



MINISTER OF STATE FOR DEFENCE PROCUREMENT

D/MIN/AB/3/13

15th August 1985

Prime Minister

Paul Martin

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QUARTERLY REPORT ON DEFENCE SALES AND PROSPECTS
1ST APRIL TO 30TH JUNE 1985

13/8

In the Defence Secretary's absence on leave, I am providing the normal quarterly report on Defence Sales and Prospects.

2. In the second quarter of 1985 industry within the United Kingdom has reported defence export sales worth £439 million giving a year-to-date total of £573 million to the end of June 1985. The largest contracts reported in the quarter were for an ICI propellant plant for Thailand (£41M), Marconi radars for Oman (£37M), and Rolls Royce engines and British Aerospace development work for the US AV8B Harrier aircraft (£29M). The total excludes contributions from the £130 million SANGMED hospital management contract with Saudi Arabia and the confidential £45 million contract for Racal telecommunications equipment to Mexico which were both signed in the relevant period but as yet remain formally unreported. British Aerospace now seem very close to securing a £140 million contract to supply Turkey with a second tranche of Rapier missiles. 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. In the Middle East there are favourable trends despite the continuing general fall in oil revenues. The signature of the contract for the sale of 8 Tornado ADV aircraft to Oman was signed on 14th August for £274M and good progress is being made on a tri-service communications project (£90M), sale of two hovercraft (£46M), and on an ammunition supply contract (£35M). Saudi Arabia continues to receive a great deal of our attention, but Saudi government procedures are slow; Tornado and Hawk aircraft sales are still in prospect and for the SADAP project a further extension of the existing MOU to 6th February 1986 has been agreed. The success of the International Hospitals Group with the National Guard in Jeddah has now led to them negotiating, in co-operation with the current American operating company, for the £200 million contract to administer the Guard hospital in Riyadh. Although the current SANGMED project comes to an end this year, the Guard has made it clear that they wish the MOD team to stay on in the Kingdom with wider terms of reference. The trial of two Challenger and two MCV 80 armoured vehicles in the far south of Saudi Arabia will continue until late August, but a procurement decision is unlikely for some time. The International Military Services presentation in pursuit of a study contract for a joint operations centre for Abu Dhabi was well received, and bids for the consultancy for the new naval base, up to eight fast patrol boats, and Plessey 3-D radars are being evaluated. Also in the United Arab Emirates, the Sharjah authorities recently announced their intention to purchase £30 million worth of Stormer vehicles from Alvis.

4. In the remainder of the Gulf States, there have been no major developments since my previous report, but the importance of this regional market and the strength of competition in the area is illustrated by some notable successes reported by our competitors in the quarter. In Saudi Arabia, the United States secured two AWACS related contracts of \$850 million and \$330 million and Congressional approval is awaited on a \$450 million logistics system deal, whilst France secured a \$55 million contract for barracks and offices for the Saudi National Guard. In the Gulf, the American company Northrop finalised the sale of F5 fighter aircraft to Bahrain, where we had hoped to sell the British Aerospace Hawk trainer/ground attack aircraft, and an Australian company, in competition with Ferranti, won a \$34 million contract to supply Kuwait with a series of gunnery ranges. Some hard negotiation lies ahead to resolve a number of difficulties besetting the purchase of frigates by Pakistan (£400M). Vosper Thornycroft's concern over the effects of contingent liabilities on their imminent privatisation, changes of mind by the Pakistanis over the extent of MOD and Royal Navy support that they will require, and the Pakistani Navy's ambitions outstripping the finance available have combined to make progress slow.

5. At the very end of the quarter, negotiations with Jordan were successfully concluded with agreement in principle on terms for the supply of a package of defence equipment worth £270

million. The Memorandum of Understanding to be signed during your forthcoming visit to Amman should be followed by contracts with some 70 different British manufacturers. We have agreed to provide Jordan with credit on concessionary terms for this sale in recognition of her economic difficulties and to encourage her to purchase this equipment from the United Kingdom rather than from the Soviet Union. As with the Tornado sale to Oman, the cost of this credit subsidy is exceptionally being carried on the Defence Budget. This cost on defence export sales is not one we can continue to absorb and a resolution to the problem of how to finance the credit terms needed to win this type of business in future is now urgently required.

