Joint Operations Centre	3.200	1984/1985

+Contract omitted from our return for quarter ending 31.12.82

*Contract omitted from our return for quarter ending 30.6.83

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<u>Country</u>	<u>Equipment</u>	<u>Value</u>	<u>Delivery</u>
Tunisia	Snipe Aerial Target System (AEL Ltd)	0.200	1983
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		394.193	
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PART III - CONTRACTS SIGNED DURING THE QUARTER ENDING 31.12.83

C. AIR SYSTEMS

<u>Country</u>	<u>Equipment</u>	<u>Value</u>	<u>Delivery</u>
Algeria	Racking for AF Base Workshops (Dexion)	7.000	1983
Egypt	HUDS for MIG 21 Aircraft (Marconi Avionics)	10.500	1983/1984
India	Auxiliary Fuel Tanks for*** Jaguar (Bristol Components)	52.000	
	Super Searcher radars for Sea King (MEL)	9.000	
Kuwait	Hawk (British Aerospace)	74.000	August 1985- January 1986
Sweden	Development of optics for helicopter sight	1.000	32 mth duration
USA	R-2174 Programmable Radio Receivers (Racal Electronics)	10.500	
	Aircraft Handlers (ML Aviation)	3.190	
	AV8b Limited Production (British Aerospace)**	49.510	
	HUD/WASS F16 (Marconi Avionics)**	9.830	
	AV8b Sets (British Aerospace)**	6.990	
	F-111 General Maintenance (British Aerospace)**	3.080	
	USMC Spares (British Aerospace)**	2.600	
	HUD/WASS F16 (Marconi Avionics)**	2.070	
	Air Data System COBRA (Marconi Avionics)**	1.900	
	AV8b Pilot Production (British Aerospace)**	1.510	
	Various Spares (British Aerospace)**	1.110	
	Air Data Computer (Marconi Avionics)**	0.930	
	Satellite Spares (MSDS)**	0.880	
	Harrier Spares (British Aerospace)**	0.460	

**Contracts omitted from our return for quarter ending 30.9.83

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<u>Country</u>	<u>Equipment</u>	<u>Value</u>	<u>Delivery</u>
USA (Continued)	Fuel Tanks (FPT Industries)**	0.400	
	805 Engine Control Units (Smiths)**	0.390	
	Fuel Pads Chinook CH47 (British Hovercraft)*	0.551	
West Germany	Digital Flight Systems for engine control on Sea Kings (Hawker Siddeley)	1.200	1984
Yugoslavia	Spares and Test Equipment for Viper engines (Dowty)*	0.750	
Zimbabwe	Precision Approach Radar (Cossor)	2.000	1984/1985
	EX RAF Hunter Aircraft	1.000	1984
		<hr/> 254.351 <hr/>	

*** Contract omitted from our return for quarter ending 30.3.83
 **Contracts omitted from our return for quarter ending 30.9.83
 * Contract omitted from our return for quarter ending 30.6.83

Part Two: Priority One Prospects

Major planned effort required by Government and/or Industry during 1984 for these opportunities (although not necessarily leading to contract aware during 1984) 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)	300	1985	Industrial consortium (Marconi, Plessey and Racal) have submitted costed proposals through HMG for Algerian authorities covering a phased scheme. Total project value could be in excess of £500M.		France FRG Sweden
	*Hawk (27) and Soviet Aircraft refurbishment	200	1984/85	BAe quotation for Hawk still under consider- ation 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. *These two projects were dependent on the satisfactory conclusion of the Government-to- Government MOU and credit package.	Minister(DP) signed Government-to-Government MOU on behalf of HMG on 13 December 1983.	France
	Gendarmerie Barracks	120	1984	Baxter Fell Ltd. Contract signature imminent. Credit likely to be required. Pre-fabricated construction techniques to be used.	Further Ministerial visit planned for April/ May 1984.	
	Submarines	320	1984/85	Proposals still under consideration. Detailed negotiations for both Piranhas and 550 Class submarines continue. Credit likely to be required.		France FRG Netherlands

PART II - MAJOR DEFENCE SALES PROSPECTS

AFRICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
EGYPT	Fast Patrol Craft	290	1984	No change. Vosper Thornycroft have prepared revised proposals on the basis of higher UK equipment content. The high proportion of foreign content is causing ECGD some concern. Original credit offer approved by EX. Remains high Egyptian priority but there are severe budgetary problems.	Egyptian Defence Minister mentioned subject to FCS during recent visit. Official visit to UK by FM Abu Ghazala expected end February.	Spain USA

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 200 Total not yet known	1987	Australia requires new submarine to replace its existing Oberons. It is planned that some of the submarines will be built in Australia. VSEL are promoting the Type 2400 and a Type 2400 variant which more closely matches Australian requirements. Plessey and Ferranti have submitted proposals for the combat system. RFT submissions are currently under consideration by DOD.	Minister of S(DP)	France Holland Sweden Germany Italy
	Tri-service Helicopters Lynx/Super Lynx	50 (helicopters and spares)	1984	The RAN has picked two helicopters, the Sikorsky Sea Hawk and Westland Lynx III, as final contenders for an aircraft for its guided missile frigates. A decision is expected to be announced by mid 1984. This may be the first of a larger order for all three services. MOD may be required to provide assistance in Certification of the Lynx III for the RAN.	Minister of S(DP)	USA - Sea Hawk
INDIA	FH70	422	1984 onwards	Indian MOD have confirmed that 155mm (rather than 152mm) system is required. An invitation to commence negotiations is awaited.		France Austria Sweden

