

Part 1



Confidential filing

Arms sales and Military Assistance
to Middle East Countries

MIDDLE EAST

Pt 1 : Nov '79

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
31. 3. 81							
<p>CLOSED .</p> <p>PREM 19/529</p> <p>5806</p>							

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
OD (81) 3	26.1.81
OD (81) 1 st Meeting, Minute 2	29.1.81
OD (81) 8	10.2.81
OD (81) 2 nd Meeting, Minute 3	12.2.81

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB (CABINET OFFICE) CLASSES**

Signed Wayland

Date 8 September 2011

PREM Records Team

GR 500
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*Info to DSR Modelli
Earl*

FM AMMAN 311625Z MAR 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 116 OF 31 MAR
AND T^O IMMEDIATE MODUK (FOR PS/HDS)
INFO PRIORITY BAGHDAD
INFO SAVING TO BONN

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YOUR TELS NOS 112 AND 113: TORNADO.

1. I DELIVERED THE PRIME MINISTER'S MESSAGE TO KING HUSSEIN TODAY SHORTLY AFTER THE CONCLUSION OF TWO DAYS OF PRESENTATIONS ON TORNADO BY A BRITISH AEROSPACE TEAM (ON WHICH MY AIR ATTACH IS TELEGRAPHING A SEPARATE DETAILED REPORT). THE KING HAD IN FACT ASKED ME TWICE IN THE LAST 24 HOURS WHEN HE COULD EXPECT A RESPONSE TO HIS LETTER TO THE PRIME MINISTER OF 18 FEBRUARY: THE ARRIVAL OF THE PRIME MINISTER'S REPLY COULD NOT THEREFORE HAVE BEEN MORE TIMELY. THE KING READ IT CAREFULLY, WAS EVIDENTLY WELL PLEASED WITH ITS CONTENTS AND SAID HE LOOKED FORWARD TO DISCUSSING THE MATTER FURTHER WITH MRS THATCHER AT THEIR MEETING IN LONDON ON 8 APRIL.

2. THE KING SAID HE HAD BEEN QUITE SATISFIED WITH THE PRESENTATION HE HAD ATTENDED ON 30 MARCH BUT THAT HE HAD NOT YET HAD AN OPPORTUNITY TO DEBRIEF HIS AIR FORCE ADVISERS ON THE MORE DETAILED DISCUSSIONS WHICH TOOK PLACE EARLIER TODAY. HE SAID IT WAS, HOWEVER, THE POLITICAL ASPECTS WHICH WORRIED HIM MOST AND PARTICULARLY WHETHER WE WOULD SUCCEED IN OVERCOMING THE GERMAN GOVERNMENT'S RESERVATIONS. WHEN I REFERRED TO THE DIFFICULTY WE WERE HAVING IN CONVINCING THE GERMANS THAT THE SALE OF TORNADO TO MIDDLE EAST COUNTRIES WAS A SERIOUS PROSPECT (BONN TELNO 194 OF 23 MARCH REFERS) THE KING SAID HE WOULD HAVE NO OBJECTION TO THE EXCHANGE OF MESSAGES BETWEEN HIMSELF AND THE PRIME MINISTER BEING MADE AVAILABLE TO HERR SCHMIDT OR AT A SUITABLY HIGH LEVEL WITHIN THE GERMAN GOVERNMENT IF THIS WOULD HELP. HE WOULD ALSO CONSIDER ASKING THE COMMANDER-IN-CHIEF TO SPEAK TO THE GERMAN AMBASSADOR HERE.

3. THE KING WENT ON TO SAY THAT GERMAN RELUCTANCE TO SELL LEOPARD II TO SAUDI ARABIA AND ALSO THEIR REFUSAL TO SUPPLY HELICOPTERS TO IRAQ FOR WHICH THEY HAD PREVIOUSLY ENTERED INTO CONTRACTS HAD MADE A PARTICULARLY BAD IMPRESSION ON THE IRAQIS. HE WOULD, HOWEVER, BE COMMUNICATING THE GIST OF THE PRIME MINISTER'S MESSAGE TO SADDAM HUSSAIN WITHIN THE NEXT DAY OR TWO AND HE MADE IT CLEAR HOW MUCH IMPORTANCE HE ATTACHES TO CARRYING THE IRAQIS WITH HIM FROM THE OUTSET ON TORNADO. YOU WILL SEE FROM MY AIR ATTACHE'S TELEGRAM ON THE TORNADO PRESENTATIONS THAT, WHILE THE JORDANIANS SEEM TO BE FOCUSSED MAINLY ON THE PROPOSED NEW AIR SUPERIORITY AIRCRAFT DERIVED FROM TORNADO WHICH WOULD BE DESIGNED SPECIFICALLY TO MEET ARAB REQUIREMENTS, THE IRAQIS SEEM TO BE SHOWING GREATER INTEREST IN THE IDS VARIANT OF TORNADO.

