



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2111/3 (Direct Dialling)

01-218 9000 (Switchboard)

MO 25/3/4

23rd December 1981

Dear Mike,

/ You sent me a copy of your letter of the 17th December to John Halliday. I now attach notes on the main MOD activities and achievements in 1981. Given the nature of MOD business we have not attempted to gaze into the crystal ball for 1982.

Yours sincerely
Nick Evans

(N H R EVANS)

M A Pattison Esq

Defence Budget and Defence Review

Defence spending continues to grow in real terms in line with NATO's 3% annual target. Government committed itself in July to plan to continue this growth rate until 1985-86. However defence programme review necessary because existing force structures could not be funded even within increased resources, particularly because of rising real equipment costs. Also need to change balance between platforms and weapons. Some reduction in surface fleet numbers and associated measures (dockyard closures) regrettable but inevitable. Surface fleet will remain formidable, but greater emphasis on submarine and maritime air systems. Defence still top priority: major contributions in nuclear field, central front, Eastern Atlantic and defence of home base. Commitment to NATO still total: Allies paid tribute to size and scope of UK effort at a time of severe domestic economic difficulty.

Efficiency

By beginning of April next year number of MOD UK based civil servants planned to be down to 221,000 from 247,000 in 1979. On course for target of 200,000 by 1st April 1984. Major efficiency drive at line manager level to prune inessential activities, question standards and levels of service. Department is, for example, systematically placing cleaning work to firms in the private sector - decisions so far covering over 3000 posts. MOD has made full contribution to Rayner scrutiny programme - particularly important interdepartmental review of support services for R&D Establishments now nearing completion.

Defence Sales

Value of major defence sales contracts signed during first nine months of 1981 totalled over £1000m - almost 40% up on the equivalent for 1980. Notable export successes for Hawk and Rapier during the year. Growing interest in British defence equipment in the United States - good prospects of securing substantial American orders for Rapier, Hawk and the 81 millimetre mortar system. Stand to benefit from joint development of AV8B aircraft. Strong sales links with traditional partners maintained - e.g. UK won £150m contract earlier in the year to assist Saudi Arabian National Guard to develop medical and hospital facilities.

Service Manpower

Continuing improvement in the manpower position of armed forces - considerable shortages which had developed up to 1979 almost entirely disappeared. Due in no small part to the Government's implementation in full of AFPRB recommendations.

Operations and Training

RNs principal operational commitment patrol in North West Indian Ocean begun in 1980 to prevent threat from regional conflict to free passage of merchant shipping in Gulf. Destroyer or frigate also maintained in the Caribbean as Belize guardship and to support dependent territories and assist in disaster relief. RN took part in major Exercise Ocean Venture with 250 ships and 1000 aircraft from 14 NATO and non-NATO nations, held from June to September.

Army presence in Northern Ireland reduced as the RUC assumed greater responsibility for law and order. Further reduction

made in number of major units serving on emergency tours - although Spearhead still deployed in wake of Bradford murder. Task of British Military Advisory Team in Zimbabwe of helping to form integrated national army now virtually complete.

RAF Search and Rescue Units in UK answered over 800 calls during the year, rescuing over 600 people. RAF Hercules deployed to Dakar following attempted coup in Gambia in August. Aircraft flew three sorties into Banjul Airport evacuating over 200 civilians. RAF Red Arrows carried out major, and successful tour of Middle East - did much to persuade UAE to purchase Hawk. Tornado crews from UK, Italy and Germany now being successfully trained at Tri National Training Establishment at Cottesmore, set up earlier this year.