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
INDIA (Continued)	Combat Engineer Tractor	32	1984/88	Subject to agreement on prices it is anticipated that the Indians will place an order for at least 15 CETs in early 1984 and perhaps more later.		
	Sea Harrier	110	1984	The Indian Navy have now accepted the first six aircraft from the first contract for eight. The Indians have reduced the further requirement from twelve to eleven aircraft and negotiations on this follow-on contract have now commenced.		
	Light Combat Aircraft	300	N/K	BAe have presented the Indians with a proposal for a feasibility study free of charge		Germany France
INDONESIA	Medical Equipment for Services	17	1984 onwards	Owing to budgetary constraints this programme is likely to be split over 2 financial years, although all indications are that contract will be placed in 1984.		USA FRG Italy
	Hawk (further buy)	20	1984	1982 follow-on contract included option at fixed price for further 4 aircraft.		
	Tribal Frigates	40	1984	Indonesians have signed Letter of Intent to purchase 3 surplus refitted Tribal Class Frigates.		
	MCMVs	120	1984/85	Reported as IN top priority. VT have submitted proposals 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 (Continued)	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 plus in-country support.		
JAPAN	Searchwater Radar	75	1984	JMSDF are considering Searchwater. The USN decision to purchase Searchwater's Texas Instruments competitor will adversely affect prospects of sales to the JMSDF, but may not be irremediable.		
MALAYSIA	GEMAS Range Project	17 (initial)	1984	IMS have prequalified for the construction of workshops and tank ranges which represents stage 1 of an overall project. Package includes offer of joint venture with Malaysians on construction. Project priority linked to inadequate existing support for recent Scorpion buy.		Australia
	Petroleum Emergency Project	60+	1984 (for study contract)	Project is not yet precisely defined, and IMS with PEP support are offering to undertake a free study conditional upon being given management consultancy for the main project completion target for which is 4-5 years.		FRG USA Sweden

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

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
PAKISTAN	Frigates (Type 21)	200	1984	Vosper's proposals for Qty 2 frigates submitted August 1982. PN decision pending.	Ministerial agreement to ECGD cover, up to £75M of contract value. PM's letter to Zia August 1982	France Italy FRG
	Skyflash	c40	1986/87	BAe have submitted proposals to PAF for the modification of their F16s to carry Skyflash missiles. Timescale has slipped due to budgetary constraints.		USA
	Javelin	N/K	1985	Shorts presentation given November 1983. Semi-technical document now being prepared for assessment by Army.		USA Sweden
SINGAPORE	Sea King/Commando	200+	1984	RSAF priority requirement for 5 SAR and 15-19 Utility helicopters. G to G arrangement re support, training etc will be offered to Singaporeans.		Italy France
SOUTH KOREA	Lynx	55	1985	WHL Navy Lynx 2 is favoured by ROK Navy, but selection of a helicopter and weapons system has been deferred to mid 1984, with contract signature forecast for March 1985.		France USA Italy
	Battlefield AA Gun Fire Control System	40	1984	Evershed Power Optics are developing a gun FCS for ROK Army which will incorporate MAV TICM II TI, and later possibly a surveillance radar. Up to 200 system will be required in total with some manufactured under licence.		

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SOUTH KOREA (Continued)	LAW 80	30	1984	Once units have been cleared for manned firings, demonstrations need to be mounted urgently for ROK Army and ADD. Prospects of sales will be adversely affected unless the bad publicity surrounding LAW 80's alleged poor performance in US Army trials can be countered.		
THAILAND	MBT Mk 3	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 1984; BA crew will support, and further MOD support will be required in 1984.		
	Mk 41 retrofit	65	1984	Vickers DS in discussion re engine and turret fits for 170 2nd hand US tanks (from Japan); in-country trial planned for early 1984.		USA
	HS748	36	1984	RTAF has a requirement to modify 4 HS748s, and BAe's discussions have been centred on this being undertaken locally. RTAF also requires a further 6 aircraft, and a decision is hoped for in early 1984.		
	Line of Credit	50	N/K	A recent signal from our Ambassador advises that the 1984 borrowing programme has been approved in Cabinet and that the Line of Credit has been approved in principle.		

PART II - MAJOR DEFENCE SALES PROSPECTS

EUROPE

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
BELGIUM	Attack helicopters	50	1984+	Decision expected 1984. Belgium MOD yet to make choice on attack and reconnaissance combination. Lynx is contender and WHL working on offset proposals.		France FRG USA Italy
	Land Rovers	30	1984	Funding in 1983 lapsed as result of delay in decision. Retendering by competitors now likely.	US of S(DP) - written to Belgium Minister of Defence - M Vreven.	FRG/Aust-Mercedes
DENMARK	Navy Lynx	15	1985/86	Danes considering follow-on order of 4. Funding earmarked and i.s.d 85/86.		Follow-on order.
GREECE	Light Frigates	up to 500 total	1984/85	British Shipbuilders (VT) have submitted their proposals for the Greek light frigate requirement, currently 4 vessels to be built in Greek yards. VT have offered designs based on their Mk 18 frigate and on the improved Leander. Prospects also exist for UK equipment.		France Spain Italy Netherlands FRG
	Tornado	500	1984	A decision is currently expected in early 1984. The Greeks are concerned about the economic implications of the requirement and attach considerable importance to the financial and offset packages being offered. The Greek PM has confirmed that on political grounds Greece should opt for split purchase. The funds available for this project are said to have been significantly reduced.	S of S accompanied by Minister(DP) visited Athens in September 1983 to press the case for Tornado, and to provide details of a revised financial package. A further message from PM to Mr Papandreou was delivered during S of S's visit.	USA/France

