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Prime Minister
Disappointing.
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MO 26/9/1(A)

PRIME MINISTER

QUARTERLY REPORT ON DEFENCE SALES AND PROSPECTS
1ST JULY TO 30TH SEPTEMBER 1984

The third quarter of 1984 saw defence sales worth £353M reported by industry compared with £357M for the previous quarter and £639M for the corresponding quarter in 1983. This figure is very disappointing and, with sales in the first three quarters of 1984 some 29% lower than for the same period in 1983, the record 1983 achievement appears far out of reach.

2. The largest contract signed was with Kenya for two Fast Patrol Craft to be supplied by Vosper Thornycroft (£75M). Other significant contracts included Air Defence Radars for Yugoslavia (£28M); Naval Early Warning and Electronic Countermeasures equipment for Canada (£22M and £9M respectively); and Searchwater Radars for Spain (£13M). 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 third quarter, and therefore not included in the totals above, include the contract initiating Full Scale Engineering Development of the T45A Hawk Training System. Whilst this contract is only valued at some £7.5M, it is the first step in the US process leading towards large sales for BAe and Rolls Royce.

3. The Middle East continues to be the major identified market for defence equipment sales. When I met Prince Sultan in Saudi Arabia recently, it was apparent that the Saudis have not decided whether to purchase Tornado and Hawk. However, the Saudi interest in Challenger,



and possibly MCV80, remains high. During his recent visit to the Gulf, Adam Butler was conscious of the increasingly important role which the Gulf Co-operation Council is taking in co-ordinating all stages of procurement throughout the region. In Kuwait, MCV80 still appears well placed and Challenger will be evaluated next year, but prospects for sales of British anti-aircraft missiles look bleak following the purchase of Russian SA-7 and SA-8 equipment. The prospective sale of six Hawk aircraft to Bahrain has been deferred for at least three or four years, following the Saudi and American view that the F5 combat aircraft was a more suitable Bahraini purchase. Plessey are hopeful that the acceptance of the two AR3D radars by the Qatari Air Force at the end of July may help to remove a major obstacle to their marketing efforts in other GCC states. The Omani MOD has issued what amounts to a letter of intent to purchase Tornado ADV, and a contract is expected in January 1985. The FH70 prospect, however, continues to await Omani evaluation of the Austrian 155mm gun. The tri-service communications project is progressing satisfactorily with Marconi as prime contractor. Taken with the large civil engineering component the project forms a good prospect for British contractors. The sale to Pakistan of three Type 21 frigates (£330M) is now expected to be completed in early 1985 provided the credit package involved can be made fully acceptable to the Pakistanis.

4. The current sensitivity of even our very small and selective business with Iraq and, more particularly, Iran has been demonstrated by criticism especially from the US and some Arab states. During my visit to Jordan in October, I conveyed to King Hussein the credit terms for the sale of Javelin missiles, Scorpion, aircraft refurbishment, and other items (total value £450M). A decision is awaited. The Syrian interest in various defence items is being pursued cautiously with Defence Sales staff having visited Damascus in November. The £300M ECGD backed special credit reservation for Egypt has not led to any major sales and I pressed the Egyptians for clarification of their intentions during my October visit. It appears that Mine Counter Measure Vessels now lead their priorities; Operation Harling should prove useful for UK business in this context. Throughout



the rest of Africa the situation remains quiet, with the encouraging development of the Algerian market continuing and ratification of two major infrastructure and communications equipment contracts (£180M) hoped for before the end of 1984. Nigeria continues to be restricted by its economic problems and reduced oil revenues. An MOU with Kenya has been negotiated to cover UK MOD support for the Fast Patrol Craft.

*? in light
of Delhi
telegrams
this
seems
unlikely.
C.D.P.*

5. In India, notwithstanding the assassination of Mrs Gandhi, indications are that the £150M sale of additional Sea Harriers and the short list of two 155mm artillery candidates, hopefully to include FH70, will be completed by the end of 1984. In Thailand decisions on Vickers tanks, Hawk and HS748 have been deferred but interest in ex-RAF Jaguars and submarines is being pursued. Some cause for optimism on sales to China is given by recent minor successes and the November visit by the Chinese Chief of Naval Staff. Whilst the postponement of its submarine programme is a severe disappointment, Korea remains a significant market opportunity for Lynx helicopters with Sea Skua missiles and for the Shorts Skyvan, and Government support is reflected by John Lee's visit in November. The Japanese market remains difficult with LAW 80 anti-tank weapons being the best short term prospect. Malaysian requirements for 155mm artillery are being actively pursued with an MOU to follow. In addition to its previously reported requirements, Singapore has expanded its potential for UK sales with interest being shown in communications equipment and an additional 1400 Land Rovers. Indonesia's great potential is witnessed by negotiations to purchase two Rapier batteries (£150M) with good prospects for additional Rapier and Hawk aircraft sales in 1985. A general MOU with Brunei is being offered to assist with their procurement system. Australia has now purchased US Sea Hawk helicopters for its frigates in preference to Lynx, but Westlands hope that this will not prejudice the decision on RAAF utility helicopters where their W30 is again in competition with Sikorsky.

6. As stated above, the Hawk development contract with the US has removed major fears concerning the programme which will eventually



be worth approximately £800M to UK industry. The vagaries of Congressional funding, however, are delaying the \$4Bn Mobile Subscriber Equipment programme in which Plessey and other UK contractors have a considerable interest, but funds have at last been approved for purchase of the Improved 81mm Mortar. Adam Butler and US Navy Secretary Lehman have agreed on an approach to the UK development of Forward Looking Infra Red systems for the Harrier and AV8B under the existing MOU, which should leave the selected UK contractor well placed for competitive procurement for other US airframes. BAe is responding to Canada's request for proposals for a low level air defence system with Rapier, in consortium with an Italian company who would supply the gun system, whilst Shorts have entered a non-compliant bid with Javelin.

7. Sales prospects in Europe again look relatively modest, although there have been some notable achievements with the sales of radars for Yugoslavia and Spain as reported above. You are fully aware of the problems which exist in financing the Turkish buy of Tornados. In Austria BAe has mounted a strong challenge to win the interceptor aircraft contract with an offer of Lightnings, and is also fighting hard in Germany to supply ALARM missiles to the Luftwaffe. The French twelve to eighteen month delay in a decision on the choice of an AEW system provides UK industry with a much needed breathing space in the £300M competition with Boeing's AWACS. The UK continues to receive work on the JAS 39 Swedish fighter aircraft and Skyflash 90 has a good chance of being selected as its missile system. Denmark provides opportunities with equipment for its frigates and low level air defence requirements.

8. A variety of firms continue to achieve modest successes in Latin America and the Caribbean despite the economic and credit difficulties in the area. Recent examples include Ferranti's submarine fire control system in Brazil and Racal army communications equipment in Ecuador. There is little prospect of rapid progress on high value projects at present but Brazil now wishes to procure Rolls Royce engines direct



for the Italo-Brazilian AMX fighter project, and Westlands are preparing a bid for a substantial Brazilian Navy helicopter requirement. BAe believe the time may now be right to try to revive the Hawk contract in Venezuela which has been stalled since the South Atlantic conflict. These firms will be looking for government help with their sales efforts.

