

MR COLES

4 April 1984

2

SURFACE-TO-SURFACE GUIDED WEAPONS FOR THE ROYAL NAVY

We support the Secretary of State's decision to purchase the McDonnell Douglas Harpoon missile system.

Harpoon is superior on operational, delivery and cost grounds to the other contenders and is clearly the most cost-effective proposal. The improved offer of 130% offset will also provide more employment in British industry than would the purchase of British Aerospace's ship-launch Sea Eagle.

In contrast to the HARM v ALARM decision, the need to retain basic technology in the UK is not a relevant argument.

This requirement is met by the current programme for the air-launched Sea Eagle system. In addition, the purchase of ALARM will ensure a continued UK capability in the development of seeker heads for future generation missiles.

This case demonstrates the significant benefits which can be gained from a tough commercial approach to international procurement competitions and from overseas procurement in appropriate cases.

There will undoubtedly be a row over this decision. But we have an excellent case and every incentive to demonstrate that we are prepared to procure abroad when this is in the UK's best interests.

DLP.

DAVID PASCALL

Defence Procurement  
A2

CONFIDENTIAL FILE  
COMMERCIAL IN CONFIDENCE

R M



OD: LCO LPS  
FCO CDL  
HMT DTI  
LPO CO  
(MOD)

10 DOWNING STREET

*From the Private Secretary*

9 April, 1984

SURFACE-TO-SURFACE GUIDED WEAPONS FOR  
THE ROYAL NAVY

The Prime Minister has seen your Secretary of State's minute of 2 April.

Subject to the views of other OD colleagues, the Prime Minister is content with Mr. Heseltine's decision to procure Harpoon.

I am sending a copy of this letter to the Private Secretaries to the other members of OD.

ALCOES

R. Mottram, Esq.,  
Ministry of Defence

CONFIDENTIAL  
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DSG



cc JR

Chancellor of the Duchy of Lancaster

PRIME MINISTER

SURFACE-TO-SURFACE GUIDED WEAPONS FOR THE ROYAL NAVY

The Secretary for Defence puts forward a compelling case in his minute to you of 2 April. TPM

However much noise they make, it will be widely recognised that taking the field as a whole we have been pretty generous to British Aerospace.

I am copying this to members of OD and Sir Robert Armstrong.

A.C.

A C

4 April 1984

DEFENCE : Procurement : Pt 2

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cc Financial Secretary  
Minister of State  
Mr Bailey  
Mr Lovell  
Mr Kitcatt  
Mr Mathews  
Mr Ridley  
Mr Kerr

Treasury Chambers, Parliament Street, SW1P 3AG Mr I P Wilson

Rt Hon Michael Heseltine MP  
Secretary of State  
Ministry of Defence  
Main Building  
Whitehall  
LONDON  
SW1A 2HB

6 April 1984

*A.S.C. 9/4*

*h.a.*

*Stan Michael*

SURFACE TO SURFACE GUIDED WEAPONS FOR ROYAL NAVY

I have seen a copy of your minute of 2 April to the Prime Minister. I think you and your officials are to be congratulated on a very successful competitive exercise and I warmly support your proposals.

*Peter Rees*

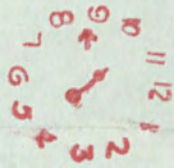
PETER REES

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*with ATC 3.4. see TPM  
sup*

Defence PT 2

Procurement



- 9 APR 1984

MR COLMS

ASC. 2/3.

22 March 1984

SURFACE-TO-SURFACE GUIDED WEAPON

We have been following the involved saga of Sea Eagle (British Aerospace) versus Harpoon (McDonnell Douglas). You will have seen the front page story in the Express today.

We understand that an OD paper is likely to be produced next week. The recommendation will be strongly influenced by certain assurances which are awaited from the Americans.

We expect to be in position to advise the Prime Minister when the paper comes forward, particularly if similar issues to the HARM/ALARM debate are raised.

DLP.

DAVID PASCALL