PART II - MAJOR DEFENCE SALES PROSPECTS

EUROPE

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
NETHERLANDS	Spey Engines	c35	1984	Agreement has now been reached with the NL for the linked purchase of 16 Spey engines and six Goalkeeper CIWS.	M of S(DP) CDP	US - General Electric
SPAIN	Rapier	171.5	1984	Proposals for the 3 competing systems for the Spanish LLAD requirement were submitted in mid-October. The Spanish Army made their recommendation to the Under-Secretary of State for Defence in mid-November. A final government decision is expected in early 1984.	The FCS raised the question of Rapier with the King and PM in September Minister (DP) visited in November 1983. A letter from S of S or the PM to Spain commending BAe's proposals is under consideration.	USA FRG/France
TURKEY	Tornado	300	1984	TAF have signed a contract for F16 aircraft but in December 1983, BAe submitted proposals for the supply of 40 Tornado. TAF are thought to be impressed with Tornado but success will be dependent on the availability of FRG aid and the ability to overturn the F16 contract.	S of S raised Tornado during his visit to Ankara in October 1983 and paved the way for BAe's latest proposals. Minister(DP) plans to visit Ankara June 1984.	US - F16
WEST GERMANY	Sea Skua	50	1984	Awarding of it to BAe almost certain. No decision yet on accompanying radar but certain to be Sea Searcher or Sea Spray.		France
	ALARM	100+	1984	Despite FGN decision for US Harm efforts continue by UK to win Luftwaffe requirement. FRG accepted offer of UK MOD and BAe presentation on ALARM in early 1984.	M of S(DP) - offer to Dr Warner of UK presentation	US - HARM

PART II - MAJOR DEFENCE SALES PROSPECTS

LATIN AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
BRAZIL	Sea Skua	11	1984	BAe (DG) have initialled a contract with the Brazilian Navy for the purchase of the system but this is conditional on the availability of ECGD credit cover. Efforts to secure this, with DSO help, are now being made and M of S(DP) has been invited to take up BAe (DG)'s case with M of Trade, DTI on the basis that the firm will bear most of the risk.	M of S(DP) (see status)	
CHILE	HMS ANTRIM	10	1984	Letter of Intent has been signed and a downpayment made. Contractual negotiations should be completed by March 1984.		
	Jaguar aircraft and Sea Eagle	75	1984	Chilean Air Force wish to purchase 14 ex RAF Jaguars on a Government-to-Government basis in 1985/86. 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 and support) package. But the Chileans have budgetary problems and are looking for an improved finance package.		

COMMERCIAL-IN-CONFIDENCE

CONFIDENTIAL UK EYES B

PART II - MAJOR DEFENCE SALES PROSPECTS

LATIN AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
ECUADOR	Air Defence Radar	20	1984	Contract for second stage of project signed, but Ecuador is off ECGD cover. S of S has written to S of S (DTI) on Plessey's behalf in order to secure ECGD support but this has been unsuccessful. Plessey will now be submitting revised proposals for the supply of a reduced amount of radar equipment which can be covered by the funds the Ecuadoreans had earmarked as the cash downpayment for the original contract.	S of S (see status)	USA Israel

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
BAHRAIN	Hawk	25 (excl weapons)	1984	Highly successful in-country demonstration given last April. Purchase dependent on GCC funding and Saudi attitude will be crucial. Saudis are now understood to have formally offered 6 x F5s to BDF to be operated from facilities being constructed at Bahrain International Airport. Requirement for fast jet-trainers will be dependent on rate of expansion of BDF Air Wing.		France (Alpha Jet) USA
	Sea Skua/Sea Spray	25+	1984	Bae have excellent prospect to fit Sea Skua to BDF AB212 helicopters together with Ferranti Sea Spray radar. Understand that financial arrangements for purchase have been approved by Bahrain COS. Firm are adopting a low profile until formal notification issued by BDP.		France (AS15TT)
	Low Level Radar	25	1984	MOD UK report submitted September 1983. UK firms proposals submitted shortly thereafter for Low Level Radars, supplemented by airborne radars fitted to Skyvan or Islander aircraft. Proposals well received by BDF and they speak favourably of the Marconi S511 Radar. Decision promised mid 1984. However this would be interim solution only and BDF likely to standardise on Saudi air defence radar systems in longer term.		