6. The hope expressed in my last report over use of the defence sales credit allocation in Egypt was not fulfilled. The Egyptians seem to have ignored warnings of our intention to reduce the credit allocation (to £150 million) if it was not used by 30th June and hold this available only until the end of 1985. Our efforts to encourage them to take early decisions on some of the many defence contracts which British firms have been chasing in Egypt appears to have resulted instead in an Egyptian Cabinet decision to seek to have £200 million of credit allocated for equipping a new tank factory in 2-3 years time. Every effort will be made to resolve these complications before your visit to Cairo in September. We do also see encouraging signs of progress in Egypt on one or two of the long delayed contracts of significant, if modest, value. Business with

Algeria has also been quiet during the quarter. We believe this is due to continuing problems within the Algerian administration in finalising the content of the new 5 year plan which must be approved before new expenditure can be authorised. But there is no reason to think that the delay poses any threat to our major sales prospects there, particularly Hawk, and we expect talks to resume in the autumn. The expected contract from Zimbabwe for W30 helicopters has been delayed by local concern over the price and, subsequently, the Westland Group's financial difficulties. A decision is now expected in September. The most notable success in the region during the quarter was the reported \$160 million sale of US M60 tanks to Egypt, with the Spanish also securing a \$86 million sale of basic jet trainers and transport aircraft to Jordan whilst the French secured a \$50 million helicopter contract with Angola.

7. Indian reassurance from both the Defence Minister, Mr Rao, and the Foreign Secretary, Mr Bhandari, that there are no Sikh related problems concerning defence equipment sales has been welcome. Nonetheless, there are still some problems, with finalisation of the £175 million follow-on purchase of Sea Harrier being delayed by continued negotiation on the related Sea Eagle missile project and with the Indians having asked all competitors for the artillery project to re-submit bids valid until the end of this year. The Indian Government has also terminated its Combat Engineering Tractor contract with IMS and requested negotiations direct with Royal Ordnance; these are

under way. Sri Lanka continues to seek immediate delivery of equipment despite the cease-fire. Negotiations over further Rapier sales to Indonesia continue, and interest in ex-Royal Navy Leander Class frigates may lead to negotiations there in August. Elsewhere in South-East Asia, we are pursuing prospects as previously reported, with our most notable success of the quarter being the \$41 million ICI propellant plant for Thailand, although the Americans overshadowed us in the same country with a \$320 million contract for F16 fighter aircraft where British Aerospace were offering cheaper ex-RAF Jaguar ground attack aircraft.

8. In the Far East, we continue to attempt to capitalise on our improved relationship with China. But prospects for a £100 million sale of Skyflash missiles have encountered an obstacle over the transfer of fuze technology, and it now appears that our best prospects lie with Tigerfish torpedoes and a submarine fire control system which may yield a £30 million contract later this year. Efforts to achieve major successes in Korea and Japan go as yet unrewarded, but prospects for Lynx helicopters with Sea Skua missiles and Harrier, Hawk, and Tornado aircraft remain. Development difficulties in the Australian A10 basic trainer aircraft programme have presented an opportunity for Shorts with their Tucano (with the Swiss Pilatus PC9 in competition). This prospect might go some way to compensate for Shorts loss of the portable surface-to-air missile system contract which the Australians awarded to the Swedish Bofors

company on largely technical grounds. Decisions on our other major prospects in Australia, such as future frigates and helicopter requirements, await the outcome of the current Australian study into their future defence strategy, structure, and defence sales policy.

9. The Mobile Subscriber Equipment competition in the USA, which could be worth over £1 billion to British industry, has reached a critical stage and your interventions with the President and George Bush will be an important factor in the decision expected in early September. You are aware of the position on UK participation in the Strategic Defence Initiative. In Canada, the main item of current interest is the requirement for a Tactical Command, Control and Communications System for which a number of UK software and hardware companies are in the running. In the last quarter, the Canadians were themselves successful in selling \$56 million worth of advanced training equipment to the US Air Force, balanced by their purchase of torpedoes worth \$55 million from the Americans.

