



10 DOWNING STREET

CP
THE PRIME MINISTER

Prime Minister JS
C D L H d
MOD
1 July 1981

Following our meeting on 15 June which Kenneth Baker attended, I agreed to examine the points you raised on the problems facing Vickers Elswick Works.

Vickers seem well placed to get the expected order for Nigerian tanks. Although there have been administrative delays in the placing of large military contracts, there are encouraging signs that the logjam has recently been broken and I think that there are grounds for optimism.

While the Elswick factory has traditionally supplied maintenance spares to the British Army for heavy armoured vehicles, spending on contracts throughout the defence field had to be cut back in the last financial year. This resulted in a decline in orders placed with many companies, including Vickers. However, I understand that Vickers is to be asked over the next few months to tender for spares whose total value is in excess of £700,000. The first of these tenders has already gone out. I hope the company will bid competitively and secure a good proportion of these orders.

Tank spares bought by the Ministry of Defence on behalf of overseas customers are normally provided by the original manufacturer of the component involved and, except for a few specialised parts which Vickers supply, the company is not expected to benefit to any great extent. The spares arrangements for Valiant Tanks are handled by the company themselves rather than through the Ministry of Defence.

/ I am sorry JS

I am sorry to say that officials have not been able to find any record of Standard 90 as a measure of the quality of production. However, I understand that the Defence Systems Division and Non-Ferrous Metals Divisions have both met Ministry of Defence quality assurance standards.

Finally, I am told that the brass products you mentioned can be obtained from other UK suppliers. There are four other companies which could supply the hollow brass rod and one other the specialised fittings. But it is recognised that this is a declining market facing cheap imports from Germany and France, as well as substitution from other materials.

(SGD) MARGARET THATCHER

Harry Cowans, Esq., MP.