

51

DUS(POL)PE/450/5/3/6

PUS DIST (10.5.82)

PUS

Copy to:
C of N
DUS(P)
DGW(N)
Head of DS13
Head of IP2

S of S
Minister(DP)
CDS
DCDS(I)

NEWMONT ENGINEERING Co LTD-EXOCET MISSILE

1. This firm is located at Ealing. It is not on our Contractors list, but it has done sub-contract work for the French firm EMD who in turn are sub-contractors to SNIAS who make Exocet.
2. The work is gearing for the stabilisation platforms in homing heads. There have been no deliveries to EMD for some time but there was a recent order worth £4,500 but we cannot be certain this was for Exocet - EMD make other homing heads.
3. Under Article 2 of the Exocet MOU, we secured a minimum UK industrial participation of 17% of the value of our orders. The French firms deal direct with UK firms. In the present context the important point is that under Article 26 of the MOU "The Government of the UK will take no steps to prevent delivery to France of components or sub-assemblies sub-contracted to British firms under the provisions of Article 2 above.
4. The issue raised by the Telegraph goes much wider than this particular firm - others, including ROF Patricroft, have been involved in this offset work.
5. Given the MOU position, I go along with Head of DS13's assessment of the situation and his proposals both for action with Paris and with the Press.

CHIEF OF DEFENCE STAFF

DATE 10/5/82	COPIES
1 CDS	2 CDS

K.G.

7th May 1982

(K G MACDONALD)

JW
10 May

AMC	ACDS (1)
SO/CDS	ACDS (1)
PAR/DG	ACDS (1)
FILE 2036/10	5 SV