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
IRAN	Air Defence Radar	up to 150	1984/85	Both Plessey and Marconi are bidding for this major project. Full technical discussions have been completed and contract negotiations have started. ECGD cannot give insurance cover while debts situation from time of the revolution remains unresolved. Initial orders likely to be less than £50M.		Italy
IRAQ	A300 AEW	750	1985	Following the Iraqi's rejection of revised Government-to-Government terms for the Nimrod AEW deal, BAe are proposing A300 (AEW concept). BAe are to visit Iraq for discussion in January 1984.	Mr Taha Ramadan briefed by BAe during his October visit to UK.	
JORDAN	Fast Patrol Craft	10 (excl missiles)	1984	Decision expected soon. Souters well placed to win order. Fairey and Brooke Marine also pushing hard. Sea Skua being offered but unlikely to be included as it is too costly.		USA France FRG Italy Holland
	AFV Long Term Maintenance	16	1984/86	It is hoped that a contract will be signed within a matter of weeks.		
OMAN	Tornado ADV(BAe)	200	1986	Oman has declared a strong preference for Tornado ADV and 4 GRIs will visit Oman in February 1984 as part of Exercise Magic Carpet 84. BAe are to give detailed technical presentations to SOAF during February/March 1984.	S of S discussed with Sayid Fahr in June 1983. M of S(DP) discussed briefly with Sayid Fahr at RNEE in September 1983.	

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PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
OMAN (Continued)	Mobile Radars (MRSL)	20	1985	A priority GCC funded project. Marconi in dialogue with Oman for supply of Martello Radars.		
	Tri Service Comms (UK consortium)	200+	1984	This project has now resurfaced. UK team carried out study in August 1983 and report submitted to CDS Oman. Major prospect for UK electronics companies. An LSP (Royal Signals) officer will be posted to Oman in mid 1984 to assist Omani Joint Signals Board in management of this complex project. The Omanis are proceeding cautiously.		
QATAR	MCMV	50	1984 on	Requirement is for 2 vessels. RN/VT team visited Qatar December 1982. Likely that Qataris will wish to train one or two officers in UK before deciding upon type of vessel they will purchase. DNFCT have passed proposals to RN LSP as basis for further discussion. Hope is that a course can be offered at no cost (funded jointly by VT and Defence Sales Fund). French offered training and are understood to visit Qatar frequently including visit of French DIGMY in December 1983.		France (CNM)

PART II - MAJOR DEFENCE SALES PROSPECTS
MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
QATAR (Continued)	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 February 1983. Finance could be a problem. Marconi are also pursuing the contract and have had several discussions behind the scenes with QAF. A model of Marconi JOC proposal has been seen in GHQ.		
SAUDI ARABIA	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 September 1982.	USA FRG
	Challenger MBT (Army)	450	1984/85	MOD presentation in February 1983. 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 (but subject to political constraint)
	MCV 80 (Army)	150	1984/85	GKN presentation in May. Saudi army attended UAE trial.		
	Javelin (for National Guard)	17	1984	Costed proposals presented by Shorts in October 1983, with HMG letter of comfort. Presentation offered.		USA Sweden
	Engineer Supply Package (Army) IMS	38	1984	Draft contract tabled, IMS hope negotiations will commence in 1984.		

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SAUDI ARABIA (Continued)	Artillery Surveillance Equipment and Associated Training and Support	24	1984/86	Validities of suppliers' offers have been extended. Contract signature is now expected in the first quarter of 1984.	Mr Pym raised further aircraft sales during his visit April 1983.	
	Piranha Submersibles for RSNF	100	1984	VSEL await invitation to present technical proposals.		
	Sangmed Project	120	1984	Negotiations on LOA III (valid May 1984 to May 1985) have begun and it is hoped to have contract signed within the first six months of 1984.		
UAE	EGA Hawk (10) (BAe)	84	1985	Although contract signed for 16 trainers, EGA was budget casualty. Recent interest in Harrier 2 (qv) may hold off US marketing of A10 and keep door open for EGA.		
	AR3D Radar (Plessey)	50		Plessey proposals well regarded and linked to ADOC. DSO ADAT Integrated Study of requirements has been offered to UAE authorities but no response as yet.		
	Challenger (ROF)	70	1984/85	Successful trials held July/August 1983. Intensive marketing follow-up. UAE follow-up questionnaires have been completed and forwarded to GHQ via DA. We should keep open offer of UAE Armour Committee visit to UK.		
	ADOC (Plessey/IMS)	50	1984	See AR3D		
	JOC (IMS/Plessey)	50	1984	IJOC contract success gives IMS ideal opportunity to advance negotiations with UAE on JOC.		
					FRG Italy	
					USA	
					France USA	
					USA France	
					USA France	

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
UAE (Continued)	NOC (Ferranti)	50	1984	Ferranti are waiting to be called forward for contract discussions but budget considerations apply.		
	EW System (Marconi/Racal)	100	1984	Company proposals under consideration, supported by cautious MOD training offer. There seems to be a waning interest due probably to budget restrictions. Training syllabus is presenting security problems but, in principle such a course could be provided at RAF Cranwell.		