9. The overall situation in 1984 to date is extremely disappointing with several major contracts still awaiting finalisation and reported achievements substantially below the 1983 level. However, industrial and Government support activity remains high in the belief that the increasingly tough conditions facing defence export sales require a determined and co-ordinated approach to achieve success.

10. 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.

Ministry of Defence
10th December 1984

CONFIDENTIAL



JP
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10 DOWNING STREET

From the Private Secretary

17 December 1984

QUARTERLY REPORT ON DEFENCE SALES

The Prime Minister has noted the disappointing report submitted by the Defence Secretary with his minute of 10 December.

(C.D. POWELL)

R.C. Mottram, Esq.,
Ministry of Defence.

ANNEX A - REPORTED CONTRACTS SUMMARY

COUNTRY	LAND SYSTEMS	AIR SYSTEMS	SEA SYSTEMS	TOTAL
	VALUE £m	VALUE £m	VALUE £m	VALUE £m
ALGERIA	3.15	-	-	3.15
BAHRAIN	-	-	2.00	2.00
BARBADOS	-	1.26	-	1.26
BRAZIL	-	-	9.00	9.00
CANADA	-	-	31.27	31.27
CHILE	-	-	1.15	1.15
CHINA (PR)	1.50	7.13	1.40	10.03
EGYPT	0.65	9.07	2.73	12.45
GERMANY (WEST)	-	0.75	2.50	3.25
INDONESIA	-	1.00	-	1.00
IRAN	3.66	0.16	9.70	13.52
IRAQ	17.88	-	-	17.88
JORDAN	16.00	-	-	16.00
KENYA	-	-	75.00	75.00
KOREA (REPUBLIC OF)	2.20	-	3.95	6.15
KUWAIT	3.00	-	-	3.00
NEPAL	0.71	-	-	0.71
NEW ZEALAND	-	-	0.25	0.25
NIGERIA	0.10	-	0.50	0.60
OMAN	9.24	-	0.40	9.64
PAKISTAN	2.55	-	-	2.55
PERU	-	4.00	-	4.00
SENEGAMBIA	0.12	-	-	0.12
SIERRA LEONE	0.10	-	-	0.10
SINGAPORE	0.35	7.00	-	7.35
SPAIN	-	13.00	-	13.00
SWEDEN	2.50	1.50	-	4.00
THAILAND	-	2.00	4.20	6.20
TUNISIA	0.10	-	0.60	0.70
USA	11.48	34.71	23.53	69.72
YUGOSLAVIA	28.00	-	-	28.00
TOTALS	103.29	81.58	168.18	353.05

ANNEX B - REPORTED CONTRACTS - AIR SYSTEMS

COUNTRY	PRODUCT	QUANTITY	VALUE £M	DELIVERY DATE	REF NO.
BARBADOS	SKYVAN	1	1.26	1985	1707
EGYPT	COMMANDO HELICOPTER SPARES	NA	9.07	1984	1566
FR GERMANY	MAREC II RADAR	3	0.75	N.K.	1697
INDONESIA	NIMBUS HELICOPTER ENGINE	NA	1.00	1985	1677
IRAN	EJECTION SEAT CARTRIDGE	NA	0.16	1984	1551
PERU	VIPER ENGINE	5	4.00	1985	1711
PR CHINA	3" CATHODE RAY TUBE	NA	0.30	1985	1751
	HUD FOR F-7	NA	5.70	1985	1750
	PPES" HUD OPTICAL UNIT	NA	1.10	1985	1749
	RADAR ALTIMETER	6	0.03	1984	1681
SINGAPORE	PUMA HELICOPTER SPARES	NA	7.00	N.K.	1658
SPAIN	SEARCHWATER RADAR	3	13.00	N.K.	1477
SWEDEN	HYDRAULIC SYSTEMS	NA	1.50	N.K.	1569
THAILAND	SHORTS 330/UTT	1	2.00	N.K.	1679
USA	AV8B DEVELOPMENT	NA	0.31	N.K.	1688
	AV8B EQUIPMENT	NA	6.86	N.K.	1571
	AV8B EQUIPMENT	NA	1.96	N.K.	1572
	AV8B EQUIPMENT	NA	1.12	N.K.	1687
	AV8B EQUIPMENT	NA	0.45	N.K.	1689
	AV8B SIMULATOR VALVE	NA	0.34	N.K.	1704
	DART MINATURE GYRO	NA	4.00	N.K.	1683
	EXTERNAL COMMUNICATION SYSTEM	NA	4.50	N.K.	1562
	F-111 MAINTENANCE	NA	3.78	N.K.	1575
	F-18 INSTRUMENTS	NA	0.38	N.K.	1690
	HANDBOOK	NA	0.16	N.K.	1563
	HARRIER SPARES	NA	3.77	N.K.	1570
	KC-10A FLIGHT SIMULATOR	1	0.36	N.K.	1686
	MISC. AIRBORNE EQUIP. & SPARES	NA	0.16	N.K.	1592
NOVOVIEW SP1 VISUAL SIMULATOR	NA	3.08	N.K.	1667	
UNSPECIFIED A/C SPARES & EQPT	NA	3.48	N.K.	1576	

TOTAL FOR AIR SYSTEMS £m 81.58

END

ANNEX B - REPORTED CONTRACTS - LAND SYSTEMS

COUNTRY	PRODUCT	QUANTITY	VALUE £M	DELIVERY DATE	REF NO.
ALGERIA	6000 LITRE AIRCRAFT REFUELLER	20	1.35	1985	1740
	9mm AUTOMATIC PISTOLS	NA	0.50	N.K.	1556
	MORSE CODE EQUIPMENT	NA	0.60	1985	1705
	PRC 320 HF TACTICAL RADIO	NA	0.70	1985	700
EGYPT	TYPE 2957 COMPUTER	2	0.65	1984	744
IRAN	PVS 2410 MANPACK RADIO	320	3.66	1984	1550
IRAQ	BODY ARMOUR	5000	4.70	1985	1770
	FREQUENCY CONVERTER	30	0.38	N.K.	1555
	NIGHT VISION PERISCOPE	NA	12.80	1984	745
JORDAN	KHALID MBT SPARES	NA	16.00	1984	1583
KUWAIT	JAGUAR FREQUENCY HOPPING RADIO	NA	3.00	N.K.	1573
NEPAL	JAGUAR FREQUENCY HOPPING RADIO	NA	0.59	N.K.	1478
	LAND ROVER	17	0.12	N.K.	1561
NIGERIA	PYROTECHNICS	NA	0.10	1984	1601
OMAN	25 PDR AMMUNITION	NA	3.78	N.K.	1696
	CLASS 60 TRACKWAY	NA	0.37	1984	1698
	GUNNERY SIMULATION TABLE	2	0.02	N.K.	1691
	JAGUAR FREQUENCY HOPPING RADIO	NA	4.00	N.K.	1790
	PARACHUTE FAN DESCENT TRAINER	1	0.07	N.K.	1699
	SEMI-TRAILERS	43	1.00	N.K.	1560
PAKISTAN	EOD PACKAGE	NA	0.25	1984	1552
	INFRA RED MISSILE FUZE	NA	2.30	N.K.	1678
PR CHINA	1" TANK SIGHT CATHODE RAY TUBE	100	0.50	1985	1626
	CYMBELINE SPARES	NA	1.00	1985	1752
REPUBLIC OF KOREA	AMFCTS	1	0.20	N.K.	1680
	ZB298 GROUND RADAR	12	2.00	1985	596
SENEGAMBIA	MISC. SPARES & SUPPORT (LAND)	NA	0.12	1984	1660
SIERRA LEONE	TR7V MILITARY MOTORCYCLE	35	0.10	N.K.	1547
SINGAPORE	AIRFIELD CAMOUFLAGE	1	0.35	N.K.	1702

