

PA with pt. pps. MORTON, MEGAW
& G. Ltd.

DA
chile

a fco
DOT
MOD



10 DOWNING STREET

THE PRIME MINISTER

7 June 1982

P.K. Walker

I am sorry to have taken so long to reply to your letter of 8 April but as you said in it, there have been a number of pressing matters to deal with.

I asked my colleagues to look again at the question of granting an export licence for the supply of UK manufactured machine guns and pods to the Chilean Navy for their Air Arm trainer aircraft and I am pleased to say that after careful reconsideration it has been concluded that an export licence could be granted.

I should point out that this decision does not reflect any fundamental change in our policy for granting export licences for the supply of military equipment to Chile which is still that no licences will be granted for equipment likely to be used for internal repression.

Yours sincerely

P.K. Walker

P.K. Walker, Esq.



10 DOWNING STREET

PRIME MINISTER

When you agreed that
Defence Ministers could issue
an export licence for machine
guns for Chile, you said that
you wished to write to the
company. I attach a draft.

4 June 1982

*Chill**From the Secretary of State*CONFIDENTIAL

Mike Pattison Esq
Private Secretary
10 Downing Street
London
SW1

4 June 1982*Dear Mike,*

EXPORT LICENCE TO SUPPLY MACHINE GUNS AND PODS TO CHILE

In the light of the recent correspondence, resting with your letter of 28 May to Colin Balmer, I need only add that our Export Licensing Branch stands ready to issue the appropriate licence without delay when requested to do so.

There is one point, however, which I should perhaps restate for the avoidance of doubt. As Departments will recall from earlier papers, the application for an export licence concerns gun pods, gun and ammunition, of total value of £26,300, to be supplied to the Chilean Navy for trials, the success of which Norton, Megaw and Company Limited expected to lead soon thereafter to total business around £500,000. The latter equipment concerned would also be subject to export licensing. Our powers are wide enough for any subsequent licence application to be refused, if circumstances then made that desirable. We should, however, be clear now that whatever our powers this very persistent firm would be bound to assume that receipt of an initial licence implied willingness on our part to grant any follow up licence and, in all probability, to react adversely if that assumption were then falsified.

I presume, therefore, that the FCO agreement recorded in John Holmes' letter of 25 May takes account of the need to be ready to issue any licences in respect of the total business subsequent to the initial one.

I am copying this letter to John Holmes (FCO) and to Colin Balmer (MoD).

Yours sincerely,
John Rhodes

JOHN RHODES
Private Secretary

CONFIDENTIAL

~~CONFIDENTIAL~~

From: S R Douglas, Assistant Private Secretary

2m/s



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

4th June 1982

Dear John, *MA*

EXPORT LICENCE TO SUPPLY MACHINE GUNS AND PODS
TO CHILE

In his letter of 28th May to Colin Balmer, Mike Pattison asked us to provide a draft letter for the Prime Minister to write to Norton Megaw and advice about the timing of this letter.

I attach a draft which has been agreed with the Foreign Office. On timing, we believe it would be most helpful for the letter to be sent on Monday or Tuesday of next week. If you could let me know when the Prime Minister has signed the letter we will send the appropriate signal to Santiago.

I am copying this letter to John Holmes (Foreign and Commonwealth Office) and Jonathan Rees (Department of Trade).

done
MA 7/11

Yours sincerely

Stephen Douglas

John Coles Esq.,
10 Downing Street

~~CONFIDENTIAL~~

I am sorry to have taken so long to reply to your letter of 8th April but as you said in it, there have been a number of pressing matters to deal with.

I asked my colleagues to look again at the question of granting an export licence for the supply of UK manufactured machine guns and pods to the Chilean Navy for their Air Arm trainer aircraft and I am pleased to say that after careful reconsideration it has been concluded that an export licence could be granted.

I should point out that this decision does not reflect any fundamental change in our policy for granting export licences for the supply of military equipment to Chile which is still that no licences will be granted for equipment likely to be used for internal repression.

CONFIDENTIAL

HU

cc FCO
DOT



10 DOWNING STREET

From the Private Secretary

28 May 1982

Export licence to supply machine guns and pods to Chile

On the basis of the information set out in your letter to John Coles of 17 May, and John Holmes's letter of 25 May, the Prime Minister has agreed that we should grant an export licence for this equipment when MOD Ministers wish so to do. She would also like to write to Norton Megaw herself, and I should be grateful if a suitable draft could be sent to John Coles as soon as possible, together with advice about the timing of a letter from the Prime Minister.

