

Letter from D/Trade is Confidential

CC FCO

DOT

MUD

B

chile



10 DOWNING STREET

THE PRIME MINISTER

22 February 1982

CF
Dear Mr. Walker

Thank you for your letter of 23 December about the Department of Trade's refusal to grant you an export licence to supply machine guns and pods to Chile.

I carefully reviewed this case since I fully understood your wish to secure the order. However, in dealing with countries where there have been human rights problems, it is the Government's policy to draw a distinction between the export of weapons which it judges as likely to be used in internal repression (which it prohibits) and the export of other weapons (which it generally permits). I note your statement that the machine guns in their pods are designed to hook up with the internal aircraft control and are therefore unsuitable for use in urban guerilla warfare. But the Government takes the view that machine guns, whatever their intended or alleged primary purpose, inevitably come into the first category. For this reason I regret that the earlier decision to refuse a licence must stand.

Your further letter of 30 December asked about consultation with the British Embassy in Chile. I assure you that the Embassy are consulted and kept informed about our general policy on arms sales to that country.

Yours sincerely
Margaret Thatcher

P.K. Walker, Esq.

—
JL

Norton, Megaw & Co. Ltd.

REGISTERED TELEGRAPHIC ADDRESS:
INLAND & FOREIGN
MEGAW, LONDON

TELEPHONE NOS:
01-499 9901/2/3/4

TELEX NO:
884256

PKW/HR.

Mrs. Margaret Thatcher,
10 Downing Street,
London SW1.

Dear Mrs. Thatcher,

Thank you for your letter of the 22nd February 1982 and I note with regret that I have not been successful in persuading you on the merits of the case in point. All the arguments still appear quite illogical and I must remain firmly of the opinion that you have been wrongly advised on the matter.

Should there be any reconsideration with regard to the export licence for Chile, I would be pleased if the appropriate Minister would advise me accordingly.

Thank you for the trouble which you have taken in writing.

Yours sincerely,

P.K. Walker,
Managing Director.

cc. FIC.O. (Mr. Holmes)
DOT (Mr. Lee)
ROD (Mr. Balmer)

MR 24/2

CF
Attn: ... Chile
Prime Minister
To be aware.
17 Grosvenor Hill, MR 26/2
London, W1X 9HG
8/5

23rd February 1982. h-a-
A.J.C. 3/3
PPS

BRANCHES IN:

BRAZIL

CHILE

MEXICO

PERU

PORTUGAL

CONFIDENTIAL*From the Secretary of State**Type letter, please.**MR 1/2*

W Rickett Esq
 Private Secretary
 10 Downing Street
 London SW1A

17th February 1982

*Dear Willie,*EXPORT LICENCE FOR MACHINE GUNS TO CHILE *see above below*

Following your letters of 23 and 31 December to me about the representations from Norton, Megaw and Co Ltd in connection with an export licence, I wrote on 18 January to Roderic Lyne at the FCO, with a copy to you, setting out the doubts of my Secretary of State about the merits of refusing an export licence in this case and asking that the advice to that effect be re-examined. Colin Balmer's letter of 12 February suggested that Lord Trenchard favoured this decision being reversed. However, you will have seen from John Holmes' letter of 15 February that Foreign Office Ministers on reconsideration of this case, have confirmed the original decision to withhold clearance on human rights grounds.

I therefore enclose a draft letter for the Prime Minister to send to Norton, Megaw reflecting the FCO's view that a licence should still be refused. With the draft is a short background note for the Prime Minister's information which deals inter alia with some of the supporting argumentation in the Norton, Megaw letters.

My Secretary of State is grateful to Foreign Office Ministers for looking again at this case in the light of our doubts. Though export licensing is administered by the Department of Trade by virtue of Board of Trade powers under the Import, Export and Customs Powers (Defence) Act 1939 we look primarily for guidance on the human rights aspects in cases like the present one to the FCO.

Therefore, if the Prime Minister feels that any further consideration of this case is warranted, or indeed of any others which may arise in the future, I suggest the FCO take the lead.

