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MO 26/9/1(A)

26th August 1982

*Proc Munster*

*Dear Tom,*

*DL*

*27/8*

DEFENCE SALES - QUARTERLY REPORT: APRIL-JUNE 1982

The Prime Minister will wish to have the latest quarterly report on major defence sales for the period April to June 1982 together with a report on sales prospects which is attached at Annex.

Towards the end of the quarter the British Army Equipment Exhibition (BAEE) was held in Aldershot during the week 20th-25th June on a site substantially larger than the previous exhibition in 1980 with a further 50 companies taking advantage of the extra space. The Falkland Islands conflict inevitably had an effect on the number and nationality of visitors attending, but nevertheless the exhibition played host to more than 650 official foreign visitors representing a total of 71 countries as well as more than 450 foreign industrialists. Despite appalling weather conditions, the Exhibition was generally regarded as a success, which we hope will reflect in future reports.

The overall total value of contracts signed during this quarter shows a slight increase over the previous one, £406M against £395M and compares with £532M in the same quarter in 1981 (which included £150M for a SANGMED management contract for Saudi Arabia). Almost half of this quarter's total sales are accounted for by the single £200M contract with Saudi Arabia for a two year extension of the SANGCOM project. After Saudi Arabia, our next most important customer was Iraq with purchases amounting to a total of some £37M. Indeed the Middle East as a whole continues to be a very important market, with sales to the region accounting for more than 70% of the quarter's total and with a number of encouraging prospects on the horizon.

The protracted negotiations for the supply of 72 FH70 howitzers to the Saudi Army resulted in a contract worth £64M being signed on 11th July just outside the period of this report.

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After protracted negotiations, a further three year extension to the Defence assistance project for the Royal Saudi Air Force (SADAP) worth £370M has been agreed and the Head of Defence Sales has just returned from signing the new Memorandum of Understanding, on behalf of the Secretary of State. The second quarter of 1982 also saw increased contact with the Gulf States and Oman. Latest developments in the Iran/Iraq conflict have heightened the sense of insecurity in these states and have prompted an interest in further equipment and training from UK. Military delegations were received from UAE, Bahrain and Oman to see British equipment. In the case of Oman and Bahrain a substantial re-equipment programme may be funded by their partners in the Gulf Co-operation Council. There are prospects for the supply of UK equipment, such as aircraft, air defence, airborne early warning, and on the land side in the fields of armour, artillery and communications. The Head of Defence Sales made an extensive tour of the Gulf during this quarter.

Another significant success in the area during the period covered by this report was the signature by United Scientific Holdings Ltd of a contract for the construction of an optics factory in Egypt (£30M) to manufacture binoculars, vision aids, Laser Rangefinders Etc. There is further evidence of considerable Egyptian interest in UK products. In May an Armoured Delegation visited UK to evaluate Challenger and a further team visited in June to discuss command, control and communications systems. Representatives of the Ministry of Defence, the Ministry of Military Production and the Ministry of the Interior visited BAEE 82. The ROFs have completed development work on T55 tank upgunning and are preparing proposals for converting existing Soviet towed artillery to tracks. In addition Vosper Thornycroft remain in detailed discussions with the Egyptians on proposals for frigates or fast patrol boats. However, the UK faces strong competition on all these prospects. With the very limited financial resources available, extended credit terms are of crucial importance as is our willingness to offer local assembly and manufacture.

Although still a major customer, fewer contracts have been concluded with Iraq this quarter. This can be accounted for by reverses suffered in the war with Iran and the closure of the pipeline through Syria which has deprived the Iraqis of a large proportion of their revenue. The Iraqi decision not to proceed with the refurbishment of captured Iranian Chieftain tanks was a major disappointment, and the proposal for a new Naval Base has been put on ice until the situation in the Basrah area is clarified. However, despite the budgetary constraints and uncertainties British firms are continuing to provide quotations and to pursue various contracts wherever possible. Good opportunities remain for UK manufacturers to secure large orders. The most immediate on the Air Force side is for the supply of Nimrod AEW and tanker aircraft (£1400M including spares and support) provided we can resolve the question of performance bonds, advance payment guarantees





(which may require a Government to Government agreement), and problems over US sourced components and technology. There are also prospects for the supply of towed artillery which Ministers have agreed may go ahead after the war. The latter, of course, is a serious constraint. The Iraqis will not take us seriously as a major supplier with this type of condition, other than of Nimrod AEW and Hawk aircraft.