I am sending copies of this letter to John Holmes (Foreign and Commonwealth Office) and Jonathan Rees (Department of Trade).

M. A. PATTISON

218-6621

C.V. Balmer, Esq.,
Ministry of Defence.

DM

CONFIDENTIAL

①

PRIME MINISTER

EXPORT LICENCE TO SUPPLY MACHINE GUNS AND PODS TO CHILE

You will recall that in February you wrote to the Managing Director of Norton Megaw conveying the Government's decision to refuse a licence for his firm to export machine guns to Chile. This was based on the advice of FCO Ministers that this would be incompatible with our policy of not supplying arms where they might be used in internal repression.

On 8 April, Norton Megaw wrote again to ask whether, given the state of affairs in the South Atlantic, the question of this export licence could be reconsidered. The initial reaction of FCO Ministers was that the previous refusal should be maintained.

Passage deleted and temporarily retained under Section 3(4). (Wayland, 31 July 2014)

Are you therefore content that we should grant the export licence when MOD Ministers wish to do so (they wish to inform the Chileans at the time when they judge this will benefit us most)?

Yes - I will also write to Norton Megaw.

A. J. C.

26 May 1982



Foreign and Commonwealth Office

London SW1A 2AH

25 May 1982

*Pl. attach to
Balmer's letter*

AD 26/5

Dear John,

You copied to me your letter of 5 May to Colin Balmer about the export licence for the supply of machine guns and pods to Chile. We have now seen his reply.

Because of the human rights situation in Chile there must remain a risk that this sale would attract criticism from the anti-Chile lobby both within Parliament and the country if it were to become known. (The Prime Minister repeated our general policy in reply to a written PQ on 20 May.)

In the circumstances, we agree that it would be inadvisable to withhold this licence. But we ought to be clear in our own minds that we are granting it in exceptional circumstances and on the basis that supply would be limited strictly to the guns and pods required for Chilean Navy coastal patrol aircraft.

I am copying this letter to Colin Balmer (MOD) and to Jonathan Rees (Dept of Trade).

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

A J Coles Esq
10 Downing Street

From: C V Balmer, Private Secretary



Minister of State
for Defence Procurement

MINISTRY OF DEFENCE
WHITEHALL LONDON SW1A 2HB

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

CONFIDENTIAL

D/MIN/TP/3/6

17 May 1982

Dear John

Thank you for your letter of 5th May in which you asked for Defence Ministers' views on the withholding of an export licence to supply machine guns and pods for the Chilean Navy coastal patrol aircraft.

Our Ministers' view is still that these weapons are most unlikely to be used for internal repression. The aircraft in which they would be mounted would be used for maritime patrol and support of Chilean Naval Marines. The most likely place for any operational use would be in the south of Chile.

In the present circumstances * ~~~~~ *

our Ministers feel that refusal of an export licence is a difficult argument to sustain to would-be friends. We know, for example, that senior Chilean Naval Officers feel strongly about this matter.

In the circumstances, Defence Ministers believe that the granting of an export licence for this equipment would be a useful bargaining counter to have up our sleeve. They would, therefore, like to see agreement to the export of this equipment being given but without the Chileans being informed until such time as we judged would benefit us most. I am copying this letter to John Holmes and Jonathan Rees.

* ~ * Passage deleted and temporarily retained under Section 3(4).
C. Wayland
31 July 2014

John Coles Esq
Prime Minister's Office

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blm*

CONFIDENTIAL

CONFIDENTIAL

HU

cc FCO
DET Chile



10 DOWNING STREET

From the Private Secretary

5 May 1982

Export Licence to supply Machine Guns to Chile

The Prime Minister has seen Jonathan Rees's letter of 28 April conveying the view of FCO Ministers that a licence for these machine guns should not be granted. Mrs. Thatcher has asked what view Defence Ministers take on this matter in present circumstances. I should be grateful if you could let me have an account of their views as soon as possible. Meanwhile I am holding the draft reply to Mr. Walker.

I am copying this letter to John Holmes (Foreign and Commonwealth Office) and Jonathan Rees (Department of Trade).

A I COLES

Colin Balmer, Esq.,
Ministry of Defence.