*Yours Ever,**Jonathan Rees*

JONATHAN REES
 Private Secretary

DRAFT

File No.

Addressed to:

P K Walker Esq
Managing Director
Norton Megaw and Co Ltd
17 Grosvenor Hill
LONDON W1X 9HG

Copies to:

Originated by:
(Initials and date)

T.M
17/2

Seen by:
(Initials and date)

Enclosures:

Type for signature of

PRIME MINISTER
.....
(Initials and date)

DEPARTMENT OF TRADE

Thank you for your letter of 23 December about the Department of Trade's refusal to grant you an export licence to supply machine guns and pods to Chile.

I ~~have~~ carefully reviewed this case since I fully understood your wish to secure ^{the} ~~this~~ order. However, in dealing with countries where there have been human rights problems, it is the Government's policy to draw a distinction between the export of weapons which it judges as likely to be used in internal repression (which it prohibits) and the export of ^{other} weapons (which it generally permits). I note what you ~~say about~~ ^{your statement that} the machine guns in their pods ^{are} being designed to hook up with the internal aircraft control and ^{are therefore} ~~so being~~ unsuitable for use in urban guerilla warfare, ^{but} ~~it is our~~ view that machine guns, whatever their intended or alleged primary purpose, inevitably come into the first category. For this reason I regret that the earlier decision to refuse a licence must stand.

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(CONTINUE TYPING HERE)

File No.

Your further letter of 30 December to my private secretary asked about consultation with the British Embassy in Chile. I assure you that the Embassy are consulted and kept informed about our general policy on arms sales to that country.



EXPORTS TO CHILE: LETTER OF 23 DECEMBER 1981 TO PRIME MINISTER
FROM MR P K WALKER, MANAGING DIRECTOR OF NORTON, MEGAW AND CO LTD

Background Note

Mr Walker wrote to his MP, Sir Ian Gilmour, on 23 November 1981, appealing against the Department of Trade's decision to refuse a licence for the export of machine guns and pods to Chile to the suppliers of the equipment, Aircraft Equipment International Ltd. After the Department had again consulted the Foreign and Commonwealth Office, Mr Biffen wrote to Sir Ian on 7 December confirming this decision and explaining the Government's policy with regard to arms sales to that country. A copy of Mr Biffen's letter accompanied Mr Walker's letter of 23 December to the Prime Minister.

In view of this further approach by Mr Walker, FCO officials have consulted their Ministers but they have confirmed the earlier decision to refuse clearance for this export.

The two cases referred to by Mr Walker in points (1) and (2) of his letter do not affect the decision. For the Prime Minister's information, the MOD are aware of the Chilean Government's interest in HMS Hermes and associated aircraft, but no decision has yet been made. Her disposal is linked with the "Invincible" deal with the Australians. If this latter proceeded, HMS Hermes would remain in RN Service until the end of 1985. Furthermore, India is also in the market for Hermes. The MOD are unaware of the alleged refurbishment contract for Hunter aircraft though they did sell two old Hunters in broken form for spares. Consideration is currently being given to the sale to Chile of 6 Hunter aircraft surplus to RAF requirements.

It is recommended that the Prime Minister should not comment directly on these two points in her reply. They are not relevant in view of the distinction, referred to in the draft reply, between weapons which are likely to be used for internal repression and those which are not.

Mr Walker wrote a supplementary letter to the Prime Minister's Private Secretary on 30 December regarding consultation with the British Embassy in Chile. The FCO have explained that the Embassy are both consulted and informed on our general policy on arms sales to Chile.

The Chairman of Norton, Megaw has also written on 18 January about the same question to Mr Nigel Lawson, who forwarded the papers to the Minister for Trade: an interim reply has been sent.

CONFIDENTIAL

Chile

(2)



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

F.C.O. Ministers reject the proposal to supply machine guns to Chile for use on coastal patrol aircraft.