ANNEX B - REPORTED CONTRACTS - LAND SYSTEMS

COUNTRY	PRODUCT	QUANTITY	VALUE £M	DELIVERY DATE	REF NO.
SWEDEN	MEROD	NA	2.50	N.K.	1567
TUNISIA	VEHICLE HF COMMS	NA	0.10	N.K.	1554
USA	.22 CALIBER TRACING CARTRIDGE	NA	0.82	N.K.	1641
	DESIGN SUPPORT	NA	0.10	N.K.	1663
	MINE PLOUGH	2	0.86	1984	1662
	PERSONAL DOSIMETER	NA	4.40	1985	75
	SMAW SPOTTING RIFLE	NA	0.53	N.K.	1665
	TYPE 1394 TRACTOR	13	4.77	1984	1703
YUGOSLAVIA	AIR DEFENCE OP CENTER	8	28.00	N.K.	1684

TOTAL FOR LAND SYSTEMS £m 103.29

END

ANNEX B - REPORTED CONTRACTS - SEA SYSTEMS

COUNTRY	PRODUCT	QUANTITY	VALUE £M	DELIVERY DATE	REF NO.
BAHRAIN	WASP 20m MK2 FAST PATROL CRAFT	1	2.00	N.K.	1692
BRAZIL	KAFS SUBMARINE FCS	NA	8.00	N.K.	1708
	V3800 THERMAL IMAGING SENSOR	NA	1.00	1985	1710
CANADA	CANEWS EW EQUIPMENT	4	9.30	1986	1693
	CANEWS EW EQUIPMENT	7	12.67	1986	1694
	RAMSES ECM SYSTEM	7	9.30	1986	1695
CHILE	SEACAT	8	0.45	1984	1709
	SUBMARINE BATTERY	1	0.70	1985	1558
EGYPT	RAMADAN AUTOMATIC TEST EQPT	NA	1.87	1985	1706
	RAMADAN FPC SPARES	NA	0.86	1984	1565
FR GERMANY	SARIE II ESM EQUIPMENT	NA	2.50	N.K.	1685
IRAN	BH7 HOVERCRAFT REFURBISHMENT	2	6.70	1984	1480
	OLYMPUS TM3B TURBINE ENGINE	3	3.00	1985	1666
KENYA	56m PROVINCE FAST ATTACK CRAFT	2	75.00	1987	580
NEW ZEALAND	TYPE 994 RADAR	NA	0.25	1983	1682
NIGERIA	SEAFASH NAVAL TARGET	8	0.50	N.K.	1548
OMAN	P1200 MARK 2 FAST PATROL CRAFT	2	0.40	N.K.	178
PR CHINA	NTC-2 INTEGRATED COMMS	NA	1.40	1985	1748
REPUBLIC OF KOREA	8m COMBAT SUPPORT BOAT (UK)	26	3.40	N.K.	1549
	SUBSKIMMER ASSAULT CRAFT	8	0.55	1985	1639
THAILAND	STINGRAY TORPEDO	12	4.20	N.K.	1557
TUNISIA	30mm KCB CANNON SPARES	NA	0.60	N.K.	1553
USA	COASTGUARD HULL	NA	0.77	N.K.	1645
	COASTGUARD VESSEL DESIGN	NA	1.15	N.K.	1546
	HARPOON LAUNCH RELAY	NA	1.78	N.K.	1657
	MDG 1700 DEGAUSSING SYSTEM	4	1.20	N.K.	358
	MINE POSITIONING SYSTEM	1	3.85	N.K.	1664
	MK3 CHEMICAL PROTECTION SUIT	NA	4.30	N.K.	1595
	SEARIDER RIGID HULL INFLATABLE	NA	1.25	N.K.	1543

ANNEX B - REPORTED CONTRACTS - SEA SYSTEMS

COUNTRY	PRODUCT	QUANTITY	VALUE £M	DELIVERY DATE	REF NO.
USA	cont				
	VALENTA MARINE DIESEL ENGINE	NA	9.23	N.K.	1544

TOTAL FOR SEA SYSTEMS £m 168.18

END

ANNEX C - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>AUSTRIA</u>	REMARKS: Austria is considering the purchase of interceptor aircraft. BAe have offered ex-Saudi Lightnings. A decision is expected by May 85.
PRODUCT: LIGHTNING	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 60.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	
466 1985	COMPETITION: France, Sweden, USA, Israel.

COUNTRY: <u>DENMARK</u>	REMARKS: The Danes have 8 Naval Lynx in service and are considering a follow-on order for Baltic surveillance. Westlands first choice, but money is not now available until 1988.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 15.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	
456 1988	COMPETITION:

COUNTRY: <u>DENMARK</u>	REMARKS: Danes are retrofitting M41 tanks. Perkins (ex-RR) engine is part of a German package.
PRODUCT: TANK ENGINE MODIFICATION	
FIRM : PERKINS ENGINES	
VALUE :£m 1.30	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	
1791 1985	COMPETITION: USA, Canada.

COUNTRY: <u>FINLAND</u>	REMARKS: Plessey hope for a follow-on order of this equipment.
PRODUCT: WATCHMAN ATC/AD RADARS	
FIRM : PLESSEY RADAR	
VALUE :£m 6.90	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	
1772 1985	COMPETITION:

ANNEX C - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>FR GERMANY</u>	REMARKS: FRG has recently specified HARM to meet its naval requirement. The Luftwaffe is also committed to HARM. UK MOD presentation given to FRG in March 1984. BAe have submitted unsolicited proposals on ALARM.
PRODUCT: ALARM	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 100.00	MINISTERIAL: On 21/9/83 M of S(DP) wrote to Herr Dr M. Woerner, Federal Minister of Defence
REF NO CON.DATE	INVOLVEMENT: to persuade the FRG to revise their decision on HARM/ALARM. In his reply of
459 N.K.	28/11/83 Dr Woerner reaffirmed the FRG selection of HARM.
	COMPETITION: USA (HARM)

COUNTRY: <u>FR GERMANY</u>	REMARKS: FRG purchased 12 Naval Lynx in 1979. Contract for 2 further aircraft expected November 1984.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 7.00	MINISTERIAL:
REF NO CON.DATE	INVOLVEMENT:
458 1984	COMPETITION:

COUNTRY: <u>FR GERMANY</u>	REMARKS: To be used in conjunction with Seaspray radar. Contract for the development phase has already been placed involving 2 sets of helicopter installed equipment (option on further 20), test equipment, telemetry missiles and expendable dummies.
PRODUCT: SEA SKUA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 30.00	MINISTERIAL:
REF NO CON.DATE	INVOLVEMENT:
35 1984	COMPETITION: France

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 20.00	MINISTERIAL:
REF NO CON.DATE	INVOLVEMENT:
573 1984	COMPETITION: MEL (UK).