4. THE MOD SALES/BAE TEAM WILL OF COURSE BE REPORTING MORE FULLY ON THEIR RETURN. I HAVE, HOWEVER, SEEN THE KING ON FOUR SEPARATE OCCASIONS DURING THE LAST 48 HOURS AND BELIEVE HIS INTEREST HAS BEEN WELL AND TRULY AROUSED. ABOVE ALL, I THINK HE HAS GRASPED

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/THE

CONFIDENTIAL

THE ADVANTAGES TO THE ARABS OF ENTERING INTO ARRANGEMENTS FOR THE PURCHASE OF A FAMILY OF AIRCRAFT WHICH ALREADY EXISTS RATHER THAN THE MIRAGE 4000 WHICH IS STILL ONLY IN PROTOTYPE FORM. BUT THE FRENCH HAVE A LONG LEAD AND WE STILL HAVE A LOT OF LEEWAY TO MAKE UP, PARTICULARLY ON THE POLITICAL ASPECTS. THE FACT THAT KING HUSSEIN WILL NOW BE ACCOMPANIED ON HIS VISIT TO THE UK BY DR TOUQAN, HIS SCIENTIFIC ADVISER, IS A MOST ENCOURAGING DEVELOPMENT AND BAE AND MOD SALES ARE ALREADY PLANNING AN APPROPRIATE PROGRAMME FOR HIM.

FCO PASS SAVING TO BONN

REPEATED AS REQUESTED

URWICK

LIMITED

DEF-D

NENAD

MED

WED

SIR J. GRAHAM

SIR A. ACLAND

MR. J. C. MOBERLY

MR. P. H. MOBERLY



10 DOWNING STREET

From the Private Secretary

31 March 1981

Tornado: Prime Minister's letter to
King Hussein

As I have already told you on the telephone, the Prime Minister has agreed the text enclosed with your letter to me of 27 March on this subject. You have arranged for it to be despatched by telegram. I now enclose the signed version.

I am sending a copy of this letter to Brian Norbury (Ministry of Defence).

M. O'D. B. ALEXANDER

A.K.C. Wood, Esq.,
Lord Privy Seal's Office.



10 DOWNING STREET

THE PRIME MINISTER

PRIME MINISTER'S 30 March 1981
PERSONAL MESSAGE
SERIAL No. T.56A/81

Your Majesty,

Thank you for your letter of 18 February. I am glad to hear that my message about Tornado reached you in time for you and your colleagues to take note of it at the Islamic Summit. I am also most grateful for the trouble you have taken to set out the various factors affecting your thinking on a new advanced combat aircraft.

For our part we fully understand that the Arab countries wish to standardise their military equipment and develop an indigenous manufacturing capability of their own. We welcome the spirit of co-operation in which you discussed these objectives with us and we are ready to assist you in any way we can in achieving them.

I have recently received a report on the discussion which you and your senior commanders had with Sir Ronald Ellis and Mr. Jeffs earlier this month. I am most grateful for the warm welcome which you extended to them and I hope that these discussions have answered some of the points in your letter. Further information on the technical aspects of our proposals will be conveyed to you in the presentations which British Aerospace are making in Amman on 30 and 31 March and we very much look forward to arranging a flight in Tornado for you during your visit to the United Kingdom in April.

As I believe you are now aware, our proposals centre on a new aircraft based on Tornado technology but specifically designed to meet the requirements of Jordan and other Arab countries by the late 1980s. We believe that this aircraft will be superior to the

/Mirage 4000

Mirage 4000 at about the same cost. If you decided to pursue this course, a development would be undertaken in the UK and we would want to consider what industrial collaboration with the participating countries would be feasible. Meanwhile, pending the development of the new aircraft, we expect to be able to offer the Tornado aircraft in both the IDS and ADV versions which should be available for supply in 3 to 4 years' time.

I have made a personal approach to Herr Schmidt on this. Our proposals may present some difficulty for the German Government, but I expect that we shall be able to reach an accommodation. As I am sure you will appreciate, it is particularly important that our German and Italian partners should be fully aware of the strength of Arab interest in the aircraft.

You also asked me about continuity of supply. I can assure you that this Government attaches great importance to our reputation as a reliable arms supplier and I feel confident that we should be able to devise arrangements which provide the safeguards which you require.

I very much look forward to seeing you again during your visit herein April.

Yours sincerely,

(sgd) Margaret Thatcher

His Majesty King Hussein Bin Talal.

Middle East
Arms Sales

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10 DOWNING STREET

From the Private Secretary

30 March 1981

Dear Francis,

Arms Supplies to Iran

The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 26 March on this subject. While not disagreeing with the proposals in that minute, she feels they should be the subject of a further, and final, discussion in OD.

I am sending copies of this letter to the Private Secretaries to the other members of OD, to Ian Ellison (Department of Industry), Jim Nursaw (Attorney General's Office) and David Wright (Cabinet Office).

Yours ever

Richard Alexander

Francis Richards, Esq.,
Foreign and Commonwealth Office.

M O B Alexander Esq



Part 1
Middle
East
Army
Sales

With
the Compliments of
Sir Frank Cooper, G.C.B., C.M.G.
Permanent Under-Secretary of State

MINISTRY OF DEFENCE
SW1A 2HB

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SALES OF COLLABORATIVE PROJECTS

NOTE OF A MEETING HELD

IN THE FEDERAL MINISTRY OF DEFENCE, BONN

ON FRIDAY, 27 MARCH 1981

Handwritten initials/signature

FRG DELEGATION:

Herr Gläser
Herr Bewerunge
Herr Schollmeyer
Herr Riha

UK DELEGATION:

Mr Jeffs
Air Vice Marshal Merriman
Mr Perry
Mr Sandars

Item 1 - Tornado Sales to the Middle East

After the initial courtesies and introductions, Mr Jeffs explained the background to Mrs Thatcher's message to Chancellor Schmidt. Arab interest in Tornado had developed very suddenly. The UK had discovered that a major sales campaign had been mounted by the French in favour of the Mirage 4000 in the longer term with the Mirage 2000 as a medium term prospect. The Arabs had been offered extensive industrial collaboration on this project and this had created a very favourable impression. At the Amman Summit in/Autumn King Hussein had proposed co-operation between the Arab states on a new armaments programme and this proposal had included the procurement of 300 advanced combat aircraft specially developed for the Middle East. In February, just before the Taif Summit, the UK had learned that King Hussein was on the point of recommending the Mirage 4000 for this role. In order to forestall this decision, the Prime Minister had sent a message to King Hussein asking that the Tornado should also be considered. At the Summit Sultan Qaboos of Oman had also argued that Tornado be taken into account. A decision in favour of the Mirage had therefore been averted but it was necessary to follow this up by promotion of Tornado. To this end the UK had completed a questionnaire on the aircraft from the Jordanians and had also prepared brochures at confidential level.

Mr Jeffs said that the attitude of Saudi Arabia would clearly be of major importance in determining the way ahead. At present however the Saudis remained undecided and their relationships with the other Arab states, not least Jordan, were generally uneasy. On the other hand, the Saudis had shown that they were prepared to finance purchases by other Arab states in the past. The sales of British tanks to Jordan had been funded in this way. It was hoped that further information on the extent of Saudi interest would be obtained in the course of the visits to be made shortly by the UK Defence Secretary and the Prime Minister.

In reply Herr Gläser emphasised that the arms sales policy was at the centre of a contentious political debate within the FRG at the moment. Herr Schmidt would be visiting Saudi Arabia himself at the end of April and he considered it unlikely that the FRG would reach a final decision on arms sales to the Middle East before the

Summer. However, this did not preclude bilateral discussion of certain issues in the meantime. The discussions would necessarily have to be informal and they were reluctant to embark on more formal discussions involving all three partners since this might attract criticism in the Bundestag at a time when the political debate was still in progress. Herr Bewerunge added that in the Bundestag the critics of arms sales were on the increase but other views had also been expressed, emphasising the wider security issues involved and the need to secure supplies of raw materials.

Mr Jeffs said that the UK fully understood the difficulties which the FRG faced and accepted that there might have to be similar bilateral discussions with the Italians. He suggested that, whatever the constraints on German policy, different considerations applied to collaborative projects. The UK did not advocate the indiscriminate sale of arms but worked within certain political constraints of their own. In the past this cautious policy had drawn criticism from the Arabs who now needed to be re-assured that we were prepared to back them. In doing business with the Arab states one always faced problems of perception since they took a very personal view as to who was likely to help them and who was not. At present certain Arab states felt that the UK had neglected them and we needed to overcome this stigma. However, this was not a problem for the UK alone. All members of the alliance needed to maintain good relations with the Arab World at the present time.

Mr Jeffs then outlined the action taken by the UK to maintain Arab interest in Tornado. Brochures had been prepared up to confidential on both the existing aircraft and possible developments of these aircraft. In addition proposals had been prepared for advanced combat aircraft based on the Tornado technology but with better air combat performance which might be jointly funded with the Arabs to be available in 8-9 years time. These proposals would be discussed with the Jordanians the following week and King Hussein would be given a demonstration flight in an RAF aircraft on 14 April. This would be followed with a flight for the Omanis at the end of April. An invitation to fly in Tornado had also been extended to Prince Fahd Abdullah, Director of Operations in the Royal Saudi Air Force, but this had not yet been taken up. All these flights would be handled as a UK responsibility and should not be considered as evaluation flights requiring formal tri-lateral approval. The UK tactics were to interest the Arabs in an aircraft specifically designed for them in the future, but thereafter to bring them back to the present Tornado, which is already flying, as a necessary first step.

Herr Bewerunge asked which other nations would be given confidential information on Tornado. Mr Jeffs explained that the Jordanians had the most advanced air force in the Middle East and King Hussein was playing the central role in determining which aircraft should be chosen by the Arab states. He was being advised by Dr Touqan, a scientist who is the brother of the former Queen, but is heavily influenced by the French. The Jordanians intended to notify the other Arab states of their assessment which would then be considered by a technical committee of the interested countries.

Herr Gläser asked what reaction the UK expected from the Israelis. Mr Jeffs agreed that there would be political difficulties

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with the Israelis but they would continue to get the aircraft they required from the Americans and have shown no interest in Tornado. It was also doubtful whether the interest they had earlier shown in RB199 was still firm. It should be remembered that the Americans had already sold the F15 to Saudi Arabia and that the French would undoubtedly sell the Mirage to the Arab states if Tornado was not available.

conduct Herr Bewerunge asked whether the UK would be assuming uni-lateral responsibility for carrying out the demonstration flights and releasing classified information. The release of information should be the subject of a co-ordinated decision in the ESPG which had not yet discussed the Arab countries in detail. However, he noted that the UK had suggested some time ago that they should handle matters of this kind in order to avoid political embarrassment to the other partners. Mr Jeffs replied that UK have deliberately decided to these approaches on a national basis to avoid political difficulties for the FRG and they were prepared to accept the responsibility. It was essential to release some confidential information if we were to maintain Arab interest but discussions were at a very early stage and we did not yet know what configuration of aircraft might emerge as a firm sales prospect. If any Arab nation came forward with a formal request for a detailed evaluation of the aircraft this would clearly need to be agreed by all 3 partners.

