



Prime Minister
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promising outlook

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PRIME MINISTER

QUARTERLY REPORT ON DEFENCE SALES AND PROSPECTS

1ST JANUARY TO 31ST MARCH 1985

My previous report on Defence Sales and Prospects gave the 1984 achievement on the same basis as previous reports and indicated that a new and more comprehensive data collection scheme was being introduced to improve the accuracy of these figures. The new scheme's effectiveness has been demonstrated by a retrospective exercise which yields an annual total value of British defence export contracts secured in 1984 of some £2159 million as against the £1562 million recorded under the old system. Because this is the first quarterly report since the introduction of the new system I attach at Annex C a description of the new system in detail and the reasons for certain changes in the format of my report.

2. The lags within the new data collection system described in Annex C result in the low reported sales figure of £134 million for the three month period covered by this report. A summary of contracts reported in the quarter is given at Annex A with details of the highest priority current sales prospects being listed at Annex B.



3. There have been no major developments in the Middle East where the situation has continued to evolve, in many cases favourably, since my last report. Our political relations with Saudi Arabia remain good following your stop-off to see King Fahd, but the Saudis have given no indication as to when they will make up their minds over the prospective sale of Tornado and Hawk. The existing MOU covering the SADAP air defence contract has been extended to December 1985 to cover the period during which competitive tenders for the contract, now in four parts, will be sought from British industry. IHG, the contractor for the National Guard SANGMED project, has recently agreed a £130 million direct contract for two years operation of the King Khaled hospital. Challenger and MCV80 are undergoing an important trial in Saudi Arabia at present. Competing American, French, and Brazilian armoured equipment may also be trialled in 1985.

4. You are aware of the latest position on the sale of the Tornado Air Defence Variant to Oman where British Aerospace remain on course for contract signature later this month. In Kuwait the prospect of a sale of MCV80 remains good although Richard Luce received complaints from the Kuwaiti Defence Minister over our supply of spare parts for the 1975 Chieftain tank deal. These are under investigation and I believe there is a good prospect of a satisfactory outcome. International Military Services, with Plessey as the main supplier, have



submitted a proposal for the expanded United Arab Emirates Joint Operations Centre requirement, whilst Bahrain has shown a resurgence of interest in Sea Skua missiles which were successfully demonstrated here in June. A Qatari crew has been receiving Royal Navy training in the United Kingdom on mine countermeasures but the Qataris show no sign as yet of acquiring any of the necessary equipment. Negotiations for the sale of frigates to Pakistan continue slowly but steadily, with a Pakistani timetable that extends to September.

5. Negotiation on the potential Jordanian defence equipment package have been delayed by the change of Government there. However, the Jordanians reaffirmed their intention to proceed with the package at the end of April, since when a series of negotiations have taken place, the last towards the end of June. It is hoped that an agreement covering some £270 million of equipment will be signed in September. An ultimatum to the Egyptians that we will have to terminate the special defence sales credit reservation if they do not make use of it soon seems to have had the desired effect; negotiations on several long delayed contracts have been reactivated though Egyptian interest seems now to have switched to Army equipment rather than the Naval vessels previously talked about. It had been hoped that a contract for the sale of W30 helicopters to Zimbabwe (£30M) would be signed in May. At the request of the Zimbabweans however, Westlands have reviewed their proposals and submitted a revised offer.



6. The recent hiatus in activity following the elections in India seems to have come to an end with negotiations on the £175 million follow-on purchase of Sea Harrier recommencing and the £600 million gun and ammunition competition, in which FH70 is a contender, becoming active once again. It is hoped that the problems over the Westland 30 will have a minimal impact on military sales. Sri Lanka's internal problems are creating urgent equipment enquiries to which many UK companies are responding within the guidelines laid down. Your recent tour of South East Asia has considerably strengthened the relationship between the United Kingdom and the ASEAN nations, and has done much to increase interest in British defence equipment. In Indonesia negotiations over £150 million worth of further Rapier and spares are expected in the autumn. Dr Habibie visited the United Kingdom in July and the opportunity was used to further promote the substantial prospects for sales. The Malaysian Deputy Defence Minister's visit to the United Kingdom in May fostered their interest in submarines, helicopters and FH70. In Singapore the Skyhawk avionics update was awarded to a United States firm but some work should come to Ferranti, while Rolls-Royce have withdrawn from the re-engining aspect of the project because of delays. Tenders for the Singaporean fast patrol boat requirement have been invited and we appear well placed to secure a portion of the equipment fit. With Thailand



committed to buying US F16 aircraft, the possible sale of ex-RAF Jaguars has receded, but prospects remain for Hawk aircraft and helicopters whilst ICI have secured a £38 million contract for a propellant plant.

7. In the Far East our relationship with China continues to strengthen with the First Sea Lord's visit to China in May and visits to the United Kingdom in June by the Chinese Premier and by his Chief of Air Staff. The largest short term prospect is for £100 million worth of Skyflash air-to-air missiles. Success in South Korea remains elusive but, notwithstanding Skyvan's diminished prospects due to budgetary constraints, Naval Lynx equipped with Sea Skua missiles remains well placed for the £60 million small ship helicopter requirement and Hawk continues to be a long term prospect. Major long term prospects in Japan remain in aircraft, with Sea Harrier and now Tornado. Norman Tebbit's visit in April is the kind of high level political support which will be needed if we are to succeed in this market. Australia has delayed decisions on both the Air Force helicopter and frigate requirements where Westland and Yarrow respectively have interests. Vickers, with the T2400 submarine were not successful in being selected as one of the two proposals to proceed to the project definition phase, and the Plessey combat system was also rejected.



8. In the USA your intervention with the President and the successful April demonstration of Ptarmigan by BAOR to America VIPs, including the Under Secretary of the Army, James Ambrose, will be important factors in the Mobile Subscriber Equipment Competition which could be worth over £1 billion to United Kingdom industry. A decision is expected shortly. It has been announced that Martin Baker have won the £55 million US Naval Aircrew Common Ejection Seat Competition. In Canada the short-list for the low level air defence requirement has been announced, and does not include British Aerospace with Rapier or Shorts with Javelin. Despite the disappointment we will need to maintain a good relationship in the defence procurement field in the interests of future prospects such as helicopters, submarines and radio equipment.

9. In Europe, some of those prospects highlighted in the last report as nearing conclusion had disappointing results for British industry. The Dutch finally decided in favour of a purchase of Vertically Launched Sea Sparrow in preference to Vertically Launched Sea Wolf, and the Austrians selected the Saab Draken as their new interceptor aircraft rather than the BAe Lightning. Marconi were also unfortunate to lose the Dutch competition for an Integrated Communications System (ICS3). But on the positive side, an initial small order for medium girder bridging placed by Sweden could have an encouraging effect on Norway's choice of similar equipment. Efforts to interest the



Germans in the ALARM missile continue, but the Germans remain committed to its US competitor, HARM. The French have also shown an interest in ALARM and there are other European requirements for a defence suppression weapon of this kind. The Exchange of Letters with the Spanish Defence Ministry seems to be encouraging Spanish interest in United Kingdom equipment. Vickers have submitted proposals for the supply of tanks and MUSL are actively pursuing the Spanish Navy's requirement for a new lightweight torpedo. British Aerospace continue to travel hopefully in Turkey, principally with the prospects of a further sale of Rapier but also, despite the lack of ECGD credit, with a proposal for the sale of 20 Tornado aircraft.

10. Lack of credit cover and economic problems continue to cloud the sales picture in many countries in Latin America. However, Racal have signed a contract, which the Mexican authorities have requested to be kept confidential, valued at £45 million for the supply of communications equipment to Mexico and BAe are about to conclude a £12 million Jaguar package in Ecuador. The selection of the Tucano as the new basic trainer for the RAF should improve co-operation and sales prospects with Brazil, although arranging suitable financing for future sales may prove difficult.

11. The artificially low sales figures for the first quarter of 1985 cannot be compared with previous performance due to the introduction of the new data collection scheme. It is apparent, however, that activity in the quarter was sluggish with several



prospects being cancelled or deferred whilst progress on other very major projects, for which we remain optimistic, has not been as fast as we would wish. If 1985 sales are to exceed those of last year it is clear that some acceleration must occur.

12. I am sending copies of this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry and to Sir Robert Armstrong.

A handwritten signature in blue ink, appearing to be "M. H. H.", written in a cursive style.

