



Foreign and Commonwealth Office

London SW1A 2AH

11 April 1984

Prime Minister.

For information.

A.S.C. 1/4

Spain: Rapier

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You asked for background on the Spanish Government's recent decision to buy the Franco-German Roland missile system in preference to Rapier. I am enclosing copies of Madrid telegrams Nos 207, 211, 212 and 213, which report the decision and the way it has been presented in Spain.

As you know, in the final stages before the Spanish decision it was made clear to us that, despite the attraction of British Aerospace's offer, political considerations could tilt the balance. It appears that the French were able to take advantage both of Spanish concern about ETA activities in Southern France, and of their EC Presidency, in order to promote the prospects for Roland. The Spaniards have, nevertheless, presented their decision as having been taken on technical grounds.

Sir Geoffrey Howe expressed disappointment about the loss of the contract when he met the Spanish Foreign Minister on 10 April. Sr Moran said that he had advised in favour of Rapier but military experts had taken the view that Roland was more sophisticated, offered technical and economic advantages and allowed a great amount of work to take place in Spain. He added, however, that the Spaniards wished to co-operate bilaterally with us on defence equipment matters and that other contracts would be coming up. Sir Antony Acland has also spoken to the Spanish Ambassador about Rapier. The Ambassador told him that he had worked hard to secure the contract for Britain and had been very disappointed himself at the outcome.

The Managing Director of British Aerospace's Dynamics Division has expressed his company's gratitude for the consistent efforts which HMG and the Embassy at Madrid have given to support their bid.

/Although

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Although this is a disappointing setback, there remain some medium term prospects for British defence sales in Spain (for instance, the Spanish Navy has shown interest in a new class of Mine Countermeasures Vessels). We shall continue to encourage Spain to take an interest in collaborative ventures, which will have benefits for British industries (eg the future European Fighter Aircraft project).

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

[Handwritten signature]
[Handwritten signature]

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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Reference Soues.





FHE

RW

10 DOWNING STREET

From the Private Secretary

12 April, 1984

SPAIN: RAPIER

The Prime Minister has noted the contents of your letter of 11 April.

A. J. COLES

R. Bone, Esq.,
Foreign and Commonwealth Office

USS 087/1

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copy

GRS 1500
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FROM MADRID 021620Z MAR 1984
TO IMMEDIATE FCO
TELEGRAM NUMBER 207 OF 2 APRIL
AND TO IMMEDIATE MODUK (DESKBY 021700Z)FOR PATTIE, BEAUMONT,
RMD 4,
INFO ROUTINE PARIS, BONN, WASHINGTON.

Re
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MY TEL NO 205: RAPIER

SUMMARY

1. THE SPANISH GOVERNMENT THIS MORNING DECIDED TO BUY THE FRANCO/
GERMAN, ROLAND, IN PREFERENCE TO RAPIER. POLITICAL GESTURES BY
THE FRENCH APPEAR TO HAVE TIPPED THE BALANCE. DECISION BOUND TO LEAD
TO A CERTAIN CHILL IN BRITISH DEFENCE SALES EFFORTS IN SPAIN.
BUT LONGER TERM OPPORTUNITIES IN AREAS OTHER THEAN GUIDED WEAPONS
STILL OPEN.