15 February 1982

A.S.C. 16/2

[Handwritten signature]
K.A. 17/2

Arms Sales to Chile

Thank you for your letter of 18 January to Roderic Lyne about the request from Norton, Megaw and Company Limited for an export licence to supply machine guns and pods for Chilean Navy coastal patrol aircraft. As you will have seen, Colin Balmer also wrote on this subject on 2 February and this reply takes account of the points which he raised.

FCO Ministers have looked at this case again in the light of the Company's representations to your Secretary of State and to the Prime Minister and have confirmed the original decision to withhold clearance on human rights grounds.

We agree that it is not always easy publicly to justify border-line decisions on arms sales, whether to the human rights lobby or to commercial interests. However, we have, since the lifting of the arms embargo, consistently taken the view that the supply to the Chilean Armed Forces of small arms, such as the 7.62mm general purpose machine guns included in the Norton Megaw proposal, should not be permitted, since, in Chilean conditions, they are likely to be used for internal repression, whatever their intended or alleged primary purpose. Certainly it would be very difficult to argue the contrary in the House should this sale become public knowledge.

You suggest that we might seek an undertaking from the Chileans that these machine guns would not be used for internal repression. As Colin Balmer suggests, such an undertaking would be impossible to enforce (and certainly even more difficult to enforce than the more usual end-user certificate restricting the sale of weapons to a third country). We also do not agree that it could be without prejudice to our wider policy on the licensing of arms exports. Having accepted such an assurance from the Chileans in one case, we could hardly refuse to do so in others.

Our Embassy in Santiago are fully aware of our general policy on arms sales. However, we do not consult them on individual cases. These questions are, of course, for Ministers to decide in the light of all the circumstances.

/I hope

CONFIDENTIAL

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I hope that this letter helps to put our Ministers' decision in context. Nonetheless, we think it it would be inadvisable to get into too much detailed argument with Norton Megaw. As you know, Departments concerned have normally taken the view that we do not comment publicly on individual arms sales.

I am copying this letter to Colin Balmer (Ministry of Defence) and Willie Rickett (No 10).

(J E Holmes)
Private Secretary

J M Rees Esq
Private Secretary to the
Secretary of State for Trade
1 Victoria Street
LONDON SW1H 0ET

CONFIDENTIAL

5/2

P. K. WALKER of
Norton, Megaw & Co.

D/Trade have asked FCD to reconsiders
(Jonathan Rees to Roderick Lyne 18.1.82)

(Original WFSR to J. Rees 31/12/81)

① 8/2.
2 15/2

5/2
P.K. WALKER

(Norton, Megaw & Co.)

2 February 1982

Thank you for your letter of 27 January. The letters that you wrote to the Prime Minister in December are still being considered by the Departments concerned. However, I can understand the pressures on you, and I will try to ensure that a reply to your letters is not too long delayed.

W. F. S. RICKETT

P.K. Walker, Esq.

BR

~~CONFIDENTIAL~~

Chile



MINISTER OF STATE FOR DEFENCE

WHITEHALL LONDON SW1A 2HB

Telephone 01-218 6621 (Direct Dialling)
01-218 9000 (Switchboard)

Minister of State for
Defence Procurement

D/MIN/TT/3/6

2 February 1982

Dear Rodvic

*N.B. P.R.
Amie F/C.O. reply.*

A.J.C. 2

h.a.

I have seen a copy of Jonathan Rees' letter of 18th January about the export of machine guns and pods for Chilean Navy coastal patrol aircraft.

We recognise that the considerations are largely political and it was on this basis that Ministry of Defence officials have deferred to the Foreign and Commonwealth Office in the Arms Working Party. Nevertheless, we agree with the Department of Trade view that these weapons are most unlikely to be used for internal repression. We do not place much store on any assurances given by the Chileans but it would make little sense to use coastguard aircraft to quell civil disorders and, although it would be possible to dismount the machine guns, it would scarcely be worth doing this when alternative weapons can be acquired more economically for the Chilean land forces. We note that the firm suggested that the views of the Embassy in Santiago be obtained and we wonder whether this has been done.

