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Prime Minister

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PRIME MINISTER

QUARTERLY REPORT ON DEFENCE SALES AND PROSPECTS

1ST APRIL - 30TH JUNE 1984

The second quarter of 1984 saw defence sales worth £357M reported by industry compared with £403M for the previous quarter and £401M for the corresponding quarter in 1983. This figure is disappointing and, with sales in the first half of 1984 now some 18% less in cash terms than for the same period in 1983, the likelihood of matching last year's record sales now appears remote.

2. The largest contract signed was with the Saudis for a further extension of the King Khalid Hospital management contract (SANGMED) for the Saudi Arabian National Guard (£74M). Other significant contracts included sales of Combat Engineer Tractors to India (£25M), air defence radars to Ecuador (£23M), two development contracts for the Swedish JAS 39 aircraft programme (total £23M), a communications project for Australia (£20M) and Stingray torpedoes to Egypt (£17M). Details of all contracts reported in the quarter are given at Annexes A and B, whilst details of the highest priority current sales prospects are listed at Annex C. Further contracts reported since the end of the second quarter, and therefore not included in the totals above, include sales of 2 Fast Patrol Craft to Kenya (£75M), Searchwater radars to Spain (£13M) and the first batch of Stingray torpedoes to Thailand (£4.5M).

3. Despite the continued economic readjustments caused by falling oil revenues, the general security situation in the Middle East makes further significant arms purchases likely. I am now increasingly



confident that Saudi Arabia will purchase Tornado and Hawk in the near future. A final decision is possible before the end of the year. There is also renewed high-level Saudi interest in acquiring Challenger and improvements in our relationship with the Saudi National Guard reflected in the further extension to the SANGMED project mentioned earlier augur well for continued future business with them.

4. Elsewhere in the region, Kuwait continues to be interested in Challenger and MCV80, and also in Blowpipe/Javelin following the US refusal to supply Stinger air defence missiles. However the Kuwaitis recently announced an arms deal with the Soviet Union which may adversely affect some of these projects. Good progress has been made over the potential sale of Hawk to Bahrain, although a decision has been deferred for a further three months. The Omani Air Force continue to discuss details of their proposed purchase of Tornado ADV with BAe and agreement is still expected to be reached before the end of the year. Prospects for the sale of FH70 to Oman are, however, somewhat less bright than previously reported but the tri-service communications project there is progressing satisfactorily with Marconi likely to receive the lead contract. In Jordan, Shorts continue to promote Javelin but good credit terms or perhaps counter trade arrangements will be required. It is, however, possible that the potential Javelin deal could be subsumed within the wider Government-to-Government credit package which the Jordanians have requested. A similar request has also been made to the French and it is understood that the Soviet Union has already offered a credit line over 17 years at 2% interest, which could prove irresistible to the Jordanians. Negotiations for the sale of three Type 21 frigates to Pakistan (value now £300M) have moved into the final stage. As you are aware General Zia has written indicating that the Pakistani preference is to buy British provided our offer is comparable financially with those of France and Germany; a decision is expected shortly.

5. Good progress has been made by the joint Anglo-Algerian Study Team looking into the establishment of an Algerian aerospace industry,



including Hawk assembly. For a naturally secretive country, the Algerians have been remarkably frank and open during these discussions. Refinement of their requirements for air defence has resulted in a much reduced system and further proposals will be submitted shortly. The initial contract to which the terms of the MOU with Algeria will apply has been signed by Baxter Fell for a Gendarmerie barracks (£130M) and should complete the Algerian contractual process by end of September. Following discussions in Egypt during May about the £300M ECGD-backed special credit reservation, the Egyptians have signed the first contract to benefit from this credit for 50 Stingray torpedoes worth £17M. Additional projects on the Egyptian list of priorities are being processed. In Nigeria the validity of the existing Jaguar contract was effectively endorsed by General Bali's acceptance of the first batch of aircraft in the UK during May, although some final contractual amendments are still to be settled. The Swingfire contract signed last year is now not likely to become effective but could be replaced by a new, smaller-value order in the future. Nigeria's reaction to the Dikko affair does not appear to have affected defence sales relations at all: normal liaison is continuing through both UK official and industrial channels. Little business is of course to be expected with Iran and Iraq whilst the war continues in view of our neutrality obligations.

6. Following the Indian signature of the contract for 15 Combat Engineer Tractors with an option for a further 35 vehicles, negotiations started in early August on a possible purchase of FH70 by their Army. Work also continues to agree a general collaborative MOU and a line-of-credit. Full negotiations are due to commence shortly on the supply of a further 11 Sea Harriers, which has already been agreed in principle by the Indian Cabinet. In Thailand a decision is awaited on the proposals for sale of the Vickers Mk 3 tank but it is possible that the US M48 or M60 may be procured on cost grounds. Other prospects include possible sales of HS748 and Hawk, where the credit terms will be an important factor, and the construction of a rocket propellant plant. As recorded above MUSL have now signed an initial contract for Stingray.



7. The Head of Defence Sales, James Blyth, visited China and South Korea in May. He concluded that, whilst China could only be expected to provide annual defence business of at most £30M in the medium term, South Korea is a much more promising market for the UK and could provide up to £100M in 1984/85. Immediate prospects there include Tigerfish torpedoes and fire control systems for the Korean submarine programme, and Lynx helicopters with Sea Skua missiles: key decisions are expected in the autumn on both these projects. Other prospects include Hawk, Skyvan, LAW 80 and helicopters. A Ministerial visit is planned for later in the year. In Malaysia, the most important prospects are for submarines and a Defence Operations Room; Singapore continues to show interest in helicopters, fast patrol craft and associated weapons, and in RB199 engines for their Skyhawk refit programme; Indonesia offers a good prospect of a Rapiers sale and is also showing continued interest in single seat Hawk; and the Philippine Navy has a requirement for three corvettes for which Yarrow have submitted proposals. Australia is expected to decide soon on procurement of helicopters for their frigates and Geoffrey Pattie has written in support of Westland's proposals.

8. In the US, Marconi were awarded a contract for their Integrated Communications System (ICS3) worth \$7M after a protracted evaluation and an open competition. Future orders for the US fleet generally could amount to over \$1Bn during the next decade. Confirmation has recently been received that the US will proceed with a purchase of \$50M worth of Rapiers to defend the US bases in Turkey and negotiations with Turkey on manning and support will be opened by USAF shortly. Our chances of selling the Improved 81mm Mortar have been helped by the announcement by the US that the system has been deemed acceptable for Service use but several hurdles still remain before any major procurement decision can be made. Plessey are bidding in consortium with Rockwell Collins and ITT for the \$4Bn Mobile Subscriber Equipment. The industrial agreements between BAe and McDonnell Douglas for the Hawk VTX programme are currently being negotiated and it is still



hoped that the full scale engineering contract will be awarded before the end of 1984.