In further discussion of the security difficulties, Air Vice Marshal Merriman said there were 4 areas of particular sensitivity:-

- a. the nuclear weapons panel - this would obviously be deleted from any aircraft sold in the Middle East;
- b. the frequency band and agility of the terrain-following radar - the UK was particularly concerned to retain a Secret classification for this, but considered that a new Magnetron could be developed for export aircraft at the confidential level;
- c. EW/RWR equipments - the UK never supplied their own versions of these equipments on export aircraft. It was standard practice to provide separate systems tailored to the needs of the purchasing country;
- d. Weapons fit - no commitments had been made to provide any particular weapons and the Jordanians accepted that only the less sensitive systems could be offered.

The German representatives broadly agreed with this assessment but asked whether a development of the existing aircraft would involve an improved wing or engine which might pose further security problems. Mr Jeffs replied that the UK had carefully considered this and concluded that such developments would not be adopted by NATO air forces in the time-scale envisaged and need not therefore be classified. It was agreed that the confidential brochures would be shown to the FRG authorities on a personal basis once the discussions with Jordan were over.

Mr Jeffs then asked whether the FRG would be content to see British Aerospace play a greater role in marketing Tornado in sensitive countries in the place of Panavia. Herr Bewerunge replied that this

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would depend on the results of the review of arms sales policy. There was a risk of political criticism within the FRG if arrangements of this kind were formulated in advance of a decision and it would therefore be best to defer the question for the time being. He noted that Panavia had expressed a wish to establish marketing divisions in the UK but he felt that this would only increase the marketing budget for no real benefit. Mr Jeffs agreed that there was no value in setting up separate Panavia offices in the UK since the political difficulties surrounding a German based company would remain. It was necessary to devise arrangements which would draw on the greater expertise of the partner companies and avoid these political constraints. The UK were content to defer a decision but permanent arrangements would need to be established before long. Successful marketing could not be handled on a case by case basis. It often required a sales campaign of several years to secure a major order. In the Middle East he was doubtful whether the UK could carry the responsibility for very much longer and it was therefore important to reach an early decision. He hoped that the satisfactory arrangements could be reached on Tornado without waiting for the evolution of German policy later in the Summer.

Herr Gläser said that this might be difficult. A decision on Tornado might depend on the sale of Leopard to Saudi Arabia, but as yet they had received no formal request to purchase Leopard. The Chancellor would not form a view until he had visited Saudi Arabia at the end of April and thereafter he would probably need to wait for his coalition partners to reach their own conclusions. Each political party had set up a Working Group to study arms sales policy. These reports would not be available until the end of May and might be delayed further. A final decision could not therefore be expected until the Summer. Mr Jeffs said that this timetable would pose severe problems for the UK. We needed to convince the Arabs that we were serious and King Hussein would shortly be asking whether we had obtained the agreement of our partners. What reply could we give? Herr Bewerunge suggested that the UK could inform the Arab states that for the first time in 10 years the FRG was re-considering its restrictive attitude towards arms sales and that this policy was now under review.

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Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

Apex Craft? (If so,
I will despatch by telegram + submit
L&L for your signature.)

27 March 1981

Dear Michael,

Print 27/3

Agreed
mt

TORNADO: KING HUSSEIN'S LETTER TO
THE PRIME MINISTER

You have already seen the text of King Hussein's reply to the Prime Minister's message on the subject of Tornado sent just before the Islamic Summit meeting. In his letter, of which I now enclose the signed original, the King gives three reasons why the Arab countries had not given earlier consideration to Tornado as a possible solution to their requirement for a modern advanced technology aircraft.

We have delayed the submission of a reply to the King's letter in the hope that the Germans would be persuaded soon to adopt a more forthcoming line and because we wanted to take account of the visit by the Head of Defence Sales to Amman. However, Chancellor Schmidt's reply has been purely temporizing and it seems clear that we cannot expect German agreement in the immediate future. Meanwhile it is important to convince King Hussein that we are in earnest over Tornado.

The Lord Privy Seal believes therefore that the Prime Minister should reply to King Hussein's letter of 18 February before the King leaves for his visit to the UK on 8 to 15 April. No doubt the Prime Minister will wish

/to discuss

M O'D B Alexander Esq,
Private Secretary,
10 Downing Street.

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to discuss the Tornado issue with the King during his visit.

The Prime Minister may like to know that, following an expression of interest by King Hussein, arrangements have been made by the MOD to give him a flight in Tornado during his visit.

If the Prime Minister agrees, we could arrange to send the reply by telegram in the first instance, sending the signed copy of her letter by bag.

I am copying this letter and its enclosure to Brian Norbury.

*Yours,
Adam*

A K C Wood
APS/Lord Privy Seal

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DRAFT: ~~minute~~/letter/~~teleletter~~/~~despatch~~/~~note~~

TYPE: Draft/Final 1+

FROM:

Reference

The Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

King Hussein

Copies to:

PRIVACY MARKING

SUBJECT:

Agreed MS

.....In Confidence

Thank you for your letter of 18 February. I am glad to hear that my message about Tornado reached you in time for you and your colleagues to take note of it at the Islamic Summit. I am also most grateful for the trouble you have taken to set out the various factors affecting your thinking on a new advanced combat aircraft.

For our part we fully understand that the Arab countries wish to standardise their military equipment and develop an indigenous manufacturing capability of their own. We welcome the spirit of co-operation in which you discussed these objectives with us and we are ready to assist you in any way we can in achieving them.