Ministry of Defence

11th July 1985

ANNEX A - REPORTED CONTRACTS SUMMARY

COUNTRY	LAND SYSTEMS VALUE £m	AIR SYSTEMS VALUE £m	SEA SYSTEMS VALUE £m	TOTAL VALUE £m
ALGERIA	0.23	-	0.20	0.43
AUSTRALIA	0.02	0.25	0.81	1.08
AUSTRIA	0.43	-	-	0.43
BAHRAIN	0.27	-	-	0.27
BELGIUM	1.84	-	-	1.84
BRAZIL	5.03	2.04	0.12	7.19
BURKINA	-	0.46	-	0.46
CANADA	0.42	0.22	0.09	0.73
CHILE	-	0.07	-	0.07
DENMARK	0.25	0.26	-	0.51
ECUADOR	-	0.09	-	0.09
EGYPT	2.53	0.01	0.30	2.84
FINLAND	0.83	0.89	2.91	4.63
FRANCE	0.72	1.44	0.15	2.31
GERMANY (WEST)	0.71	2.70	0.64	4.05
GHANA	0.09	-	-	0.09
GREECE	0.01	0.72	0.26	0.99
INDIA	7.21	1.90	0.22	9.33
INDONESIA	0.07	0.33	0.76	1.16
IRAN	0.08	0.15	-	0.23
IRAQ	0.09	-	-	0.09
ITALY	0.02	3.01	-	3.03
JAPAN	-	0.47	4.06	4.53
JORDAN	1.67	-	-	1.67
KENYA	0.05	0.12	0.03	0.20
KOREA (SOUTH)	0.79	-	-	0.79
KUWAIT	0.35	-	-	0.35
LUXEMBOURG	-	0.20	-	0.20
MALAYSIA	0.10	0.37	-	0.47
NATO	0.03	-	-	0.03
NETHERLANDS	-	0.29	0.55	0.84
NEW ZEALAND	-	0.03	0.09	0.12
NIGERIA	0.15	-	-	0.15
NORWAY	0.72	-	0.26	0.98
OMAN	1.05	3.17	0.29	4.51
PAKISTAN	-	0.26	-	0.26
PERU	-	0.03	-	0.03
P.R.CHINA	-	-	3.96	3.96
PORTUGAL	0.01	-	0.02	0.03
ROMANIA	-	0.21	-	0.21
SAUDI ARABIA	1.80	1.51	-	3.31
SINGAPORE	-	0.18	0.04	0.22
SPAIN	0.02	0.59	-	0.61
SRI LANKA	0.01	-	0.03	0.04
SWEDEN	1.53	0.79	-	2.32
SWITZERLAND	0.02	0.15	-	0.17
SYRIA	0.16	-	0.52	0.68
TUNISIA	-	0.64	-	0.64

ANNEX A - REPORTED CONTRACTS SUMMARY

COUNTRY	LAND SYSTEMS VALUE £m	AIR SYSTEMS VALUE £m	SEA SYSTEMS VALUE £m	TOTAL VALUE £m
TURKEY	0.58	-	1.40	1.98
UAE	0.18	0.87	-	1.05
UGANDA	0.40	-	-	0.40
URUGUAY	-	0.01	-	0.01
USA	6.52	24.56	12.02	43.10
YUGOSLAVIA	-	0.29	-	0.29
ZIMBABWE	0.27	0.03	-	0.30
UNSPECIFIED	-	-	-	18.18
TOTALS	37.26	49.31	29.73	134.48

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: BELGIUM REMARKS: The Belgians require 683 flat-bodied 6x4, 129 flat-bodied 6x6 with cranes, 78 box-bodied 6x4, 131 6x6 tippers, 141 6x6 recovery lorries, and 40 6x4 light tank transporters, Tenders due 29 May 1985. Two trials vehicles to be supplied by August 1985 for three month test programme. Deliveries 300 per year after first order March 1986. Scammell are talking to Belgians about contract and offset requirements.

PRODUCT: HEAVY VEHICLE

FIRM : SCAMMELL MOTORS

VALUE :£m 150.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
2014 1986

COMPETITION: Sweden (Volvo), FRG (MAN/Mercedes), Neth (DAF), USA (Oshkosh)

COUNTRY: DENMARK REMARKS: Danish requirement is for 85 aiming units and 850 missiles. Shorts have submitted an initial proposal. Recommendation to Ministry of Procurement Sept 85. Danes visited PM and Shorts saw live firings at Manorbier May 1985. MGW4D visited Denmark end of May 1985.

PRODUCT: JAVELIN S15 SAM

FIRM : SHORT BROS MISSILE DIVISION

VALUE :£m 30.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
1778 1986

COMPETITION: Sweden (RBS-70), France (Mistral), USA (Stinger)

COUNTRY: DENMARK REMARKS: The Danes have 8 Naval Lynx in service and are considering a follow-on order for Baltic surveillance. Westlands first choice, but money is not now available until 1988 at the earliest. Much may depend on whether Westlands can improve the reliability and spares support of the existing Lynx. Westland submitted quotes and delivery offers in March 85.

PRODUCT: LYNX (NAVAL)

FIRM : WESTLAND HELICOPTERS

VALUE :£m 15.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
456 1988

COMPETITION:

COUNTRY: FINLAND REMARKS: Finns require a SHORAD system, and will start their formal evaluation this year. Contract is expected in 1986 for ISD 1989. Finns are looking at European equipment (to preserve neutrality). We hope to interest them in optical Rapier initially, and perhaps Blindfire at the end of the 1980s.

PRODUCT: RAPIER

FIRM : BRITISH AEROSPACE DG

VALUE :£m 100.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
1782 1986

COMPETITION: France (Crotale), FRG (Roland), USSR.

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>FINLAND</u>	REMARKS: A follow on order to the 3 Watchman ATC radars already bought by Finland. Much will depend on whether Plessey fullfil their earlier offset obligations.
PRODUCT: WATCHMAN ATC/AD RADARS	
FIRM : PLESSEY RADAR	
VALUE :£m 6.90	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1772 1985	
COUNTRY: <u>FR GERMANY</u>	REMARKS: German officials remain committed to HARM although the Bundestag Defence Committee seem to see attractions in BAe's unsolicited proposals of mid-84. A meeting is to be held soon between the FMOD, BDC and UK and US officials to debate the merits of the competing systems.
PRODUCT: ALARM	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 100.00	MINISTERIAL: Both S of S and Min(DP) have written to their opposite numbers on several occasions over the past 2 years. Discussions with German Ministers have also taken place as opportunity has permitted.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA (HARM)
459 N.K.	
COUNTRY: <u>FR GERMANY</u>	REMARKS: To be used in conjunction with Seaspray radar. Contract for the development phase has already been placed involving 2 sets of helicopter installed equipment (option on further 20), test equipment, telemetry missiles and expendable dummies.
PRODUCT: SEA SKUA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 30.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France
35 1985	
COUNTRY: <u>FR GERMANY</u>	REMARKS: To be fitted to Sea King SAR helicopters, combined with Sea Skua missiles, to convert aircraft to dual role. The Seaspray will operate in a new 360 degree role. Two prototype sets have already been ordered.
PRODUCT: SEA SPRAY	
FIRM : FERRANTI RADAR SYSTEMS	
VALUE :£m 20.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: MEL (UK).
573 1985	

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: FRANCE REMARKS: France has a requirement for upto 4 AEW systems. Current options are US Boeing AWACS system, already evaluated, and a European solution involving Marconi's MSA with probably the A300 Airbus. Marconi and BAe have submitted proposals. Evaluation flight took place in October 84 and further flights will occur in 1985. A decision is expected in 1985. Offset will be an important factor.

PRODUCT: AEW EQUIPMENT

FIRM : GEC AVIONICS

VALUE :£m 300.00 MINISTERIAL: During regular exchange with French, Ministers will be briefed to press the INVOLVEMENT: European solution on the French Air Force.

REF NO CON.DATE

188 1985 COMPETITION: USA (AWACS)

COUNTRY: ITALY REMARKS: The Italian carrier (Garibaldi) has been fitted to operate VSTOL aircraft, but this remains the subject of much debate within Italian military circles. According to Italian law, only the IAF can operate fixed wing aircraft, although attempts are being made to change this. Competition is the AV-8B, and McDonnell-Douglas have been very active in Italy. The RN remains willing to give assistance on operational aspects. Offset will be an important factor.