PART II - MAJOR DEFENCE SALES PROSPECTS

NORTH AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
USA	Improved 81mm Mortar	350	1985	For budgetary reasons, and with an in-service date of 1987 for the full equipment, US will not begin major procurement before FY85.	Minister(DP)	USA
	Combat Support Boat	34	1984	Requests for proposals issued December 1983, for unrestricted competition for 50% of a total requirement for 734 boats. Remainder set aside for small business participation.	Minister(DP)	USA
	ICS3	100	1984	Despite extensive evaluation of ICS3, the US Navy has ruled that there should be competition for their communications system requirement.	Minister(DP)	USA
	Hawk VTX	1000	1984	FY84 Appropriations conference has voted for an 'all-wet' programme. Action in hand to secure BAe participation in a viable 'all-wet' programme.	Minister(DP)	USA
	EDSA	44	N/K	Proposals under evaluation: Shorts main rival is CASA teamed with McDonnell Douglas.	Minister(DP)	USA Spain Israel France Italy
	Rapier	35	N/K	In addition to \$50M for FY84 Congress has appropriated a further \$200M for FY84 to improve airbase defence in Europe. Rapier is a strong candidate for US bases in Turkey, and Roland/Patriot for Germany.	Minister(DP)	

Part Two: Priority Two Prospects

Significant effort required by Government
and/or Industry during 1984, 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 at Blida	10+	1983	No change. 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.	Minister(DP) signed Government-to-Government MOU on behalf of HMG on 13 December 1983.	FRG France Italy
	Troposcatter Radio Relay and Associated Equipment	18	1984	MSDS. Contract expected to be signed at end March.		
	UHF Radio Relay GRO83	40	1984	MSDS. To be a designated contract under the terms of the MOU. Credit likely to be required.		
	Further Ship Purchases	240	1984/85	British Shipbuilders are preparing proposals to meet possible requirements for a variety of surface vessels including light frigates and auxiliaries.		
EGYPT	Main Battle Tanks	500	1986+	Long-term prospect. Egyptians have evaluated both Challenger and Vickers Valiant.	France	France USA Japan
	Command and Control System	20-100	1984/85	UK is approaching project on a phased basis. As a first stage ICL have submitted proposals to establish a Software Development Centre and a Software Training Institute (value £5M each). Discussions continue on the wider C3 project to allow UK firms to bid on a UK Ltd basis, when the full requirement is put out to tender in 12 months time. Implementation is likely to be phased over a long period.		

PART II - MAJOR DEFENCE SALES PROSPECTS

AFRICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
KENYA	Vospers Fast Patrol Boats (4)	140	1984	This is a longstanding project which has been in abeyance for some years. It now appears that the requirement is to be accorded high priority although it is doubtful whether the Kenyans can afford 4 boats at £35M each. An order of 2 cheaper boats is more likely. Credit will be essential and not easy to obtain.		France Israel
NIGERIA	Lynx and Commando Helicopters for Nigerian Army Air Corps	up to 300	1984/85	Westlands have prepared detailed proposals for setting up an Army Air Corps for the NA, including supply of helicopters, setting up a base etc. However, due to Nigerian financial constraints, the scope of this project may be reduced to supply of helicopters only in one or more packages.	US of S(DP) may visit in April/May	USA FRG France
	Blowpipe	25	1984/85	Shorts sold 1 regiment's worth of Blowpipe in 1981. It is understood that the NA intend to equip 4 regiments with Blowpipe. Following final delivery of the current order in January 1984, Shorts will start negotiations on the follow-on quantity.		USA FRG France
	Vickers Main Battle Tanks	275	1984/85	Third phase of re-equipment programme includes balance of tanks, ammunition and support required for training centre and one brigade. Credit required.		France

PART II - MAJOR DEFENCE SALES PROSPECTSAFRICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
TUNISIA	Fast Patrol Craft (52x2) (Exocet Armed)	52	1984/85	Decision likely to be delayed for the time being whilst the Tunisian Government reassesses its economy. Good credit terms essential.		France

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
AUSTRALIA	Project Perentie (B Vehicle)	N/K	1985	Australia has a requirement for 3,000-3,500 0.75 and 1.5-2 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 proposed a vehicle based on the Land Rover 110. The trials are expected to be completed in 1984 and contract placed in 1985.		FRG - Mercedes USA - Jeep
CHINA	Project 037 - Refit of Corvettes	20	1985	No change from last quarterly report.		
	PL4 AAM Components	10	1984	MSDS have been given clearance in principle to offer a radar seeker head. BAe (DG) and Thorn EMI have put in applications for clearance to offer other components and a fuze. If MOD/FCO agree and the companies reach contract stage, considerable HMG support will be needed to obtain the approval of our COCOM partners to the supply of these equipments.		
INDIA	Licensed Manufacture of 4.5 Mk 8 Gun Barrels and Ammo Package	N/K	N/K but possibly 1985/86	Prospect VSEL are promoting the sale of an all in gun mounting ordnance and ammo package regarding the Indian Navy plans to re-fit their Leander Frigates current 4.5 Mk 6 guns with more modern ones VSEL proposal is to supply up to 8 mountings together with Barrels and Ammo.		N/K

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
INDONESIA	HM Ship Tartar, Gurkha and Zulu	7.5	Feb/Mar 84	LOI signed 5/12/83 (Deposit not yet received)	yes on AWP clearance.	
	Plus Ammunition Stores MOD Training	6 approx				
	Plus associated modification and refit work by Vosper Thornycroft(UK) Ltd Air Defence System	22 approx 100	1987	Plessey Radar are pursuing the requirement for Gap-fillers and 3D Radars as part of the 2nd stage of the Air Defence System. An offer of a visit in early 1984 to Indonesia by an MOD Air Defence Advisory Team to advise on the operational concept of air defence has been accepted.		
	Hovercraft	5	1984	Considerable interest by Dr Habibe (Min of State for Technology) in a collaborative project involving licenced production of hovercraft in Indonesia once an initial sale of 4 BHC AP188 craft has been made to meet an urgent SAR requirement.		
JAPAN	LAW 80	25	1985	There is an early requirement to offer the JDA the opportunity to fire a main LAW projectile themselves, once clearance for manned firings has been given. The bad publicity resulting from LAW 80's alleged poor performance in US Army trials needs to be countered, or prospects of sales will be adversely affected.		