ANNEX C - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>FRANCE</u>	REMARKS: France has a requirement for 6-10 AEW systems. Current options are US Boeing AWACS system, already evaluated, and a European solution involving Marconi's MSA with probably the A300 Airbus. Marconi and BAe have submitted proposals. Evaluation flight took place in October 84 and a further flight will occur in 1985. A decision is expected in 1985, although Boeing are pushing for this to be brought forward. Offset will be an important factor.
PRODUCT: AEW EQUIPMENT	
FIRM : GEC AVIONICS	
VALUE :£m 300.00	MINISTERIAL: During regular exchange with French, Ministers will be briefed to press the INVOLVEMENT: European solution on the French Air Force.
REF NO	CON.DATE
188	1985
	COMPETITION: USA (AWACS)
COUNTRY: <u>ITALY</u>	REMARKS: The new Italian carrier (Garibaldi) has been fitted to operate VSTOL aircraft, but this remains the subject of much debate within Italian military circles. According to Italian law, only the IAF can operate fixed wing aircraft. The competition is the AV8B, and McDonnell-Douglas have been very active in Italy. The RN continues to give assistance on operational aspects. Offset will be an important factor. HMA Rome believes package deal necessary for sale.
PRODUCT: SEA HARRIER	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 136.00	MINISTERIAL: INVOLVEMENT:
REF NO	CON.DATE
1623	N.K.
	COMPETITION: USA (AV8B).
COUNTRY: <u>NETHERLANDS</u>	REMARKS: It is expected that a decision will be made end 84/early 85.
PRODUCT: SEAWOLF VL	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 24.00	MINISTERIAL: Min of S (DP) closely involved. INVOLVEMENT:
REF NO	CON.DATE
191	1985
	COMPETITION: USA(Sea Sparrow)
COUNTRY: <u>NORWAY</u>	REMARKS: The Norwegians need a wet and dry bridging system. They are looking at the US ribbon bridge (also in an FRG version). If they chose MGB for dry bridging alone, value will be £26.3m.
PRODUCT: MEDIUM GIRDER BRIDGE	
FIRM : FAIREY ENGINEERING	
VALUE :£m 50.00	MINISTERIAL: INVOLVEMENT:
REF NO	CON.DATE
1771	1985
	COMPETITION: USA;FRG.

ANNEX C - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: SWEDEN REMARKS: A contract is expected in Jan 1985.

PRODUCT: MEDIUM GIRDER BRIDGE

FIRM : FAIREY ENGINEERING

VALUE :£m 1.30 MINISTERIAL:

INVOLVEMENT:

REF NO CON.DATE

453 1985 COMPETITION:

COUNTRY: SWEDEN REMARKS: Swedes require fire and forget medium range air-to-air missile for JAS-39.

PRODUCT: SKYFLASH 90

FIRM : BRITISH AEROSPACE DG

VALUE :£m 25.00 MINISTERIAL:

INVOLVEMENT:

REF NO CON.DATE

467 1988 COMPETITION:

COUNTRY: SWITZERLAND REMARKS: To replace Vampire FB-6/T-55 in trainer role. Much depends on RAF choice of a trainer to meet AST412.

PRODUCT: HAWK

FIRM : BRITISH AEROSPACE AG

VALUE :£m NK MINISTERIAL:

INVOLVEMENT:

REF NO CON.DATE

574 N.K. COMPETITION: Italy (MB-339)

COUNTRY: SWITZERLAND REMARKS: Land Rover was chosen in 1984 to meet Swiss requirement, but finance will not now be available until 1985. Whilst we continue to be confident of Land Rover's success, the choice of trainer for the RAF AST 412 may influence matters.

PRODUCT: LAND ROVER

FIRM : LAND ROVER LTD

VALUE :£m 30.00 MINISTERIAL:

INVOLVEMENT:

REF NO CON.DATE

470 1985 COMPETITION: Austria (Steyr)

ANNEX C - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>TURKEY</u>	REMARKS: The requirement is for Turkey's 15 new frigates. Racal have submitted a tender through NA Ankara. The Turks are thought to favour Racal's equipment. The first instalment is expected to be ordered towards the end of 1984.
PRODUCT: ELECTRONIC WARFARE & ECM EQUIP	
FIRM : RACAL RADAR DEFENCE	
VALUE :£m 45.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Netherlands (Signaal).
1753 N.K.	
COUNTRY: <u>TURKEY</u>	REMARKS: Subsequent to initial proposals from BAe, the Turkish Defence Minister stated that the TAF would procure 40 Tornado IDS if a suitable financial package, involving both FRG & Italy, could be constructed. BAe recently submitted proposals involving a greater degree of risk sharing by the private sector. ECCD credit of up to £344m now being sought. A meeting of the OD has been called to consider the question.
PRODUCT: TORNADO IDS	
FIRM : PANAUIA	
VALUE :£m 573.00	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: <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. DMAO reports US currently advising on radar. COS reported as saying that radar acquisition under consideration in GCC committee. GCC committee visited UK 15-20 Oct 1984.
PRODUCT: LOW LEVEL RADAR	
FIRM : VARIOUS	
VALUE :£m 10.00	MINISTERIAL: Prime Minister and Minister(DP) (Mr Pattie) met HH Amir of Bahrain 10-13 April 1984. Minister (DP) (Mr Butler) visited Bahrain October 1984.
REF NO CON.DATE	COMPETITION:
373 1984	
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. CO BDF Air Wing indicated in the margins of Farnborough Air Show that a decision would be made in early 1985.
PRODUCT: SEA SKUA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 25.00	MINISTERIAL: Prime Minister and Minister (DP) (Mr Pattie) met The Amir of Bahrain 10-13 April 1984. Minister (DP) (Mr Butler) visited Bahrain October 1984.
REF NO CON.DATE	COMPETITION: France (AS15TT)
42 1984	
COUNTRY: <u>EGYPT</u>	REMARKS: VT have proposed Single Role Minehunter (SRMH) to meet the Egyptian Navy's requirement for MCMV. In an effort to prevent the order going to the Dutch (Tripartite) CNS has agreed (subject to Ministerial approval) to consider lease or sale of HMS Wilton/HMS Hurworth.
PRODUCT: MINEWARFARE SHIPS	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 66.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Netherlands, France, Belgium.
1787 1984	
COUNTRY: <u>JORDAN</u>	REMARKS: Following the refusal by the USA to supply Stinger missiles the Jordanians are looking for alternatives. Jordanian C in C has asked for a G to G credit package for equipment requirements. List of equipments produced with budgetary prices and timescales. HDS passed these to JAF CinC during S of S visit in October. Package value £450m. Major elements are Javelin missiles, aircraft refurbishment/EW, tank ammo, FPBs and comms/EW. £300m ECGD credit being considered.
PRODUCT: JAVELIN	
FIRM : VARIOUS	
VALUE :£m 450.00	MINISTERIAL: S of S visited Jordan in October. PM met with King Hussein mid-September.
REF NO CON.DATE	INVOLVEMENT: COMPETITION: USSR, France.
579 1985	

