

ec USA June 81

Visits of Vice  
Pres Bush.

From: THE PRIVATE SECRETARY

NORTHERN IRELAND OFFICE

WHITEHALL

LONDON SW1A 2AZ

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John Coles Esq  
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10 February 1984

Prime Minister

Were you able to raise the  
with the Vice-President?

Dear John

Mr no - Lewis  
misinterpreted just  
as I had the details in my hand out  
A.D.C. 13/2

SHORT BROS

Mr Prior is anxious, in advance of the visit by the US Vice-President, to draw the Prime Minister's attention to a possible major US contract for Short Bros, the Belfast Aerospace company. The USAF is currently evaluating bids from both Shorts and a Spanish company, CASA, for 18 aircraft required for their European Distribution System Aircraft programme. There is also the prospect of a subsequent order for a further 48 aircraft.

Shorts' bid, which has been authorised by NIO Ministers, would if successful provide an early and substantial cash benefit, be profitable and provide a strong base for the company's aircraft production programme. As such it would provide Shorts - the largest manufacturing employer in Northern Ireland - with a degree of stability which will be important in preparation for possible privatisation.

On the other hand, if Shorts lost the order, this would be claimed as a victory by the Irish National Caucus (a Republican pressure group in the USA) which has been lobbying against Shorts' bid on the grounds of alleged religious bias in recruitment policies.

There are signs that the US authorities are close to a decision between the two competing bids. We believe that Shorts are in a strong position as their plane better fulfills the technical criteria; it is, however, more expensive. We are reasonably confident that the USAF will ignore the Irish National Caucus propaganda campaign and take a decision on purely commercial grounds: but they may well be susceptible to Spanish lobbying, particularly as Spain is a major purchaser of US defence equipment and CASA's case is being powerfully supported by McDonnell-Douglas. The Spanish Deputy Defence Minister is believed to have recently raised

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CASA's interest with the American Secretary of State for Defence, Mr Weinberger. The US authorities may well expect the Prime Minister to raise Shorts' bid with Mr Bush and could conceivably interpret her not doing so as lack of support for it. The Secretary of State would therefore be most grateful if the Prime Minister would, if a suitable opportunity arises, stress the importance to Shorts and Northern Ireland as a whole of this order; and the hope that the better aircraft will win the contest.

I am copying this letter to the Private Secretaries to the Foreign Secretary, the Secretary of State for Defence and the Secretary of State for Trade and Industry.

*Yours ever*

*Derek*

D A HILL



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