I have recently received a report on the discussion which you and your senior commanders had with Sir Ronald Ellis and Mr Jeffs earlier this month. I am most grateful for the warm welcome which you extended to them and I hope that these discussions have answered some of the points in your letter. Further information on the technical aspects of our proposals will be conveyed to you in the presentations which British Aerospace are making in Amman on 30 and 31 March and we very much look forward to

/arranging

CAVEAT.....

Enclosures—flag(s).....

arranging a flight in Tornado for you during your visit to the United Kingdom in April.

As I believe you are now aware, our proposals centre on a new aircraft based on Tornado technology but specifically designed to meet the requirements of Jordan and other Arab countries by the late 1980s. We believe that this aircraft will be superior to the Mirage 4000 at about the same cost. If you decided to pursue this course, a development would be undertaken in the UK and we would want to consider what industrial collaboration with the participating countries would be feasible. Meanwhile, pending the development of the new aircraft, we expect to be able to offer the Tornado aircraft in both the IDS and ADV versions which should be available for supply in 3 to 4 years' time.

I have made a personal approach to Herr Schmidt on this. Our proposals may present some difficulty for the German Government, but I expect that we shall be able to reach an accommodation. As I am sure you will appreciate, it is particularly important that our German and Italian partners should be fully aware of the strength of Arab interest in the aircraft.

You also asked me about continuity of supply. I can assure you that this Government attaches great importance to our reputation as a reliable arms supplier and I feel confident that we should be able to devise arrangements which provide the safeguards which you require.

I very much look forward to seeing you again during your visit here in April.



Prime Minister

PM/81/14

PRIME MINISTER

Are you content to agree the course of action proposed in para 3, subject to the views of colleagues, or would you like a further discussion?

Arms Supplies to Iran

Yes - I think we should ^{20/3} decide in 10 days

1. Now that three of the four British detainees have been released from Iran, there are strong arguments arising out of Iran's strategic importance and her importance in the long term, both as an oil producer and a market, for moving towards the re-establishment of normal relations. As part of that policy, I believe that we should be prepared to take discussions with Iran over possible release of the Kharg a step further.

2. The continued detention of the British businessman, Mr Andrew Pyke, apparently on charges of spying and embezzlement, is an obstacle. Nevertheless, Mr Pyke's position is different from that of the Anglican missionaries since his arrest took place in connection with an investigation into his company's activities (he is the local manager of a joint Iran-Dutch company, Helicopter Aviation Services). No evidence of guilt has yet been produced, and his detention without charge, legal advice or consular access, is a disgrace on which we continue to press the Iranians. Nevertheless, even if the worst comes to the worst and he is tried by a competent court, found guilty and sentenced, I believe that on balance we are more likely to help him by making a move towards Iran than by keeping our distance.

/3. Accordingly



3. Accordingly I am considering the early re-establishment of our embassy in Tehran under a Charge d'Affaires, and then as a second step the appointment of an Ambassador. In parallel, I should wish to pursue more actively the possibility of disembarassing ourselves of the Kharg, which has become in Iranian eyes something of a symbol. It was agreed at the OD meeting on 29 January that we should follow up the Iranian approach about possible sale of the ship to a third party. The Iranians, however, have responded that they do not want to dispose of her to a third party, but to take delivery themselves. We have invited them to send a team to inspect her condition, while warning them that Ministers had taken no decision on its release. I propose now that we should inform the Iranians that we should be disposed to release the vessel provided that certain conditions are satisfied. These conditions would relate notably to receiving an undertaking from Iran not to use the vessel for offensive purposes against Iraq as outlined in my paper OD (81) 3 of 26 January, but also to the settlement of a variety of outstanding claims. As a result of the ship's deterioration, work will in any case have to be done on her before she could sail, and there will be a dispute with the Iranians over payment, so that delivery is unlikely to be made soon.

4. I undertook, during the recent visit of the Iraqi Foreign Minister, to warn the Iraqis if we decided to release any military equipment to Iran. I specifically tried to reassure him about the Kharg. He made clear that he hoped we should continue to supply nothing to Iran but I think it should be possible to contain adverse Iraqi reaction to my present limited proposal. Their views will in any case be affected by our attitude to their own defence needs.

/5. I invite

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5. I invite my colleagues' agreement to my tackling the Kharg in this way.

6. I am copying this minute to other members of OD, the Attorney General, Sir Keith Joseph and Sir Robert Armstrong.

C

(CARRINGTON)

Foreign and Commonwealth Office

26 March 1981

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SECRET

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MINISTER OF STATE FOR DEFENCE

WHITEHALL LONDON SW1A 2HB

Telephone 01-218 6621 (Direct Dialling)
01-218 9000 (Switchboard)

D/MIN/TT/19/7

(4)

*I am very pleased
with the careful
progress made
in this matter.* 23 March 1981

Rob. Ronnie Parmer

Dear Prime Minister

Rob,

As you know from the letter from Peter Carrington's office dated 4th March, Sir Ronald Ellis, Head of Defence Sales, had discussions with the Iraqis on the overhaul of Chieftain tanks, and the long term supply of new tanks, in the course of his visit to Jordan from 10th to 13th March. The subject of Tornado was also discussed with King Hussein and Lieutenant General Sharif Zeid bin Shaker, Commander in Chief, Jordanian Armed Forces. I thought you would wish to know the outcome of his visit.

