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OD(81) 13th Meeting

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CABINET

DEFENCE AND OVERSEA POLICY COMMITTEE

—  
MINUTES of a Meeting held at  
10 Downing Street on  
FRIDAY 24 JULY 1981 at 11.00 am

—  
PRESENT

The Rt Hon Margaret Thatcher MP  
Prime Minister

The Rt Hon William Whitelaw MP  
Secretary of State for the  
Home Department

The Rt Hon Lord Carrington  
Secretary of State for Foreign and  
Commonwealth Affairs

The Rt Hon Sir Geoffrey Howe QC MP  
Chancellor of the Exchequer

The Rt Hon Francis Pym MP  
Chancellor of the Duchy of Lancaster  
and Paymaster General

The Rt Hon Lord Soames  
Lord President of the Council

The Rt Hon John Nott MP  
Secretary of State for Defence

The Rt Hon John Biffen MP  
Secretary of State for Trade

ALSO PRESENT

The Rt Hon Sir Keith Joseph MP  
Secretary of State for Industry

SECRETARIAT

Sir Robert Armstrong  
Mr R L Wade-Gery  
Mr R M Hastie-Smith

SUBJECT

ARMS SALES TO THE MIDDLE EAST AND CHILE

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ARMS SALES TO THE MIDDLE EAST AND CHILE

Previous Reference: OD(81) 2nd Meeting, Item 3

The Committee considered memoranda by the Secretary of State for Foreign and Commonwealth Affairs (OD(81) 36) and the Secretary of State for Defence (OD(81) 39) concerning proposals to sell combat aircraft and other items of defence equipment to countries in the Middle East. The Committee also had before them a letter from the Secretary of State for Defence to the Foreign and Commonwealth Secretary dated 20 July 1981 about the possible sale of Vickers Mk III tanks to Chile.

THE SECRETARY OF STATE FOR DEFENCE said that the change of government in France and therefore of Arab attitudes to France as a potential supplier, and German political inhibition on sales of arms outside Germany presented a unique opportunity for selling British defence equipment in the Middle East, although there would continue to be security difficulties about selling a number of sophisticated items. It was likely at the end of the day that the Government would not choose to sell the strike version of the Tornado to either Iraq or Syria, both because of West German objections and for national reasons of external policy. But France was making a determined effort to sell an entire family of aircraft in the Middle East consisting of the Mirage 4000, Mirage 2000 and Alphajet. British prospects of selling the Hawk in the same market, and interesting Saudi Arabia and the Arab consortium in the development of the P110 aircraft, would be likely to depend on keeping the Tornado option in front of potential Middle East customers for the time being. The P110 project was of particular importance to the aerospace industry in this country, as there was no other British combat aircraft project in prospect, and there might well be a national requirement for the P110 in the 1990s. The Defence Budget might be able to make some contribution towards funding the project after 1986.

THE FOREIGN AND COMMONWEALTH SECRETARY said that he generally agreed with the proposals put forward by the Secretary of State for Defence. But the present Iraqi regime was revolutionary, violent and potentially unstable. So was Syria. Both countries had friendship treaties with the Soviet Union. Even to suggest that this country was prepared to supply a sophisticated long-range strike aircraft like the Tornado to such regimes would be a significant departure from existing policy, which should only be decided after careful consideration.

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In discussion there was general agreement that the main aim should be to promote the P110 in the Middle East, and that as a matter of tactics the provision of the Tornado should continue at present to be discussed with potential Arab customers.

The following points were made -

- a. It would be impossible to say one thing to Jordan and something different to Iraq about the possible provision of the Tornado, as both countries would be members of the same Arab consortium.
- b. It would be necessary to be able to defend the policy in Parliament in terms which would not be at variance with what was being said to the Arab consortium.
- c. A refusal to discuss the possible sale of Tornado to Iraq would not deprive that country of sophisticated combat aircraft as the French package deal would then probably go ahead. But the possible development of the P110 and the sale of Hawk would be jeopardised.
- d. The Arab/Israel military balance would not be significantly altered by the proposed P110 sale. Israel was receiving substantial deliveries of sophisticated American equipment and aircraft.

THE PRIME MINISTER, summing up this part of the discussion, said that the Tornado option should be kept in front of potential Middle East customers in order to provide an opening for the P110 project and the sale of the Hawk, the Committee recognised that this implied a readiness in principle to sell a sanitized version of the long-range strike Tornado in the Middle East, although it seemed unlikely that this would come to pass. In regard to the West German objection to the sale of Tornado, it was clear that the French had accepted less stringent conditions in their bilateral projects with West Germany. In future this country should be careful to do the same. Under President Mitterrand France would be likely to continue her robust defence sales policy abroad.

THE FOREIGN AND COMMONWEALTH SECRETARY said that in regard to the proposed sale of Vickers tanks to Chile the present embargo ought to be maintained. Chile had a deserved reputation as a repressive regime, and tanks were highly emotive items. The sale of Vickers tanks would cause a political outcry in this country.

THE SECRETARY OF STATE FOR DEFENCE said that the position of Vickers had <sup>now</sup>~~not~~ been eased by the fact that the company had just received a substantial order for Valiant tanks from Nigeria. For this reason he was prepared not to press the issue in the face of the objections raised by the Foreign and Commonwealth Secretary.

THE PRIME MINISTER, summing up a brief discussion, said that the basic issue lay in choosing between the need to create jobs, particularly in the North East, and selling defence equipment to regimes which showed insufficient respect for human rights. The present regime in Chile had been a particular target for left-wing propaganda in this country and it was unfortunate that the hollowness of much of the left-wing case had not been exposed, as Chile represented a good potential market for British military and civil goods. From the point of view of the interests of this country it would be preferable to sell Vickers tanks to Chile than for example the Tornado to Iraq. In view of the Nigerian order which Vickers had just received, there was no need for the Committee to take an immediate decision. The problem should be given further consideration.

The Committee -

1. Invited the Secretary of State for Defence
  - i. to continue to promote the sale of the P110 aircraft in the Middle East.
  - ii. to continue to discuss the provision of the Tornado with interested Arab customers but to seek to focus their attention on P110 on the basis that there could be no assurance of the supply of the Tornado.
  - iii. to press ahead with negotiations on Army equipment for Iraq subject to the caveats contained in OD(81) 39.
  
2. Invited the Foreign and Commonwealth Secretary in consultation with the Secretary of State for Defence to explore further and report on the possibility of selling British tanks to Chile.