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PRIME MINISTER

Libya: Defence Sales

A

The Defence Secretary has conducted a review of defence sales to Libya.

The aim is to terminate contracts of potential benefit to terrorists but allow other business to continue.

The only contract recommended for termination is the indoor shooting range.

There are doubts over the Martello surveillance radars, equipment for shell muzzle velocity calculations, vehicle radios and Saladin spares.

But on balance the Defence Secretary is prepared to let contracts/licences stand.

B, C

The Foreign and Commonwealth Secretary and the Lord Chancellor think the licence for shell muzzle velocity calculation should be cancelled. *No contract signed.*

The Lord Chancellor also thinks that we should try to get other countries to undertake not to supply the radars. Only if they refuse should the contract for Martellos be allowed to stand.

Other OD members have not yet commented.

Agree the Defence Secretary's recommendations as qualified by the Foreign and Commonwealth Secretary and the Lord Chancellor?

*Yes not*

*C.D.P.*

C.D. Powell  
15 June 1984

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10 DOWNING STREET

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From the Private Secretary

18 June 1984

Dear Richard,

Libya - Current Defence Sales Business

The Prime Minister has considered the Defence Secretary's minute of 6 June, the Lord Chancellor's letter of 13 June and the Foreign and Commonwealth Secretary's minute of 15 June on this subject.

Subject to the views of other OD colleagues, the Prime Minister is in general content with the recommendations in the Defence Secretary's minute, with the exception of two points. She shares the view of the Foreign and Commonwealth Secretary and the Lord Chancellor that Ferranti's licence for the supply of equipment for shell muzzle velocity calculations should be revoked. She also agrees with the Lord Chancellor that the contract for Martello surveillance radar should be allowed to stand only if we are unable to obtain undertakings from the French and Italian Governments that they would refuse export licences if HMG were to cancel the contract.

I am sending copies of this letter to the Private Secretaries to members of OD and to Hugh Taylor (Home Office) and Richard Hatfield (Cabinet Office).

yours sincerely  
C.D. Powell

C.D. POWELL

Richard Mottram, Esq.,  
Ministry of Defence.

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cc PC.  
MBM  
CDD  
22/6

Treasury Chambers, Parliament Street, SW1P 3AG  
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21 June 1984

Richard Mottram Esq  
Private Secretary to the  
Secretary of State for Defence  
Ministry of Defence  
Main Building  
Whitehall  
LONDON SW1

*Dear Richard,*

LIBYA - CURRENT DEFENCE SALES BUSINESS

The Chancellor of the Exchequer has seen the correspondence on this question and agrees with the approach proposed in Charles Powell's letter of 18 June.

I am copying this letter to the Private Secretaries to other OD members, and to Hugh Taylor and Richard Hatfield.

*Yours etc,*

*Timothy Lapsley*

Miss J C Simpson  
Private Secretary