10. British industry remains very active in Europe although no major contracts were signed by them in the region during the quarter. The prospects look good for co-operation with Sweden on an advanced version of the Skyflash missile for the 1990s, following my meeting in London with Mr Borg, the Swedish State Secretary for Defence. Rolls Royce lost the re-run competition to supply M41 tank engines for Danish

Centurions, but in the Netherlands significant progress has been made in talks with the Dutch MOD and it is hoped there will be an agreement leading to purchases of satellite communications terminals, towed sonar arrays, and vehicle driving simulators worth £22 million. In Spain, Marconi Underwater Systems have successfully delayed the Spanish lightweight torpedo decision (which was originally in favour of the US Company Honeywell), and a high level delegation will visit the United Kingdom in September for discussions with Marconi and Royal Navy experts on the merits of the Stingray torpedo. Vickers have also been selected on a short list of four in the Main Battle Tank competition. In Yugoslavia, British Aerospace have just been contracted to undertake the feasibility study, due to last six months, for the design of the Yugoslavs' light combat aircraft, and many British companies expect to get involved in the project. A significant further Yugoslav contract for BL755 Cluster bombs was signed following the end of the quarter, and in Turkey, British Aerospace are hopeful that a £140 million contract for the second tranche of Rapier could be followed by an order from the USAF for Rapiers to defend their bases in Turkey. In the quarter, the USA reported some major successes in Europe, with a \$210 million sale of further F16 aircraft to Denmark and a \$108 million sale of naval helicopters to Spain. A Swedish company was successful in selling \$53 million worth of anti-tank mines to Germany to add to the Swedish sale of second-hand Draken aircraft to Austria where the

re-furbished British Aerospace Lightnings, being both less expensive and preferred by the Austrian Air Force, were widely held to have lost out on political and offset grounds.

11. Despite difficulties with credit cover, the last quarter saw some notable successes in Latin America. Racal are pursuing other prospects in Mexico following their £45 million communications equipment sale in the quarter, and contracts for refurbishment of naval patrol craft and for stabilisers for locally built offshore patrol vessels were also secured by British industry in the same country. Prospects in Brazil seem to have quickened following the decision to purchase the Tucano trainer aircraft for the RAF, and future co-operation in the defence field was discussed when the Brazilian Defence Minister visited the United Kingdom in June. But prospects are constrained by limited ECGD cover. Vickers have signed an agreement with a Brazilian company to design a new self-propelled 155mm howitzer for local manufacture, but they are facing strong Austrian competition in their bid to secure a Brazilian order for the FH70 towed gun. Our competitors remain active in the region and in the quarter have reported some significant contracts. Spain sold \$35 million worth of transport aircraft to Mexico and the Swedes \$28 million worth of anti-aircraft guns and associated radars to Brazil. Italian efforts were rewarded with a contract of undisclosed value to supply an air defence system to Venezuela.

12. The reported sales figures for the second quarter of 1985 have recovered from the introduction of the new data collection system to reflect a steady performance. Several major prospects came to fruition in the period and activity on other important programmes is at a decisive stage. Nonetheless, it is apparent that in the latter half of 1985 we will need to see a satisfactory outcome in several of these awaited prospects and a considerable increase in reported contract values to avoid a disappointing year.

13. 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.

Adam Brown

Ministry of Defence

ANNEX A - REPORTED CONTRACTS SUMMARY

COUNTRY	LAND SYSTEMS VALUE £m	AIR SYSTEMS VALUE £m	SEA SYSTEMS VALUE £m	TOTAL VALUE £m
ALGERIA	0.41	0.15	-	0.56
AUSTRALIA	3.92	0.67	0.26	4.85
AUSTRIA	0.25	0.27	-	0.52
BAHRAIN	0.57	-	-	0.57
BANGLADESH	0.17	-	-	0.17
BARBADOS	-	-	0.02	0.02
BELGIUM	0.68	0.28	-	0.96
BOLIVIA	-	0.02	-	0.02
BOTSWANA	0.13	-	-	0.13
BRAZIL	10.16	13.06	0.31	23.53
BRUNEI	0.13	-	-	0.13
CANADA	1.12	0.12	0.60	1.84
CHILE	-	0.08	3.19	3.27
CHINA (P.R.)	1.39	-	0.85	2.24
CYPRUS	0.35	-	-	0.35
CZECHOSLOVAKIA	0.09	-	-	0.09
DENMARK	0.47	-	0.22	0.69
ECUADOR	11.33	0.03	-	11.36
EGYPT	11.73	0.13	4.64	16.50
EIRE	0.18	-	-	0.18
FINLAND	-	2.63	-	2.63
FRANCE	4.59	1.28	0.35	6.22
GERMANY (WEST)	2.80	4.94	0.21	7.95
GREECE	7.02	-	-	7.02
INDIA	0.57	6.45	0.98	8.00
INDONESIA	-	2.08	0.11	2.19
IRAN	0.19	0.76	0.15	1.10
IRAQ	9.61	0.30	-	9.91
ITALY	0.21	1.59	0.21	2.01
IVORY COAST	-	0.07	-	0.07
JAPAN	10.07	0.20	3.11	13.38
JORDAN	10.55	0.01	-	10.56
KENYA	0.13	0.04	-	0.17
KOREA (SOUTH)	0.47	-	-	0.47
KUWAIT	0.14	0.10	-	0.24
LUXEMBOURG	-	0.20	-	0.20
MALAYSIA	0.15	0.36	-	0.51
MALDIVE ISLANDS	-	-	0.12	0.12
MOROCCO	0.21	-	-	0.21
NATO	0.44	-	-	0.44
NETHERLANDS	0.24	0.07	-	0.31
NEW ZEALAND	0.25	0.12	1.92	2.29
NIGERIA	4.60	-	0.97	5.57
NORWAY	0.51	0.15	-	0.66
OMAN	43.56	1.38	0.06	45.00
PAKISTAN	4.45	0.07	-	4.52
PERU	-	1.34	-	1.34
PORTUGAL	0.26	0.25	-	0.51