DETAIL

2. THE STATE SECRETARY FOR DEFENCE, EDUARDO SERRA, CURRENTLY
ATTENDING THE IEPG MEETING IN THE HAGUE, TELEPHONED THE BRITISH
AEROSPACE REPRESENTATIVE IN MADRID THIS MORNING THE SPANISH
GOVERNMENT'S DECISION TO ACQUIRE ROLAND. HE COMMENTED BRIEFLY
THAT LAST MINUTE POLITICAL MOVES BY THE FRENCH HAD SWUNG THE
DECISION IN FAVOUR OF THE FRANCO/GERMAN SYSTEM ALTHOUGH HE DID NOT
ELUCIDATE. ACCORDING TO VINUESA, OF THE MFA, WHO ATTENDED THE
LUNCH GIVEN FOR HANNAY TODAY, THE FRENCH MOVES RELATE TO CROSS
-FRONTIER ACTIVITIES BY ETA MEMBERS AND INVOLVE ACTION ON THE PART
OF THE FRENCH AUTHORITIES TO PREVENT BASQUE EXILES SETTLING IN THE
ADJACENT FRENCH PROVINCES. VINUESA CLAIMED THAT MORAN HAD ARGUED
AT LAST WEEK'S CABINET MEETING IN FAVOUR OF RAPIER ON THE GROUND'S
THAT , WHILST THERE WERE OTHER OPPORTUNITIES FOR DEFENCE
COLLABORATIONWITH THE US, FRANCE AND THE FRG, THIS WAS THE ONLY
PROSPECT OF DIRECT CO-OPERATION WITH THE UK.

COMMENT

3. THIS IS A REAL BLOW TO BRITISH AEROSPACE WHO HAVE SPENT FIVE
YEARS MARKETING RAPIER AND NEGOTIATING WITH THE SPANISH AUTHORITIES
UNDER FRUSTRATING CIRCUMSTANCES. PARKHOUSE, MANAGING DIRECTOR OF
BAE STEVENAGE DIVISION, TELEPHONED ME TODAY AND, WHILST EXPRESSING
DISAPPOINTMENT, PUT ON RECORD HIS COMPANY'S GRATITUDE FOR THE
CONSISTENT EFFORTS WHICH HMG AND THIS EMBASSY HAD GIVEN.

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4. THERE WILL BE MUCH SCEPTICISM IN SPAIN AS TO THE RELIABILITY OF LAST MINUTE FRENCH EFFORTS TO SECURE THIS CONTRACT. MANY SPANIARDS WILL SEE THE OUTCOME AS ANOTHER TRIUMPH FOR FRENCH TECHNIQUES IN BLACKMAIL. VINUESA'S ACCOUNT OF MORAN'S ATTITUDE IS NOT WHOLLY IMPLAUSIBLE, ALTHOUGH IT CONTRADICTS WHAT OTHERS E.G. MR GAREL-JONES MP, HAVE REPORTED. MORAN MAY INDEED HAVE ARGUED THAT A CONCRETE COLLABORATION WITH THE UK COULD REINFORCE THE SPANISH GOVERNMENT'S EFFORTS TO MAKE PROGRESS ON GIBRALTAR.

5. WE WILL NEED TO CONSIDER THE IMPLICATIONS FOR OUR DEFENCE SALES POLICY TOWARDS SPAIN. THERE IS LITTLE DOUBT THAT BAE DYNAMICS GROUP WILL DOWNGRADE SPAIN AS A PRIORITY MARKET. THERE IS ALSO BOUND TO BE A DETAILED POST MORTEM WITHIN THE STEVENAGE DIVISION. THE COMPANY FEEL THAT THEY DID EVERYTHING POSSIBLE TO WIN THE CONTRACT AND ARE NOT INCLINED TO BLAME EITHER THEIR SALES EXECUTIVES OR SPANISH AGENTS FOR ANY SHORTCOMINGS DURING THE PROTRACTED NEGOTIATIONS.

6. INVOLVEMENT IN THE FUTURE EUROPEAN FIGHTER AIRCRAFT PROJECT AND OTHER COLLABORATIVE VENTURES IN WHICH SPAIN HAS EXPRESSED AN INTEREST, SUCH AS TRIGAT, WILL MAKE IT UNWISE FOR BRITISH AEROSPACE TO NEGLECT SPAIN ENTIRELY. COMPANIES SUCH AS THE ROYAL ORDINANCE FACTORIES AND BRITISH SHIPBUILDERS WILL HAVE SEPARATE COMMERCIAL REASONS FOR CONTINUING TO PROMOTE THEIR PRODUCTS AND TECHNOLOGY IN SPAIN. WE SHALL FOLLOW UP SEPARATELY ON THIS SUBJECT WITH DEFENCE SALES.

