

PRIME MINISTER

Competitiveness of the UK defence industry

Andrew Turnbull has shown me a recent letter from the Chief Secretary suggesting that, when OD discusses Mr. Heseltine's paper on essential indigenous technologies, it should commission a paper on improving competitiveness in the UK defence industry. You agreed to this suggestion.

I am just a little bit concerned about the procedure. I am not sure that OD will need to discuss the paper on indigenous technologies (though I am sure that you will need to see it and decide that for yourself). In which case, it may not be for OD to commission a further paper.

When you discussed these matters with the Defence Secretary on 14 December he explained the steps which he was taking to improve competitiveness. You told him that you had some doubts as to whether the need for competition in the defence industry was being tackled with sufficient vigour. If you want this to be followed up, I think it would be best for me now to say that you would like to see a paper describing the steps being taken to promote competition. Would you like me to commission this - or would you prefer to wait to see the first paper?

A & C.

3 January 1984

I seem to remember that when the OD papers were discussed the OD committee wanted to see a paper either on
(i) decisions about weapons which were coming up which would require a view on indigenous technologies or
(ii) decisions on indigenous technology which would be needed to keep the OD