9. Sales to Europe continue to be disappointing. The major achievement was the initial sale of Sea Spray Radars and Sea Skua missiles to the German Navy for their Sea King helicopters. Although the initial value of the order was small, the total value of the follow-on contract is some £50M. Prospects for the sale of BAE's ALARM to the Luftwaffe are still slender. Strenuous efforts to persuade the Dutch to fit Vertical Launched Sea Wolf to their 'M' Class frigates continue. The final rejection by the Greeks of Tornado, although not unexpected, was nonetheless a major disappointment. However, if a suitable financial package can be constructed the prospects of selling Tornado to Turkey look promising. Prospects now exist for the sale of Sea Harrier to Italy. A contract has been initialled for the sale of some £28.6M worth of Marconi AS 82 Air Defence Radars to Yugoslavia, and approval has been given for the earlier sale to Yugoslavia of Marconi's Martello radar for onward sale to Libya.

10. The depressed state of the Latin American and Caribbean market has not shown any significant signs of improvement, but there have been one or two recent successes and others are in prospect. Contracts for the sale of HMS ANTRIM to Chile and the second phase of the Plessey air defence radar to Ecuador were signed in May. Ferranti are hopeful that their prospective submarine fire control system contract for the Brazilian Navy should be completed soon, now that the financial package for the West German-built submarines has been agreed. Following strong MOD and FCO support, it now appears certain that Fairey Marine will win an order to supply three Fast Patrol Boats to the Bahamas Defence Force.

11. Overall, there can be no doubt that the first half of 1984 has been disappointing and, whilst there are a number of promising prospects, the remainder of 1984 is also going to be difficult. The long-awaited



first export order for Tornado has still not materialised, although I am now cautiously optimistic that this will in fact be achieved during 1984 or early in 1985. Other aircraft prospects also appear promising and it is therefore possible that the second half of 1984 could in fact turn out to be significantly better than we currently foresee if one or two key decisions go in favour of our industries.

12. I am copying this minute 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

Ministry of Defence
30th August 1984

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CONFIDENCE



10 DOWNING STREET

From the Private Secretary

11 September, 1984..

Quarterly Report on Defence Sales and Prospects
1 April - 30 June 1984

The Prime Minister has noted the Defence Secretary's minute (MO 26/9/1(a)) reporting on current defence sales and future prospects.

I am sending copies of this letter to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, and to Richard Hatfield (Cabinet Office).

Charles Powell

Richard Mottram, Esq.,
Ministry of Defence.

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ANNEX A - REPORTED CONTRACTS SUMMARY

COUNTRY	ARMY SYSTEMS VALUE £m	AIR SYSTEMS VALUE £m	NAVAL SYSTEMS VALUE £m	TOTAL VALUE £m
ALGERIA	7.50	-	-	7.50
AUSTRALIA	20.00	-	-	20.00
BAHRAIN	-	-	12.00	12.00
BERMUDA	0.10	-	-	0.10
BOTSWANA	-	0.57	-	0.57
BURMA	0.50	-	-	0.50
CAMEROON	0.10	-	-	0.10
CANADA	-	-	2.50	2.50
CHILE	-	-	10.52	10.52
CHINA (P.R.)	1.70	-	6.5	8.20
ECUADOR	23.00	-	-	23.00
EGYPT	0.35	0.94	17.29	18.58
FIJI	0.01	-	-	0.01
F.R.GERMANY	0.16	2.45	-	2.61
GHANA	0.20	-	-	0.20
INDIA	25.50	9.08	0.08	34.66
INDONESIA	5.00	-	-	5.00
IRAQ	4.00	-	-	4.00
ITALY	0.13	-	0.50	0.63
JAPAN	4.00	0.04	15.00	19.04
KOREA (SOUTH)	0.02	-	-	0.02
KUWAIT	0.18	-	-	0.18
MOZAMBIQUE	0.10	-	-	0.10
NATO	-	-	3.50	3.50
NEPAL	0.13	0.65	-	0.78
NEW ZEALAND	6.00	-	-	6.00
NIGERIA	1.00	-	-	1.00
OMAN	8.90	-	1.00	9.90
PAKISTAN	0.25	-	-	0.25
SAUDI ARABIA	74.55	-	-	74.55
SINGAPORE	2.30	-	-	2.30
SPAIN	-	-	2.00	2.00
SRI LANKA	0.07	-	7.50	7.57
SWEDEN	-	23.00	-	23.00
SWITZERLAND	-	-	3.00	3.00
THAILAND	-	7.00	-	7.00
UAE	0.40	-	-	0.40
USA	4.32	31.49	8.34	44.15
YEMEN (ARAB REPUBLIC)	-	0.54	-	0.54
ZAMBIA	0.75	-	-	0.75
TOTALS	191.22	75.76	89.73	356.71

ANNEX B - REPORTED CONTRACTS - AIR SYSTEMS

COUNTRY	PRODUCT	QUANTITY	VALUE £M	DELIVERY DATE	REF NO.
AR YEMEN	SAND FILTER	15	0.54	1984	606
BOTSWANA	TRISLANDER AIRCRAFT	1	0.57	1985	737
EGYPT	GNOME AERO ENGINE SPARES	NA	0.94	1984	765
FR GERMANY	SEA SKUA HELICOPTER EQUIPMENT	2	1.25	N.K.	716
	SEA SPRAY	2	1.20	N.K.	715
INDIA	HARRIER SPARES	NA	9.08	N.K.	754
JAPAN	7.62 mm GUN POD	1	0.04	N.K.	1459
NEPAL	SKYVAN	1	0.65	N.K.	756
SWEDEN	JAS-39 RADAR DEVELOPMENT	NA	5.00	1985	15
	JAS-39 WING DEVELOPMENT	0	18.00	1985	719
THAILAND	SHORTS 330/UTT	3	7.00	N.K.	718
USA	AV8B DEVELOPMENT	NA	1.12	N.K.	1452
	COBRA AIR DATA SYSTEM	NA	1.09	N.K.	677
	F-111 AIRCRAFT SPARES	NA	4.00	N.K.	1450
	FUEL PODS FOR CH-47 CHINOOK	89	7.00	N.K.	1448
	HARRIER SPARES	NA	1.30	N.K.	1451
	HUD/WASS FOR F-16	NA	3.00	N.K.	676
	HUD/WASS FOR F-16	NA	9.53	N.K.	678
	HUD/WASS FOR F-16 A/B	NA	0.20	N.K.	1476
	HUD/WASS FOR F-16 C/D	NA	2.10	N.K.	1475
	PV1585G FLT DATA ACQUISITION	NA	1.60	N.K.	679
	SR-71 FUEL PUMP CASTING	NA	0.25	N.K.	767
	UNSPECIFIED A/C SPARES & EQPT	NA	0.30	N.K.	1449

