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Subject: Defence
Sales pt. 3.



cc: Mrs
FCO

10 DOWNING STREET

THE PRIME MINISTER

16 January, 1984

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.11/84

Dear Prime Minister,

During 1983 there have been discussions between the defence industries of our two countries about the prospects for collaboration on a wide range of military equipment. The importance which both our Governments attach to these activities has been underlined by the visit of Sr Eduardo Serra to the United Kingdom in June, and Mr. Geoffrey Pattie's visit to Madrid in November.

I am writing to express my hope that 1984 will see this practical dialogue continue and bring constructive results. In particular I am keenly aware of your Government's desire to develop Spain's guided weapons industry. In this regard I believe that the offer by British Aerospace to form a consortium with Spanish industry for the co-production of the RAPIER system to meet the Spanish Army's low-level air defence requirements, and for Spanish participation in RAPIER export sales, could provide a very important contribution.

I am pleased that BAe's proposals have clearly received very serious consideration. Should your Government decide to take them up, I am sure that this will greatly encourage further very significant cooperation. Not only will it afford Spanish industry opportunities to work alongside British Aerospace and important UK subcontractors on RAPIER - it will also provide the possibility of involvement in some of BAe's other guided weapons technology. In addition, and perhaps in the longer term of still greater importance, agreement to cooperate in this important field will

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be seen by both our defence industries as an encouragement to pursue vigorously the opportunities for collaboration on other projects, to the benefit of both our countries' economy and security.

I know that Michael Heseltine has written very recently to Sr Narcis Serra on this same subject, and I feel sure that any of the more specialised aspects of this important decision for your Government could be discussed further, if necessary, between our Defence colleagues. But I wish to add my own support to the British Aerospace proposals, and at the same time to send you my good wishes for 1984.

Yours sincerely
Margaret Thatcher

His Excellency Senor Don Felipe Gonzalez Marques