By arrangements made by King Hussein, Sir Ronald Ellis, accompanied by the Assistant Under Secretary of State (Sales), was flown in a Royal Flight aircraft to Baghdad on Thursday, 12th March, returning the same day, where meetings took place with President Saddam Hussain, Air Chief Marshal Adnan Khairallah Tulfah, Deputy Premier and Minister of Defence, and senior officers. A short record of both the principal meetings is attached. As you will see, the President particularly asked that his good wishes and message should be passed to you.

These meetings represent a significant step forward in establishing a working relationship with Iraq, which, if we play it well, should produce both political and major commercial benefits. Contracts worth over £150m have been concluded in the last six months including one for £34m (for armoured recovery vehicles through Jordan) during Sir Ronald's visit. It is clear that they are disenchanted with the Soviets and wish to develop their contacts with Western countries, but not the United States, and without impinging on their independence as a country. Our willingness to supply arms will be a key indication of our intentions and the test case could

/ be ...

The Rt Hon Margaret Thatcher MP

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be our assistance in overhauling and repairing the 140 or so captured Chieftain tanks.

The President was realistic about the political difficulties of supplying armaments to them whilst the war continued, and said he did not wish to cause any country difficulties in this respect. In our case, he is agreeable to arranging the repair of tanks through Jordan, and on other sensitive items is prepared to negotiate, if necessary, on the basis that supply could not take place during the current conflict.

Contrary to earlier advice from Jordan, the Iraqis did not ask for the supply of new tanks and this, therefore, is not an issue at this stage. The refurbishment of the captured tanks is the first priority and it has been agreed that a small team from International Military Services should pay a further visit to Iraq to categorise those that only need maintenance to bring them into running order, and those that would need repair in Jordan. Spares would be supplied to Jordan and HDS made it clear that we could not supply ammunition whilst the war is on. Nevertheless, as discussed in OD on 29th January, our role in restoring these tanks to fighting trim could cause the Government difficulties when the matter became public, which we must assume it will.

Fortunately, the IMS exercise will take three to four months to complete, during which time advice on the line to take in public will be prepared and submitted for consideration by OD together with the circumstances under which it will be proposed the work should be undertaken, and whether it should go ahead.

In all this, we have to acknowledge the active part played by King Hussein in helping us get thus far with Iraq. Although he has his own interests much at heart, he obviously feels that he now has a special relationship and trust with the United Kingdom.

As regards Tornado, King Hussein welcomed the UK initiative as an alternative to the French option. A British Aerospace team will be visiting Amman on 28th March to make a presentation of Tornado and their proposals for collaboration on an advanced aircraft for the 1990s and beyond to meet the requirements of the Arab countries. This is the start of a long haul and one can be sceptical of the outcome (particularly as the Jordanians appear to be looking to the Iraqis and not the Saudis as their main partner), but the immediate purpose is to counter the French initiative which we appear to have accomplished so far.

/ Plans ...