TOTAL FOR AIR SYSTEMS £m 75.76

END

ANNEX B - REPORTED CONTRACTS - LAND SYSTEMS

COUNTRY	PRODUCT	QUANTITY	VALUE £M	DELIVERY DATE	REF NO.
ALGERIA	LASER RANGEFINDER	NA	1.50	1985	3
	TL10-T LASER RANGEFINDER	NA	6.00	N.K.	732
AUSTRALIA	DISCON COMMUNICATIONS PROJECT	NA	20.00	1986	1464
BERMUDA	MARKSMAN WEAPON TRAINER	1	0.10	1984	726
BURMA	VHF 4051 RADIO	NA	0.50	1984	755
CAMEROON	BOOTS	NA	0.10	1984	739
ECUADOR	AIR DEFENCE GROUND RADAR SYS	NA	23.00	1985	197
EGYPT	COMPUTER	1	0.35	1984	741
FIJI	NIGHT VISION SIGHT	NA	0.01	1984	742
FR GERMANY	RADAR SIMULATOR REFIT	1	0.16	1983	1473
GHANA	SHOTGUN CARTRIDGE	NA	0.20	1984	738
INDIA	COMBAT ENGINEER TRACTOR	15	25.50	1985	9
INDONESIA	MEDICAL EQUIPMENT PACKAGE	1	5.00	N.K.	374
IRAQ	COMPUTER	NA	4.00	1984	680
ITALY	MX42/21 FUZE ENERGISER BATTERY	NA	0.13	N.K.	1472
JAPAN	FH70 AMMUNITION	NA	4.00	N.K.	183
KUWAIT	MOBILE ABLUTION UNIT	5	0.10	1984	766
	PARKAWAY BUILDING SYSTEM	4	0.08	1984	675
MOZAMBIQUE	T1014 TRANSMITTER	1	0.10	1984	736
NEPAL	COMMS EQUIPMENT	NA	0.13	N.K.	753
NEW ZEALAND	COMMS EQUIPMENT	NA	6.00	N.K.	644
NIGERIA	L20 LASER RANGEFINDER SIGHT	NA	1.00	N.K.	731
OMAN	MOBILE WORKSHOP	4	0.40	1984	763
	SCORPION	6	8.50	N.K.	344

ANNEX B - REPORTED CONTRACTS - LAND SYSTEMS

COUNTRY	PRODUCT	QUANTITY	VALUE £M	DELIVERY DATE	REF NO.
PAKISTAN	TRACKWAY	NA	0.25	N.K.	674
PR CHINA	BS250 TRAJECTORY ANALYSER	3	1.68	N.K.	1462
	RO-VEH EOD VEHICLE	1	0.02	1984	728
REPUBLIC OF KOREA	HED EXPLOSIVE DETECTOR	3	0.02	N.K.	1458
SAUDI ARABIA	SANGMED PROJECT	NA	74.00	1985	729
	SUBMACHINE GUN	1500	0.55	1984	645
SINGAPORE	LANDROVER 110	200	2.30	N.K.	733
SRI LANKA	PYROTECHNICS	NA	0.07	N.K.	757
UAE	MOBILE WORKSHOP	16	0.40	N.K.	760
USA	DESIGN SUPPORT	NA	0.14	N.K.	1456
	GDU FOR BCS	NA	4.00	N.K.	1453
	TV STUDIO EQUIPMENT	NA	0.18	N.K.	1461
ZAMBIA	COMPUTER	1	0.75	N.K.	510

TOTAL FOR LAND SYSTEMS £m 191.22

END

ANNEX B - REPORTED CONTRACTS - SEA SYSTEMS

COUNTRY	PRODUCT	QUANTITY	VALUE £M	DELIVERY DATE	REF NO.
BAHRAIN	CUTLASS ESM EQUIPMENT	NA	12.00	N.K.	210
CANADA	SHIELD DECOY SYSTEM	7	2.50	1985	681
CHILE	COUNTY CLASS DESTROYER	1	10.00	1984	38
	M97 FUZE	600	0.27	1984	724
	NAVIGATION RADAR	NA	0.25	1984	727
EGYPT	STINGRAY TORPEDO	50	17.29	1985	740
INDIA	DIVING EQUIPMENT	NA	0.08	N.K.	751
ITALY	A290 TORPEDO RECORDER	17	0.50	N.K.	712
JAPAN	SM-1A ROLLS-ROYCE SPEY ENGINE	12	15.00	N.K.	1460
NATO	ADVANCED DEGAUSSING RANGE	2	3.50	N.K.	76
OMAN	P2000 FAST PATROL BOAT	1	1.00	1984	762
PR CHINA	INTEGRATED COMMS ICS3	5	6.50	N.K.	30
SPAIN	MACHINERY CONTROL TRAINER	2	2.00	N.K.	608
SRI LANKA	MISSION SUPPORT SHIP	3	7.50	N.K.	750
SWITZERLAND	DOLPHIN SURVEILLANCE RADAR	4	3.00	N.K.	758
USA	CIRCUIT BREAKERS	NA	0.72	N.K.	40
	COMPUTER SOFTWARE	NA	0.25	N.K.	769
	INTEGRATED COMMS ICS3	NA	5.70	N.K.	721
	MESSAGE PROCESSOR SYSTEM	6	0.13	N.K.	1457
	SHIP AUXILIARY POWER MOTOR	24	0.28	N.K.	1454
	SLOW SPEED WATERBRAKE	NA	1.08	N.K.	1455
	TOWED ARRAY CABLE	7	0.18	N.K.	768

TOTAL FOR SEA SYSTEMS £m 89.73

END

ANNEX C - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>BELGIUM</u>	REMARKS: Request for tender expected 1984/85. Final decision is expected 1985/6.
PRODUCT: LYNX III	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 80.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 31 1985	COMPETITION: USA, France, FRG, Italy.
COUNTRY: <u>DENMARK</u>	REMARKS: The Danes have 8 Naval Lynx in service and are considering a follow-on order of 4 for Baltic surveillance. Money has been ear-marked in the budget for 1985/6 for this purchase.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 15.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 456 1985	COMPETITION:
COUNTRY: <u>FR GERMANY</u>	REMARKS: FRG purchased 12 Naval Lynx in 1979. Contract under negotiation for purchase of two further aircraft.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 7.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 458 1984	COMPETITION:
COUNTRY: <u>FR GERMANY</u>	REMARKS: To be used in conjunction with Seaspray radar.
PRODUCT: SEA SKUA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 25.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 35 1984	COMPETITION: France