The Falkland crisis has affected both short and longer term sales prospects in a number of Latin American countries. Apart from the arms embargo placed on Argentina, temporary restrictions were placed on the supply of certain military equipments and spares to some of the less reliable Latin American countries, where it was considered these might pose a threat to UK forces if they found their way to Argentina. Ministers have agreed that these restrictions should now be eased, but sales to South America, in the immediate future, will continue to be carefully monitored. In particular, prospects in Peru and Venezuela have been set back by the crisis. The Venezuelan Hawk contract signed in March was frozen by the President and the prospects for Rapier there now look bleak. Elsewhere all the indications are that countries are anxious to return to a normal trading relationship as early as possible. This particularly applies to Brazil. Sales prospects in Chile remain unaffected by the conflict and indeed may have been strengthened because of it. The limiting factor here however is the poor state of the Chilean economy - they recently devalued by 18%.

In Africa, Nigeria is going through a difficult financial period and there has been delay in the finalisation of a number of important contracts. The signs are that these problems are easing as oil production increases. Although only one contract worth £4M was signed during the quarter, signature of the Jaguar contract (£580M+) is still awaited and we expect a number of other contracts to be finalised before the end of the year, notably the £65M Swingfire deal.

The first round of discussions with Algeria on the defence co-operation MOU took place in early June and a further round of negotiations is planned for mid-September. Meanwhile, pressure on our air defence resources during the Falklands operation has delayed the preparation of an outline proposal for an air defence network, but this should be ready for presentation to the Algerians by mid-August. An Algerian Air Force team is expected to visit UK immediately after the Farnborough Air Show to follow up proposals for purchase of local assembly of Hawk and for the maintenance of the existing aircraft fleet. However, the Algerian government is unlikely to enter into a major technology transfer and infrastructure project of this nature until after signature of the MOU.





In the Far East progress has been slow. Malaysia's economy has been suffering from the impact of the world recession, and our only hope in that country is that the Malaysian Prime Minister may be forced to adjust his discriminatory policy towards the UK if our equipment and services prove to be demonstrably cheaper. With regard to Thailand, it is now believed that the legal problems over the IMS £65M credit package satisfying Thai law have been overcome and it is hoped that discussions on details of specific procurement requirements will commence soon. Project 051 negotiations in China have reached a difficult stage. Whilst BAE are confident that they can agree a price for Sea Dart, VT(UK)Ltd cannot make any further progress without an increased offer from the Chinese.

An interesting development in the quarter has been the Indian Air Force decision to purchase a further 31 Jaguar aircraft. Consideration is also being given to buying up to 8 of the batch presently leased from the UK. In addition a paper is in preparation by the IAF requesting a further 40-45 aircraft which, if agreed, would take the total to around 165, in excess of the original Staff Target of 150. This extra procurement will no doubt be used to reinforce the IAF's claim to be exclusively responsible for the strike role, an argument they are pursuing to contest the IN's request for further Sea Harriers. Notwithstanding this inter-Service rivalry, however, hopes for extra Sea Harrier sales remain high.

For Australia, all has been overshadowed by the decision to retain HMS INVINCIBLE. The Australian Government are now considering alternative long term carrier solutions including a new build Invincible class carrier and the British Shipbuilders Helicopter Escort Carrier, based on a commercial design. As an interim solution the Government has offered HMS HERMES either for loan or sale in 1984. Australian decisions on future naval aircraft and helicopter requirements are likely to be delayed while the carrier requirement is reassessed.

In the USA a significant sales success has been the award to Brown Bros of a contract worth some £27.7M for Ship Stabilisers despite strong competition from Sperry of America. The future of the Hawk deal is still in doubt but there is strong support for the BAE aircraft in both the Senate and the DOD. Progress has also been achieved against a possible future requirement to update the US 105mm gun capability and the indications are that, as the Light Gun out-performed its American competitors the 82nd Airborne Division are keen to take it.