PRODUCT: SEA HARRIER

FIRM : BRITISH AEROSPACE AG

VALUE :£m 136.00 MINISTERIAL: INVOLVEMENT:

REF NO CON.DATE

1623 N.K. COMPETITION: USA (AV8B).

COUNTRY: NETHERLANDS REMARKS: Part of 2nd Anglo-NL equipment package. GEC leading - Ameco sub contracting.

PRODUCT: TOWED ARRAY

FIRM : VARIOUS

VALUE :£m 7.00 MINISTERIAL: INVOLVEMENT:

REF NO CON.DATE

1878 1985 COMPETITION:

COUNTRY: NORWAY REMARKS: The Norwegians need a wet and dry bridging system. They have trialled MGB, and will trial the German S Bridge mid-year. RFQ will follow, with contract in late 1985/early 1986. Trials for wet-bridging will start mid-86. Cost an important factor - and the German system is cheaper.

PRODUCT: MEDIUM GIRDER BRIDGE

FIRM : FAIREY ENGINEERING

VALUE :£m 30.00 MINISTERIAL: INVOLVEMENT:

REF NO CON.DATE

1937 1986 COMPETITION: FRG (S Bridge)

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>SPAIN</u>	REMARKS: The Spanish Army have a requirement for a MANPAD system and are now in to the evaluation stage. Shorts have been included in the competition along with General Dynamics, Matra, and Bofors. A significant amount of industrial offset (30%) must be offered. Contract expected in the near future.
PRODUCT: JAVELIN	
FIRM : SHORT BROS MISSILE DIVISION	
VALUE :£m 100.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA (Stinger), France (Mistral), Sweden (RBS-70).
1855 1985	
COUNTRY: <u>SWEDEN</u>	REMARKS: Swedes require fire and forget medium range air-to-air missile for JAS-39. BAe have proposed private venture development of Skyflash. BAe and MCCS are involved in a limited concept study, and DSO will be closely involved in the promotion. Budgetary pressures may compromise Sweden's ability to take part in such a development, though, and compel them to update their RBS system.
PRODUCT: SKYFLASH 90	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 25.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Sweden
467 1988	
COUNTRY: <u>SWITZERLAND</u>	REMARKS: Land Rover was chosen in 1984 to meet Swiss requirement, but finance has been delayed. As a result of pressure from environmentalists and also from Steyr, Swiss Defence Minister has announced that competition will be re-opened between LR and Steyr and new trials and tenders will have to take account of new Swiss exhaust emission regulations.
PRODUCT: LAND ROVER	
FIRM : LAND ROVER LTD	
VALUE :£m 30.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Austria (Steyr)
470 1988	
COUNTRY: <u>TURKEY</u>	REMARKS: The requirement is for Turkey's 15 new frigates. Racal have submitted a tender through NA Ankara. The Turks are thought to favour Racal's equipment. The first instalment is expected to be ordered in August 1985.
PRODUCT: ELECTRONIC WARFARE & ECM EQUIP	
FIRM : RACAL RADAR DEFENCE	
VALUE :£m 45.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Netherlands (Signaal).
1753 N.K.	

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>TURKEY</u>	REMARKS: BAe are actively promoting a second tranche buy of Rapier in the same quantity as the first tranche. Delivery will be consecutive with the first tranche and contractually will be negotiated as an extension of the existing supply contract.
PRODUCT: RAPIER	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 150.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France/FRG (Roland); USA.
1755 N.K.	
COUNTRY: <u>TURKEY</u>	REMARKS: Cabinet refused to endorse necessary ECGD cover for sales of 40 a/c. BAe have subsequently proposed a financial package, without ECGD support, for 20 a/c which is being considered by the Turkish MOD. A package for the further 20 Tornados would have to involve Italy and Germany.
PRODUCT: TORNADO IDS	
FIRM : PANAIA	
VALUE :£m 573.00	MINISTERIAL: Both S of S and Min (DP) have approached FRG about possible use of FRG aid, INVOLVEMENT: but this proposal has been rejected.
REF NO CON.DATE	COMPETITION:
353 N.K.	
COUNTRY: <u>YUGOSLAVIA</u>	REMARKS: Dowty, Smiths Industries and Marconi all seek to collaborate with Yugoslavs on their LCA project.
PRODUCT: AIRBORNE ELECTRONICS & OPTICS	
FIRM : VARIOUS	
VALUE :£m 10.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
2284 N.K.	
COUNTRY: <u>YUGOSLAVIA</u>	REMARKS: A follow-on to a 1982 order. Yugoslavs requested 1600 standard BL755 and 400 of the improved version. Security problems over release of the latter mean that delivery of improved BL755 cannot take place before 2nd quarter 1988. Huntings are informing Yugoslavs of likely delay.
PRODUCT: BL 755 CLUSTER BOMB	
FIRM : HUNTING ENGINEERING	
VALUE :£m 28.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
662 1985	

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: YUGOSLAVIA REMARKS: For the ORAD aircraft. Yugoslavia prefer Marconi, who have been asked to quote for 10/20/30. Initial order would be worth £3m but this could grow to £20m if the equipment is selected for their proposed light combat aircraft development. Yugoslavs considering Marconi's revised proposals and quotation.

PRODUCT: GUARDIAN RADAR WARNING REC'VER

FIRM : MARCONI CCS

VALUE :£m 3.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE

1895 1985 COMPETITION: Italy (Electtronica)

COUNTRY: YUGOSLAVIA REMARKS: BAe having discussions on TORs for feasibility study. This should give us information as to engine type, but negotiations are currently proving difficult as Yugoslavs make unacceptable demands on what should be included in the deal. BAe signed Preliminary Design Study contract early July 1985.

PRODUCT: LCA

FIRM : BRITISH AEROSPACE AG

VALUE :£m 75.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE

1822 N.K. COMPETITION: France, USA.

COUNTRY: YUGOSLAVIA REMARKS: Yugoslavs defining requirement for LCA. They are believed to favour Pratt & Witney engines.

PRODUCT: RB.199 ENGINE

FIRM : ROLLS ROYCE MILITARY ENGINES

VALUE :£m 275.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE

2283 N.K. COMPETITION: USA/Canada (Pratt & Witney)

END

ANNEX B - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: <u>BAHRAIN</u>	REMARKS: BAe have excellent prospect to fit Sea Skua to BDF AB212s. BAe have invited C.O.S. to visit No 815 Squadron. Brig. Khalifa, COS, has expressed dissatisfaction at the BAe quote, believed to be heavily loaded. BDF have requested attendance at a live firing. BAe are responding.
PRODUCT: SEA SKUA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 25.00	MINISTERIAL: Prime Minister and Minister (DP) (Mr Pattie) met The Amir of Bahrain 10-13 April 1984. Minister (DP) (Mr Butler) visited Bahrain October 1984. Mr Luce visited Bahrain Jan 85.
REF NO CON.DATE	INVOLVEMENT:
42 1986	COMPETITION: France (AS15TT)
COUNTRY: <u>EGYPT</u>	REMARKS: Egyptians have signed agreements with Dutch for the Tripartite class, but final negotiations are not progressing smoothly and Egyptians have agreed to consider an improved bid by VT. In an effort to make VT's proposals more attractive MOD has agreed to make an RN MCMV available on call to meet possible urgent Egyptian operational and training tasks prior to SRMH proposed delivery. Finance available from EGGD special credit reservation at 80% over 8.5 years.
PRODUCT: MINEWARFARE SHIPS	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 66.00	MINISTERIAL: Min(DP) agreed (Feb 1985) to assist EN on operational and training tasks sub-
REF NO CON.DATE	INVOLVEMENT: ject to detailed agreement of conditions.
1787 1985	COMPETITION: Netherlands/France/Belgium, Italy.
COUNTRY: <u>JORDAN</u>	REMARKS: UK team visited Amman Feb 1985 and firm prices are now being obtained for the JAF requirement. Major elements include EW, ammunition, aircraft refurbishment, FPBs, B vehicle and engineering eqpt. IMS are co-ordinating under umbrella of MOU now under negotiation. Special credit terms (£300 DML for 85% over 10 years at 9.5%) agreed by OD. UK team visited Amman in May 85. IMS's role being re-examined as is Jordanian request for improved credit terms.
PRODUCT: EQUIPMENT PACKAGE	
FIRM : VARIOUS	
VALUE :£m 250.00	MINISTERIAL: PM has discussed with King Hussein (Sept and Dec 84). S of S visited Amman
REF NO CON.DATE	INVOLVEMENT: in Oct 84 and had a further meeting with C-in-C in London in Dec 84.
579 1985	COMPETITION: France.
COUNTRY: <u>KUWAIT</u>	REMARKS: Kuwait have requirement to equip 5 or 6 battalions with APCs. Infantry Committee impressed with MCV-80 during visit in April 1984 and GKN SanKey successfully demonstrated vehicle in Kuwait in August and September 1984. Strong political support will be required as major defence equipment purchases by Kuwait are invariably awarded in turn to major arms producing countries.
PRODUCT: APCs/IFVs	
FIRM : GKN SANKEY	
VALUE :£m 300.00	MINISTERIAL: S of S discussed with Shaikh Salim, Minister of Defence, in July 1983, and
REF NO CON.DATE	INVOLVEMENT: visited Kuwait in February 1984. Min(DP) (Mr Butler) visited October 1984. PM wrote letter of support to Kuwaiti PM 20 November 1984.
206 1985	COMPETITION: USA (Cadillac Gage); Brazil (Engesa); USSR (BMP-2).