ANNEX C - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>FR GERMANY</u>	REMARKS: To be fitted to Sea King SAR helicopters, combined with Sea Skua missiles, to convert aircraft to dual role. The Seaspray will operate in a new 360 degree role. Two prototype sets have already been ordered.
PRODUCT: SEA SPRAY	
FIRM : FERRANTI RADAR SYSTEMS	
VALUE :£m 25.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 573 1984	COMPETITION: MEL (UK).
COUNTRY: <u>NETHERLANDS</u>	REMARKS: Linkage possible to further RN purchase of CIWS.
PRODUCT: SEAWOLF VL	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 24.00	MINISTERIAL: Min of S (DP) closely involved. INVOLVEMENT:
REF NO CON.DATE 191 1984	COMPETITION: USA(Sea Sparrow)
COUNTRY: <u>PORTUGAL</u>	REMARKS: This NATO aid project has been under discussion since '79. Current proposals based on Kortenaer frigate seem likely to founder, insufficient finance being available from NATO and Portuguese sources. Possible alternative options involve FRG and US. In 1983 S of S offered £5m towards cost of purchasing UK equipment. Most likely purchase is Lynx. WHL to provide revised proposals. ECGD have proposed additional £50m credit cover for 6 months for a Lynx purchase.
PRODUCT: LYNX	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m NK	MINISTERIAL: PM raised during visit to Portugal April 1984. INVOLVEMENT:
REF NO CON.DATE 759 N.K.	COMPETITION:
COUNTRY: <u>SWITZERLAND</u>	REMARKS: To replace Vampire FB-6/T-55 in trainer role.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m NK	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 574 N.K.	COMPETITION: Italy (MB-339)

ANNEX C - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>TURKEY</u>	REMARKS: Subsequent to proposals from BAe the TAP have expressed interest in the procurement of 40 Tornado IDS if a suitable financial package, involving both FRG and Italy, can be constructed. ECGD credit of up to £350m could be required.
PRODUCT: TORNADO IDS	
FIRM : PANAVIA	
VALUE :£m 700.00	MINISTERIAL: Both S of S and Min (DP) have approached FRG about possible use of FRG aid, INVOLVEMENT: but this proposal has been rejected.
REF NO CON.DATE	COMPETITION:
353 N.K.	

END

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: KUWAIT	REMARKS: Kuwait have requirement to equip 5 or 6 battalions with APCs. Infantry Committee impressed with MCV-80 during visit in April 1984 and company have been invited to demonstrate vehicle in Kuwait in August.
PRODUCT: APCs/IPVs	
FIRM : GKN SANKEY	
VALUE :£m 300.00	MINISTERIAL: S of S discussed with Shaikh Salim, Minister of Defence, in July 1983, and INVOLVEMENT: visited Kuwait in February 1984.
REF NO CON.DATE 206 1985	COMPETITION: USA (Bradley), Brazil (Engesa), USSR (BMP-2).
COUNTRY: KUWAIT	REMARKS: The Kuwaitis are showing a very strong interest in Challenger. It impressed during Abu Dhabi trials July/August 1983 and again at Bovington and Hohne ranges in Germany in April 1984. Kuwaitis expect to equip 3 regiments with new tank and in-country trial later this year possible. Much will depend on political and financial considerations
PRODUCT: MAIN BATTLE TANKS	
FIRM : ROYAL ORDNANCE FACTORIES	
VALUE :£m 150.00	MINISTERIAL: S of S discussed with Shaikh Salim, Minister of Defence, in July 1983, and INVOLVEMENT: visited Kuwait in February 1984.
REF NO CON.DATE 205 1987	COMPETITION: USA (M1),USSR(T72), France (AMX-32).
COUNTRY: KUWAIT	REMARKS: Recent events in Gulf have provoked considerable interest in man portable AD systems for both land and shipborne use. As US unlikely to sell Stinger good opportunity for Blowpipe though much will depend on how Short's offer is received as we shall not be able to offer equipment on same scale as US. Scope for selling Javelin later.
PRODUCT: MAN PORTABLE SAMs	
FIRM : SHORT BROS MISSILE DIVISION	
VALUE :£m 100.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 761 N.K.	COMPETITION: USSR
COUNTRY: OMAN	REMARKS: UK team carried out study in August 1983 and report submitted to CDS Oman. An LSP (Royal Signals) was posted to Oman in June 1984 to assist the Omani Joint Signals Board in the management of the complete project. Marconi invited (29 Feb 84) to begin design study. IAL, Teleconsult, Scicon, Embank Breece and BAe invited to tender for project management consultancy. Major prospect for hardware from UK electronics companies. Credit will probably be required.
PRODUCT: COMMUNICATIONS PROJECT	
FIRM : VARIOUS	
VALUE :£m 350.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 208 1984	COMPETITION:

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: <u>BAHRAIN</u>	REMARKS: BAe original package of 6 Hawks presented early June. Raised offer submitted 20.06.84 (£44.7). Firm awaiting to be asked to return to negotiating table.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 45.00	MINISTERIAL: Prime Minister and Minister (DP) met HH The Amir of Bahrain 10-13 April 1984.
REF NO CON.DATE	INVOLVEMENT: Minister (DP) visited Bahrain 7 May 1984.
41 1984	COMPETITION: France (Alpha-jet), USA.
COUNTRY: <u>BAHRAIN</u>	REMARKS: 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 imminent. DMAD reports US currently advising on radar. COS reported as saying that radar acquisition under consideration in GCC committee.
PRODUCT: LOW LEVEL RADAR	
FIRM : VARIOUS	
VALUE :£m 25.00	MINISTERIAL: Prime Minister and Minister(DP) met HH the Amir of Bahrain 10-13 April, 1984.
REF NO CON.DATE	INVOLVEMENT:
373 1984	COMPETITION:
COUNTRY: <u>BAHRAIN</u>	REMARKS: BAe have excellent prospect to fit Sea Skua to BDF AB212s. BAe have invited C.O.S. to visit No 815 Squadron.
PRODUCT: SEA SKUA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 25.00	MINISTERIAL: Prime Minister and Minister (DP) met HH The Amir of Bahrain 10-13 April, 1984.
REF NO CON.DATE	INVOLVEMENT:
42 1984	COMPETITION: France (AS15TT)
COUNTRY: <u>JORDAN</u>	REMARKS: Following the refusal by the USA to supply Stinger missiles the Jordanians are looking for alternatives. Successful presentation in Jordan was given by Shorts in June 1984. It is hoped for an early demonstration in Jordan or UK. ECGD Section 2 5 years credit available at consensus rate. Amount to be covered is still subject to discussion.
PRODUCT: JAVELIN	
FIRM : SHORT BROS MISSILE DIVISION	
VALUE :£m 57.00	MINISTERIAL:
REF NO CON.DATE	INVOLVEMENT:
579 1984	COMPETITION: USSR, France.