Other than a £10M contract for BL755 to Yugoslavia, very little has been achieved in the way of sales to European countries during the quarter. The French interest in AEW equipment has been maintained however and Norway is showing strong interest in Rapier. Greece is expected to make a





decision of her choice of aircraft between Tornado, US F16, F18 and French Mirage for the Hellenic Air Force towards the end of the year. Arrangements are in hand for an RAF Tornado to visit Greece on a training exercise, in September.

Finally, we are endeavouring to make the most of the interest in the performance of British equipment in the Falklands. Firms have been provided with separate letters making all the useful points we can at this stage for them to use as they wish. This will be followed up by more detailed information in October when the full analysis is available.

*Yours ever*

*Mich Evans*

(N H R EVANS)

## PART III - MAJOR DEFENCE SALES PROSPECTS

## AFRICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
ALGERIA	Air defence scheme	200+	1983	) All four of these projects dependent on ) signature of Defence Sales MOU currently under ) negotiation.	US of S(DP) visited in Aug 81. Has been in correspondence since.	France/Sweden/ Germany  France/Italy/ Czechoslovakia  France  Japan/Belgium/ Spain
	Hawk	200				
	Sea King/Commando helicopters	100+				
	Dry dock at Mers el Kebir Base					
EGYPT	30 metre patrol vessel for Coastguard	17	1983 onwards	Prospects fair. £17M contract under negotiation by Brooks Marine supported by ECGD credit.	M. of S(DP) has discussed with Egyptian Minister of Defence during 1981/2	Spain Italy France  France Spain
	Main Battle Tanks (Up to 500)	up to 1000	late 1980s	Egyptian delegation visited UK in May 1982 to evaluate Challenger. An offer of local manu- facture will almost certainly be necessary to win orders.		
MOROCCO	IMS Package - artillery, vehicles, small arms etc.	165	1982/3 onwards	Package revised in April 1982 and is still under consideration by Moroccans.		France USA (Aid)
NIGERIA	Jaguar	580+	1982	Negotiations on main contract terms + conditions still underway. Signature is reported to be imminent.		France  France USSR  USSR
	Swingfire	65	1982	Signature delayed due to Nigeria's short term financial problems.		
	Main Battle Tanks	50-60	1982 onwards	Negotiations continuing on this follow-on order.		
	Rapid Runway Repair Equipment	10	1982	Contract terms agreed and signature awaited. Short term financial problems causing delay.		
ZIMBABWE	CVR(T) family (Initial purchase of 18 vehicles likely).	up to 50 5	1982 onwards	ZNA impressed by CVR(T) at BAEE. In-country demonstration to be arranged.		France Brazil



## PART III - MAJOR DEFENCE SALES PROSPECTS

## ASIA &amp; FAR EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
AUSTRALIA	Hunt Class MCMVs	90+	1982/83	Position uncertain. Financial problems made prospects look poor, but UK's change of heart over sale of HMS Invincible has made position more flexible. ( Decision <u>not</u> to go ahead notified to us Aug 1982)	Minister(DP) S of S Prime Minister	USA
	Replacement for HMAS Melbourne	175(?)		An MOU and Sales Agreement in respect of HMS Invincible had been agreed but not signed prior to Falklands operation. HMG has now decided not to sell Invincible but has offered alternatives, including HMS Hermes, in short term until a further Invincible class ship is available.		
	Sea Harrier	200	1983	RAN purchase of VSTOL aircraft will be in association with that of an aircraft carrier. Requirement for up to 20 aircraft.		
	Sea King	75	1982/83	Also related to potential aircraft carrier purchase. Possible 14 helicopters required (in addition to 8 they already have).		
CHINA	Project 051	150	1984 onwards	Vesper Thornycrofts negotiations have reached deadlock. BAeDG to resume talks on their (Sea Dart) element of package in July 82.		
INDIA	Sea King	200	1982	Indian evaluation team at Westlands 12-16 July. Indians interested in obtaining information on Sea King's performance in Falklands.	S of S to visit Sept 1982.  Indian Minister of Defence invited to Farnborough.	France Italy
	Sea Harrier	103	1982	Negotiations continue. Indians want Sea Eagle but no ISD yet known for RN. Also want information on aircraft's performance in Falklands.		
	Light Combat Aircraft	165	N/K	India still considering ICA. FRG approval required to release of the RB199 engine.		FRG France Sweden
	Jaguar	50-60	1983	India appears to be ready to purchase a further 31 aircraft, although no announcement has been made (Now announced)		
	FH70	250	1982 onwards	IMS proposals still under consideration.		USSR, USA, France, Sweden, S Korea Austria