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
JAPAN (Continued)	FH 70 Ammunition	20	1984/87	Meetings in London (5-9 December) agreed supply and licensing terms. A record of intent was signed and terms are being resubmitted to the Japan Defence Association.		USA
MALAYSIA	Lynx	50+	1985/86	RMN plan to form a Fleet Air Arm, and require up to 10 helicopters for ASW/ASV/Utility operations. MOD advisory team visited Malaysia in 1983; any sales will require backing of substantial training and support packages. RMAF also require replacement (Q30 initially) for Alovette, for which Lynx would be a contender.		
	Defence Operations Room (DOR)	50 (initial)	1985/86	Technical evaluation continues, with Easams proposals reportedly favoured. An initial contract may be signed 1985 to implement a 3-4 year programme; eventual requirement maybe up to £150M. Consideration being given to possible forms of additional trainings and assistance to support Easams during contract negotiations.	Letter from S of S (10.2.83)	USA
	Submarines	N/K	1985/86	Formation of Submarine Service is a priority for RMN. An RMN team hopes to visit UK for 2-3 months mid 1984 to take up MOD offers of training and assistance.		

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
PAKISTAN	Sea King	30	1984	Navy issued letter of interest, December 1983, for 2-4 helicopters. Submission and presentation now being prepared.		
	Fire Control System for T59 Tanks (Ferranti and Marconi)	100	1984	Firing trials continuing, next round in December/January.		FRG Belgium USA PRC
	Retrofit of Sea Wolf to PNS Babur (BAe DG)	15	1984/85	BAe have submitted costed proposals.		USA?
PHILIPPINES	Lynx	100+	1985 onwards	Realistic prospects for WHL to meet future gunship requirement for Armed Forces and Police. Credit and indigenous manufacture will be key.		
	Hawk	100	1985	Lack of funds has prevented PAF purchase of MB339, which at one stage appeared to have beaten Hawk for the advanced trainer requirement. Pressure by BAe, DSO and DA has achieved further evaluation by PAF which is known to favour Hawk.		Italy
SINGAPORE	Rapier (further buy)	50	1985	Further buy confidently expected following successful 1984 introduction into service with RSAF.	Ministerial approval given for RSAF to conduct Rapier live firing at RARH Summer 1984.	
SOUTH KOREA	Vickers 155mm SP Gun	50	1984	No change from last quarterly report.		USA
	Skyvan	100	1985	No change from last quarterly report.		Spain

PART II - MAJOR DEFENCE SALES PROSPECTS

ASIA AND THE FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SOUTH KOREA (Continued)	Rapier	50	1986	BAe have agreed with the Norden Division of UTC (who are involved in Rapier manufacture against the USAF Rapier procurement for its UK Bases) that Norden will take the lead in promoting Rapier to USHQ PACAF and ROK Army. Prospects are long term, given present funding constraints.		
	Equipment for MCMVs	10	1984	No change from last quarterly report.		
THAILAND	Lynx	30+	1985	WHL are pursuing RTA interest in anti-tank gunships (Qty 30) and RTN interest in Navy Lynx-type helicopters.		USA

PART II - MAJOR DEFENCE SALES PROSPECTS

EUROPE

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
DENMARK	Sea Skua	15	1985/86	Danish decision turns on progress of their helicopter requirement.		France
FRANCE	AEW Equipment	300	1985	France has been considering the Boeing Awacs and Grumman E-2C Systems for their AEW requirement along with a "European" solution involving Marconi MSA. The E-2c has recently been discounted and the European Solution needs further definition. The most advanced European Solution is the MSA fitted in a Transaal aircraft but BAe are exploring the virtues of a fit in the A300. Nimrod AEW is a non-starter.		USA
NETHERLANDS	Communication equipment	9	1984	For M-class frigate Marconi equipped S-class and are in a good position.		Indigenous
	WAVELL	20	1986/87	Invitation to tender expected late 84/early 85: possibility of MOD briefing in 1984.		Indigenous
SWEDEN	Light transport helicopter	25	1985/86	Swedes to begin consideration in earnest in mid-1984.		FR FRG USA Italy
	CVR(T)	300	1986	Swedes are showing interest in Alvis and GKN components. Two Scimitars will be lent to Sweden in 1984 for trials.		Sweden France USA
SWITZERLAND	Lynx	200	1985	2 of the 9 contenders to be shortlisted in 1984. Decision in 1987.		USA FRG Italy France

PART II - MAJOR DEFENCE SALES PROSPECTS

EUROPE

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SWITZERLAND (Continued)	Javelin	75	1986	Swiss MANPAD reqt- possibility of trials in Switzerland in 1984.		USA
	Land Rover	25	1984	Swiss are considering bids decision expected 1984.		FRG Austria
WEST GERMANY	Navy Lynx	8	1984	Likely order for further 2. Provision in 1985 budget - contract expected early 1984.		FRG

