



MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1  
Telephone 01-530 7622 218 2111/3

MO 14/3

8th May 1981

*John Michael,*

ANGLO-GERMAN CONSULTATIONS

At the Prime Minister's briefing meeting on Wednesday, Sir Frank Cooper undertook to let her have some additional material on two points in connection with next week's Anglo-German consultations. I, therefore, attach a supplementary brief on sales of collaborative equipment, and a short factual note on current strengths of British Forces on the European Continent.

Our officials are circulating these notes in the usual way through the Cabinet Office but I am writing to you direct to ensure that the supplements reach the Prime Minister's weekend box in good time.

I am copying this letter with its attachment to Francis Richards (FCO), Richard Tolkien (HM Treasury) and David Wright (Cabinet Office).

*Your sincerely*  
*John Dawson*

(J D S DAWSON)

*S. Y. ...*  
*... in ...*  
*Soviet equipment in ...*

*Gk*  
*sp.*  
*11.*

M O'D B Alexander Esq



SECRET

ANGLO-GERMAN CONSULTATIONS  
11-12 MAY 1981

DEFENCE MATTERS  
Brief by Ministry of Defence

F.R.G.

No-one will sell  
weapons to S.A. etc  
because of Regu's  
Attack -

POINTS TO MAKE

A. Sales of Collaborative Equipment

We understand that, under a Franco-German Agreement concluded in the early 1970s, the French have considerable greater latitude to promote overseas sales of collaborative projects than the UK enjoys on Tornado. Would it be possible to conclude a similar Agreement and could this be brought into effect retrospectively? If not, can we not be given similar treatment to France without a formal Agreement. The question of principle is the same whether an Agreement exists or not.

BACKGROUND

A. Sales of Collaborative Equipment

The Memorandum of Understanding signed by UK, Germany and Italy in 1969 on Tornado simply states:-

"The participating countries will act in agreement in all matters relating to:-

- a. sales to other countries of the aircraft and associated equipment developed under this programme;
- b. the release to other countries either for information or for use of technical data generated in the execution of the programme.

These conditions were largely of our own making. At the time we were concerned to safeguard the security aspects and also to retain some political control ourselves over sales by our partners.

SECRET



By contrast the French have an Agreement with the Germans dating from 1971 which covers Alphajet, Milan, HOT, Roland<sup>and</sup>/some minor weapon systems. This states that:--

"Neither of the two governments will prevent the other government from exporting or causing to be exported to third countries armament materials which are the result of development or production carried out in co-operation." ...

"The two governments have agreed to interpret and apply national laws governing the exportation of armament materials in the spirit of Franco-German co-operation. Only exceptionally may use be made of the possibility of refusing authorisation to export the components of a joint project. In this case, the two governments agree that they will consult one another in depth before a final decision is taken."

It appears that discussions were initiated between ourselves and the Germans early in the 1970s with a view to drafting a similar agreement. There were, however, delays and reservations on both sides and, for reasons that are now not entirely clear, nothing came of this initiative.

In recent discussions with the Germans at official level, they have indicated that they would be prepared to take this matter up again with a view to concluding an Anglo-German Agreement similar to the Franco-German one. Work is already in hand on this but the Germans have advised us that they could not endorse such an agreement until the internal political debate on arms sales within the Federal Republic has been completed later in the year. There are, moreover, different views within the FRG at official and political level as to whether such an agreement can be made retrospective to supercede the existing MOU on Tornado. German



SECRET

officials informed us in March that a retrospective agreement ought to be possible since the Bundestag had been told that <sup>the</sup> principles embodied in the Franco-German agreement would apply to other collaborative projects. However, Herr Apel has subsequently told Mr Nott that in his view it would not be possible to alter the Tornado MOU retrospectively. Despite this it could be argued that, notwithstanding the lack of a formal agreement, we should be entitled to the same degree of freedom as the French and the Germans should withdraw their reservations on Tornado exports. The principle of supply to the Middle East is the same whether a formal agreement exists or not.

There is ample evidence that the French have exploited the favourable terms which they enjoy on Franco-German collaborative projects to the maximum possible extent and that the Germans have raised no serious objections:-

- a. Alphajet - Alphajet has already been sold to 3 Middle East countries - 24 to Morocco, 30 to Egypt and 6 to Qatar. The Germans may argue that the aircraft is being sold only in the training mode, but it can easily be adapted to carry weapons and we know that 12 of the Moroccan aircraft will be used for combat purposes
- b. Missiles - Extensive Missile sales throughout the Middle East by the Franco-German consortium Euromissile have been reported, but some of these reports have been received from sensitive sources and hence should be used with caution.

The missiles concerned are:-

- i. Milan, ground launch ATGW - believed to have been sold to Iraq, Somalia, Syria, Egypt, UAE and possibly Lebanon and Morocco.
- ii. HOT, air launch helicopter ATGW - known to have been sold to Egypt, Iraq, Kuwait and Syria. Unconfirmed.

SECRET



SECRET

reports of additional sales to Saudi Arabia, UAE and possibly Libya and Morocco.

iii. Roland, surface to air missile - press reports indicate that this has been sold to Iraq and sensitive sources confirm that <sup>a</sup>major order was signed late in 1980 after the outbreak of war with Iran.

SECRET



BRITISH FORCES ON THE CONTINENT

Current strengths of British Forces on Continent of Europe are:

Army	56,685
RAF	10,372
	<hr/>
	67,057
	<hr/>

These are mostly in West Germany, but include the Antwerp contingent (of about 200), units on roulement in Northern Ireland and 9% away on leave, training etc. They do not include 3,550 Army and RAF in Berlin.