ANNEX B - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: OMAN REMARKS: Tri-service requirement. Initial study by 2 senior British officers. LSP specialist helping run project. Ewbank Preece selected as consultants. Marconi have received ITP and hope to be awarded prime contractorship. Substantial civil works content expected to be awarded to UK company. Morgan Grenfell focal point for finance. Project will be subject to MOU. CDS visited Oman Feb 1985. Contract negotiations well advanced.

PRODUCT: COMMUNICATIONS PROJECT

FIRM : VARIOUS

VALUE :£m 300.00 MINISTERIAL: Mr Luce visited Oman Jan 85.
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
208	1985	

COUNTRY: OMAN REMARKS: Oman has strong preference for Tornado ADV. 4 GR1s visited Oman Feb 84 in exercise Magic Carpet. Oman & BAe have agreed a draft contract. Contract signature expected end July/early August for 8 aircraft.

PRODUCT: TORNADO ADV

FIRM : PANAUIA

VALUE :£m 274.00 MINISTERIAL: Min (AF) visited Oman Oct 84. Mr Luce visited Oman Jan 85. S of S raised credit issues with Dr Woerner at Anglo-FRG summit Jan 85. S of S has written letter of Comfort in July 1985.
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
49	1985	

COUNTRY: QATAR REMARKS: Firm long-term requirement. French competition strong and assisted by warship visits. Qatar crew to train with RN starting April 1985 following success of October 1984 MOD course for three officers. Final procurement decision will be on political, financial & delivery considerations. Political support essential. RN expert visited Qatar Jan 85 to conduct MCM study.

PRODUCT: MINEWARFARE SHIPS

FIRM : VOSPER THORNEYCROFT

VALUE :£m 60.00 MINISTERIAL: Minister (DP) visited October 1984.
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
51	1985	France (CNM), FRG, Netherlands (Tripartite).

COUNTRY: SAUDI ARABIA REMARKS: A number of indications of keen RSAF interest in Alarm identified in 1984 were confirmed when Headquarters RSAF wrote to the Air Attache in Jeddah in September 1984 asking BAe (DG) to submit detailed proposals for the supply of 750 weapons. Joint MoD/BAe discussions are continuing to resolve questions of an acceptable delivery programme and the necessary sanitisation needed to satisfy an export order.

PRODUCT: ALARM

FIRM : BRITISH AEROSPACE AG

VALUE :£m 200.00 MINISTERIAL:
INVOLVEMENT:

REF NO	CON.DATE	COMPETITION:
1794	1986	USA (HARM) - but clearance to supply is doubtful.

ANNEX B - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: SAUDI ARABIA	REMARKS: The Saudis have requested proposals for an armoured brigade equipped with British equipment. Proposals including Challenger, MCV-80, GBT 155, Marksman and tank transporters submitted February 1985. An in-country trial is planned for July/August 1985. Both Challenger and MCV-80 were trialled in UAE July 81 when Saudi Army attended.
PRODUCT: ARMoured VEHICLES (TRACKED)	
FIRM : VARIOUS	
VALUE :£m NK	MINISTERIAL: HMG formally offered to sell Challenger to Saudi. Foreign Sec. raised subject with Prince Sultan 1983. S of S in January 1984. Discussed again during S of S visit November 1984.
REF NO CON.DATE	INVOLVEMENT:
61 N.K.	COMPETITION: USA, FRG (subject to political restraint)
COUNTRY: SAUDI ARABIA	REMARKS: Costed proposals, including a buy-back of BAe Strikemaster training aircraft were submitted to the Saudi Minister of Defence and Aviation in April 1984. A decision by the Saudi government promised in January 1985 is still awaited.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 125.00	MINISTERIAL: S of S discussed this prospect with his Saudi counterpart in Riyadh in January 1984, and has since written to him in support of the proposals.
REF NO CON.DATE	INVOLVEMENT:
56 1985	COMPETITION: France/FRG (Alpha-jet)
COUNTRY: SAUDI ARABIA	REMARKS: Overall value of £45m consists of £25m for operation and maintenance, £16m for communication equipment and building work, and £5m for National Guard training.
PRODUCT: SANGCOM	
FIRM : CABLE & WIRELESS	
VALUE :£m 45.00	MINISTERIAL:
REF NO CON.DATE	INVOLVEMENT:
1849 1985	COMPETITION:
COUNTRY: SAUDI ARABIA	REMARKS: Costed proposals, including a buy-back of Lightning aircraft were submitted to the Saudi Minister of Defence and Aviation in April 1984. A Saudi Air Force evaluation team visited the UK in July/August 1984 and their report on the aircraft was submitted to the Minister at the end of August. A decision by the Saudi government, originally promised in January 1985, has now been delayed for several months.
PRODUCT: TORNADO IDS	
FIRM : PANAUIA	
VALUE :£m 475.00	MINISTERIAL: Mr Heseltine sent a "hastener" to Prince Sultan on 18 October 1984 and followed this with a visit in November 1984. PM visited Riyadh April 1985.
REF NO CON.DATE	INVOLVEMENT:
64 1985	COMPETITION: USA (F-15 Enhanced Eagle), France (Mirage 2000).

ANNEX B - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: <u>UAE</u>	REMARKS: Plessey proposals well regarded and linked to ADOC (PR1 Ref70). RAF ADAT visited Dec 84. Report presented to GHQ 19 Jan 85. Marconi now intend to bid for the business. GCC Committee visited Plessey October 1984.
PRODUCT: AR 3D RADAR	
FIRM : PLESSEY RADAR	
VALUE :£m 50.00	MINISTERIAL: PM, S of S and Min (DP) met Shaikh Khalifa Crown Prince & DSC Abu Dhabi 18-19 July 1984. Min(DP) visited UAE in Oct 84 (Mr Butler).
REF NO CON.DATE	INVOLVEMENT: July 1984. Min(DP) visited UAE in Oct 84 (Mr Butler).
68 1985	COMPETITION: France (Thomson CSF), USA (Hughes).
COUNTRY: <u>UAE</u>	REMARKS: MOD is giving full backing to an IMS led combination of British electronics firms. Interim JOC contract has not given IMS clear advantage for full contract. International competition is strong. UAE have been invited to send a team to visit UK Operations Centres. Proposals were submitted mid-May 1985. IMS led consortium gave presentation 8 July 1985.
PRODUCT: JOINT OPERATIONS CENTRE	
FIRM : IMS	
VALUE :£m 50.00	MINISTERIAL: PM, S of S and Min (DP) met Shaikh Khalifa Crown Prince & DSC Abu Dhabi 18-19 July 1984. Min(DP) (Mr Butler) visited UAE in October 1984.
REF NO CON.DATE	INVOLVEMENT: 19 July 1984. Min(DP) (Mr Butler) visited UAE in October 1984.
71 1985	COMPETITION: USA, France, FRG.