## PART III - MAJOR DEFENCE SALES PROSPECTS

## ASIA &amp; FAR EAST (Cont)

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
JAPAN	FH70	50-100	1982-83	IMS/Rheinmetall of FRG are leading negotiations on Sale and Licensed manufacture of FH70. Prospects good.		
KOREA	Skyvan	270	1983	In final stages of promotion. Skyvan appears to be preferred option.		
MALAYSIA	Panga Armoured Car	22.5	1982-84	Awaiting call forward for trials in Malaysia against competitors.		France, USA, Brazil, Switzerland
	FH70 (Excl ammunition)	12 (UK share about 4)		VSEL responding to tender invitation. MOD training package offered free of charge by flexing CEL and cost sharing with Vickers. Oto Melara also bidding.		Italy Austria Sweden
NEW ZEALAND	HMS Bacchante	11	Handover Oct 82	Letter of Intent signed Nov 81.	Minister (DP) approved original release of ships.	
	HMS Dido	6	Handover July 83	£4M deposit paid.		
	Wasp helicopters Associated ship equipments, ammunition, explosives etc.	2.02 11 (approx)	Oct 82 July 83	Sales agreement/MOU due for completion and signature July/Aug 82. Deferred payment terms agreed over three years.		
PAKISTAN	Frigates (2)	100	1982/83	Vospers have submitted proposals. Credit package essential.	OD in June 82 agreed credit of 50% (Middle Eastern funds said to be available for remainder).	France Italy



## PART III - MAJOR DEFENCE SALES PROSPECTS

EUROPE

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
DENMARK	Sea Skua	5-10	1985-86	Danish Navy understood to have recommended procurement of Sea Skua. Funding constraints remain critical.		
FRANCE	AEW Equipment	300+	1983	Marconi Avionics system fitted into either Transall or Atlantique aircraft is under consideration for French AEW requirement.		USA
GERMANY	105mm Tank Gun Qty (200-215)	5	1983-85	To follow an existing contract.		
GREECE	Tornado	1000+	1982-83	A decision is still awaited on choice of NFA for HAF. Companies are to be given opportunity to discuss their proposals with Greek governments before final decision is announced towards the end of this year, with possible contract signature in January 83. An RAF Tornado will visit Greece in September on a training exercise.	Greek Defence Minister Invited to UK (?Sept) 82.	USA France
ITALY	BL755	Up to 10	6 months	Negotiations continuing.		
	Spey Aero Engines	100	1982	RR Spey Engine has been selected for development programme for Italian/Brazilian AMX fighter. Even though licensed manufacture of the engine will take place in Italy, RR expect business in excess of £100M from the order.		
	Gem Aero Engines	30-100	1983	Gem engine has been selected for development programme for Agusta A219 anti-tank helicopter. RR have signed a collaborative agreement with Piaggio to satisfy Italian wishes for local manufacture. Total engine requirement 750-800.		



## PART III - MAJOR DEFENCE SALES PROSPECTS

## EUROPE (Cont.)

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
NETHERLANDS	Submarine Towed Array Sonar Type 2026	5	1982	MOU covering RN support for introduction of Type 2026 into RNLN submarines has been signed. Firm hopeful of initial order in September.		
NORWAY	Rapier	150	1983-84	MOD/Bae team visited Norway for discussion in Jun. Recommendation expected in September for final decision by Storting.	Min of State (DP) is writing in support. US of S(DP) to lead MOD/BA team 30 Aug 1982.	USA France/FRG
SPAIN	Rapier	100-150	1982	It is understood that the Spanish Army have decided, in principle, in favour of Chapparel but no contract has been signed. Bae is considering increasing offer of amount of local manufacture in an attempt to reverse the decision.		USA France
SWITZERLAND	BL755	Up to 20	1982	Order anticipated Sep/Oct 82. Offer valid until 31 Dec 82.		
YUGOSLAVIA	EM System	5	1983+	Pacal had hoped to sign full contract (worth \$20M) in June but were told that foreign currency problems limit purchase to £5M. Company will submit a fresh tender.		