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: <u>KUWAIT</u>	REMARKS: Kuwait have requirement to equip 5 or 6 battalions with APCs. Infantry Committee impressed with MCV-80 during visit in April 1984 and GKN Sankey successfully demonstrated vehicle in Kuwait in August and September 1984. Strong political support will be required as major defence equipment purchases by Kuwait are invariably awarded in turn to major arms producing countries.
PRODUCT: APCs/IFVs	
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. Min(DP) (Mr Butler) visited October 1984.
REF NO CON.DATE	COMPETITION: USA (Bradley, Cadillac Gage); Brazil (Engesa); USSR (BMP-2).
206 1985	
COUNTRY: <u>KUWAIT</u>	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 when the Kuwait armour and infantry committees visited. Kuwaitis intend to equip 3 regiments with new tanks but are unlikely to begin serious deliberations for at least a year. Prospects seem particularly good as US unlikely to sell M1 and FRG refused to sell Leopard II.
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. Minister (DP) (Mr Butler) visited October 84.
REF NO CON.DATE	COMPETITION: USA (M1),USSR(T72), France (AMX-32).
205 1987	
COUNTRY: <u>OMAN</u>	REMARKS: Tri-service requirement. MODUK provided initial study by 2 senior British officers and an LSP specialist to help run project. Embank Preece selected as consultants. Marconi hope to be selected as prime contractor; prospect for hardware from various UK electronics firms. Project includes substantial civil works content which is expected to be awarded to UK company. Morgan Grenfell are acting as UK focal point for financial arrangements.
PRODUCT: COMMUNICATIONS PROJECT	
FIRM : VARIOUS	
VALUE :£m 300.00	MINISTERIAL: Min(AF) visited Oman Oct 84.
REF NO CON.DATE	INVOLVEMENT:
208 1984	COMPETITION:
COUNTRY: <u>OMAN</u>	REMARKS: An in-country trial of FH70 took place in April 1984. It is hoped that this will result in a contract for 7 guns and an early follow-on buy of a further 6-12 guns. Oman is now showing interest in Austrian competitor, possible political snub. UK firms have now agreed their respective roles, with VSEL supplying the gun, IMS providing support and ROFs ammunition.
PRODUCT: FH70	
FIRM : VICKERS SEL	
VALUE :£m 10.00	MINISTERIAL: Min(AF) visited Oman Oct 84.
REF NO CON.DATE	INVOLVEMENT:
611 1984	COMPETITION: Austria (Novicum).

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

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 have technical discussions with SOAF. Discussions on credit in train with financial institutions. BAe hope to sign contract by end of 1984. The Omanis have requested an umbrella MOU which includes Tornado. This is currently being staffed in MoD.
PRODUCT: TORNADO ADV	
FIRM : PANAVIA	
VALUE :£m 200.00	MINISTERIAL: S of S discussed with Sayyid Fahr in June 1983. Min(DP) discussed briefly with
REF NO CON.DATE	INVOLVEMENT: Sayyid Fahr at RNEE in September 1983. Min(AF) visited Oman Oct 84.
49 1986	COMPETITION: USA.
COUNTRY: <u>QATAR</u>	REMARKS: Firm long-term requirement. Budgetary provision believed to have been made in this financial year for purchase of initial vessel. French competition strong and assisted by warship visits. Qatar crew selected for training and 3 officers completed specially designed MOD course October 84. Final procurement decision will be on political, financial & delivery considerations. Political support essential.
PRODUCT: MINERWARFARE SHIPS	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 60.00	MINISTERIAL: Minister (DP) visited October 1984.
REF NO CON.DATE	INVOLVEMENT:
51 1985	COMPETITION: France (CNM)
COUNTRY: <u>SAUDI ARABIA</u>	REMARKS: A number of indications of Keen RSAF interest in Alarm identified earlier this year (1984), were confirmed when Headquarters RSAF wrote to the Air Attache in Jeddah in September 1984 asking BAe (DG) to submit detailed proposals for the supply of 750 weapons. Joint MoD/BAe discussions are continuing to resolve questions of an acceptable delivery programme and the necessary sanitisation needed to satisfy an export order.
PRODUCT: ALARM	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 150.00	MINISTERIAL:
REF NO CON.DATE	INVOLVEMENT:
1794 1986	COMPETITION: USA (HARM)
COUNTRY: <u>SAUDI ARABIA</u>	REMARKS: Contract negotiations for training on equipment already supplied are at final stage.
PRODUCT: ARTILLERY SURV. EQPT, TRAINING	
FIRM : IMS	
VALUE :£m 7.00	MINISTERIAL:
REF NO CON.DATE	INVOLVEMENT:
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. Original large package now reduced to MGB and trackway only
PRODUCT: ENGINEERING PACKAGE	
FIRM : IMS	
VALUE :£m NK	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
53 1984	
COUNTRY: SAUDI ARABIA	REMARKS: Support package. Draft contract being considered. IMS hopeful of contract signature by mid/end November 1984.
PRODUCT: ENGINEERING PACKAGE	
FIRM : IMS	
VALUE :£m 6.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
58 1984	
COUNTRY: SAUDI ARABIA	REMARKS: YCosted proposals, including a buy-back of BAe Strikemaster training aircraft were submitted to the Saudi Minister of Defence and Aviation in April 1984. A decision by the Saudi government is awaited.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 175.00	MINISTERIAL: S of S discussed this prospect with his Saudi counterpart in Riyadh in Jan- INVOLVEMENT: uary 1984, and has since written to him in support of the proposals.
REF NO CON.DATE	COMPETITION: France/FRG (Alpha-jet)
56 1984	

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

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.
REF NO CON.DATE	INVOLVEMENT:
345 1984	COMPETITION: Sweden (RBS70).
COUNTRY: SAUDI ARABIA	REMARKS: VSEL await invitation to present technical proposals. Written presentation submitted mid-84.
PRODUCT: PIRANHA SUBMERSIBLE	
FIRM : VICKERS SEL	
VALUE :£m 100.00	MINISTERIAL:
REF NO CON.DATE	INVOLVEMENT:
203 1984	COMPETITION: FRG, Italy
COUNTRY: SAUDI ARABIA	REMARKS: Costed proposals, including a buy-back of Lightning aircraft were submitted to the Saudi Minister of Defence and Aviation in April 1984. A Saudi Air Force evaluation team visited the UK in July/August 1984 and their report on the aircraft was submitted to the Minister at the end of August. A decision by the Saudi government is now overdue if delivery dates and prices are to be maintained. An option on a further 20 has been mentioned.
PRODUCT: TORNADO IDS	
FIRM : PANAIA	
VALUE :£m 425.00	MINISTERIAL: For contract signature, if successful, Mr Heseltine sent a "hastener" to
REF NO CON.DATE	INVOLVEMENT: Prince Sultan on 18 October 1984.
64 1984	COMPETITION: USA (F-15 Enhanced Eagle), France (Mirage 2000).
COUNTRY: UAE	REMARKS: Plessey proposals well regarded and linked to ADOC (PRI Ref70). We have offered the service of RAF ADAT which has not yet been taken up. Marconi are being discouraged from cutting across Plessey. GCC Committee visited Plessey Oct 84.
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
REF NO CON.DATE	INVOLVEMENT: July 1984. Min(DP) visited UAE in Oct 84 (Mr Butler).
68 1984	COMPETITION: France (Thomson CSF), USA (Hughes).