END

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: AUSTRALIA REMARKS: RAN intends to build 6 submarines in Australia to replace its existing Oberons. Vickers Type 23 & Plessey's combat system were excluded from the PDS announced in May '85. PDS will be between German IKL 2000 & Swedish Type 471 hulls, & USA Rockwell Int. & Dutch HSA combat systems. Vickers offer will remain open while hope remains that RAN may turn to UK for access to superior submarine technology & support.

PRODUCT: TYPE 2400 SUBMARINE

FIRM : VICKERS SEL

VALUE :£m NK MINISTERIAL: Minister (DP)

REF NO CON.DATE INVOLVEMENT:

4 1986 COMPETITION: USA, Holland, Germany, Sweden.

COUNTRY: AUSTRALIA REMARKS: RAN has a requirement for 6 new frigates to be built in country. Work required to maintain shipbuilding programme at Williamstown Dockyard following completion of US designed FFG-7s in 1988. Yarrows have offered Type 23 which broadly meets requirements. RAN team plan to visit UK, and Europe to examine weapon system integration. Project has now slipped one year whilst review of Australian defence strategy is carried out.

PRODUCT: TYPE 23 FRIGATE

FIRM : YARROW SHIPBUILDERS

VALUE :£m NK MINISTERIAL: Min (DP) visited Feb 1985.

REF NO CON.DATE INVOLVEMENT:

1843 1986 COMPETITION: FRG (Meko & Bremen), Holland.

COUNTRY: AUSTRALIA REMARKS: 3 phased purchase of 36 helicopters planned for the RAAF; 12,18 then a final 6. Westlands WG30, though cheaper than its US Blackhawk competitor, is handicapped by the fact that the RAN chose SeaHawk in preference to Lynx and RAAF may elect to stay with Sikorsky. Westlands have offered to help establish Australian helicopter industry. RAAF evaluation team visited Westlands June 85.

PRODUCT: WESTLAND 30

FIRM : WESTLAND HELICOPTERS

VALUE :£m 50.00 MINISTERIAL: Min (DP) visited Feb 1985.

REF NO CON.DATE INVOLVEMENT:

198 1985 COMPETITION: USA (Black Hawk).

COUNTRY: INDIA REMARKS: IMS called to India to clarify proposals on 2 May 1985. Revised compliant bid was delivered 7 May 1985. Short list of 2 countries expected soon. Indian Government has now asked FRG to front the bid.

PRODUCT: FH70

FIRM : VICKERS SEL

VALUE :£m 600.00 MINISTERIAL: Min (DP) already written. S of S to write shortly to Indian Defence Minister

REF NO CON.DATE INVOLVEMENT: in support of FH70.

8 1985 COMPETITION: France, Austria, Sweden.

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>INDIA</u>	REMARKS: BAe & Rolls Royce have concluded a contract and the price negotiations. Signature is dependent upon the resolution of problems over follow-on Sea Eagle contract. See Ref No 181.
PRODUCT: SEA HARRIER	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 175.00	MINISTERIAL: Min (DP) discussed during visit to India in May 1984.
REF NO	CON.DATE
7	1985
	INVOLVEMENT:
	COMPETITION:
COUNTRY: <u>INDIA</u>	REMARKS: Indians will lead on the development of light combat aircraft. Bae competing with Marcel Dassault, MBB, and Dornier for collaboration consultancy. Rolls Royce negotiating on RB199. Ferranti and Marconi discussing radar proposals.
PRODUCT: LCA	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 300.00	MINISTERIAL: Min(DP) gave full support to proposal during visit in May 84.
REF NO	CON.DATE
347	N.K.
	INVOLVEMENT:
	COMPETITION: FRG., France.
COUNTRY: <u>INDIA</u>	REMARKS: Second tranche of 24 Sea Eagles for Indian Navy from original contract due to be taken up in July 1985. Likely to be for Sea Harriers. Bae called to New Delhi in May to present proposal for Sea Eagle on Jaguar aircraft. I.N. have posed technical questions and require full answers before they will exercise the option. See Ref No 7.
PRODUCT: SEA EAGLE	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 250.00	MINISTERIAL: Min(DP) discussed during visit to India in May 1984.
REF NO	CON.DATE
181	N.K.
	INVOLVEMENT:
	COMPETITION: France.
COUNTRY: <u>INDIA</u>	REMARKS: CV12 engines completed road race against indigenous Karlosker engines. Some problems during trials. Indians now require 5 complete engine sets to undertake user trials. Other UK tank equipment under evaluation.
PRODUCT: VIJAYANTA REFIT	
FIRM : VARIOUS	
VALUE :£m 500.00	MINISTERIAL: Discussed by Minister (DP) in India.
REF NO	CON.DATE
473	1986
	INVOLVEMENT:
	COMPETITION: FRG

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>INDONESIA</u>	REMARKS: Indonesia is still assessing their overall requirement; will be implemented in stages over 10-15 years. First stage likely to be air defence.
PRODUCT: C(CUBED) & INTEL SYSTEMS	
FIRM : VARIOUS	
VALUE :£m 50.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1798 N.K.	
COUNTRY: <u>INDONESIA</u>	REMARKS: The Indonesians have already procured 20 Hawk trainers and they have a requirement for a possible further 150-200 air defence variant, plus - possibly - some more Hawk trainers.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m NK	MINISTERIAL: US of S (DP) discussed during May and November visits. PM discussed during INVOLVEMENT: visit in April 1985.
REF NO CON.DATE	COMPETITION: USA (F-20 Tigershark)
1901 N.K.	
COUNTRY: <u>INDONESIA</u>	REMARKS: Discussions currently being held in Jakarta. Intermarine considered to be favourites.
PRODUCT: MINEWARFARE SHIPS	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 150.00	MINISTERIAL: US of S(DP) discussed during his visit in May 1984. INVOLVEMENT:
REF NO CON.DATE	COMPETITION: FRG, Holland, Italy.
349 1985	
COUNTRY: <u>INDONESIA</u>	REMARKS: The Indonesians have signed (Dec 84) for 96 Rapiere Systems and they have a requirement for a further 480 systems.
PRODUCT: RAPIER	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 750.00	MINISTERIAL: PM discussed during visit in April 1985. INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1900 N.K.	

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>JAPAN</u>	REMARKS: Although LAW 80s elimination from the US competition for a LAW may adversely affect its chances in Japan, HEL seem confident that a sale can be achieved once firing trials are held in 1985, witnessed by JGSDF, and the weapon is accepted by the British Army in late 1985. An initial sale of 50 systems for evaluation is the anticipated outcome.
PRODUCT: LAW 80	
FIRM : HUNTING ENGINEERING	
VALUE :£m 25.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
449 1985	
COUNTRY: <u>JAPAN</u>	REMARKS: JMSDF are interested in SHAR for sea lane defence; and their operation from AEGIS type destroyers. SHAR unlikely to gain foothold in 86-90 MTDP but BAe hope to secure initial buy of 6-15 aircraft in late 1980s. Perhaps by offering to spread the cost.
PRODUCT: SEA HARRIER	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 150.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Japan (F-1, F-4), USA (F-16E, F-15E, FA-18)
450 1987	
COUNTRY: <u>JAPAN</u>	REMARKS: Tornado is a contender for JASDF requirement for FS-X fighter aircraft to replace F-1s and F-4 Phantoms in mid 1990s. Panavia active in lobbying military/political bodies. Prospects would improve if JASDF decide to purchase from abroad rather than develop indigenous design.
PRODUCT: TORNADO F2	
FIRM : PANAIA	
VALUE :£m NK	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA (McDonnell-Douglas-HarrierII), Japan (Mitsubishi).
597 N.K.	
COUNTRY: <u>MALAYSIA</u>	REMARKS: Malaysian Army have made their recommendation. A decision is awaited at Ministerial level. A substantial BA training package has been offered.
PRODUCT: FH70	
FIRM : VICKERS	
VALUE :£m 12.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Sweden, Austria (GC-45).
1744 1986	

ANNEX C

1. This is the first Quarterly Report since the introduction of a new DSO system for collecting information on UK defence exports. Previously, sales successes were reported through the network of bilateral contacts between the DSO and individual firms. This ensured that all major sales were recorded, but we were aware that many smaller and follow-on contracts were missed and that our coverage of some areas was patchy. With the full co-operation of our major defence Trade Associations and exporters, we have developed a new data collection system which takes the form of a quarterly survey of UK companies involved in defence exporting. The new survey was given Ministerial approval last year and is now in operation.

