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Subject: DEFENCE: Budget  
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THE PRIME MINISTER

**PRIME MINISTER'S**

**PERSONAL MESSAGE**

**SERIAL No. T66/83**

17 May 1983

Dear Prime Minister,

When we met in London in February we had a very useful talk about the opportunities for expanding industrial collaboration between our two countries, especially in advanced technology projects. I have been looking forward to building on this, and hope that our two general elections will not complicate matters too greatly.

We agreed on that occasion that the EH101 helicopter project offered the most immediate prospects for collaboration between our industries with government support. The earliest possible start on development work is now necessary if the substantial potential market is to be captured and the operational needs of our two Navies satisfied. The project has been running at a relatively low level of effort on interim funding for almost a year now. I fear that further extension of this arrangement would have increasingly damaging effects on its commercial appeal and in consequence on the viability of the naval version of the aircraft. The two aspects are of course closely inter-related.

I realise that you must have much on your mind at the moment. But I hope nevertheless that you will be able to use your personal influence to do everything possible to ensure that sufficient funds are made available, whether from government or private sources, to allow the relevant programme in Italian industry to be built up to the level required for development with effect from July. If this could be done in Italy we on the UK side would be prepared

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to do the same, subject of course to the conclusion of satisfactory contractual arrangements with the firms. It should still then be possible to bring the helicopter into service when it is required. This would be of very considerable benefit to the industries and Navies of our two countries.

Yours sincerely  
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His Excellency Senator Amintore Fanfani