ANNEX C - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: UAE	REMARKS: Mod is giving full backing to an IMS led combination of British electronics
	firms. Interim JOC contract has not given IMS clear advantage for full
PRODUCT: JOINT OPERATIONS CENTRE	contract. International competition is strong. UAE have been invited to send a
	team to visit UK Operations Centres but the UAE progress is slowing down. This
FIRM : IMS	is due inter alia to finance, integration with Air Defence Scheme and the need
	to gain experience of the (I)JOC.
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. Min(DP) (Mr Butler) visited UAE in October 1984.
REF NO CON.DATE	COMPETITION: USA, France, FRG.
71 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. A short list of 2-3 contractors for project definition studies will be chosen by the end of the year.

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: This is the first phase of a 3 phase purchase of 36 helicopters for the RAAF. The second phase covers 18 aircraft and the third phase 6 aircraft. The details shown above refer only to phase 1. The cost figures cover helicopters only and do not include any element for spares or training. Westlands submitted a proposal to DOD for the first phase at the end of September and this is now under evaluation. A decision is expected in mid 85.

PRODUCT: WESTLAND 30

FIRM : WESTLAND HELICOPTERS

VALUE :£m 50.00 MINISTERIAL:

REF NO CON.DATE INVOLVEMENT:

198 1985 COMPETITION: USA (Black Hawk).

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.

COUNTRY: INDIA REMARKS: Negotiations underway. Latest indications are contract will be concluded by December 1984. Indian amendments to original MOU under consideration.

PRODUCT: SEA HARRIER

FIRM : BRITISH AEROSPACE AG

VALUE :£m 175.00 MINISTERIAL: Min (DP) discussed during visit to India in May 1984.

REF NO CON.DATE INVOLVEMENT:

7 1984 COMPETITION:

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

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 further trials.
PRODUCT: VIJAYANTA REFIT	
FIRM : VARIOUS	
VALUE :£m 500.00	MINISTERIAL: Discussed by Minister (DP) in India.
REF NO	CON.DATE
473	1986
	INVOLVEMENT:
	COMPETITION: FRG
COUNTRY: <u>INDONESIA</u>	REMARKS: Proposals being submitted with ministerial support for Hawk 200. Total requirement in excess of 100 aircraft.
PRODUCT: HAWK 200	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m NK	MINISTERIAL: US of S(DP) discussed during his visit in May 1984.
REF NO	CON.DATE
182	1986
	INVOLVEMENT:
	COMPETITION:
COUNTRY: <u>INDONESIA</u>	REMARKS: Discussions currently being held in Jakarta. Intermarine considered to be favourites.
PRODUCT: MINEWARFARE SHIPS	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 150.00	MINISTERIAL: US of S(DP) discussed during his visit in May 1984.
REF NO	CON.DATE
349	1984
	INVOLVEMENT:
	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. Contract expected for 2 batteries by December 1984.
PRODUCT: RAPIER	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 100.00	MINISTERIAL: US of S(DP) discussed during visit May 1984.
REF NO	CON.DATE
348	1984
	INVOLVEMENT:
	COMPETITION:

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>JAPAN</u>	REMARKS: Although LAW 80s elimination from the US competition for a LAW may adversely affect its chances in Japan, HEL seem confident that a sale can be achieved once firing trials are held in Spring 1985, witnessed by JGSDF, and the weapon is accepted by the British Army in late 1985. An initial sale of 50 systems for evaluation is the likely outcome.
PRODUCT: LAW 80	
FIRM : HUNTING ENGINEERING	
VALUE :£m 25.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
449 1985	
COUNTRY: <u>JAPAN</u>	REMARKS: Sea Harrier is being promoted for sea lane defence and it is hoped that the JMSDF will allocate preliminary funding for an initial purchase of up to 24 aircraft. A fundamental obstacle is the associated need for carriers which the JMSDF would find politically difficult to acquire. SHAR's ability to operate from outlying islands is thus being stressed. SHAR MLV, Harrier II, & Tornado are contenders for the FS-X programme for anti-ship/defence fighter late 1990s.
PRODUCT: SEA HARRIER	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 150.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Japan (F-1, F-4), USA (F-16E, F-15E, FA-18)
450 1987	
COUNTRY: <u>MALAYSIA</u>	REMARKS: Contract slipped to meet 5 year programme commencing 1986 but it is understood approval has been given. Will be implemented over 5 year period in stages. Total cost £100m but initial contract estimated at £20m.
PRODUCT: DEFENCE OPERATIONS ROOM	
FIRM : EASAMS	
VALUE :£m 20.00	MINISTERIAL: Letter from S of S (10.2.83) INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA
25 1986	
COUNTRY: <u>MALAYSIA</u>	REMARKS: Outline support package already submitted. Full MOU likely to be presented late November. Contract decision March 1985.
PRODUCT: FH70	
FIRM : VICKERS	
VALUE :£m 12.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Sweden, Austria (GC-45),
1744 1986	

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

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.
PRODUCT: GEMAS RANGE PROJECT	
FIRM : IMS	
VALUE :£m 10.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 352 1984	COMPETITION: Australia.
COUNTRY: <u>PAKISTAN</u>	REMARKS: VT proposals for 3 broadbeamed frigates (2 UK build, 1 local) submitted 8/82. PM ACNS(Plans) and team visited UK 7/84 followed by visit of PM CNS, when draft MOU presented covering RN support for engineering services, training & logistic support services. Pakistan MoD issued Letter of Intent to VT Sept 84. UK MoD invited to act as consultants in contract negotiations with VT which commenced 10/84. Formal letter of agreement for consultancy to be issued 11/84.
PRODUCT: TYPE 21 FRIGATE	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 300.00	MINISTERIAL: PM's letter to Zia 8/82. 3/84 ECGD cover to 50% of increased contract value
REF NO CON.DATE 2 1984	INVOLVEMENT: agreed. PM letter of support to Zia 5/84. Zia letter 7/84 to PM confirms UK offer favoured. PM acknowledged 10/84. COMPETITION: France, Italy, FRG, Belgium.
COUNTRY: <u>PR CHINA</u>	REMARKS: The collapse of Project 051 affected the progress on this project but Chinese interest in Interceptor Gamma (Sea Archer 1A FCS, command tactical console surveillance radars) was renewed during RNEE 83. BAe have submitted proposals for the sale of up to 5 systems initially, followed by technology transfer leading to full local manufacture. Third party sales rights will be a precondition to a contract.
PRODUCT: PROJECT 037 (CORVETTE REFIT)	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 10.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 180 1984	COMPETITION: France (Creusot Loire)
COUNTRY: <u>REPUBLIC OF KOREA</u>	REMARKS: BAe have submitted 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).