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PS/MR LUCE
PS/LADY YOUNG
PS/MR WHITNEY
SIR J BULLARD
MR WRIGHT
MR CARTLEDGE
MR JENKINS

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Redistributed to include PS.
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GRS 200
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FROM MADRID 031045Z MAR 1984
TO IMMEDIATE FCO
TELEGRAM NUMBER 211 OF 3 APRIL
INFO IMMEDIATE MODUK (FOR RMD4),
INFO ROUTINE WAHSINGTON, BONN, PARIS.

per [Signature] 4/4
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MY TEL NO 207: RAPIER

1. THIS MORNING'S SPANISH PRESS IS AT PAINS TO STRESS THAT THE DECISION TO BUY ROLAND WAS BASED ON TECHNICAL AND COMMERCIAL GROUNDS. THE PRESS REPORTS A COMMUNIQUE ISSUED BY THE MINISTRY OF DEFENCE WHICH CLAIMS THAT ROLAND WAS SUPERIOR BOTH IN ITS TECHNICAL /OPERATIONAL CHARACTERISTICS AND AS FAR AS THE COMMERCIAL, INDUSTRIAL AND TECHNOLOGICAL PROPOSALS MADE BY EUROMISSILE WERE CONCERNED. ARTILLERY EXPERTS WERE SAID BY THE DEFENCE MINISTRY TO HAVE BEEN INFLUENCED BY ROLAND'S GREATER COST EFFECTIVENESS, ITS ABILITY TO CARRY VARIOUS PAYLOADS IN THE WARHEAD, AND RELATIVE EASE OF TRANSPORT. THE CHIEF OF ARMY STAFF, GEN. SAENZ DE TEJADA, IS QUOTED AS SAYING THAT ROLAND WAS THE BEST OF THE THREE MISSILES I.E. RAPIER AND CHAPARRAL INCLUDED.

2. THE SPANISH GOVERNMENT APPEARS THEREFORE TO BE MAKING A CONSCIOUS EFFORT TO PLAY DOWN THE POLITICAL ASPECTS OF THE DECISION. THE DEFENCE MINISTRY BRIEFING CERTAINLY CONTRADICTS EVERYTHING SAID TO US OVER THE LAST FEW MONTHS, AND REPEATED MOST RECENTLY ON 30 MARCH BY THE STATE SECRETARY OF DEFENCE (MY TELNO 205 REFERS), THAT THE TWO OFFERS WERE EQUAL ALTHOUGH ROLAND WAS JUDGED TO HAVE THE EDGE ON TECHNICAL CRITERIA, WHEREAS RAPIER OFFERED BETTER INDUSTRIAL PARTICIPATION AND WAS CHEAPER. IN JUSTIFYING ITS DECISION ON NON-POLITICAL GROUNDS, THE GOVERNMENT PRESUMABLY HAS IN MIND POSSIBLE CRITICISM AT A TIME WHEN SPAIN'S RELATIONS WITH FRANCE ARE FAR FROM GOOD.

3. THERE HAS BEEN NO COMMENT IN THE PRESS ON THE OPPORTUNITY FOR COLLABORATION WITH THE UK IN THE DEFENCE FIELD, WHICH HAS NOW BEEN RULED OUT.

