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MO 11/16

20th July 1981

*Submit with FCO reply - or to
as. Rnd*

Dear Peter.

I am writing to seek your personal views on a proposition to allow Vickers to quote for the supply of up to 60 Mk III tanks to Chile, following a French decision not to supply any further tanks.

I need hardly say that the Chilean regime is not the least agreeable in the world and it has had a bad human rights record - though it is not as bad as a number of other customers to whom we are prepared to supply, and Chile's human rights performance has markedly improved. The real reason for our hesitancy is the vociferous public anti-Pinochet lobby in Britain. ?

I fully take the point that we will certainly risk some outcry if we go ahead and sell tanks to Chile. But we have already braved one storm and succeeded in lifting the arms embargo; and we are now making progress on a number of potential sales with particular promise for naval equipment, especially ex-RN warships. A Defence Attache is due to take up appointment at the end of this year. The Chileans still remain to be convinced that we are prepared to be serious arms suppliers to them again and a decision to supply tanks could be decisive.

The Rt Hon The Lord Carrington KCMG MC



My main interest in arguing for a sale of tanks to Chile is not, however, primarily for the economic benefit (although the order for 60 tanks would be worth some £70-100M), but in order to help Vickers retain its tank manufacturing capacity. I am convinced that there are major medium and long term prospective tank orders of considerable size which we stand an excellent chance of securing. In order to maximise our sales we shall need Vickers' capacity in addition to that of our primary supplier, the Royal Ordnance Factory, Leeds. We need the work that the Chile order would provide at Vickers. Harry Cowans, the local MP, has already been to see the Prime Minister on 15th June to express his concern. There is only one other order in prospect, in Nigeria, and this has been hanging fire for a long time.

Chile has also been showing interest in a possible purchase in some of the Scorpion range of vehicles manufactured by Alvis. I hope that you can agree to allow Alvis to quote to the Chileans.

There is also the question of how the Argentine Government would react. I believe that we could probably sell the tanks to Chile without running the risk of a strong adverse reaction. But I should like your confirmation that you share this view.

Perhaps we could all have a brief word about this in OD on Friday?

I am copying this letter to the Prime Minister, to the other members of OD, to the Secretary of State for Industry, and to Sir Robert Armstrong.

Yours ever
John

John Nott

21 JUL 1981