PART III - MAJOR DEFENCE SALES PROSPECTSLATIN AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
BRAZIL	Sea Skua	10	1982	Early contract signature may be likely following successful use of the system in the Falklands conflict, if satisfactory credit arrangements can be made.		
	ASW Package	50	late 1982	Ferranti and Marconi Radar have prepared separate proposals worth approx £50M for anti-submarine equipment for Embraer developed maritime patrol aircraft. Decision expected later this year.		
CHILE	Rapier	100+	1983-84	Both Chilean Army and Air Force are seriously interested in Rapier, Blindfire and tracked Rapier. Attractive credit terms on offer. Success of system in Falklands will have enhanced sales prospects.		
	Naval Lynx	40-50	1983-84	Chilean Navy has confirmed a requirement for additional helicopters for ASW role.		
ECUADOR	Air Defence System Phase 2	21	1982	First phase signed in 1981. RAF specialist on loan to EAF to advise on set-up. To be funded outside Defence Budget and final decision on purchase expected soon.		



## PART III - MAJOR DEFENCE SALES PROSPECTS

## MIDDLE EAST

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
ABU DHABI	Hawk	140	1982-83	Negotiations expected to be complete by end July/early August.	PM secured agreement in principle in 1981.	France
	Engineer Package	80	1983	IMS tender under consideration. New competition introduced but only IMS offer still complete.		Various
	Electronic Warfare	100+	1983	UK Tenders submitted and offer of UK MOD support made.		France, Italy FRG, USA
	Tracked Rapier	100	1983	BAe offering Tracked Rapier to meet Abu Dhabi requirement for further battery of low level Air Defence missiles.		
IRAQ	Hawk (incl local manufacture)	2125	1982-83	Final technical discussions due late July after which Iraqis will probably select preferred aircraft. Contract award expected late 82/early 83. Question of performance bonds and advanced payment guarantees still to be resolved.	Defence and Trade Secretaries have spoken in support of Hawk deal with Iraqi Ministers.	France Italy
	Nimrod AEW and tankers	up to 1400	1982	Agreement reached on technical specification. Iraqi insistence on performance bonds may force Govt-to-Govt deal. Iraqis have asked for early delivery of 2 AEWs from RAF production run.	Sale agreed in principle by Ministers. Ministers will be asked to consider request for diversion of 2 RAF AEWs.	
	Tornado	1000	1983	Iraqis wish to buy 60-80 IDS, but supply ruled out on political/security grounds. BAe are working on proposals for an export version of Tornado which must have ground attack capability if it is to meet Iraqi requirement.	Ministerial working group considering.	France USSR
	Aircraft Repair Facility	350-450	1983	Study contract to be awarded to BAe/RR for construction of factory to repair Soviet-built aircraft. Main contract to be awarded mid 1983.		
	FH70 (incl support) Very large ammunition stocks, and infrastructure	up to 2000+	1983 onwards	IMS submitted budgetary offer at end of June. Supply post war and subject to German and Italian approval.		France
	Challenger MBT	600+	1983 onwards	Offer for 300-500 Challenger being prepared by IMS - post war supply.		France USSR