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: <u>OMAN</u>	REMARKS: A priority GCC funded prospect. Marconi in dialogue with Oman and are well placed to secure contract when funds are available.
PRODUCT: MARTELLO 3D RADAR	
FIRM : MARCONI RADAR SYSTEMS	
VALUE :£m 20.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 50 1985	COMPETITION:
COUNTRY: <u>OMAN</u>	REMARKS: Oman has declared a strong preference for Tornado ADV and 4 GR1s visited Oman in February 1984 as part of Exercise Magic Carpet. BAe continue to give technical presentations to SOAF. Discussions on credit in train with financial institutions.
PRODUCT: TORNADO ADV	
FIRM : PANAUIA	
VALUE :£m 200.00	MINISTERIAL: S of S discussed with Sayyid Fahr in June 1983. Min(DP) discussed briefly with INVOLVEMENT: Sayyid Fahr at RNEE in September 1983.
REF NO CON.DATE 49 1986	COMPETITION:
COUNTRY: <u>QATAR</u>	REMARKS: Requirement appears to be for 3 35m vessels, though only 1 would be purchased initially. Larger Hunt class also possibility. Likely that Qatar will wish to train 2 officers in UK before deciding on type of vessel to be purchased. DMFCT passed training proposals to RNLSP last year and are to issue revamped invitation soon. French have also offered training and visit Qatar frequently, including visit of MCMV in December 1983. Manpower shortage problem.
PRODUCT: MINEWARFARE SHIPS	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 50.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 51 1985	COMPETITION: France (CMM)
COUNTRY: <u>SAUDI ARABIA</u>	REMARKS: Contract negotiations for training on equipment already supplied are at final stage.
PRODUCT: ARTILLERY SURV. EGPT. TRAINING	
FIRM : IMS	
VALUE :£m 7.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 1470 1984	COMPETITION:

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: SAUDI ARABIA	REMARKS: Contract negotiations at final stage, IMS Project No 96/22/091.
PRODUCT: ARTILLERY SURVEILLANCE EQPT.	
FIRM : IMS	
VALUE :£m 23.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
62 1984	
COUNTRY: SAUDI ARABIA	REMARKS: Draft contract issued but negotiations delayed owing to moratorium, IMS Project No 96/22/095.
PRODUCT: ENGINEERING PACKAGE	
FIRM : IMS	
VALUE :£m 38.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
53 1984	
COUNTRY: SAUDI ARABIA	REMARKS: Support package. Draft contract being considered, IMS hopeful of contract negotiations commencing mid 1984, IMS Project No 96/22/090.
PRODUCT: ENGINEERING PACKAGE	
FIRM : IMS	
VALUE :£m 6.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
58 1984	
COUNTRY: SAUDI ARABIA	REMARKS: Costed proposals presented by Shorts to SANG in October 1983 with HMG letter of comfort. Presentation offered.
PRODUCT: JAVELIN	
FIRM : SHORT BROS MISSILE DIVISION	
VALUE :£m 17.00	MINISTERIAL: Mentioned by S of S in his letter of March 1984 to Prince Abdullah. INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Sweden.
345 1984	

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: SAUDI ARABIA	REMARKS: VSEL await invitation to present technical proposals.
PRODUCT: PIRANHA SUBMERSIBLE	
FIRM : VICKERS SEL	
VALUE :£m 100.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 203 1984	COMPETITION: FRG, Italy
COUNTRY: SAUDI ARABIA	REMARKS: Firm proposals have been presented to the Saudi Minister of Defence & Aviation A response is awaited. Sale would be on a government to government basis.
PRODUCT: TORNADO IDS	
FIRM : PANAIA	
VALUE :£m 350.00	MINISTERIAL: S of S discussed prospect with Saudi counterpart in Riyadh in January 1984 and INVOLVEMENT: has since written to him in support of proposals.
REF NO CON.DATE 64 1984	COMPETITION: USA.
COUNTRY: UAE	REMARKS: Plessey proposals well regarded and linked to AR3D (see Ref No68). D of O (UAE) has indicated that a visit after Ramadan would be acceptable.
PRODUCT: AIR DEFENCE OP CENTER	
FIRM : PLESSEY RADAR	
VALUE :£m 50.00	MINISTERIAL: PM, S of S, and Min (DP) met Shaikh Khalifa Crown Prince & DSC (Abu Dhabi) INVOLVEMENT: 18-19 July 1984.
REF NO CON.DATE 70 1984	COMPETITION:
COUNTRY: UAE	REMARKS: Plessey proposals well regarded and linked to ADCC (Ref No70). IMS have rekin- dled UAE interest in an ADAT study. Proposals were delivered personally by CDS in May. D of O (UAE) has indicated that a visit after Ramadan would be accept- able.
PRODUCT: AR 3D RADAR	
FIRM : PLESSEY RADAR	
VALUE :£m 50.00	MINISTERIAL: PM, S of S and Min (DP) met Shaikh Khalifa Crown Prince & DSC Abu Dhabi 18-19 INVOLVEMENT: July 1984.
REF NO CON.DATE 68 1984	COMPETITION: France (Thomson CSF), USA (Hughes).

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: UAE REMARKS: Successful trials held July/August 83. Intensive marketing follow up, UAE follow-up questionnaires have been completed and forwarded to GHR via DA. We should keep open offer of UAE Armour Committee visit to UK. The French are reported to have made an attractive offer for the sale of AMX-40 linked to an updating or even resale programme of the current AMX-30 squadrons.

PRODUCT: CHALLENGER MBT

FIRM : ROYAL ORDNANCE FACTORIES

VALUE :£m 100.00 MINISTERIAL: PM, S of S, Min (DP) met Shaikh Khalifa Crown Prince & DSC Abu Dhabi 18-19
INVOLVEMENT: July 1984.

REF NO	CON.DATE	COMPETITION:
69	1985	FRG, USA, France.

COUNTRY: UAE REMARKS: Following completion of requirement definition early commencement of negotiations is expected. This project is much depleted from its original value of £100m. A substantial element of the package has been lost to PRB (Belgium). Barmines have now been removed from the package. UAE dealing direct with the ROFs and now that IJOC is underway some movement can be expected.

PRODUCT: ENGINEERING PACKAGE

FIRM : IMS

VALUE :£m 10.00 MINISTERIAL:
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
66	1985	

COUNTRY: UAE REMARKS: Racal/Marconi proposals under consideration supported by MoD training offer. UAE do not intend to implement EW until after full implementation of IJOC project later this year. Budgetary restrictions will also apply.

