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Foreign and Commonwealth Office

London SW1A 2AH

23 January 1986

Dear Charles,

Purchase of Thyssen TM170 Armoured Personnel Carriers
From Berlin Occupation Costs Budget (OCB)

We understand that the Prime Minister, accompanied by Mr Stanley, is to see Mr Warren Hawkesley MP this afternoon to discuss Mr Hawkesley's complaint that the British Forces in Berlin are to buy German-made Thyssen Armoured Personnel Carriers, instead of the British Saxon.

We have been in close touch with the Ministry of Defence, who are providing briefing. I should like simply to draw your attention to a point of particular concern to the FCO. The proposed purchase has attracted adverse press and parliamentary interest in the FRG and Berlin. Doubts have been expressed as to whether it is a legitimate use of OCB funds. The Federal Ministry of Finance, which previously approved the proposal in principle, has shown signs of unease. In view of this, it is important to ensure that nothing is said publicly in the UK (either by official spokesmen or - though this is more difficult - by Mr Hawkesley) which might provoke the Federal authorities to press us to reconsider use of the OCB for this purchase. It is particularly important to avoid giving the impression that the decision to buy the vehicles under the OCB was reached only to avoid the commitment of UK national funds.

The Embassy in Bonn have drawn attention to this point and have also recommended that the letter of intent to buy the APCs should not be issued until there has been further discussion with the Federal German authorities. We endorse this recommendation.

I hope that these points will be given due weight in briefing for the Prime Minister.

I am copying this letter to John Tesh in Mr Stanley's office.

Yours ever,
Colin Budd

(C R Budd)
Private Secretary

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PS/10 Downing Street

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