2. Under the new wholly voluntary procedures, individual firms report sales successes to a central DSO point using a simple pro forma. Over 700 firms were approached initially and nearly 450 are now providing substantive responses; many of the remainder proved to be outside the scope of the survey. In order to evaluate the new system, a retrospective exercise covering 1984 was carried out first.

3. In future, with improved data, the DSO will be much better placed to analyse the UK's true strengths and weaknesses in its defence export performance and will be able to allocate its resources accordingly.

4. The penalty for this improved coverage is a somewhat increased lag in response. Firms inevitably take time to assemble and submit comprehensive reports, while processing the much larger volume of information takes the DSO longer than before. Rather than delay my quarterly report until all the returns are in, I propose in future to continue to report soon after the end of each quarterly period highlighting significant contract successes achieved during the previous three months. Attached to my report will be an annex providing a statistical summary of all sales reported to us during that period.

5. There are two short-term consequences of the new data collection system. Firstly, the transition to a new reporting process means that the figure for reported sales in the first quarter of 1985 is artificially depressed and should not be taken at face value. Secondly, our previous practice of comparing quarterly sales with those in the same period of the previous year would be misleading during 1985, since we would not be comparing like with like. I therefore propose to drop the comparison until 1986, when it will once more become valid.

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>MALAYSIA</u>	REMARKS: Formation of a Fleet Air Arm a priority for RMN with procurement of up to 10 helicopters for ASW/ASU/utility operations. Offers of MOD training and assistance to RMN under active consideration. Good prospects for Lynx to meet this requirement and Air Force requirement for Alouette replacement (initially 30 aircraft).
PRODUCT: LYNX	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 50.00	MINISTERIAL: PM discussed during visit in April 1985.
REF NO CON.DATE	INVOLVEMENT:
184 1986	COMPETITION: USA, France.
COUNTRY: <u>MALAYSIA</u>	REMARKS: MoD training and support MOU forwarded in September 1984. Malaysian naval teams completed 3 month amendment in UK August 1984. Vickers 550 submarine is a strong contender.
PRODUCT: SUBMARINES	
FIRM : VICKERS SEL	
VALUE :£m 600.00	MINISTERIAL: PM discussed during visit in April 1985.
REF NO CON.DATE	INVOLVEMENT:
369 1986	COMPETITION: FRG.
COUNTRY: <u>NEW ZEALAND</u>	REMARKS: Major modernisation of 22 A4 Skyhawk aircraft. GEC was well placed in competition with Lear Siegler until late April '85 when Lange directed that contract should be placed with Lear Siegler; it is thought, as a peace offering, following the argument over ship visits. GEC continue to fight, however, & are still in the running until contract signature.
PRODUCT: A4 SKYHAWK UPDATE	
FIRM : GEC AVIONICS	
VALUE :£m 50.00	MINISTERIAL: Min (DP) supported GEC Avionics during Feb 1985 visit.
REF NO CON.DATE	INVOLVEMENT:
576 1985	COMPETITION: USA (Lockheed, Lear Siegler)
COUNTRY: <u>PAKISTAN</u>	REMARKS: VT proposals for 3 broadbeamed frigates (2 UK build, 1 local) submitted 8/82. Draft MOU submitted to PN July 1984 and now under discussion. Letter of Intent issued to VT Sept 1984. MOD appointed PN consultants for negotiation December 1984. Revised ECGD cover of £230m approved Dec 1984. Final contract negotiations commenced 1 April 1985. Contract signature expected August 1985.
PRODUCT: TYPE 21 FRIGATE	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 330.00	MINISTERIAL: PM's letter to Zia supporting offer 8/82 and 5/84. Zia letter 7/84 to PM
REF NO CON.DATE	INVOLVEMENT: confirms UK offer favoured. PM acknowledged 10/84.
2 1985	COMPETITION: France, FRG.

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>PAKISTAN</u>	REMARKS: Westlands were asked by the Pakistan CNS in February 1984 to quote for Lynx to operate from the proposed new build frigates. Presentation on Lynx 3 given at NHQ Islamabad July 1984. However current FN requirement is for modified Lynx 2, presentation on which given at NHQ Islamabad February 1985.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 30.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Italy (AB-212), France (SA-360F Dauphin)
1942 1985	
COUNTRY: <u>PR CHINA</u>	REMARKS: BAe have submitted proposals for the sale of upto 5 Interceptor Gamma fire control systems initially, followed by technology-transfer leading to full local manufacture. Third party sales will be a precondition to any contract.
PRODUCT: INTERCEPTOR GAMMA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 10.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France (Creusot Loire)
180 1985	
COUNTRY: <u>PR CHINA</u>	REMARKS: Arising from PL4 discussions, China has expressed interest in Skyflash M. MOD security objections have been satisfied - particularly in so far as technology transfer is concerned. BAe are negotiating with CATIC and expect results one way or the other soon. Offer is based on supply of 200 AAMs. ECGD credit may be required.
PRODUCT: SKYFLASH M AIR-TO-AIR MISSILE	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 100.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA, Italy (Selenia)
720 1985	
COUNTRY: <u>REPUBLIC OF KOREA</u>	REMARKS: BAe have submitted a draft contract for Sea Skua in association with the naval helicopter requirement. A decision has been deferred, for financial reasons, for contract in 1985. Sea Skua has been offered to South Korea on the Westland Lynx, Kaman Sea Sprite and Agusta 219 helicopters and may be offered on the Sikorsky S76, all competing for the ROK Navy contract.
PRODUCT: SEA SKUA	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 8.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France.(AS15TT in a package with the Dauphin helicopter).
14 1985	

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>REPUBLIC OF KOREA</u>	REMARKS: ROK MND have initialled draft contracts with several companies for 10-12 shipborne helicopters. A decision is expected later this year with the selected firm likely to be invited to provide a helicopter for a 6 month trial in Korea in 1986. Contract would follow subject to evaluation. A credit package may be required as may RN support in training etc.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 55.00	MINISTERIAL: US of S(DP) has written.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France(Dauphin), Italy (Agusta 219),USA(S76, Seasprite).
26 1986	
COUNTRY: <u>SINGAPORE</u>	REMARKS: Contract to follow aero-engine decision. GEC and Ferranti leading seperate UK consortia.
PRODUCT: A-4 SKYHAWK AVIONICS FIT	
FIRM : VARIOUS	
VALUE :£m 108.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
224 N.K.	
COUNTRY: <u>SINGAPORE</u>	REMARKS: UK is currently assisting Singapore in determining its requirement. 1985 will see continuing support particularly with regard to linking and processing of data from airborne and ground based radars.
PRODUCT: C(CUBED) SYSTEMS	
FIRM : VARIOUS	
VALUE :£m 50.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1802 N.K.	
COUNTRY: <u>SINGAPORE</u>	REMARKS: Three British firms interested: Vosper Thornycroft, Brooke Marine,& Hall Russell/Swan Hunter.
PRODUCT: FAST PATROL CRAFT	
FIRM : VARIOUS	
VALUE :£m 100.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1800 1985	

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>SINGAPORE</u>	REMARKS: Requirement in abeyance.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 100.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1799 1985	
COUNTRY: <u>SINGAPORE</u>	REMARKS: Requirement is still unknown. This contract will follow fast patrol boats. We have offered naval assistance to assess requirements.
PRODUCT: MINEWARFARE SHIPS	
FIRM : VOSPER THORNEYCROFT	
VALUE :£m 200.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1801 1986	
COUNTRY: <u>THAILAND</u>	REMARKS: Although HS 748 production line shortly due to close down BAe still actively pursuing since Thais already have this aircraft and require commonality.
PRODUCT: HS 748	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 44.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1795 1985	
COUNTRY: <u>THAILAND</u>	REMARKS: Vickers have tabled proposals for MK 3 to meet RTA requirements for 100 medium tanks for main defence. Spring trials went well. Vickers still optimistic, but finance unlikely to be available in near future.
PRODUCT: VICKERS MBT	
FIRM : VICKERS SEL	
VALUE :£m 250.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA (M-60)
354 1985	

END

ANNEX B - PRIORITY ONE PROSPECTS - AFRICA

COUNTRY: ALGERIA REMARKS: In addition to the proposal for the Preliminary Phase of the Air Defence System submitted in October 1984, UK industry have submitted proposals for a coastal defence system and a package of EW equipment. Further discussions took place in March 1985 and "best and final" proposals submitted in early April. Algerian decision unlikely before Oct/Nov 85.

