

SECRETARY OF STATE

LYNX SPARES FOR BRAZIL

John Coles has told me that the Prime Minister would like to raise this subject at OD(SA) tomorrow. In accordance with the OD(SA) decision on Friday no action has been taken to notify the firm that they may proceed to fulfil their contract, pending the satisfactory conclusion of the Vulcan incident. I think the Prime Minister might ask whether there is any scope for using the Lynx contract as a lever on the Brazilians to release the Vulcan. I have fed this thought into the FCO machinery but I do not expect that they will have had time to produce a formed view for tomorrow's meeting. As there have been no developments at Rio - the Vulcan is still on the tarmac and negotiations are still going on - I think it would be sensible for OD(SA) to ask interested Departments to come up with a quick view.

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6th June 1982

(N H R E)