~~SECRET~~
SECRET

~~SECRET~~

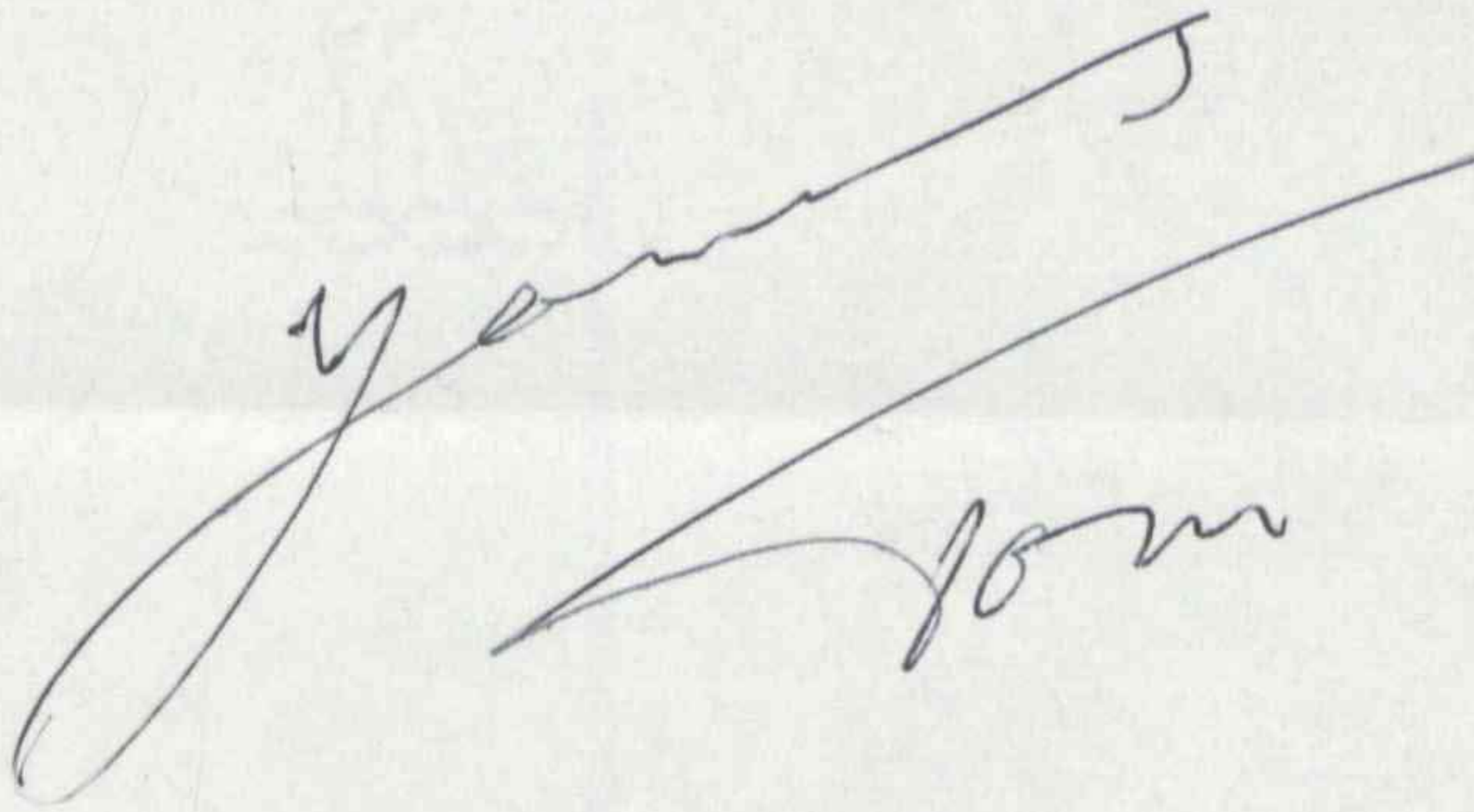
3

Plans are also in hand for King Hussein to fly Tornado next month; an invitation has also gone to the Saudis and one will shortly go to Sultan Qaboos to send a team over to evaluate the aircraft. We have had to be careful in this respect not to let the Omanis, for the time being at least, get too far ahead of the Jordanians, who see themselves as the leaders on this project.

All this is going ahead on the basis that we do not get a negative response from the Federal Republic of Germany to your message to Herr Schmidt. He has now sent you a temporising reply and officials have been invited to go to Germany to discuss the Middle East requirement. In these circumstances we shall still press ahead on a national basis.

A reply to King Hussein's letter is being prepared separately and will be with you shortly.

I am sending a copy of this letter to Peter Carrington. He may feel that we are pressing ahead too fast, but if we don't I fear we could end up by letting the market go to French and American aircraft and there are naughty suggestions that the Germans would not mind selling Leopard while holding us up on Tornado.



Lord Trenchard

~~SECRET~~

MEETING WITH THE DEPUTY PREMIER AND MINISTER OF DEFENCE
AIR CHIEF MARSHAL ADNAN KHAIRALLAH TULFAH
THURSDAY 12 MARCH 1981

1. HDS stressed that there was no lack of willingness on the part of UK Ministers to supply defence equipment to Iraq but there were three major problems involved.
2. The first was that Iraq was at war with Iran and this raised difficult political issues regarding neutrality, etc: we could not be seen to be unduly favouring one side in the conflict. Secondly, Western prices were bound to be greater than those that they had enjoyed from the Soviets. Thirdly, there was the problem of security and the presence of Soviet Advisers and the KGB in the country. Our equipments were largely designed for use in NATO and in many cases therefore were highly classified. We would have to consider a security agreement to ensure that our information was safeguarded.
3. The Minister of Defence welcomed HDS's visit and said that he fully accepted that these were real difficulties. On the first point they were pragmatic and were prepared to deal through Jordan if necessary, or not accept deliveries until the conflict was ended. He knew of the difference in prices but provided those we put forward were reasonable he did not regard this as an insuperable problem and suggested this was left to the experts. On the question of security, it was important to Iraq to show that there was no leakage of information. They had received requests from several sources, including the UK, for information on damage to equipments and had refused all of them. They would not give us information on the T.72 or the Soviets information on Chieftain. The same applied in respect of the French equipment they had.
4. HDS commented that in the light of the Minister's remarks he thought we had enough basis on which to negotiate and he would report back accordingly to his Secretary of State.
5. The Minister of Defence concluded the discussions by saying again how welcome the meeting was. It was a surprise and very sudden and he hoped that the next visit would be longer. He understood that we had already begun detailed discussions with Lt Gen Jenab and hoped that these would be constructive in agreeing the way ahead. Lt Gen Jenab had his full authority to discuss these matters.

MEETING BETWEEN PRESIDENT SADDAM HUSSAIN AND HEAD OF DEFENCE
SALES - THURSDAY 12 MARCH 1981

1. After the initial courtesies the President said that before they went on to discuss the main purpose of HDS's visit, which he well understood, he thought it was essential to get the politics right. We should realise that his people had thought badly of the British for reasons that we were well aware of - indeed they had been hostile. The Government was bound to take account of the people's views although it was not always the deciding factor and it had been his wish for some time to have good relationships with the UK. Indeed, he had told our Ambassador this in 1969 but doubted if the message had been understood. In those days perhaps Saddam Hussain was not as well known as he is today and not enough importance was attached to what he had said. However, that was now all behind us and he welcomed our visit. The President went on to say that the majority of opinion in the country was still against dealing with the US but that too could well change.
2. The proof of other country's intentions towards Iraq lay in the willingness to supply them with armaments. All countries wanted to take advantage of commercial trading relationships but one was not possible without the other. He desired to have good relations with European countries such as ourselves, France, Italy and Germany and once these had been established, for his part the links would be honoured and should be to the benefit of both parties. He quoted the example of France where he had allowed them to uplift oil at \$2 per barrel less than he could have got, but the French part of the bargain was to deliver the Mirage aircraft which they had on contract.
3. The President went on to say that although he wished to establish friendly relationships with other countries they had learnt from hard experience that these must be without prejudice to an independent Iraq, without alignment to any side.
4. He now welcomed the fact that UK Ministers took a favourable view towards Iraq and he very much hoped that when the conditions were right the Prime Minister and other Ministers would visit his country. Dr Hammadi, the Foreign Minister, was currently in UK having discussions. Turning to the purpose of HDS's visit he said that he understood that in the current circumstances the supply of certain arms could be politically embarrassing. He did not want to put any country in that position and he mentioned, as an example, a message he had just sent to President Giscard d'Estaing saying that if the continued supply of the Mirage aircraft was embarrassing during the French election campaign then Iraq would be prepared to wait. He confirmed that he was agreeable to using Jordan if necessary, if it was more convenient to arrange supply through that country, and he also