Lord Trenchard hopes, therefore, that the FCO could feel able to reverse this decision.

I am sending copies of this letter to Jonathan Rees (Department of Trade) and Willie Rickett (No 10).

Yours

Roderic Lyne Esq.,
Foreign and Commonwealth Office

Colin

~~CONFIDENTIAL~~

3 FEB 1982



NEW YORK

Norton, Megaw & Co. Ltd.

REGISTERED TELEGRAPHIC ADDRESS:
INLAND & FOREIGN
MEGAW, LONDON

TELEPHONE NOS:
01-499 9901/2/3/4

TELEX NO:
884256

P.K. WALKER
Chased D/Trade - Arranging copy of D/Trades ltr.
to FCO. *Letter received*
copy below: FCO
asked to
reconsider
17 Grosvenor Hill,
London, W1X 9HG

PKW/HR.

27th January 1982.

Mr. William Rickett,
Private Secretary to
The Prime Minister,
10 Downing Street,
London SW1.

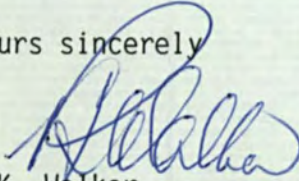
Dear Mr. Rickett,

I refer to my letter to you dated 30th December 1981 which was preceded by my letter of the 23rd December to the Prime Minister and would respectfully remind you that no reply has been received to date.

It is fully appreciated that these matters must be conducted in an orderly manner of precedence but since four weeks have now passed and we are dealing with a commercial matter, you will appreciate we are being pressed for a final response by the Chilean authorities.

Under these circumstances I look forward to receiving a reply to my letter to the Prime Minister at the earliest opportunity.

Yours sincerely


P.K. Walker,
Managing Director.

Thank you for your letter of 27/1.
The letters that you wrote to
the P.M. in December are
still being considered by the
departments concerned. However
I can understand the pressures
on you, and I will try to ensure
your letters is not too long
delayed.

BRANCHES IN:

BRAZIL

CHILE

MEXICO

PERU

PORTUGAL

REGD. OFFICE: 17 GROSVENOR HILL, LONDON W1X 9HG REGISTERED IN ENGLAND REGISTERED NO: 755402

W. H. Mearns & Co. Ltd.



28 JAN 1982





AT

N. B. P. D.

Amie F/C.O. 1982.

From the Secretary of State

A.S.C. - 20
1

CONFIDENTIAL

Roderic Lyne Esq
Private Secretary to the
Secretary of State for
Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London, SW1A 2AL

18th January 1982

Dear Roderic,

EXPORT OF ARMS TO CHILE

My Secretary of State has recently been considering a request from Norton Megaw and Company Limited for an export licence to supply machine guns and pods for Chilean Navy coastal patrol aircraft. I attach earlier correspondence. He notes the advice of officials in the FCO and Ministry of Defence that we should refuse a licence. However he is not certain that our policy is either coherent or defensible in this case, and would be grateful if you could re-consider the company's case.

will
...
request
if
required

The advice from FCO officials is that machine guns, whatever their intended or alleged purpose, must fall into the category of weapons which are "likely to be" used in internal repression so that the earlier refusal of an export licence for Norton Megaw must stand. However, it must be open to question whether we can be so certain of their actual as opposed to potential use. In a letter of 23 November to Ian Gilmour, Norton Megaw stated that the aircraft in which the guns would be mounted are used for training pilots in the work of fishery protection in coastal waters; further, in their letter of 23 December to the Prime Minister, the firm claims that the Chilean Navy have given their undertaking in writing that the guns "would not be used for insurrection purposes".

