



MINISTRY OF DEFENCE  
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MO 26/9/13

15th January 1981

*ms*  
*Mr. [unclear]*  
*Prime Minister*  
*to note.*  
*②*  
*Mr 16/1*  
 Brian Michael,

DEFENCE SALES TO EGYPT

When the Prime Minister saw Sir Austin Pearce and Sir Frederick Page of British Aerospace in December, one of the items they mentioned was the potential sale of HS 748 aircraft to the Egyptian Air Force. You may wish to have a note on the latest position.

The Egyptians need to replace a number of Russian DC3-type aircraft which are now coming to the end of their useful life. British Aerospace have for several years been trying to interest the Egyptians in the 748 (a twin-engined turboprop aircraft) and three years ago reached the stage of initialling a contract for 20 aircraft. Unfortunately the contract was never finalised because in the wake of the Camp David accords the Saudis and certain Gulf States refused to let Egypt have the funds they had promised for the purchase of the aircraft.

British Aerospace have nevertheless persisted in their attempts to get an order and they have been fully supported by the Defence Sales Organisation and by our Embassy in Cairo. Egyptian interest has recently been revived and British Aerospace sent an aircraft to Egypt in mid-December which gave a successful demonstration.

On 3rd January in Cairo, largely at the instigation of HM Ambassador, a meeting was held between British Aerospace's Marketing Manager from Manchester (where the HS 748 is made) and General Ghazala, the Egyptian Chief of Staff, and Air Vice Marshal Shabana the Commander in Chief of the Egyptian Air Force. HM Ambassador and

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 10 Downing Street



the Air Attache were also present. The meeting went well and is to be followed up by more detailed discussions between the Egyptian Air Force and British Aerospace (probably on 24th January) when, at Egyptian request, British Aerospace will submit quotations for 10 and 20 standard aircraft and 2 reconnaissance versions. I understand that Credit terms are likely to be necessary. The main competition is coming from the Canadians with the Buffalo aircraft.

I am sending copies of this letter to John Wiggins (Treasury), Francis Richards (FCO), Ian Ellison (DOI), Stuart Hampson (DOT) and to David Wright (Cabinet Office).

Your sincerely  
P. Dawson

(J D S DAWSON)  
Private Secretary



The Air Branches were also present. The meeting was held and  
is to be followed up by more detailed discussions between the  
British Air Force and British Army (probably on 24th January)  
and at this point, British Army will submit  
a report for 10 and 15 January (1961) and 2 recommendations  
... ..  
with the British Army.

1. An overall copy of this letter to John Walker (Secretary),  
Royal Air Force (RAF), (201), (201), (201), (201) and  
to Royal Air Force (RAF) (201).

*John Walker*  
*RAF*

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Private Secretary

15 JAN 1961

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