PRODUCT: EW SYSTEM

FIRM : VARIOUS

VALUE :£m 100.00 MINISTERIAL:
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
73	1984	

COUNTRY: UAE REMARKS: Although contract signed for 16 Hawk trainers, EGA was a budget casualty. Recent interest in Harrier (qv) may have held off marketing of A-10 and kept door open for Hawk. Recent closure of A-10 production line could further enhance Hawk prospects.

PRODUCT: HAWK EGA

FIRM : BRITISH AEROSPACE AG

VALUE :£m 84.00 MINISTERIAL: PM, S of S and Min (DP) met Shaikh Khalifa Crown Prince & DSC Abu Dhabi 18-
INVOLVEMENT: 19 July 1984.

REF NO	CON.DATE	COMPETITION:
67	1985	France, USA.

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: <u>UAE</u>	REMARKS: IJOC contract has not given IMS a clear advantage for full contract. International competition is strong particularly from FRG.
PRODUCT: JOINT OPERATIONS CENTRE	
FIRM : IMS	
VALUE :£m 50.00	MINISTERIAL: PM, S of S and Min (DP) met Shaikh Khalifa Crown Prince & DSC Abu Dhabi 18- INVOLVEMENT: 19 July 1984.
REF NO CON.DATE	COMPETITION: USA, France, FRG.
71 1984	
COUNTRY: <u>UAE</u>	REMARKS: Ferranti are waiting to be called forward for contract discussions. UAE have reconfirmed the requirement but the site is undecided, budgetary considerations will apply and the NOC will have to interface with the JOC.
PRODUCT: NAVAL OPERATIONS CENTRE	
FIRM : FERRANTI RADAR SYSTEMS	
VALUE :£m 50.00	MINISTERIAL: Minister (DP) - RNEE. PM, S of S, and Min (DP) met Shaikh Khalifa Crown Prince INVOLVEMENT: & DSC Abu Dhabi 18-19 July 1984.
REF NO CON.DATE	COMPETITION:
72 1984	

END

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: AUSTRALIA REMARKS: Australia requires new submarines to replace its existing Oberons. It is planned that some of the submarines will be built in Australia. VSEL are promoting T2400 and T2400 variant which more closely matches Australia's requirement. Plessey and Ferranti have submitted proposals for the combat system. RFT proposals currently under consideration by DOD. Project definition contracts are to be let in October 84 and contracts placed in 1985/6.

PRODUCT: TYPE 2400 SUBMARINE

FIRM : VICKERS SEL

VALUE :£m NK MINISTERIAL: Minister (DP)

REF NO CON.DATE INVOLVEMENT:

4 1986 COMPETITION: France, Holland, Germany, Italy, Sweden.

COUNTRY: AUSTRALIA REMARKS: The Royal Australian Navy has picked two helicopter types, the Sikorsky Ocean Hawk and the Westland Lynx III, as final contenders for an aircraft to be based on its guided missile frigates. Supplementary tender information was submitted in February and decision is expected in August 84. This may be the forerunner to a much larger order for all three services.

PRODUCT: LYNX III

FIRM : WESTLAND HELICOPTERS

VALUE :£m 50.00 MINISTERIAL: Minister (DP)

REF NO CON.DATE INVOLVEMENT:

178 1984 COMPETITION: USA (Ocean Hawk).

COUNTRY: BANGLADESH REMARKS: BAe visited country mid-July for further discussions. Credit will be required up to 80% over 7 years.

PRODUCT: HAWK

FIRM : BRITISH AEROSPACE AG

VALUE :£m 40.00 MINISTERIAL:

REF NO CON.DATE INVOLVEMENT:

752 N.K. COMPETITION:

COUNTRY: INDIA REMARKS: Negotiations delayed by death of Defence Secretary have begun. Credit will be required and a package is being formulated.

PRODUCT: FH70

FIRM : VICKERS SEL

VALUE :£m 600.00 MINISTERIAL: Min (DP) discussed during visit to India in May 1984.

REF NO CON.DATE INVOLVEMENT:

8 1984 COMPETITION: France, Austria, Sweden.

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>INDIA</u>	REMARKS: Negotiations not yet begun. Problems over spares remain to be resolved.
PRODUCT: SEA HARRIER	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 110.00	MINISTERIAL: Min (DP) discussed during visit to India in May 1984.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
7 1984	
COUNTRY: <u>INDIA</u>	REMARKS: Ferranti have also submitted proposals. Funding will be from scientific budget rather than Air Force budget; the scientific fraternity will have more of a free hand for selecting a system that will help with their own development. DSD ADAT team is preparing to give a presentation to Indians if required.
PRODUCT: AEW EQUIPMENT	
FIRM : MARCONI SDS	
VALUE :£m 300.00	MINISTERIAL: Was discussed during Min (DP)'s visit to India in May 1984.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
471 1984	
COUNTRY: <u>INDIA</u>	REMARKS: The Indian Army have a requirement to update their Vijayanta tanks and are considering various UK equipments to meet this requirement. They also have a requirement for an indigenously manufactured MBT and are looking to Europe for co-operation in this field. Barr & Stroud demonstrated thermal imagers. Marconi Radar negotiated contract for 70 Simplified FCS and RR has supplied 2 CV12 engines for trials - so far beset with problems.
PRODUCT: VIJAYANTA REFIT	
FIRM : VARIOUS	
VALUE :£m 200.00	MINISTERIAL: Discussed by Minister (DP) in India.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: FRG
473 1984	
COUNTRY: <u>INDONESIA</u>	REMARKS: Follow-on option has lapsed, but BAe still hopeful of further sales. Requirement possibly for as many as 200 aircraft.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m NK	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
182 N.K.	