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PS/MR LUCE
PS/LADY YOUNG
PS/MR WHITNEY

Copied to News Dept
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GRS 350
UNCLASSIFIED
FROM MADRID 031505Z MAR 1984
TO IMMEDIATE FCO
TELEGRAM NUMBER 212 OF 3 APRIL
INFO ROUTINE MODUK (FOR RMD4), WASHINGTON, PARIS, BONN

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MY TEL NO 211: RAPIER

FOLLOWING IS THE TEXT OF THE STATEMENT ISSUED BY THE SPANISH DEFENCE MINISTRY ON 2 APRIL. QUOTE. IN ACCORDANCE WITH THE DECISION ADOPTED BY THE COUNCIL OF MINISTERS ON 28 MARCH, AND IN THE LIGHT OF THE OFFERS WHICH HAVE BEEN PRESENTED, THE SPANISH GOVERNMENT HAVING STUDIED THE LATTER HAS DECIDED TO ACQUIRE THE AIR DEFENCE MISSILE SYSTEM ROLAND FOR ITS LOW LEVEL AIR DEFENCE PROGRAMME IN THE OPERATIONAL THEATRE. THIS CHOICE HAS BEEN MADE AFTER TAKING INTO ACCOUNT THE ASSESSMENT OF THE FOUR SYSTEMS: CHAPARRAL (US), RAPIER (UK), ASPIDE (IT) AND ROLAND (FR/FRG).

2. THESE ASSESSMENTS HAVE BEEN MADE ON THE BASIS OF TACTICAL-OPERATIONAL, INDUSTRIAL, TECHNOLOGICAL AND ECONOMIC POINTS OF VIEW. THE TACTICAL-OPERATIONAL EVALUATION WAS MADE BY THE ARMY HEADQUARTERS ARTILLERY DEPARTMENT AND THE INDUSTRIAL TECHNOLOGICAL AND ECONOMIC ASSESSMENTS BY THE DIRECTORATE GENERAL FOR ARMAMENT AND MATERIAL.

3. THE ROLE OF THE ASSESSMENT COMMITTEE FOR ARMAMENT AND MATERIAL (CADAM) HAS MADE IT POSSIBLE TO STUDY AND CONSIDER THE OFFERS AND POSSIBILITIES FOR NATIONAL INDUSTRY WHICH IS REPRESENTED ON THIS COMMITTEE. THE PURCHASE PRICE WILL TOTAL ABOUT 27 BN PESATAS. NEGOTIATIONS HAVE PRODUCED AS COMPENSATION THE MANUFACTURE IN SPAIN OF AN IMPORTANT PART OF THE SYSTEM, TOTALLING NEARLY 60% OF THE TOTAL COST, WITH AN ADDED VALUE IN SPAIN IN EXCESS OF 12 BN PESATAS. TOGETHER WITH THE TECHNOLOGICAL ATTRIBUTES THE OPERATIONAL FEATURES OF ROLAND WHICH INFLUENCED THE CHOICE CAN BE SUMMARISED IN:

- A) ITS HIGH INDEX COST EFFICIENCY
- B) THE FACT THAT IT CARRIES A WARHEAD WITH MULTIPLE HOLLOW CHARGES, TOGETHER WITH ITS PROXIMITY FUSE, GIVES IT A LARGE RADIUS OF EFFECTIVE ACTION

/ C) THAT IT

C) THAT IT CONSTITUTES A COMPACT SYSTEM MOUNTED ON A SINGLE VEHICLE
OF GREAT TACTICAL MOBILITY AND, FINALLY,
D) THAT, ALTHOUGH ITS MAINTENANCE IS COMPLEX, OUR ARMY IS PERFECTLY
CAPABLE OF CARRYING THIS OUT WITHOUT DIFFICULTY. UNQUOTE.