CONFIDENTIAL

copy please

M 4/5

PRIME MINISTER

Export Licence to supply Machine Guns
and Pods to Chile

On 22 February you wrote to the Managing Director of Norton Megaw conveying the Government's decision to refuse a licence for his firm to export machine guns to Chile. This was based on the advice of FCO Ministers that this would be incompatible with our policy of not supplying arms where they might be used in internal repression. Norton Megaw have now written to ask whether the question could be reconsidered, given the state of affairs in the South Atlantic

Passage deleted and temporarily retained under Section 3(4). (Wayland, 31 July 2014)

FCO Ministers have considered this request but have maintained their view that, as the human rights position in Chile has not changed, the licence should not be granted.

Are you content that I should write to Norton Megaw conveying this decision or would you wish FCO and MOD Ministers to look at the matter again?

*What is the MOD view?
mb.*

A.J.C.



From the Secretary of State

John Coles Esq
Private Secretary
10 Downing Street
London SW1

28~~th~~ April 1982

Dear John,

EXPORT LICENCE FOR MACHINE GUNS FOR CHILE

Following receipt of your letter of 13 April, we have again consulted the FCO about their opposition to the issue of this export licence. They have referred the question once more to their Ministers who have maintained the view that, as the human rights position in Chile has not changed, the licence should not be granted.

I attach a draft reply for your to send to Mr Walker.

I am copying this letter to John Holmes (FCO) and Colin Balmer (Ministry of Defence).

Yours ever,

Jonathan Rees

JONATHAN REES
Private Secretary

DRAFT LETTER FROM PS/PRIME MINISTER TO MR P K WALKER,
MANAGING DIRECTOR, NORTON MEGAW AND CO LTD

Dear Mr Walker

I am replying to your letter of 8 April addressed to the Prime Minister requesting further consideration of the Department of Trade's refusal to grant an export licence for the sale of machine guns and pods to Chile.

We have looked at this again very carefully, in consultation with the appropriate Departments. I regret however that, as the human rights questions, which influenced the earlier decision, are still relevant, the refusal to grant this licence must stand.

I am sorry that I cannot be more helpful.

Yours sincerely



10 DOWNING STREET

From the Private Secretary

13 April, 1982

EXPORT LICENCE FOR MACHINE GUNS TO CHILE

You will recall earlier correspondence on this subject.

I now enclose a copy of a further letter which the Prime Minister has received from the Managing Director of Norton, Megaw and Company Limited. Mr Walker enquires whether, given the situation in the South Atlantic *

✓ * the question of the export licence for the gun pods could be reconsidered. I should be grateful for advice and for a draft reply for my signature on behalf of the Prime Minister in due course.

I am sending a copy of this letter and its enclosure to John Holmes (FCO) and Colin Balmer (Ministry of Defence).

A. J. COLES

~ Passage deleted
and temporarily retained under
Section 3(4).

Wayland
31 July 2014

J Rees, Esq
Department of Trade

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

210
8 April 1982.

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

Dear Mrs. Thatcher,

You were kind enough to write to me on the 22 February 1982 regarding the refusal of the Department of Trade to grant an export licence for us to supply U.K. manufactured machine guns and pods to Chile for the Naval Fleet Air Arm Trainer Aircraft.

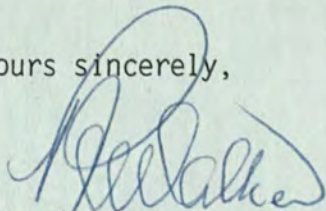
Since I returned from Santiago last week, during which visit I had a further meeting with the Admiral in charge of the Naval Air Base responsible for the purchase of the pods, I was further informed that it was the intention of the Chileans to use the aircraft and these armaments as ground support for the marines, operating in the Punto Arenas area in the South of Chile.

In view of the unfortunate state of affairs in the South Atlantic*

* I am writing to ask if the question of the export licence for the gun pods could be reconsidered.

It is fully appreciated that our request must take its turn in a queue of more pressing matters, but equally we would like a reply as quickly as possible because our friends in Chile have advised us today that they look upon the situation with considerable urgency.

Yours sincerely,



P.K. Walker,
Managing Director.

* ~ * Passage deleted
and temporarily retained under
Section 3(4)

Wayland

31 July 2014

BRAZIL

CHILE

BRANCHES IN:

MEXICO

PERU

PORTUGAL