ANNEX A - REPORTED CONTRACTS SUMMARY

COUNTRY	LAND SYSTEMS VALUE £m	AIR SYSTEMS VALUE £m	SEA SYSTEMS VALUE £m	TOTAL VALUE £m
QATAR	0.33	-	-	0.33
SAUDI ARABIA	10.69	4.37	-	15.06
SINGAPORE	3.22	0.49	-	3.71
SPAIN	10.60	0.86	-	11.46
SWEDEN	-	1.40	-	1.40
SWITZERLAND	0.25	0.09	-	0.34
THAILAND	41.11	-	-	41.11
TUNISIA	0.30	-	-	0.30
TURKEY	2.22	-	-	2.22
UAE	0.96	4.74	-	5.70
UGANDA	1.27	-	-	1.27
USA	9.17	63.34	20.23	92.74
YUGOSLAVIA	0.25	0.95	-	1.20
ZIMBABWE	-	0.01	-	0.01
UNSPECIFIED	-	-	-	60.52
TOTALS	224.47	115.45	38.51	438.95

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>BELGIUM</u>	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	COMPETITION: Sweden (Volvo), FRG (MAN/Mercedes), Neth (DAF), USA (Dshkosh)
2014 1986	
COUNTRY: <u>DENMARK</u>	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	COMPETITION: Sweden (RBS-70), France (Mistral), USA (Stinger)
1778 1986	
COUNTRY: <u>DENMARK</u>	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	COMPETITION:
456 1989	
COUNTRY: <u>FINLAND</u>	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	COMPETITION: France (Crotale), FRG (Roland), USSR.
1782 1986	

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 fulfil their earlier offset obligations.
PRODUCT: WATCHMAN ATC/AD RADARS	
FIRM : PLESSEY RADAR	
VALUE :£m 6.90	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 1772 1985	COMPETITION:

COUNTRY: <u>FR GERMANY</u>	REMARKS: BAe have been trying to interest both the Bundesmarine and Luftwaffe in their ALARM missile in preference to the US HARM. The proposals submitted by BAe are believed to offer some technology sharing, and to be cheaper than the competition. However, German officials remain committed to HARM.
PRODUCT: ALARM	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m NK	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.
REF NO CON.DATE 459 N.K.	COMPETITION: USA (HARM)

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 35 1987	COMPETITION: France

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 for evaluation purposes have already been ordered.
PRODUCT: SEA SPRAY	
FIRM : FERRANTI RADAR SYSTEMS	
VALUE :£m 20.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 573 1987	COMPETITION: MEL (UK).