Continued refusal of an export licence for the machine gun pods would also be very difficult to justify in the event of other arms deals with Chile going ahead. Apart from the Chilean interest in HMS Hermes the Ministry of Defence have said that the Arms Working Party is considering the sale, worth £1-£1.5 million, of 6 Hawker Hunters surplus to RAF requirements. It might be possible to produce arguments, if either deal took place, to show why the "likely to be used for internal repression" test was not met. However, it is not at all easy to see how the distinction could be maintained, for example, between Hunters and other aircraft fitted with machine guns.

CONFIDENTIAL



From the Secretary of State

CONFIDENTIAL

I should therefore be grateful if you could have this Norton Megaw case looked at again urgently. Would it not, for example be possible to grant a licence against the submission by Norton Megaw of an undertaking by the Chilean authorities that the guns/planes would not be used for internal repression but limited to coastal protection purposes? Making a licence conditional on such end use certificates from the applicants is a procedure quite frequently followed, and one which my Secretary of State, in whom the export licence powers are vested, can thus defend.

So proceeding in this case would, of course, be without prejudice to any wider policy on licensing of arms exports which could, if appropriate, be looked at separately.

I am copying this to Derek Piper (MoD) and Willie Rickett (Number 10).

Yours Sincerely,

Jonathan Rees

J N REES
Private Secretary

20 JAN 1982



CONFIDENTIAL

1- 13/11
2.25/11

cc MOD
FCO.

HU



14/1

P.K. WALKER

10 DOWNING STREET

From the Private Secretary

31 December 1981

On 23 December, I sent you a letter the Prime Minister had received from Mr. P.K. Walker, Managing Director of Norton, Megaw & Co. Ltd. His company had been requested to supply arms to the Chilean navy. He wrote to appeal against the refusal by your Department to grant an export licence.

Mr. Walker has now written again to ask whether we have consulted the Embassy in Chile on this subject. His letter is attached. I should be grateful if you could take it into account when providing the reply for the Prime Minister to send to his earlier letter.

I am sending copies of this letter to Derek Piper (Ministry of Defence) and Roderic Lyne (Foreign and Commonwealth Office).

W. F. S. RICKETT

Jonathan Rees, Esq.,
Department of Trade.

31 December 1981

I am writing on behalf of the Prime Minister to acknowledge your letter of 30 December. Your letter is receiving attention and a reply will be sent to you as soon as possible.

WILLIAM RICKETT

P.K. Walker, Esq.

Norton, Megaw & Co. Ltd.

REGISTERED TELEGRAPHIC ADDRESS:
INLAND & FOREIGN
MEGAW, LONDON

TELEPHONE NOS:
01-499 9901/2/3/4

TELEX NO:
884256

17 Grosvenor Hill,
London, W1X 9HG

PKW/HR.

30th December 1981.

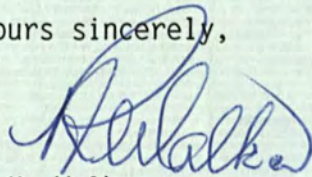
Mr. William Rickett,
Private Secretary to
The Prime Minister,
10 Downing Street,
London SW1.

Dear Mr. Rickett,

Your prompt interim response of the 23rd December to my letter to the Prime Minister is very much appreciated and I look forward to hearing further, shortly.

One additional thought occurs to me; has the opinion been sought on this matter from our own people at the Embassy in Chile, since I would have expected the views of the people in the territory concerned to be relevant.

Yours sincerely,



P.K. Walker,
Managing Director.

BRANCHES IN:

BRAZIL

CHILE

MEXICO

PERU

PORTUGAL

Mr P. K. WALKER

14/1

23 December 1981

I enclose a copy of a letter which the Prime Minister has received from the Managing Director of Norton, Megaw & Co. Limited. I should be grateful if you would provide a draft reply for the Prime Minister to send to Mr. Walker by 14 January.

I am copying this letter and its enclosure to Derek Piper (Ministry of Defence).

W RICKETT

Jonathan Rees, Esq.,
Department of Trade.

LB

FILE

VLB

23 December 1981

I am writing on behalf of the Prime Minister to thank you for your letter of today's date.

I will show your letter to the Prime Minister, and a reply will be sent to you as soon as possible.