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: REPUBLIC OF KOREA REMARKS: ROK Army have still to allocate funds for purchase of troop transport and, moreover, may lose responsibility for this function to ROKAF. Shorts are maintaining marketing pressure in anticipation of developments in 1985. Funding is a problem for the ROK and a credit package may be required.

PRODUCT: SKYVAN

FIRM : SHORT BROS AIRCRAFT

VALUE :£m 100.00 MINISTERIAL:
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
13	1986	Spain, Canada

COUNTRY: REPUBLIC OF KOREA REMARKS: ROK MND have initialised draft contracts with several companies for 10-12 shipborne helicopters. A decision is expected early next year with the selected firm likely to be invited to provide a helicopter for a 6 month trial in Korea in January 1986. Contract would follow subject to evaluation. A credit package may be required as may RN support in training etc.

PRODUCT: LYNX (NAVAL)

FIRM : WESTLAND HELICOPTERS

VALUE :£m 55.00 MINISTERIAL:
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
26	1986	France(Dauphin), Italy (Agusta 219),USA(S76, Seasprite).

COUNTRY: SINGAPORE REMARKS: UK is currently assisting Singapore in determining its requirement. 1985 will see continuing support particularly with regard to linking and processing of data from airborne and ground based radars.

PRODUCT: C(CUBED) SYSTEMS

FIRM : VARIOUS

VALUE :£m NK MINISTERIAL:
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
1802	N.K.	

COUNTRY: SINGAPORE REMARKS:

PRODUCT: LYNX (NAVAL)

FIRM : WESTLAND HELICOPTERS

VALUE :£m 100.00 MINISTERIAL:
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
1799	1985	

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: SINGAPORE REMARKS: RR are vying with GEC for the re-engining of up to 100 Skyhawks. Discussions have been held with RSAF re training and support and formal offer submitted at the end of October.

PRODUCT: RB.199 ENGINE

FIRM : ROLLS-ROYCE

VALUE :£m 250.00

MINISTERIAL:

INVOLVEMENT:

REF NO CON.DATE

1745 N.K.

COMPETITION: USA (General Electric F404).

COUNTRY: THAILAND REMARKS:

PRODUCT: HS 748

FIRM : BRITISH AEROSPACE AG

VALUE :£m 44.00

MINISTERIAL:

INVOLVEMENT:

REF NO CON.DATE

1795 1985

COMPETITION:

COUNTRY: THAILAND REMARKS:

PRODUCT: JAGUAR

FIRM : BRITISH AEROSPACE DG

VALUE :£m 60.00

MINISTERIAL:

INVOLVEMENT:

REF NO CON.DATE

1643 1985

COMPETITION:

COUNTRY: THAILAND REMARKS: Vickers in discussions with FFG of FRG. In-country trial carried out in Spring 1984. Project delayed owing to lack of finance but requirement remains.

PRODUCT: M41 RETROFIT

FIRM : VICKERS SEL

VALUE :£m 65.00

MINISTERIAL:

INVOLVEMENT:

REF NO CON.DATE

355 1986

COMPETITION: USA.

ANNEX C - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: THAILAND	REMARKS: Vickers have tabled proposals for MK 3 to meet RTA requirements for 100 medium tanks for main defence. Spring trials went well. Vickers still optimistic, but finance unlikely to be available in near future.
PRODUCT: VICKERS MBT	
FIRM : VICKERS SEL	
VALUE :£m 250.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA (M-60)
354 1985	

END

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 were submitted in early Oct 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. Contract awaiting ratification by Algerians. Credit terms: 10.7% for 85% of contract value over 7 years from mean commissioning to be finalised.

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. Contract awaiting ratification by Algerians. Some training places from (scarce) Army resources will be provided. Credit terms still to be finalised.

PRODUCT: GR 083 RADIO RELAY

FIRM : MARCONI COMMUNICATION SYSTEMS

VALUE :£m 50.00 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).

END

ANNEX C - PRIORITY ONE PROSPECTS - NORTH AMERICA

COUNTRY: <u>USA</u>	REMARKS: The US have expressed interest in evaluating the 105mm Light Gun, and have requested that 25 guns (L119 configuration) be leased by the ROFs to the US Army for a period of 3 years with the option of buying the guns at any time during the lease period. Ultimately the US Army would require the release of technical data and the granting of manufacturing licence for production of the gun in the US
PRODUCT: 105mm LIGHT GUN (UK)	
FIRM : ROYAL ORDNANCE FACTORIES	
VALUE :£m NK	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	
1766 N.K.	COMPETITION: USA
COUNTRY: <u>USA</u>	REMARKS: Minister (DP) and Secretary USN have jointly agreed that UK should proceed with its FLIR development programme, adjusted to ensure that the equipment is suitable for AV-8B, and that UK will bear full development costs. FLIR procurement will be awarded to UK contractor for AV8B and GR5. Remaining changes required to give both aircraft full night capability will be undertaken within a joint programme, costs to be shared along lines of existing AV8B/GR5 MOU.
PRODUCT: FLIR FOR AV-8B	
FIRM : GEC AVIONICS	
VALUE :£m NK	MINISTERIAL: Minister (DP) INVOLVEMENT:
REF NO CON.DATE	
1768 N.K.	COMPETITION: USA
COUNTRY: <u>USA</u>	REMARKS: McDonnell Douglas have been awarded a contract by the USN, initiating full scale development of the T45 Hawk training system. Total cost of development is \$438m. Delivery of 300 production aircraft is due to run from 1989 to 1997. Total programme cost \$3.2 billion. BAe's share of aircraft design and production is around 18%. The programme will continue to be closely monitored through DSD(Washington) in support of UK industrial interests.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 461.00	MINISTERIAL: Minister (DP), Secretary of State. INVOLVEMENT:
REF NO CON.DATE	
77 1984	COMPETITION: USA.
COUNTRY: <u>USA</u>	REMARKS: Development of the JP233 airfield attack weapon system was originally a joint UK/US project from which the USAF withdrew in 1978 due to lack of funding. USAF now seem poised to develop & procure a system known as DAACM (Direct Airfield Attack Cluster Munition). HEL's HB876 now representd the best prospect of a sale to the US. The USAF are in no doubt that DAACM must have area-denial mines, and HB876 is widely regarded as the only feasible option in timescale.
PRODUCT: HB876 AREA-DENIAL MINE	
FIRM : HUNTING ENGINEER	
VALUE :£m 155.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	
1769 N.K.	COMPETITION: USA

ANNEX C - PRIORITY ONE PROSPECTS - NORTH AMERICA

COUNTRY: <u>USA</u>	REMARKS: US Army has written to Congress setting out its long range mortar strategy; this includes I-81mm mortars at company level for mechanised and standard infantry divisions, and at battalion level for light infantry divisions. Congressional agreement has been requested to proceed with procurement of mortars using FY84 money.
PRODUCT: IMPROVED 81mm MORTAR	
FIRM : ROYAL ORDNANCE FACTORIES	
VALUE :£m 350.00	MINISTERIAL: Minister (DP), Secretary of State.
	INVOLVEMENT:
REF NO CON.DATE	
74 1985	COMPETITION: USA.