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PS/LADY YOUNG
PS/MR WHITNEY
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Replied to News Dept
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GRS 450
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FROM MADRID 040925Z MAR 1984
TO IMMEDIATE FCO (DESKBY 041000Z)
TELEGRAM NUMBER 213 OF 4 APRIL
INFO IMMEDIATE MODUK (FOR RMD 4)
INFO PRIORITY WASHINGTON, PARIS, BONN

*R/A cc Mr Palmer, News Dept
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r Per.
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NY TELNO 212: RAPIER

1. THE WORDING OF THE OFFICAL STATEMENT ABOUT THE CHOICE OF MISSILE FOR THE SPANISH LOW LEVEL AIR DEFENCE SYSTEM CONFIRMS THE ASSUMPTION (PARA 2 OF MY TEL NO 211) THAT THE SPANISH GOVERNMENT HAVE DECIDED TO TRY TO PRESENT THE DECISION PUBLICLY AS HAVING BEEN TAKEN ON TECHNICAL AND COMMERCIAL RATHER THAN POLITICAL GROUNDS. GIVEN THE FRENCH UNPOPULARITY IN SPAIN AT THE PRESENT TIME THE ADVANTAGES ARE OBVIOUS OF THIS APPROACH, WHICH SEEMS LIKELY TO HAVE BEEN AUTHORISED BY THE PRIME MINISTER HIMSELF. THE SPANIARDS MAY ALSO HAVE CONCLUDED THAT THEY SHOULD BE SEEN TO BE DOING ALL THEY CAN TO MAINTAIN RELATIONS WITH THE UK ON THEIR PRESENT EVEN KEEL, NOT LEAST IN THE GIBRALTAR CONTEXT.

2. AS EDUARDO SERRA AND OTHERS HAVE TOLD US IN RECENT MONTHS, AND AS WE OURSELVES HAVE REPORTED, IT IS IN FACT THE CASE THAT THE ISSUE OF GIBRALTAR HAS PLAYED AN IMPORTANT PART IN THE SPANISH GOVERNMENT'S DECISION TO OPT FOR ROLAND RATHER THAN RAPIER. NEVERTHELESS I BELIEVE THAT BRITISH MINISTERS HAVE DONE ALL THEY COULD TO CREATE THE MOST PROMISING POLITICAL CLIMATE FOR RAPIER. AS YOU KNOW, OUR APPROACHES TO THE SPANIARDS HAVE RANGED FROM THE PRIME MINISTER DOWNWARDS.

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3. THE DECISIVE ELEMENT IN THE FRENCH OFFER SEEMS TO HAVE BEEN UNDERTAKINGS GIVEN BY THEM ABOUT BORDER ACTIVITIES BY ETA MEMBERS IN THE SOUTH OF FRANCE (PART 2 OF MY TELEGRAM NO. 207). BUT OF COURSE IT IS NOT FOR US TO COMMENT PUBLICLY ON THE MOTIVES OF THE SPANISH GOVERNMENT IN DECIDING FOR ROLAND. ALTHOUGH THE REPORT IN YESTERDAY'S DAILY TELEGRAPH MAY HAVE GIVEN A DIFFERENT IMPRESSION, WE ARE STICKING CAREFULLY TO THIS LINE.

(attached)

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PS/MA LUCE
PS/LADY YOUNG
PS/MR WHITNEY
SIR J BULLARD
MR WRIGHT
MR CARTLEDGE
MR JENKINS

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10 DOWNING STREET

John Artyr.

On Saturday Tristan Gower-Jones phoned to say he had a contact in Madrid (the Defence Minister) who had told him the Spanish Cabinet were about to meet & would decide to buy ~~buy~~ Rapier from Britain. He thought Sr Gonzalez would phone to tell the PM.

I spoke to MOD & FCO who thought this was a strong possibility. MOD suggested the attached as briefing for the PM if the phone call took place. However, later in the day the Embassy in Madrid established that it was unlikely Sr Gonzalez would

phone ~~at~~ over the weekend
but may possibly ~~be~~
so on Monday. The
PM knows this.

Nicky 2/4



10 DOWNING STREET

PRIME MINISTER

Attached is briefing for the proposed telephone call by Snr Gonzalez. FCO have asked if you could make the point that augurs well for Anglo/Spanish co-operation in the future.

Monica

NB There will be an interpreter on the line.