W F S RICKETT

P. K. Walker, Esq.

RLB

orton, Megaw & Co. Ltd.

REGISTERED TELEGRAPHIC ADDRESS:
INLAND & FOREIGN
MEGAW, LONDON

TELEPHONE NOS:
01-499 9901/2/3/4

TELEX NO:
884256

17 Grosvenor Hill,

London, W1X 9HG

PKW/HR.

23rd December 1981.

The Rt. Hon. Margaret Thatcher, M.P.,
10 Downing Street,
London SW1.

Dear Mrs. Thatcher,

You have a reputation for fair play and common sense hence this letter to you because all other approaches have been exhausted.

We are a responsible British trading company and we have been requested by the Fleet Air Arm of the Chilean Navy to supply them with NATO standard machine guns and pods in value of £500,000 for mounting on the wings of their Pilatus Trainer Aircraft for coastal patrol.

The attached letter from Mr. Biffen neatly sums up the problem, the logic of which I am utterly unable to comprehend in view of the following:-

- 1) It is public knowledge in Chile that our respective Governments are negotiating for the sale of the Hermes Anti Submarine/Commander Carrier with helicopter support, surplus to our Royal Navy requirements.
- 2) I am reliably informed that a contract has recently been concluded in approximate value of U.S. Dollars 25 million between the Chilean Government and our own authorities for the complete refurbishment of the Hawker Hunter Aircraft in service with the Chilean Airforce.
- 3) Presuming the above referenced armaments to be exported to the Chilean Armed Forces, it is equally clear that either of them could be used, to take an extreme position, in an attack upon the civilian population.
- 4) The machine guns in their pods are specifically designed to hook up with the internal aircraft control and simply cannot be used in the context of urban guerilla warfare which I believe forms the main plank to Mr. Biffen's objection to the export licence.

I do not believe for one minute that either the Hermes Carrier or the Hawker Hunter aircraft will be used in the manner indicated above because we are dealing with responsible people; conversely it is quite illogical to negotiate the sale of heavy armaments on the one hand and refuse the export licence for machine gun pods for trainer aircraft on the other.

cont.../2

BRANCHES IN:

BRAZIL

CHILE

MEXICO

PERU

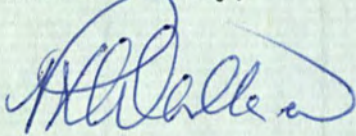
PORTUGAL

The Chilean Navy have, incidentally, given their undertaking in writing that these gun pods would not be used for insurrection purposes.

It is appreciated that in writing to you I am asking you to reconsider the decision of one of your Ministers and all which that entails but I do feel extremely strongly on this matter.

My own company has more than 100 years in trading in Latin America and we are not naive in these matters but firmly believe that the Chilean Government will honour their undertakings.

Yours sincerely,



P.K. Walker,
Managing Director.

Enc:

Home address:-

'Up Corner Cottage',
Silver Hill,
Chalfont-St-Giles,
Bucks.,



From the Secretary of State

The Rt Hon Sir Ian Gilmour Bt MP
House of Commons
London, SW1A 0AA

7 December 1981

Dear Ian,

Thank you for your letter of 24 November enclosing one dated 23 November, which you had received from Mr P K Walker of Norton, Megaw and Company Limited, appealing against our refusal to grant a licence to Aircraft Equipment International Limited of Ascot, Berks, for the export of gun pods, machine guns and ammunition to Chile.

We have reconsidered this application in consultation with other interested Departments. However, as you know, it is the Government's general policy not to approve the export of arms to countries, such as Chile, where there are serious abuses of human rights and where the weapons could, in our judgment, be used for internal repression. I regret therefore that the decision must stand even though this was to be a temporary export for trial purposes, since, under present policy, any order that might have resulted from these trials would likewise be refused an export licence.

... I am returning Mr Walker's letter and am sorry that I cannot give him a more favourable reply.

John
John

JOHN BIFFEN

23 DEC 1981