## PART III - MAJOR DEFENCE SALES PROSPECTS

## MIDDLE EAST (cont)

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
JORDAN	Hawk	100	1983-4	Hawk favoured to replace ageing F5s in trainer role.		France Italy
KUWAIT	MBT	250+	1983	Strong interest in Challenger. Requirement also exists to retrofit Chieftains with computerised fire control systems and to upgrade engines.	PM visited Sept 1981. S of S to visit Sept 1982.	France Brazil
	Armoured Vehicles	30-40	1983	Scorpion has good prospects to replace Saladins are to be phased out.		
	Air Defence Package	400	N/K	3 RAF officers in Kuwait as advisers. Initial report expected shortly.		
OMAN	Communications Network	80+	Mid 1980s	US firm awarded design study for replacement of existing network, but UK firms have good prospects of securing equipment contracts.		USA
QATAR	JOC & AOC	80+	1982	Plenscy currently negotiating for the electronics and IHS are bidding to become overall contractor.		
	Air Defence Radar	40+	1982	Two radars ordered 1981; good prospects for sale of further three to complete coverage.		
	Rapier	150+	1983	Good prospect for 2 further batteries if first battery is successfully installed.		
SAUDI ARABIA	FH70 (Army) Gun Supply Contract	64	1982	Contract signed 11 July 1982. (Will be included in Pt II of next report). Good prospects for large follow-on ammunition order.	S of S has sent 2 personal letters to Prince Sultan on prices. S of S to visit Sept 1982.	USA France
	FH70 (Army) Ancillary Support Equipment	35	1982	Contract negotiations expected to commence in Oct/Nov 82.		
	Lynx Helicopters	60-80	1982	Ministerial approval for Army Air Wing project given June 82. Decision on choice of aircraft expected after Ramadan.		



## PART III - MAJOR DEFENCE SALES PROSPECTS

## MIDDLE EAST (cont)

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
SAUDI ARABIA (cont)	Artillery and Engineer Equipment	126	1982-83	Follow up supply contracts to those signed with IMS in 1980. Negotiations awaited on IMS proposals.		
	RN Training for Ministry of Interior Coastguard	4	1982	RN proposals for 3½ yr training programme agreed in principle. Initial contract for remainder of programme expected in September.		Germany France Taiwan Pakistan
	Extension of MOU covering Air Defence Project (SADAP)	400 over 3 years	1982	Ratification of MOU extension by Saudi Ministers expected shortly. Final signature late July/early August. ( Signed 2 Aug 1982 )	S of S has written and spoken to Saudi Ministers in support of UK offer.	
	Tornado/P110	500+	1986-87	P110 Presentation offered to Saudi Arabia.	Discussed by PM and S of S with Prince Sultan in London 1981.	France USA
	Air Base Security Systems	80-90	1982	Shorrock Security Systems are favourites to win contract for security systems for RSAF airfields. Non-availability of funds is a holding factor.		USA
SAUDI ARABIA (National Guard)	FH70	20+	1982-83	Presentation given Jan 82		USA
	SANGMED	250+	1983	Current LOA expires May 83. Discussion on 2nd LOA will begin 1982.		USA
	Challenger MBT	approx 50	1982-83	We have responded positively to SANG's request for "commitment to supply" and are awaiting further developments.		USA & FRG
SYRIA	Tank transporters	100	1982	Scammell vehicle fairing well in trials against competitors. BSGD have agreed credit. Arab funding expected this year.		FRG Italy France



## PART III - MAJOR DEFENCE SALES PROSPECTS

## NORTH AMERICA

COUNTRY	EQUIPMENT/PROJECT	VALUE £M	CONTRACT TIMESCALE	STATUS	MINISTERIAL INVOLVEMENT	COMPETITION
CANADA	Patrol Frigate Programme	N/K	1983	Contract definition studies placed with Canadian companies. Number of UK companies are hopeful of major subcontracts, notably for propulsion machinery, radar and communications equipment.		International
USA	Medium Girder Bridge and Link Reinforcement Sets	64	1982	US Army/USMC procurements to be single sourced. Contract on Fairey to include 23 MGBs + 11 LRS in FY 1983	Minister of State (DP) / Mr Carlucci correspondence.	
	Hawk	500	1987	Project has strong support in Senate and at top level in IOD	US of S(DP)	USA France
	Integrated Communications Systems (ICS 3)	50-100	1982	System under evaluation by USN		USA
	Improved 81 mm Mortar	200-350	1983	Prospects good, but procurement funding might be restricted for FY 84.		
	Searchwater Radar	100	1983	Flight trials begin Sep 82. Prospects good.	US of S(DP)	USA
	Combat Support Boats	5	1982	Firm have prepared an offer for additional 70 boats. Overall requirement is for 352 Boats with a potential 1,300 for Harbour duties.		



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