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>FRANCE</u>	REMARKS: France has a requirement for upto 4 AEW systems. Current options are US Boeing AWACS system, already evaluated, and a European solution involving GEC'S MSA with the A300 Airbus. GEC/BAe have submitted proposals. Evaluation flight took place in October 84 and a further flight will occur in Oct 85. If interest continues a full evaluation flight will take place in France in 86. A decision is expected late 85/early 86. Offset will be an important factor.
PRODUCT: AEW EQUIPMENT	
FIRM : GEC AVIONICS	
VALUE :£m 440.00	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	COMPETITION: USA (AWACS)
188 1985	
COUNTRY: <u>ITALY</u>	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	COMPETITION: USA (AV8B).
1623 N.K.	
COUNTRY: <u>NETHERLANDS</u>	REMARKS: Part of 2nd Anglo-NL equipment package. GEC leading - Ameeco sub contracting.
PRODUCT: TOWED ARRAY	
FIRM : VARIOUS	
VALUE :£m 7.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1878 1985	
COUNTRY: <u>NORWAY</u>	REMARKS: The Norwegians need a wet and dry bridging system. They have trialled MGB, and will trial the German S Bridge mid-year. RFP 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	COMPETITION: FRG (S Bridge)
1937 1986	

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. Collaboration with Britain to develop Skyflash 90 seems favoured option. Problems remain of lack of Swedish capital and uncertainty over UK standing on family of weapons MOU. Swedish decision expected late 1985.
PRODUCT: SKYFLASH 90	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 25.00	MINISTERIAL: Min (DP) met Mr Per Borg - swedish State Secretary for Defence on 12th June. INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Sweden
467 1988	
COUNTRY: <u>SWITZERLAND</u>	REMARKS: To replace Vampire FB-6/T-55 in trainer role. BAe submitted priced bid end June 1985. Swiss will short-list from 4 to 2 by Sept/Oct:the likelihood is that short-list will comprise the 2 most advanced aircraft rather than one advanced and one inexpensive. Final selection expected in 1987, financial approval 1988.
PRODUCT: HAWK	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 90.00	MINISTERIAL: HDS plans to visit in Oct 1985. INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Italy (MB-339), Spain (CASA-101), FRG/France (Alpha-jet)
574 1989	
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	

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

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 1753 N.K.	COMPETITION: Netherlands (Signaal).
COUNTRY: <u>TURKEY</u>	REMARKS: BAe are actively promoting a second tranche buy of Rapier in the same quantity as the first tranche and a decision is expected shortly. Delivery will be consecutive with the first tranche and contractually will be an extension of the existing contract.
PRODUCT: RAPIER	
FIRM : BRITISH AEROSPACE DG	
VALUE :£m 150.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 1755 N.K.	COMPETITION: France/FRG (Roland); USA.
COUNTRY: <u>TURKEY</u>	REMARKS: Leyland & Birmingham are negotiating a package for the S6 respirator. The package includes an initial buy from the UK, local assembly and manufacture under licence. To assist the sale the MOD has agreed to waive levy and licence fee. Competition comes from the FRG.
PRODUCT: S6 RESPIRATOR	
FIRM : LEYLAND & BIRMINGHAM RUBBER	
VALUE :£m 6.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 3475 N.K.	COMPETITION: FRG.
COUNTRY: <u>TURKEY</u>	REMARKS: Cabinet refused to endorse necessary ECGD cover for sales of 40 a/c. BAe failed to obtain Turkish approval to a financial package covering only 20 aircraft and are again seeking credit support in Germany and Italy for the second 20.
PRODUCT: TORNADO IDS	
FIRM : PANAUIA	
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 353 N.K.	COMPETITION:

ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

COUNTRY: <u>YUGOSLAVIA</u>	REMARKS: Dowty, Smiths Industries and Marconi all seek to collaborate with Yugoslavs on their LCA project. It is hoped that specific requirements will become clearer as the main airframe feasibility study progresses in the latter part of this year.
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: 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. Problems over acceptability of improved BL755 within RAF mean that Huntings cannot now offer cheaper BL755 made from the 'spoil' obtained from uprating RAF stock of BL755 to improved BL755.
PRODUCT: BL 755 CLUSTER BOMB	
FIRM : HUNTING ENGINEERING	
VALUE :£m 28.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
662 1985	
COUNTRY: <u>YUGOSLAVIA</u>	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	COMPETITION: Italy (Electronica)
1895 1985	
COUNTRY: <u>YUGOSLAVIA</u>	REMARKS: Yugoslavs have signed an agreement with BAe for design feasibility study.
PRODUCT: LCA	
FIRM : BRITISH AEROSPACE AG	
VALUE :£m 75.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France, USA.
1822 N.K.	

