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Foreign and Commonwealth Office

London SW1A 2AH

From The Minister of State  
Richard Luce MP

Prime Minister

You wanted this 26 July 1984  
settled as quickly as possible, to  
remove the uncertainty for the firm.  
It is clear that we shall not  
get satisfactory assurances from the  
French & Italians. It's all too likely  
they will snatch the business if we  
hold back.

Jan Michael

LIBYA: CURRENT DEFENCE SALES BUSINESS

Agree that we should  
allow Marconi's contract to  
go ahead?

In his letter of 6 July to your Private Secretary, Charles Powell said that the Prime Minister agreed with the Lord Chancellor that we should only allow Marconi's contract for the sale to Libya of Martello Surveillance Radar to go ahead if we failed to obtain undertakings from France and Italy that they would not supply if we were to cancel the contract. I am following this up in the absence abroad of the Foreign and Commonwealth Secretary.

CJP  
27/7  
Yes

The results of our approaches to the French and Italians are inconclusive. When asked what would be the attitude of the French Government if we were to seek formal undertakings not to supply the equipment, the Head of the North Africa Department at the Quai d'Orsay was unwilling to give a firm reply. He said that much would depend on the type and purpose of the equipment to be supplied. It might also depend on the relationship between the British firm and the third country which would be the ostensible supplier. The French were unlikely to allow the supply to Libya of mobile radar which could be used against French aircraft operating in Chad, but heavy military radar for the defence of the Libyan coast was more borderline and would probably be allowed. At no stage did the French official give the impression that Libyan attitudes towards terrorism would enter into the calculations.

The Italian official responsible for arms export licences was unwilling to give a firm assurance about the attitude which the Italian Government might take if an Italian firm sought a licence to take Marconi's place, but he asked that we provide details of the equipment's technical characteristics.

/Our Embassies

The Rt Hon Michael Heseltine MP  
Secretary of State for Defence  
Ministry of Defence  
Whitehall  
London SW1



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Our Embassies in Paris and Rome believe that, even if we comply with the requests of the French and Italian Governments for details of Marconi's contract, we are unlikely to obtain undertakings to prevent their companies from taking Marconi's place. Both have pointed out, however, that we would run the risk of alerting Marconi's competitors. I do not consider that it would be right for us to do this.

We have, I believe, found out as much as we reasonably can without simply handing the contract on a plate to our competitors. Taking all the factors into account, including our political and commercial relations with Yugoslavia, our reputation as a reliable supplier and the negligible impact of this equipment on Libya's offensive capabilities, I therefore consider that we should place no further impediment in the way of this sale.

I am copying this letter to other members of OD, to the Home Secretary and Sir Robert Armstrong.

*Wm*

*W*

*Richard*

Distance & Sal. Pte

27 JUL 1964

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SLH.



10 DOWNING STREET

LCO. FCO. HMT LPO LPSO COL DTI. + below Percy C.

From the Private Secretary

30 July, 1984

Dear Richard,

Libya: Current Defence Sales Business

The Prime Minister has seen a copy of Mr. Luce's letter of 26 July to the Defence Secretary, recording the outcome of the approaches made to France and Italy to try to obtain undertakings that they would not supply if HMG were to insist on cancellation of the contract for the sale to Libya of Martello Surveillance Radar.

The Prime Minister considers that, in the light of the evasive French and Italian replies to our approaches, it is unlikely that we shall ever obtain satisfactory assurances. She therefore agrees that we should place no further obstacles in the way of the sale of the Martello Surveillance Radar to Libya.

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

Yours sincerely,  
*C. D. Powell*

C. D. POWELL

Richard Mottram, Esq.,  
Ministry of Defence



*case*  
2 PPS

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MO 26/9/15/1

6th August 1984

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*7/9*

*L R D*

LIBYA - CURRENT DEFENCE SALES BUSINESS

Thank you for your letter of 26th July reporting the results of our approaches to the French and Italian authorities with regard to Marconi's contract to supply Martello surveillance radars to Libya via Yugoslavia. In the light of the inconclusive outcome of these approaches you recommended that no action should be taken to impede this contract. I note that both the Prime Minister and the Lord Chancellor now agree with this conclusion and I understand that our other OD colleagues are content for this sale to proceed. I will therefore ensure that Marconi are informed accordingly.

I am sending copies of this letter to colleagues on OD and to Sir Robert Armstrong.

*yes*  
*er*  
*[Signature]*

Michael Heseltine

Richard Luce Esq MP

7 AUG 1984

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CONFIDENTIAL



HOUSE OF LORDS,  
SW1A 0PW

31 July 1984

The Right Honourable  
Michael Heseltine MP  
Secretary of State for Defence  
Ministry of Defence  
Whitehall  
London S.W.1

NBPM  
R CDD  
y8.

*My dear Michael:*

Libya: Current Defence Sales Business

I have seen a copy of Richard Luce's letter to you of 26th July.

I am disappointed, but not surprised, that our Embassies in Paris and Rome should have been unable to extract from the French and Italian Governments undertakings in respect of the Marconi contract. In the circumstances I fear I must agree that this sale must go forward. But I should make it clear that in reaching this conclusion I am influenced by one factor only: the fact that if the Libyans do not obtain this equipment from Marconi, they will inevitably obtain it from some other firm. The other factors mentioned in the penultimate paragraph of Richard Luce's letter are not, I believe, matters which we should take into account when considering the supply of arms to Libya.

I am copying this letter to other members of OD, to the Home Secretary, to Richard Luce and to Sir Robert Armstrong.

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