COUNTRY: <u>USA</u>	REMARKS: US Army has recently issued the RFP (Request for Proposals) for the MSE requirement. Response date 30 September 1984. Contract award scheduled for May/June 1985. Plessey have formed a consortium with US companies Rockwell Collins (as prime) and ITT to respond. If successful, Plessey's share of business could total \$1.5 billion.
PRODUCT: MOBILE SUBSCRIBER EQUIPMENT	
FIRM : PLESSEY DEFENCE SYSTEMS	
VALUE :£m NK	MINISTERIAL: Minister (DP), Secretary of State.
	INVOLVEMENT:
REF NO CON.DATE	
578 1985	COMPETITION: USA, France.

COUNTRY: <u>USA</u>	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	
227 1984	COMPETITION:

COUNTRY: <u>USA</u>	REMARKS: US/UK agreement for UK participation in Trident II (D5) weapon system program signed in April 1982. Approx 1500 UK firms briefed and around 290 "approved" as potential suppliers. Competition commenced mid 83 and expected to continue at least until late 86. No guaranteed offset sum. Total awards to UK industry therefore not known until all competition complete. However, unlikely to exceed single percentage figure of UK dollar outlay.
PRODUCT: TRIDENT II (D5) COMPONENTS	
FIRM : VARIOUS	
VALUE :£m NK	MINISTERIAL: Agreement (exchange of letters) signed by S of S. Both S of S and Min(DP)/US
	INVOLVEMENT: of S(DP) have been given briefs on progress of UK industry.
REF NO CON.DATE	
1767 N.K.	COMPETITION: USA

END

ANNEX C - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: BAHAMAS 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
PRODUCT: FAST PATROL CRAFT initial recommendation by the RBDF was to purchase these craft from the US-
St Augustine Trawlers. However after strong support from MOD/FCO (including
FIRM : FAIREY ALLDAY MARINE offsetting LSP debts against payments due under the AUTEK agreement and the
offer of RN training assistance) it now appears this important contract won.
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: BRAZIL REMARKS: Westlands are competing for two separate requirements; 16 aircraft for use by
the Brazilian Navy on their new corvettes and 8 aircraft for use by the Mar-
ines in a troop carrying role. Credit cover will be required for this sale
and its provision will be a problem.
PRODUCT: LYNX (NAVAL)
FIRM : WESTLAND HELICOPTERS
VALUE :£m 100.00 MINISTERIAL:
INVOLVEMENT:
REF NO CON.DATE
196 1985 COMPETITION: France, Italy, USA.

COUNTRY: BRAZIL REMARKS: Originally Brazil was to buy engine kits and components for the AMX via Italy,
but it is now almost certain that Brazil will purchase direct from Rolls Royce!
PRODUCT: RB.168 SPEY ENGINE An initial order worth about £16m is expected during 1985. Further and larger
orders will follow. Brazil may seek credit for these purchases but ECGD sup-
FIRM : ROLLS-ROYCE port is unlikely to be available unless RR can remove HMG from the liability
involved.
VALUE :£m 100.00 MINISTERIAL:
INVOLVEMENT:
REF NO CON.DATE
1712 1985 COMPETITION:

COUNTRY: BRAZIL 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.
PRODUCT: SEA SKUA 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
FIRM : BRITISH AEROSPACE DG package without ECGD support. Contract is for 4 helicopter fits and 16
missiles.
VALUE :£m 11.60 MINISTERIAL: M of S (DP)
INVOLVEMENT:
REF NO CON.DATE
36 1984 COMPETITION:

ANNEX C - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: <u>CHILE</u>	REMARKS: Ferranti have been competing for this requirement for over 2 years and seem well placed to achieve a contract during 1985.
PRODUCT: MIRAGE AVIONICS UPDATE	
FIRM : FERRANTI ELECTRONICS	
VALUE :£m 12.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Israel, France.
1713 1985	
COUNTRY: <u>CHILE</u>	REMARKS: The Chilean Navy has a requirement for up to 200 Seacat missiles for its UK built vessels (2 County Class, 2 Almirante Class, & 2 Leanders). Whilst budgetary constraints preclude a once off buy, Shorts are hopeful that an initial contract for 40/50 missiles will be concluded by mid/late 1985.
PRODUCT: SEACAT	
FIRM : SHORT BROS MISSILE DIVISION	
VALUE :£m 10.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1714 1985	
COUNTRY: <u>CHILE</u>	REMARKS: The Chilean Navy has said it will purchase, subject to negotiations on price/hull condition, one of the inshore survey ships to be offered for sale in 1985. There is also interest in RFA ENGADINE and the remaining County Class vessels.
PRODUCT: SURFACE WARSHIPS	
FIRM : HMG	
VALUE :£m 20.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1715 1985	
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	COMPETITION:
604 1984	

ANNEX C - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: ECUADOR 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

1545 1984 COMPETITION: Israel(Tadiran)-see above, France (Thomson-CSF)

COUNTRY: ECUADOR REMARKS: BAe have a letter of intent from the Ecuadorean Air Force for the purchase of a single Jaguar plus spares and ancillary equipment to cover attrition losses. Ecuador is at present off ECGD cover and BAe are offering credit at their own risk. It is likely that BAe will purchase one of the surplus ex-RAF Jaguars to meet this requirement.

PRODUCT: JAGUAR

FIRM : BRITISH AEROSPACE AG

VALUE :£m 9.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE

601 1985 COMPETITION:

COUNTRY: ECUADOR REMARKS: Ecuador's newly acquired Esmeralda class corvettes are fitted with helicopter platforms but no helicopters have yet been purchased. Westlands have successfully carried out a Naval Lynx landing on board these ships and are hopeful of achieving a sale. The requirement will be for 6-8 aircraft. Ecuador is currently off ECGD cover and there are therefore likely to be problems with any finance package.

PRODUCT: LYNX (NAVAL)

FIRM : WESTLAND HELICOPTERS

VALUE :£m 30.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE

1716 1986 COMPETITION: France, Italy.

COUNTRY: ECUADOR REMARKS: There has been a long standing requirement for RWRs for fitting to the FAE Jaguars. Budgetary problems have delayed the sale. However, Marconi are hopeful of getting a contract signed within the next 12 months.

PRODUCT: RADAR WARNING RECEIVER

FIRM : MARCONI DEFENCE SYSTEMS

VALUE :£m 1.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE

1717 1985 COMPETITION:

ANNEX C - PRIORITY ONE PROSPECTS - LATIN AMERICA

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	
COUNTRY: <u>PARAGUAY</u>	REMARKS: Shorts have submitted a quotation for 8 aiming units, the number of missiles to be supplied has not yet been decided. No decision is expected until the announcement of the 1985/6 Paraguayan defence budget in Spring 1985.
PRODUCT: BLOWPIPE	
FIRM : SHORT BROS MISSILE DIVISION	
VALUE :£m 3.50	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1718 1985	
COUNTRY: <u>VENEZUELA</u>	REMARKS: BAe obtained a contract just before the outbreak of hostilities in the South Atlantic in 1982. As a result, the down-turn in the Venezuelan economy was also a factor, it was never made effective. The Venezuelan president and senior military figures have now changed and there are signs that the time is right to try and revive the issue.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 100.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1719 1985	

END

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CONFIDENTIAL UK EYES B - COMMERCIAL-IN-CONFIDENCE