PART II - MAJOR DEFENCE SALES PROSPECTS

LATIN AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
BRAZIL	Engesa MBT	25+	late 1980s	A number of UK companies are bidding for the supply of equipment and components for this vehicle (eg Vickers-turret, ROFs - tank gun and Marconi - fire control system). Engesa are hoping to complete a prototype vehicle by mid 1984.		FRG France Belgium
	Brasilia MPA/AEW variants	25+	Late 1980s	Ferranti and Marconi Avionics are competing for the avionics fit for the MPA and AEW variants of Embraers EMB120 Brasilia aircraft. Discussions are still at an early stage.		France Italy
CHILE	Naval Lynx	50	1984/85	The Chilean Navy has a firm requirement for 6 helicopters (which could possibly include Sea Skua). WHL hope to get a letter of intent signed in early 1984 however much will depend upon the availability of funds and credit cover.		FRG
	Swingfire	10	1984/85	The Chilean Army is interested in Swingfire (particularly with a view to some form of local production) as a replacement to their existing first generation MAMBA. Chilean Army representatives have visited BAe (DG) to discuss the implications and BAe (DG) hope to secure a contract in the next 12 months or so.		

PART II - MAJOR DEFENCE SALES PROSPECTS

LATIN AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
COLOMBIA	Naval Lynx	20	1984	Lynx now said to be a technically preferred aircraft but Navy experiencing problems in getting Ministry of Finance approval for the purchase.		FRG France
ECUADOR	Jaguar and associated spares	8.6	1984	Bae have obtained an Ecuadorean Letter of Intent to purchase the package. They are offering a finance package of 5 years credit and in the absence of ECGD cover are taking all of the risk.		
PARAGUAY	Sherpa	10	1984	The Paraguayans have a requirement for a light cargo/transport aircraft to perform a number of military and civil functions including disaster relief. The Sherpa has been successfully demonstrated but there remains strong competition from CASA. A decision is expected in early 1984.		Spain
PERU	Chimbote Naval Base	330	N/K	Peruvian Senate has approved \$500M expenditure on this project. Implementation depends on availability of funds.		France

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
BAHRAIN	MBT	50	1986 on	<p>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.</p>	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	<p>Challenger appears to be in pole position despite its weight and French challenge increasing. But Bahrainis have not yet decided whether they want armour.</p>		
	Small Fast Patrol Craft (Fairey Allday/Watercraft)	8	1984/85	<p>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.</p>		
	Rapier	40	1985	<p>BDF intends purchasing a number of vessels with GCC funds probably in connection with the scheduled opening date of the causeway link to Saudi Arabia.</p> <p>Though Germans appear to have market pretty well sewn up BDF have postponed acquisition of 1-Hawk. Possibility of selling small number of Rapier on short-term solution.</p>		
						USA France

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
IRAN	Westland 30 Air Ambulances	117	1984/85	Negotiations with the Iranian authorities are continuing. ECGD will not at present provide credit cover for the contract.		USSR
IRAQ	FH70	480	N/K	Further work on this prospect has been suspended due to the UK embargo on sale of offensive weapons.		
	Naval Base	500	N/K	Turkey offer for design and construction of naval base near Basrah submitted in December 1981. UK has also quoted for vetting detailed design. Construction contractor not yet known.		Numerous
	Hawk (BAe)	200	1985/86	Although the Iraqis are still talking about aircraft industry project (3bn) its scale is beyond their financial resources. BAe have offered supply of 30 Hawk aircraft as an interim measure in the hope of shutting out competition from Alpha Jet.	Mr Taha Ramadan briefed by BAe during his visit to UK in October 1983.	France Italy
JORDAN	Hawk (BAe)	70	1985/86	Possible replacement for F5B. Early decision unlikely due to Jordan's financial constraints.		France Italy Spain USA
	Khalid MBT Maintenance spares base repair spares major assys. and wastage rate items.	12 approx	1984/86	Offer in course of preparation.		

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
JORDAN (Continued)	Refurbishment of F5Es	N/K	1984/85	UK companies (MSDS, Ferranti etc) are promoting various packages (HUD/EW/NAV attack systems).		USA France
	C ³ I/EW	N/K	1984/85	Racal are promoting a ground based ELINT system (Weasel). DSO has offered to assist with evaluation of both C3 and aircraft EW options (see above) and will be commenting shortly on a Jordanian concept paper. A paper outlining a possible EW organisation will be forwarded shortly to JAF.		USA France
KUWAIT	MBT	100	1987	Kuwaitis highly impressed with Challenger at Abu Dhabi trials. There is a strong possibility of purchase of 74 tanks, provided political or financial consideration do not outweigh military ones.	S of S discussed armour with Shalkh Salim, Minister of Defence in July 1983.	France (AMX 32) FRG (Leopard II) USA (M1) USSR (T72)
	Light Armoured Vehicles	70	1985	Kuwaitis to be invited in Spring 1984 to see tanks under exercise conditions in BAOR and at Bovington. Requirement for 212 vehicles for Armoured Reconnaissance Squadrons to replace ageing Ferrets, Saladins and Saracens. Alvis, GKN and ROF Leeds have all submitted proposals in response to a tender. Marked preference for wheels. Engesa favoured for contract.	S of S visiting Kuwait early February 1984.	France (AMX 10) Brazil (Engesa) Austria (SK105) Canada (Piranha)