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>INDONESIA</u>	REMARKS: In view of the recent frigate purchase current position difficult to ascertain. VT working on two in the medium term with two more later.
PRODUCT: MINEWARFARE SHIPS	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m NK	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 349 1984	COMPETITION: FRG, Holland, Italy.
COUNTRY: <u>INDONESIA</u>	REMARKS: Strong indication 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 of optical/tracked Rapier, plus in country support.
PRODUCT: RAPIER	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 50.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 348 1984	COMPETITION:
COUNTRY: <u>JAPAN</u>	REMARKS: JMSDF have evaluated Searchwater and Thorn EMI have recently appointed an agent to help the promotion. The US decision not to purchase Searchwater will damage its chances in Japan.
PRODUCT: SEARCHWATER RADAR	
FIRM : THORN EMI ELECTRONIC	
VALUE :£m 75.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 12 1984	COMPETITION:
COUNTRY: <u>JAPAN</u>	REMARKS: Sea Harrier is being promoted for sea lane defence and JMSDF are expected to make a bid to allocate preliminary funding for up to 24 aircraft in the 84 MTOP under preparation by the JDA. SHAR MLU, Harrier II (on which McDonnell Douglas would lead in marketing) and Tornado are contenders for the JASDF FX-X1 requirement for an anti-ship ground defence fighter.
PRODUCT: SEA HARRIER	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 150.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 450 1987	COMPETITION: Japan (F-1, F-4), USA (F-16E, F-15E, FA-18)

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>MALAYSIA</u>	REMARKS: Contract unlikely to be signed before late 1984 at the earliest to implement a 3-4 year programme. Consideration being given to possible forms of additional training and assistance to support EASAMS during contract negotiations.
PRODUCT: DEFENCE OPERATIONS ROOM	
FIRM : EASAMS	
VALUE :£m 50.00	MINISTERIAL: Letter from S of S (10.2.83)
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA
25 1984	
COUNTRY: <u>MALAYSIA</u>	REMARKS: IMS submitting proposals for construction and equipping of an 'A' vehicle workshop as stage 1 of overall project. Package includes offer of joint venture with Malaysians on construction. Project priority linked to inadequate existing support for recent Scorpion buy.
PRODUCT: GEMAS RANGE PROJECT	
FIRM : IMS	
VALUE :£m 17.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Australia.
352 1984	
COUNTRY: <u>MALAYSIA</u>	REMARKS: IMS are proposing a G-to-G feasibility study conditional upon IMS being given management consultancy for the main project, completion target for which is 4-5 years.
PRODUCT: PETROLEUM EMERGENCY PROJECT	
FIRM : IMS	
VALUE :£m 60.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: FRG, USA, Sweden.
351 1984	
COUNTRY: <u>PAKISTAN</u>	REMARKS: Vosper's proposals for 2 broadbeam frigates submitted August 1982. Present requirement is for 2 foreign build and 1 local build vessels. Contract negotiations commenced May 84. Draft MOU now being prepared to cover RN support for engineering services, training and logistics. PN evaluation team led by ACNS (Plans) visited UK July 84 to discuss RN support aspects, Sea day arranged in T-21. Finance will be deciding factor.
PRODUCT: TYPE 21 FRIGATE	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 300.00	MINISTERIAL: PM's letter to Zia August 1982. In March 84 agreement to ECGD cover up to 50%
	INVOLVEMENT: of increased contract value. Further support from PM in letter to Zia May 84.
REF NO CON.DATE	Zia letter of July 84 to PM confirmed offer is favoured.
2 1984	COMPETITION: France, Italy, FRG, Belgium.

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>REPUBLIC OF KOREA</u>	REMARKS: BAe have been asked to submit a draft contract for Sea Skua in association with the naval helicopter requirement. A decision has been deferred, for financial reasons, for contract in early 1985. Sea Skua has been offered to South Korea on the Westland Lynx, Kaman Sea Sprite and Agusta 219 helicopters and may be offered on the Sikorsky S76, all competing for the ROK Navy contract.
PRODUCT: SEA SKUA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 8.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 14 1985	COMPETITION: France.(AS15TT in a package with the Dauphin helicopter).
COUNTRY: <u>REPUBLIC OF KOREA</u>	REMARKS: Decision expected late this year. Contract would be for two systems initially but with significant longer term prospects involving licenced manufacture. HDS has written in support.
PRODUCT: KAFS SUBMARINE FCS	
FIRM : FERRANTI ELECTRO-OPTICS	
VALUE :£m 5.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 597 1984	COMPETITION: Netherlands.
COUNTRY: <u>REPUBLIC OF KOREA</u>	REMARKS: ROK MND have initialised draft contracts for 10-12 Naval Lynx; a decision is expected to be made to select the chosen helicopter later this year. The selected firm will then be invited to provide a helicopter for a 6 month trial in Korea in January 1986. If the trial is successful a contract will be signed. A credit package may be required.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 55.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 26 1985	COMPETITION: France(Dauphin), Italy (Agusta 219),USA(S76, Seasprite).
COUNTRY: <u>REPUBLIC OF KOREA</u>	REMARKS: MUSL have submitted proposals to ROK MOD for the supply of Tigerfish torpedoes for Korean submarine programme. Decision expected shortly.
PRODUCT: MK24 TORPEDO	
FIRM : MARCONI SDS	
VALUE :£m 30.00	MINISTERIAL: Minister (DP) has written in support. INVOLVEMENT:
REF NO CON.DATE 598 1984	COMPETITION: FRG (AEG Telefunken), USA (Honeywell)

ANNEX C - PRIORITY ONE PROSPECTS - AFRICA

COUNTRY: ALGERIA REMARKS: Industrial consortium (Marconi, Plessey Radar, and Racal-Decca) have submitted costed proposals through HMG for Algerian authorities covering a phased scheme. At Algerian request the consortium have submitted a further technical and cost proposal against an Algerian specified Preliminary Phase Requirement. Further discussions have led to definitions of a reduced initial phase for which proposals will be submitted in early Sept 84 (approx £100m).

PRODUCT: AIR DEFENCE SCHEME (ACCORD)

FIRM : MARCONI PROJECTS

VALUE :£m 100.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
21 1985 COMPETITION: France.

COUNTRY: ALGERIA REMARKS: Minister (DP) request in March 1984 to improve credit terms were rejected by Minister of Trade. Final contactual negotiations imminent. Credit terms: 10.7% for 85% of contract value over 7 years from mean commissioning.

PRODUCT: GENDARMERIE BARRACKS

FIRM : BAXTER FELL

VALUE :£m 132.00 MINISTERIAL: See above.
INVOLVEMENT:

REF NO CON.DATE
582 1984 COMPETITION:

COUNTRY: ALGERIA REMARKS: Designated under MOU, credit will be required as will the provision of some training places from (scarce) Army resources.

PRODUCT: GR 083 RADIO RELAY

FIRM : MARCONI COMMUNICATION SYSTEMS

VALUE :£m 40.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
581 1984 COMPETITION: France.

COUNTRY: ALGERIA REMARKS: Joint (Anglo-Algerian) study team established to consider co-operation in industrial aspects of Hawk assembly, establishment of aircraft and engine overhaul/repair facility and training. Team due to report in the autumn to enable decision to be taken by end of year. Credit will be required.

PRODUCT: HAWK

FIRM : BRITISH AEROSPACE AG

VALUE :£m 200.00 MINISTERIAL: Algerian CAS called on PM and Minister (DP) during successful visit to UK in
INVOLVEMENT: March 84.

REF NO CON.DATE
22 1985 COMPETITION: France/FRG (Alpha-Jet).