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CONFIDENTIAL UK EYES A - COMMERCIAL-IN-CONFIDENCE

D/MKTG/17/21
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ANNEX B - PRIORITY ONE PROSPECTS - EUROPE

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

CONFIDENTIAL UK EYES A - COMMERCIAL-IN-CONFIDENCE

ANNEX B - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: <u>BAHRAIN</u>	REMARKS: BAe have excellent prospect to fit Sea Skua to BDF AB212s. BDF team visited 815 Sqn for general briefing and witnessed a very successful live Sea Skua firing at RAE Aberporth in June 1985.
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	COMPETITION: France (AS15TT)
42 1986	
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 subject to detailed agreement of conditions.
REF NO CON.DATE	COMPETITION: Netherlands/France/Belgium, Italy.
1787 1985	
COUNTRY: <u>JORDAN</u>	REMARKS: Series of negotiating meetings took place in May and June on the package, major elements of which are EW, ammunition, aircraft refurbishment, FPBs, B vehicle and engineering equipment. Special credit terms (£300m DML for 90% over 10 years at 9.5% including risk sharing with UK banks) agreed. IMS have appointed agents to manage the programme under umbrella of an agreed MOU which is expected to be initialled by end of July and signed in September.
PRODUCT: EQUIPMENT PACKAGE	
FIRM : VARIOUS	
VALUE :£m 270.00	MINISTERIAL: PM has discussed with King Hussein (Sept, Dec 84 & June, July 85). S of S visited Amman in Oct 84 and had further meetings with C-in-C in London in Dec 84 and with Finance Minister in June 85. PM to sign MOU during Sept 85 visit.
REF NO CON.DATE	COMPETITION: France.
579 1985	
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 visited Kuwait in February 1984. Min(DP) (Mr Butler) visited October 1984. PM wrote letter of support to Kuwaiti PM 20 November 1984.
REF NO CON.DATE	COMPETITION: USA (Cadillac Gage); Brazil (Engesa); USSR (BMP-2).
206 1985	

ANNEX B - PRIORITY ONE PROSPECTS - MIDDLE EAST

COUNTRY: <u>OMAN</u>	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. To be designated under Defence Sales MOU. CDS visited Oman Feb 85. Contract negotiations well advanced.
PRODUCT: COMMUNICATIONS PROJECT	
FIRM : VARIOUS	MINISTERIAL: Mr Luce visited Oman Jan 85.
VALUE :£m 300.00	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
208 1985	
COUNTRY: <u>OMAN</u>	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. Designated contract under Defence Sales MOU.
PRODUCT: TORNADO ADV	
FIRM : PANAUIA	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.
VALUE :£m 274.00	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
49 1985	
COUNTRY: <u>QATAR</u>	REMARKS: Firm long-term requirement. French competition strong and assisted by warship visits. Qatar crew trained with RN in 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	MINISTERIAL: Minister (DP) visited October 1984.
VALUE :£m 60.00	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France (CNM), FRG, Netherlands (Tripartite).
51 1985	
COUNTRY: <u>SAUDI ARABIA</u>	REMARKS: HQ RSAF sought BAe proposals for supply of 750 weapons in Sept 1984. They have since hastened the BAe response. Proposal document is now ready for dispatch. Meanwhile joint MOD/BAe discussions continue on necessary sanitisation and an acceptable delivery timescale. The Saudis have sought US Government agreement to BAe discussions with Northrop and McDonnell-Douglas on integrating the weapon on F-5 and F-15 aircraft.
PRODUCT: ALARM	
FIRM : BRITISH AEROSPACE AG	MINISTERIAL:
VALUE :£m 200.00	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: USA (HARM) - but clearance to supply is doubtful.
1794 1986	

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
	INVOLVEMENT: July 1984. Min(DP) visited UAE in Oct 84 (Mr Butler).
REF NO CON.DATE	COMPETITION: France (Thomson CSF), USA (Hughes).
68 1985	
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-
	INVOLVEMENT: 19 July 1984. Min(DP) (Mr Butler) visited UAE in October 1984. S of S has written in support of IMS proposals.
REF NO CON.DATE	COMPETITION: USA, France, FRG.
71 1985	

END

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: AUSTRALIA	REMARKS: Following delays and cost over-runs with the Australian A-10 basic trainer aircraft project, the Australian government has invited Shorts (Tucano) and Pilatus (PC-9) to submit proposals for building their aircraft in Australia. Completion of the A-10 project will also be considered.
PRODUCT: SHORTS TUCANO	
FIRM : SHORT BROS AIRCRAFT	
VALUE :£m NK	MINISTERIAL: Possibility of collaboration with UK based on RAFs chosen basic trainer was
REF NO CON.DATE	INVOLVEMENT: raised informally by RAAF during Min(DP) February 85 visit.
1745 N.K.	COMPETITION: Switzerland (PC-9), Australia (Hawker de Havilland).
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. Yarrow's have offered Type 23 which broadly meets requirements. 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.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
7 1985	
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.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: FRG., France.
347 N.K.	
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.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: France.
181 N.K.	
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.
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION: FRG
473 1986	