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
KUWAIT (Continued)	MBT Update	8-14	1984	Pilkington proposal to fit no No 84 sight to improve nightfighting capability under consideration for Chieftain and Vickers. FCS has been demonstrated on Vickers.		
	Various 'A' vehicle spares	7.7	Two years	Offer made valid until March 1984 order not received to date.		
LEBANON	Tactical Communication Package	10	1985	Decision had been expected by end of 1983 but did not materialise. ECGD credit allocation for Lebanon has been suspended.		USA France
OMAN	Hawk (BAe)	200	1986	Following recent success in UAE and Kuwait and increased interest in Bahrain, BAe are marketing in Oman.		
	Scorpion (Alvis)	20	1985	There is a reasonable prospect for a further 27 vehicles but GCC funding may not cover it.		
	LAW 80 (HEL)	10	1985	No requirement in Oman for this weapon in the short term.		
	Stormer (Alvis)	20	1984	Following successful 1982 trial there is interest but GCC funding will dictate timescale which is likely to be 1985.		
	FH70	20	1984	Omanis have recently requested in country trial (March 1984) which will be followed shortly thereafter by a contract for 6 guns. There is a strong prospect of an early follow on buy of a further 12.		

PART II - MAJOR DEFENCE SALES PROSPECTSMIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SAUDI ARABIA	Armoured Personnel Carriers - For Public Order Duties (Ministry of Interior)	c18	1984+	AMAC have sold Qty 2 vehicles September 1983, 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 submitted proposals to Army in December 1983. RESPONSE AWAITED.		USA
	Tank Ammunition (L64 APFSDS) for Army	16	1984	Trialled in Saudi April 1983. New draft contract submitted (with reduced price) by IMS. RESPONSE AWAITED.		USA
	A/D Frigates (For RSNF)	2-300	1985/86	RSNF have requirement for 2 x Anti-Air Warfare Frigates in 5-8 years time. BS and BAe (DG) are preparing a Capability Document. Two presentations on Sea Wolf and Sea Dart given (December 1982 and April 1983).		France USA
	Rapier (For National Guard)	90	1984	MOD presentation September 1982		Various
	EOD Supply/Support Packages (Army)	12	1984	Under consideration by Saudi Army Chief Engineer.		USA FRG
	NBC Supply/Support Package (Army)	19	1984	Under consideration by Saudi Army Chief Engineer.		Various
	Anti-tank Ammunition	9	Spring 1984	Offer		
UAE	Tornado ADV (BAe)	600	1989/90	BAe keen to replace Mirage with Tornado in late 1980s. MD/HDS has offered visit to UK for further evaluations.		France USA

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
UAE (Continued)	Harrier 2 (BAe)		1985	Although contract signed for 16 trainers, EGA Hawk was budget casualty. Recent interest in Harrier 2 (qv) may hold off US marketing of A10 and keep door open for EGA.		USA France
	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 Laserfire in Dubai.		
	Communications Project	120	1985	Integrated Communication System. Reaction to proposals submitted in December 1982 still awaited.		USA France
	Stormer (Dubai) (Alvis)	6	1984	Prospects looked good but understand that Engesa have been successful in Dubai with Cascavel. (48 vehicles).		Brazil
	MCV80 (GKN)	50	1986	Was successfully trialled with Challenger July/August 1983. GKN have responded to UAE follow-up questionnaire, and this together with significant price reduction could enhance MCV 80 prospects. Wheels versus tracks argument, and high price were inhibiting prospects for sale.		
	105mm Light Gun	28	1984	IMS hopeful that UAE will purchase further 28 guns if modifications are successful.		

PART II - MAJOR DEFENCE SALES PROSPECTS

MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
UAE (Continued)	MCMV (Vospers)	100	1985/86	With Egyptian COMD now replaced by Abu Dhabians, Vosper prospect looks better but budget considerations will apply. Increased threat in Gulf may accelerate programme. Cmdr UAE Navy visited V-T yard during RNEE 1983.		France
	Westland 30 (Westland Helicopters)	N/K	N/K	SAR committee visiting US and NW Europe. Shortly DSO will consider sponsored visit.		
	Military and Technical Services	100	1984 onwards	Reaction to proposals submitted in December 1982 still awaited.		USA

PART II - MAJOR DEFENCE SALES PROSPECTS

NORTH AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
CANADA	Rapier	100 approx	1986	Canada's LLAD requirement for its 2 European Air Bases is expected to be fulfilled by a gun/missile mix. BAe are promoting Rapier as the missile system and have carried out a site survey of the 2 German bases. The request for proposals (RFP) is expected to be issued shortly.		
	Canadian Patrol Frigate (CPF) Programme	N/K	1984	Canada is planning to purchase 6 patrol frigates to be designed and built in Canada. Although the main contractor is Canadian, (St John Shipyard and Dry Dock Co) a number of UK companies are hopeful of major sub contract work in propulsion machinery, radar, communications and weapon systems. The choice of many systems has not yet been finalized so it is not know exactly how much UK content there will be on the ships.		