ANNEX C - PRIORITY ONE PROSPECTS - AFRICA

COUNTRY: <u>ALGERIA</u>	REMARKS: Revised proposals submitted in August 1984. Detailed negotiations are now under way for both Piranha (qty 2-6), 550 Class (qty 4) and supporting equipment. Proposals now include in-country assembly of 2x550 Class as an alternative to all UK build. Credit likely to be required.
PRODUCT: SUBMARINES	
FIRM : VICKERS SEL	
VALUE :£m 360.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France, FRG, Netherlands.
174 1985	

END

ANNEX C - PRIORITY ONE PROSPECTS - NORTH AMERICA

COUNTRY: <u>USA</u>	REMARKS: FAM have recently submitted a response for an open competition for between 277 and 408 boats. This RFP constitutes 50% of the total US requirement; the remaining 50% being designated as a small business set aside.
PRODUCT: 8m COMBAT SUPPORT BOAT (UK)	
FIRM : FAIREY ALLDAY MARINE	
VALUE :£m 29.50	MINISTERIAL: Minister (DP)
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA
75 1984	
COUNTRY: <u>USA</u>	REMARKS: To achieve an initial operating capability (IOC) of 1990/91, \$68m R and D funding has recently been proposed by the SASC (Senate Armed Services Committee) for FY85. A teaming and licence agreement is about to be concluded between BAe and McDonnell-Douglas as an essential preliminary to the expected award of a "letter" contract to be followed by the definitive FSED (full scale engineering development) before the end of 1984.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m NK	MINISTERIAL: Minister (DP), Secretary of State.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA.
77 1984	
COUNTRY: <u>USA</u>	REMARKS: HQ US Army has 'type classified' the Improved 81mm mortar, which although not a guarantee that procurement will follow, means that the US Army now agrees that the system is acceptable for service use. An acquisition plan is being prepared for the US Assistant Secretary Research Development and Acquisition. If this is based upon a previous TRADOC report recommending deployment of the mortar in various battalions, it could generate requirement for +1000 mortars.
PRODUCT: IMPROVED 81mm MORTAR	
FIRM : ROYAL ORDNANCE FACTORIES	
VALUE :£m 350.00	MINISTERIAL: Minister (DP), Secretary of State.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA.
74 1985	
COUNTRY: <u>USA</u>	REMARKS: US Army has recently issued the RFP (Request for Proposals) for the MSE requirement. Plessey have formed a consortium with US companies Rockwell Collins (as prime) and ITT to respond. Marconi and Cossor Electronics have also requested the RFP documents.
PRODUCT: MOBILE SUBSCRIBER EQUIPMENT	
FIRM : PLESSEY DEFENCE SYSTEMS	
VALUE :£m NK	MINISTERIAL: Minister (DP)
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA, France.
578 1984	

ANNEX C - PRIORITY ONE PROSPECTS - NORTH AMERICA

COUNTRY: USA	REMARKS: USAF have decided to use \$50m appropriated by Congress in FY83 to extend the 'Rapier Role Model' and procure Rapier for use in Turkey. A confirmatory letter from the US Assistant Secretary International Security Policy has been handed to Minister (DP); contractual negotiations are ongoing together with discussions over the package of UK concessions in support of this procurement.
PRODUCT: RAPIER	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 35.00	MINISTERIAL: Minister (DP)
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
227 1984	

END

ANNEX C - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: <u>BAHAMAS</u>	REMARKS: Understand Bahamian PM has taken decision to purchase 3 fast patrol boats from Fairey Marine and a Letter of Intent is in the process of being drafted. The initial recommendation by the RBDF was to purchase these craft from the US-St Augustine Trawlers. However after strong support from MOD/FCO (including offsetting LSP debts against payments due under the AUTEC agreement and the offer of RN training assistance) it now appears this important contract won.
PRODUCT: FAST PATROL CRAFT	
FIRM : FAIREY ALLDAY MARINE	
VALUE :£m 6.00	MINISTERIAL: Min (DP) wrote to the Bahamian PM (in his capacity as Minister of Defence)
	INVOLVEMENT: indicating HMG support for Fairey's proposals.
REF NO CON.DATE	
1474 1984	COMPETITION: USA (St-Augustine Trawlers)
COUNTRY: <u>BRAZIL</u>	REMARKS: Contract signed for the shore support equipment, but the Germans will only offer officially insured credit for their own part of the contract. Ferranti has sought support from ECGD but this has been refused as Brazil is off long term credit cover. Ferranti are now considering the alternatives including bearing most of the risk themselves.
PRODUCT: KAFS SUBMARINE FCS	
FIRM : FERRANTI INSTRUMENTATION	
VALUE :£m 8.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	
37 1983	COMPETITION:
COUNTRY: <u>BRAZIL</u>	REMARKS: 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 have been made by both DSO and Min (DP), but these have been unsuccessful. BAe(DG) is now submitting proposals for a commercial finance package without ECGD support. Contract is for 4 helicopter fits and 16 missiles.
PRODUCT: SEA SKUA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 11.60	MINISTERIAL: M of S (DP)
	INVOLVEMENT:
REF NO CON.DATE	
36 1984	COMPETITION:
COUNTRY: <u>CHILE</u>	REMARKS: BAe have submitted proposals for 24 launching pallets plus missiles. Negotiations are continuing and BAe are hopeful of securing a contract in the near future but much depends on their proposals for financing the sale.
PRODUCT: SWINGFIRE	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 10.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	
604 1984	COMPETITION:

ANNEX C - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: <u>ECUADOR</u>	REMARKS: Racal have signed a contract for half of the Ecuadorean Army's current tactical communications requirement. However the contract will not become effective until the financial package has been agreed. Ecuador is currently off ECGD cover and Racal have therefore been obliged to take some of the risk themselves and arrange commercial credit cover for the remainder. Tadiran (Israel) are believed to have won the other half of the order.
PRODUCT: COMMS EQUIPMENT	
FIRM : RACAL-TACTICOM	
VALUE :£m 11.20	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Israel(Tadiran)-see above, France (Thomson-CSF)
1545 1984	

COUNTRY: <u>ECUADOR</u>	REMARKS: BAe(DG) have Ecuadorian Letter of Intent for purchase of Rapier. But Ecuador is off ECGD cover and contract signature will depend on the firm's ability to present a suitable finance package which could involve counter trade. Firm now making new proposals.
PRODUCT: RAPIER	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 20.00	MINISTERIAL: Minister (AF) has cleared the early release of Blindfire, should this be INVOLVEMENT: necessary.
REF NO CON.DATE	COMPETITION: France (Crotale).
105 1984	

END

END OF RUN

CONFIDENTIAL UK EYES B - COMMERCIAL-IN-CONFIDENCE