PRODUCT: AIR DEFENCE SCHEME (ACCORD)

FIRM : MARCONI PROJECTS

VALUE :£m 450.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE

21 1986 COMPETITION: France.

COUNTRY: ALGERIA REMARKS: Following earlier presentations and discussions with VT the Algerian CNS asked for RN assistance in the evaluation of the VT MK18 Frigate design. An initial appraisal was submitted in early February and the RN team visited Algeria in March 1985. Total requirement believed to be for 4 ships, 1 built in the UK and 3 in Algeria.

PRODUCT: FRIGATE

FIRM : VOSPER THORNEYCROFT

VALUE :£m 300.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE

176 1986 COMPETITION: FRG, France, Italy, USSR.

COUNTRY: ALGERIA REMARKS: Contract designated under MOU, agreed November 1984 and loan agreement finalised in January 1985. Algerians demanded last minute changes to contract, i.e. increases in local assembly element and military industrial training. These have been agreed but ratification is still awaited.

PRODUCT: GR 083 RADIO RELAY

FIRM : MARCONI SECURE RADIO SYSTEMS

VALUE :£m 50.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE

581 1985 COMPETITION: France.

COUNTRY: ALGERIA REMARKS: Joint (Anglo-Algerian) study team established to consider co-operation in industrial aspects of Hawk assembly, establishment of aircraft and engine overhaul/repair facility and training. Credit will be required. Team reported in January 1985 and further clarification given in some areas following circulation of report within Algerian Air Force. Decision unlikely before mid July 85 at earliest.

PRODUCT: HAWK

FIRM : BRITISH AEROSPACE AG

VALUE :£m 200.00 MINISTERIAL: Algerian CAS called on PM and Minister (DP) during successful visit to UK in
INVOLVEMENT: March 84.

REF NO CON.DATE

22 1986 COMPETITION: France/FRG (Alpha-Jet).

ANNEX B - PRIORITY ONE PROSPECTS - AFRICA

COUNTRY: <u>ALGERIA</u>	REMARKS: Support contract for Presidential Tri-Star engines.
PRODUCT: RB.211 ENGINE	
FIRM : ROLLS ROYCE CIVIL ENGINES	
VALUE :£m 8.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1961 1985	
COUNTRY: <u>CAMEROON</u>	REMARKS: Minister of Armed Forces visited UK in November 1984, when he met S of S and Min (DP), for discussions with companies and attended firepower/mobility demonstrations. Equipments include Scorpion, Land Rover, FPCs, Blowpipe, radars, Fox and small arms trainers. A draft "umbrella" MOU has been offered to Cameroon (April 1985) which includes credit arrangements. Action on some specific requirement expected as soon as MOU is signed.
PRODUCT: EQUIPMENT PACKAGE	
FIRM : VARIOUS	
VALUE :£m 120.00	MINISTERIAL: Minister of Armed Forces visited UK in November 1984. President Biya met Pm &
	INVOLVEMENT: Min (DP) in May 1985. Min (DP) expected to visit Cameroon to sign MOU in
REF NO CON.DATE	COMPETITION: Various but France in particular.
1867 N.K.	
COUNTRY: <u>GABON</u>	REMARKS: WHL and ROFs responded in 84 to requests to quote for Lynx helicopters and Fox/ Fox-Milan, and Panga vehicles respectively. Both companies held discussions with Gen.Ngari, the Gabonese Chief of Staff, during BAEE84, and the ROFs during a visit to Gabon in November 1984. BAe have made proposals for sale of Hawk to Presidential Guard Air Wing. Govt-Govt MOU was offered to the Gabonese authorities in May 85 to provide umbrella for defence procurement co-operation.
PRODUCT: EQUIPMENT PACKAGE	
FIRM : VARIOUS	
VALUE :£m 35.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Various but France in particular.
723 N.K.	
COUNTRY: <u>ZIMBABWE</u>	REMARKS: It had been hoped that a contract for the supply of 7 W30 helicopters to the Zimbabwe Air Force would be signed in May. The Zimbabweans have, however, asked WHL to review their proposals with a view to submitting a more attractive financial offer.
PRODUCT: WESTLAND 30	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 26.00	MINISTERIAL: The subject was discussed during Minister of State (AF)'s visit to Harare in
	INVOLVEMENT: May 1984. Foreign Secretary raised the subject with Mr Mugabe in Jan 85. US
REF NO CON.DATE	COMPETITION: France, Italy, Yugoslavia.
1606 1985	

END

ANNEX B - PRIORITY ONE PROSPECTS - NORTH AMERICA

COUNTRY: <u>CANADA</u>	REMARKS: Canada have been making efforts over the past two years to establish a helicopter design and manufacturing capability by encouraging established foreign manufactureres to set up such facilities in Canada. The Canadian forces have a requirement for approx 120 helicopters in the medium/heavy class in the 1990s, half for Air Force, half for the Navy. WHL and Agusta proposals to establish a helicopter industry in Canada under consideration by Canadian administration
PRODUCT: EH-101 HELICOPTER	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m NK	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 1834 N.K.	COMPETITION: USA (Sikorsky)
COUNTRY: <u>USA</u>	REMARKS: US Army has leased 20 L119 (short barrel) 105mm Light Guns for evaluation. RO has negotiated production/licence agreement with US, under which it will manufacture 100 complete guns, 75 guns less ordnance, 25 trial assemblies and £5m of spares. Thereafter US and UK will jointly manufacture US Army requirements upto a ceiling of 500 guns. House Armed Services sub-committee reported to be critical of the agreement.
PRODUCT: 105mm LIGHT GUN (UK)	
FIRM : ROYAL ORDNANCE	
VALUE :£m 85.00	MINISTERIAL: Minister (DP) INVOLVEMENT:
REF NO CON.DATE 1766 N.K.	COMPETITION: USA
COUNTRY: <u>USA</u>	REMARKS: US Navy has chosen Martin Baker to design and produce a Naval Aircrew Common Ejection Seat (NACES) for a number of aircraft, following ministerial assurances that UK will consider where appropriate the adoption of NACES for its own new aircraft and retrofit programmes, and that US manufacturer will be permitted to compete. When awarded contract could total \$50m design and \$20m production. In the long term, production orders could be worth \$150m.
PRODUCT: EJECTION SEATS	
FIRM : MARTIN BAKER	
VALUE :£m 55.00	MINISTERIAL: Minister (DP) INVOLVEMENT:
REF NO CON.DATE 749 1985	COMPETITION: USA(Stencel & McDonnell-Douglas)
COUNTRY: <u>USA</u>	REMARKS: GEC Avionics and BAe carrying out competitive studies for FLIR in GR5 and Tornado decision Aug/Sept 1985. US has agreed to apopt FLIR for AV8B. In parallel US designing moving map display which UK will provide for GR5. Therafter US/UK to share non-recurring development, integration and test costs on 60:40 basis. Supplement to AV8B/GR5 MOU embracing night attack under negotiation.
PRODUCT: FLIR FOR AV-8B	
FIRM : VARIOUS	
VALUE :£m 235.00	MINISTERIAL: Minister (DP) INVOLVEMENT:
REF NO CON.DATE 1768 1986	COMPETITION: USA

