



MO 26/9/15

Prime Minister

Subject to colleagues, contact
for my direction to issue an
export licence for these two
prototype RR engines?

PRIME MINISTER

Yes no WJ
29/7

TANK ENGINES FOR IRAN

Mr Plastow (Rolls Royce) has now received your letter of 1st July 1983 and the company has accepted that an export licence for the supply of 300 tank engines to Iran will not be issued until hostilities between Iran and Iraq cease. The company has informed the Iranian authorities of HMG's decision.

2. Before Rolls Royce signed the contract with Iran in March this year for the 300 tank engines we had informed the company that we would be prepared to approve the issue of an export licence for the supply of two prototype engines to Iran in order to enable the Iranians to test and prove the feasibility of installation in their Chieftain tanks.

3. Rolls Royce have now sought our approval for the issue of an export licence for two engines in an attempt to keep open the contract for 300 engines until hostilities end. The company are prepared to supply the prototypes free of charge.

4. In discussions with the company, my officials have insisted that we were not prepared to consider issuing an export licence for the prototypes unless they could first obtain from the Iranian authorities a written undertaking that these two engines would no longer form part of the main contract which is in abeyance. Rolls Royce have now received such an undertaking.



5. Subject to the views of my OD colleagues, I therefore propose to agree to the issue of an export licence for two CV12 engines to Iran. Given the fact that we have stopped the company getting business worth £45M, and in view of our earlier undertaking, it would be unreasonable not to go this far in helping them keep their feet in the door against the day when they may be able to supply replacement engines for the Chieftains.

6. I am copying this letter to my OD colleagues and to Sir Robert Armstrong.

WJH

Ministry of Defence
26th July 1983

M/Est,
Arms Sales,
Pt 3

29 JUL 1983



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