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 1798 N.K.	COMPETITION:
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 1901 N.K.	COMPETITION: USA (F-20 Tigershark)
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 349 1985	COMPETITION: FRG, Holland, Italy.
COUNTRY: <u>INDONESIA</u>	REMARKS: The Indonesians have signed (Dec 84) for 96 Rapier 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 1900 N.K.	COMPETITION:

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 : PANAVIA	
VALUE :£m NK	MINISTERIAL: PM has written to Nakasone as have FRG and Italian heads of government. 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 B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: MALAYSIA 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: MALAYSIA 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: NEW ZEALAND 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: NEW ZEALAND REMARKS: RNZN carrying out a review of surface fleet requirement. Defence budget for 1985/6 raised by 31% as direct result of devaluation and recognition that NZ forces will need new equipment to be self-sufficient following ANZUS crisis. RNZN very keen on Type 23, or if constrained by budget, second-hand RN Type 21. Hall Russels OPV3 also popular with RNZN.

PRODUCT: SURFACE WARSHIPS

FIRM : VARIOUS

VALUE :£m 320.00 MINISTERIAL: Min (DP) visited NZ February 1985.

REF NO CON.DATE INVOLVEMENT:

182 N.K. COMPETITION: Netherlands, FRG,

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

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 September 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.
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 PN 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:
REF NO CON.DATE	INVOLVEMENT:
1942 1985	COMPETITION: Italy (AB-212), France (SA-360F Dauphin)
COUNTRY: <u>PR CHINA</u>	REMARKS: A Marconi delegation visited Polytechnologies Inc. in Beijing during April 1985 to discuss Tigerfish torpedoes and their delivery systems. During the visit Marconi signed a letter of intent to provide technical specifications, quotations and a draft contract for upto 40 torpedoes, 7 turbine dischargers and 7 KAFS FCS. Marconi delivered the documentation in June 1985 and are expecting a Chinese delegation in the UK during August for final negotiations.
PRODUCT: MK24 TORPEDO	
FIRM : MARCONI UNDERWATER SYSTEMS	
VALUE :£m 35.00	MINISTERIAL:
REF NO CON.DATE	INVOLVEMENT:
2796 1985	COMPETITION:
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:
REF NO CON.DATE	INVOLVEMENT:
720 1985	COMPETITION: USA, Italy (Selenia)

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

COUNTRY: <u>PR CHINA</u>	REMARKS: A Marconi delegation visited Polytechnologies Inc. in Beijing during April 85 and signed a letter of intent to provide technological specifications, quotations and a draft contract for upto 100 Stonefish mines. The documentation was delivered in June 1985 and a delegation from Ploytechnologies is due to visit the UK in July for further negotiations.
PRODUCT: STONEFISH MINE	
FIRM : MARCONI UNDERWATER SYSTEMS	
VALUE :£m 4.16	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 2795 1985	COMPETITION:
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 14 1985	COMPETITION: France.(AS15TT in a package with the Dauphin helicopter).
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 26 1986	COMPETITION: France(Dauphin), Italy (Agusta 219),USA(S76, Seasprite).
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 224 N.K.	COMPETITION:

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

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 1802 N.K.	COMPETITION:
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 1800 1985	COMPETITION:
COUNTRY: <u>SINGAPORE</u>	REMARKS: Requirement in abeyance.
PRODUCT: LYNX (NAVAL)	
FIRM : WESTLAND HELICOPTERS	
VALUE :£m 100.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 1799 1985	COMPETITION:
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 1801 1986	COMPETITION:

ANNEX B - PRIORITY ONE PROSPECTS - ASIA & FAR EAST

! COUNTRY: THAILAND 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: THAILAND 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 OPTIM-
! ISTIC, 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. VT rep. will visit in July to progress.

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. Last minute improvements to the credit terms being sought by the Algerians.