ANNEX B - PRIORITY ONE PROSPECTS - NORTH AMERICA

COUNTRY: <u>USA</u>	REMARKS: McDonnell Douglas have been awarded a contract by the USN, initiating full scale development of the T45 Hawk training system. Total cost of development is \$438m. Delivery of 300 production aircraft is due to run from 1989 to 1997. Total programme cost \$3.2 billion. BAe's share of aircraft design and production is around 18% of this sum. The programme will continue to be closely monitored through DSO(Washington) in support of UK industrial interests.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 500.00	MINISTERIAL: Minister (DP), Secretary of State.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA.
77 1985	
COUNTRY: <u>USA</u>	REMARKS: USAF developing series of dispensing systems for airfield attack - DAACM (Direct Airfield Attack Combined Munition) and AGM-130B (Advanced Guided Munition) HEL's HB876 Area Denial Mine (JP233 subsystem) is prime candidate to complement USAFs BKEP (Boosted Kinetic Energy Projectile) for these programmes. HEL discussing teaming with potential US lead contractors on DAACM and AGM-130B for HB876 integration
PRODUCT: HB876 AREA-DENIAL MINE	
FIRM : HUNTING ENGINEER	
VALUE :£m 315.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA
1769 1986	
COUNTRY: <u>USA</u>	REMARKS: Initial contract signed 13.12.84 between Asst Sec US Army and Minister(DP). Agreement reached on FY85 procurement (491 mortars, 350,000 bombs, value \$35m) although congress (House Armed Services Sub Committee) has zero funded programme in FY86, which will delay signing of FY85 tranche. DSO(W) to monitor situation and take action as appropriate.
PRODUCT: IMPROVED 81mm MORTAR	
FIRM : ROYAL ORDNANCE	
VALUE :£m 200.00	MINISTERIAL: Minister (DP)
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1915 1985	
COUNTRY: <u>USA</u>	REMARKS: Plessey/Rockwell/ITT have responded to US Army RFP to MSE. Total programme value \$4.3 billion. UK's share of business could total \$1.5 billion. Highly successful demonstration of Ptarmigan units in BAOR given to US VVIPs in April 1985. (They also saw RITA system). Decision expected soon; contract award September 1985.
PRODUCT: PTARMIGAN FOR MSE	
FIRM : PLESSEY DEFENCE SYSTEMS	
VALUE :£m NK	MINISTERIAL: Minister (DP), Secretary of State.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France/USA (Thomson-CSF & GTE offering RITA)
578 1985	

ANNEX B - PRIORITY ONE PROSPECTS - NORTH AMERICA

COUNTRY: <u>USA</u>	REMARKS: USAF have decided to use \$50m appropriated by Congress in FY83 to procure Rapier for deployment in its Turkish bases. The procurement will comprise 12 fire units. UK "assistance" will provide for a further 2 units, support, training and range facilities. USAF has produced draft supplement to existing Rapier MOU. Formal negotiations will commence shortly.
PRODUCT: RAPIER	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 44.00	MINISTERIAL: Minister (DP)
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA (Ford Aerospace - Chapparral)
227 1985	
COUNTRY: <u>USA</u>	REMARKS: Rolls Royce has recently completed a 6 month study contract for the US Army into applications of the RTM-322 to the Sikorsky Blackhawk and Hughes Apache helicopters. US Army firmly intends to uprate these helicopters; potential for at least 1400 engines sales exist.
PRODUCT: RTM-322 TURBOSHAFT ENGINE	
FIRM : ROLLS-ROYCE	
VALUE :£m 620.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA (GE-existing supplier to Sikorsky & Hughes)
1912 1990	
COUNTRY: <u>USA</u>	REMARKS: US/UK agreement for UK participation in Trident II (D5) weapon system program signed in April 1982. Approx 1500 UK firms briefed and around 290 "approved" as potential suppliers. Competition commenced mid 83 and expected to continue at least until late 86. No guaranteed offset sum. To date 26 awards (value £11m) made to UK industry but total value not known until competition complete. Unlikely to exceed single percentage figure of UK dollar outlay.
PRODUCT: TRIDENT II (D5) COMPONENTS	
FIRM : VARIOUS	
VALUE :£m NK	MINISTERIAL: Agreement (exchange of letters) signed by S of S. Both S of S and Min(DP)/US
	INVOLVEMENT: of S(DP) have been given briefs on progress of UK industry.
REF NO CON.DATE	COMPETITION: USA
1767 N.K.	
COUNTRY: <u>USA</u>	REMARKS: Plessey Radar teamed with US Co ITT Gilfillan to compete for:-
PRODUCT: WATCHMAN ATC/AD RADARS	1)USMC - MATCALs new air surveillance radar. 17 systems, value to Plessey £20m RFP issued April 85 - contract award scheduled for Sept/Oct 85.
FIRM : PLESSEY RADAR	2)USAF - MPN - XX rapidly deployable air traffic control requirement. 255 systems, value to Plessey £25-27m. Contract definition 1985. Full scale engineering development 1986/7. Op. test and evaluation 1988. Production contract 1989
VALUE :£m 47.00	MINISTERIAL:
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA
1913 1985	

END

ANNEX B - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: BRAZIL REMARKS: Westlands are competing for two separate requirements; 16 aircraft for use by the Brazilian Navy on their new corvettes and 8 aircraft for use by the Marines in a troop carrying role. Credit cover will be required for this sale and its provision will be a problem.

PRODUCT: LYNX (NAVAL)

FIRM : WESTLAND HELICOPTERS

VALUE :£m 100.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
196 1985 COMPETITION: France, Italy, USA.

COUNTRY: BRAZIL REMARKS: Originally Brazil was to buy engine kits and components for the AMX tactical support aircraft from Italy, but it is now almost certain that they will buy direct from RR. An initial order worth about £16m is expected during 1985. Further large orders will follow. Brazil has sought credit for these purchases and this is currently under discussion with the firm; a risk sharing arrangement will be essential if ECGD are to become involved.

PRODUCT: RB.168 SPEY ENGINE

FIRM : ROLLS-ROYCE

VALUE :£m 100.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
1712 1985 COMPETITION:

COUNTRY: BRAZIL REMARKS:

PRODUCT: VIDEO CAMERA & RECORDER

FIRM : FERRANTI DEFENCE SYSTEMS

VALUE :£m 5.50 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
2813 N.K. COMPETITION: Fairchild; Teledyne; TRT.

COUNTRY: CHILE REMARKS: British Aerospace are preparing proposals for the refurbishment and supply of upto 6 RN T22 Canberra aircraft to the Chilean Navy. The aircraft will carry the Sea Eagle missile. Two B4 trainer aircraft and a PR9 aircraft are also required.

PRODUCT: CANBERRA

FIRM : BRITISH AEROSPACE AG

VALUE :£m 25.00 MINISTERIAL:
INVOLVEMENT:

REF NO CON.DATE
1545 1986 COMPETITION:

ANNEX B - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: <u>CHILE</u>	REMARKS: The Chilean Navy has a requirement for up to 200 Seacat missiles for its UK built vessels (2 County Class, 2 Almirante Class, & 2 Leanders). Whilst budgetary constraints preclude a once off buy, Shorts are hopeful that an initial contract for 40/50 missiles will be concluded by early 1986.
PRODUCT: SEACAT	
FIRM : SHORT BROS MISSILE DIVISION	
VALUE :£m 10.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1714 1985	
COUNTRY: <u>CHILE</u>	REMARKS: BAe have submitted proposals for 24 launching pallets plus missiles. Negotiations are continuing and BAe are hopeful of securing a contract in the near future but much depends on their proposals for financing the sale.
PRODUCT: SWINGFIRE	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 10.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
604 1985	
COUNTRY: <u>ECUADOR</u>	REMARKS: BAe have a letter of intent from the Ecuadorean Air Force for the purchase of a single Jaguar plus spares and ancillary equipment to cover attrition losses. Ecuador is at present off ECGD cover and BAe are offering credit at their own risk. A follow on order for a further 6 Jaguar aircraft is also a possibility.
PRODUCT: JAGUAR	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 9.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
601 1985	
COUNTRY: <u>ECUADOR</u>	REMARKS: Ecuador's newly acquired Esmeralda class corvettes are fitted with helicopter platforms but no helicopters have yet been purchased. Westlands have successfully carried out a Naval Lynx landing on board these ships and are hopeful of achieving a sale. The requirement will be for 6-8 aircraft. Ecuador is currently off ECGD cover and there are therefore likely to be problems with any finance package.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 30.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France, Italy.
1716 1986	

ANNEX B - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: ECUADOR REMARKS: BAe(DG) have Ecuadorian Letter of Intent for purchase of Rapier. But Ecuador is off ECGD cover and contract signature will depend on the firm's ability to present a suitable finance package which could involve counter trade. Firm made updated proposals in May.

PRODUCT: RAPIER

FIRM : BRITISH AEROSPACE DG

VALUE :£m 20.00 MINISTERIAL: Minister (AF) has cleared the early release of Blindfire, should this be INVOLVEMENT: necessary.

REF NO	CON.DATE	COMPETITION:
105	1985	France (Crotale).

END

END OF RUN

CONFIDENTIAL UK EYES B - COMMERCIAL-IN-CONFIDENCE