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 Sept 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 second half of 1985.
REF NO CON.DATE	COMPETITION: Various but France in particular.
1867 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, reopened the competition and WHL have submitted their revised proposals. Results of the AFZ re-consideration are awaited.
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 of S (DP) discussed with Min of State in PM Office for Defence in May 85.
REF NO CON.DATE	COMPETITION: France, Italy, Yugoslavia.
1606 1985	

END

ANNEX B - PRIORITY ONE PROSPECTS - NORTH AMERICA

COUNTRY: CANADA	REMARKS: TCCS (Tactical Command, Control & Communication System), aims to replace by 2000, all section to theatre communications. PD stage will last 2 years and first RFP just issued. UK software houses in contention (Software Sciences & Easams). Likely outcome is contracts to 1 UK firm, 1 French, 1 on-shore if capable. In longer term, Plessey and possible Marconi in running for main hardware contract. Only phase 1 funded so far. Local manufacture & offset is key.
PRODUCT: TCCS	
FIRM : VARIOUS	
VALUE :£m 700.00	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE 3426 N.K.	COMPETITION: France, Canada.
COUNTRY: USA	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: USA	REMARKS: Initial contract for US NACES (Naval Aircrew Common Ejection Seat) awarded to Martin Baker on 3 May 1985 value \$5.5m. Total value of design programme \$20m. Contract contains options for production of upto 734 seats, value \$50m. NACES programme contains about 40% US content. Martin Baker subcontractors are East West Industries (NY) Teledyne (CA) and EDM Corp. (VA). Potential to bid in open competition for further requirements upto \$100m.
PRODUCT: EJECTION SEATS	
FIRM : MARTIN BAKER	
VALUE :£m 32.50	MINISTERIAL: Minister (DP) INVOLVEMENT:
REF NO CON.DATE 749 1986	COMPETITION: USA(Stencel & McDonnell-Douglas)
COUNTRY: USA	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 may apopt for GR5. Thereafter 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. USG has asked for waiver of UK R&D levy on Hawk. Under consideration in the department.
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: First contract signed 13.12.84 between Asst Sec US Army and Minister(DP). (FY 84 procurement). FY85 procurement contract signed April 1985 for 491 mortars and 350,000 bombs value \$35m. Congress has zeroed FY86 funds. DSO(W) to monitor situation.
PRODUCT: IMPROVED 81mm MORTAR	
FIRM : ROYAL ORDNANCE	
VALUE :£m 150.00	MINISTERIAL: Minister (DP)
	INVOLVEMENT:
REF NO CON.DATE	COMPETITION:
1915 1986	
COUNTRY: <u>USA</u>	REMARKS: Plessey/Rockwell/ITT have responded to US Army RFP for 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 WVIPs in April 1985. Request for best and final offer issued 13 July. Source selection end August. Contract award October 1985.
PRODUCT: PTARMIGAN FOR MSE	
FIRM : PLESSEY DEFENCE SYSTEMS	
VALUE :£m NK	MINISTERIAL: Minister (DP), Secretary of State, Prime Minister.
	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. Supplement to existing Rapier MDU under negotiation.
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 300 "approved" as potential suppliers. Competition commenced mid 83 and expected to continue at least until late 86. No guaranteed offset sum. To date 104 awards (val £37m) 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 expected Autumn 1985.
FIRM : PLESSEY RADAR	2)USAF - MPN - XX rapidly deployable air traffic control requirement. 25 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 1986	

END

ANNEX B - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: <u>BRAZIL</u>	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	COMPETITION: France, Italy, USA.
196 1985	
COUNTRY: <u>BRAZIL</u>	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	COMPETITION:
1712 1985	
COUNTRY: <u>BRAZIL</u>	REMARKS:
PRODUCT: VIDEO CAMERA & RECORDER	
FIRM : FERRANTI DEFENCE SYSTEMS	
VALUE :£m 5.50	MINISTERIAL: INVOLVEMENT:
REF NO CON.DATE	COMPETITION: Fairchild; Teledyne; TRT.
2813 N.K.	
COUNTRY: <u>CHILE</u>	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	COMPETITION:
1545 1986	

ANNEX B - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: CHILE	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: CHILE	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: ECUADOR	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: ECUADOR	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	

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D/MKTG/17/21

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ANNEX B - PRIORITY ONE PROSPECTS - LATIN AMERICA

COUNTRY: <u>ECUADOR</u>	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: France (Crotale).
105 1985	

END

END OF RUN

CONFIDENTIAL UK EYES B - COMMERCIAL-IN-CONFIDENCE