accepted that the supply of certain other items could be conditional on the cessation of the conflict with Iran. He asked for his greetings and message to be conveyed to the Prime Minister.

5. Discussion continued after lunch but this was largely about his political philosophy which he thought was not very well understood outside Iraq. He believed that it was essential to take account of the opinion of the people and to look after the interests of the majority! They all had to work together for the common good and he would not tolerate any actions to the contrary even from his own family. He told us that just recently in a traffic accident his 16 year old son had gone to draw his revolver and for this his son was still in jail. Other relatives who had sought to take advantage of their position had been confined to primitive quarters and fed with the minimum means of sustenance.

Comment

6. The President gave the appearance of a man who was rather tired and weary but he was impressive in the deliberate and clear way in which he spoke. He seemed to be totally realistic about the problems of supplying them with arms whilst the current conflict continued. It is clear that he has a high opinion of King Hussein who, he said, was not a man of the monarchy but of the people and would not be able to stay in power without the popular support he now enjoyed. There was no doubt about his wish to deal with the UK but we shall be judged by what we achieve and not by what we say. The opportunities for very large business of all kinds in the defence field are there to be exploited if we have the will and determination to do so.

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

20 March 1981

Dear Michael,

Tornado Sales to the Middle East

Lord Carrington considers that we need to maintain momentum on sales of Tornado to the Middle East. He suggests that the Prime Minister should take the opportunity of her meeting with Chancellor Schmidt at Maastricht to refer to his reply to her message of 17 February about Arab interest in the aircraft.

The Chancellor's message is very guarded but does not rule out sales to the Middle East. In thanking him for it, the Prime Minister might take the opportunity to put across the points in the enclosed brief which has been cleared with the MOD.

I am copying this letter to Brian Norbury.


Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

CONFIDENTIAL



DRAFT BRIEF FOR PRIME MINISTER - FOR USE WITH CHANCELLOR SCHMIDT IN
THE MARGINS AT MAASTRICHT

SALES OF TORNADO TO THE MIDDLE EAST

Line to Take

1. Grateful for your reply.
2. Entirely understand your difficulties.
3. But the Arabs are showing interest in an advanced aircraft. They seem to want to avoid the super powers.
4. Defence Secretary is visiting Saudi Arabia this week. If, as is likely, the question is raised, he will say that we are in touch with you.
5. It would be helpful to have your reaction to my suggestion that BAe might lead on sales to Middle East.
6. Agree we need to consider security issues carefully. Understand arrangements are in hand for officials to do this.
7. Agree that we must now stay closely in touch so that the security and marketing problems can be resolved early.

SALE OF TORNADO AND RB199 TO MIDDLE EAST

ESSENTIAL FACTS

A 1. The Chancellor has now replied to the Prime Minister's message of 16 February. A similar message went to Signor Forlani.

Herr Schmidt's Reply

B 2. The Chancellor's reply, which is an interim one, does not take us much further. At least, he has not sounded too negative a note. But he suggests further examination especially of security issues.

Latest Development

3. Since the question of sales to Middle East was first raised, there have been several developments which are promising. Jordanian interest has been maintained. At Jordanian request MOD have agreed to make a presentation on Tornado to them next week. BAe have prepared literature on the IDS and ADV versions and will talk about a development specifically tailored to Arab requirement. A presentation to the Saudis will follow.

4. It is possible that seven or eight Arab countries, plus Pakistan and Morocco, will act together in procuring a common multi role combat aircraft. This could mean a total order of 300 or so. We believe that Jordan will continue to take the lead in co-ordinating the Arab countries assessment of Tornado. This might be to our advantage. As a result of the Prime Minister's message, King Hussein has indicated that no final decision on procurement will be made without a full assessment of the Tornado. Competition comes from the French Mirage 4000; but we have not specifically mentioned this in our contacts so far with the Germans, though they must be aware of the fact.

Israeli Reactions

5. Israel appears already to have begun a campaign against Tornado sales to the Arabs. The Israeli Foreign Minister made a determined attempt to persuade the Italians not to agree such sales. We can expect lobbying to continue and intensify both in Rome and Bonn.

6. The Israelis showed interest in 1979 in buying the RB199

/...

(Tornado's Rolls Royce engine) for the Israeli designed Lavi fighter. We refused at the time, though the sale of Tornados to the Arabs may make it necessary to reconsider this. The Israelis have shown no interest in buying Tornado.

The Italian View

7. The Italians have not replied formally to the Prime Minister's message. Italian Officials have told us that Forlani is likely to approve although he is aware of German political difficulties in arms exports to the Middle East. Though the Italians were shaken by the weight of the Israeli attack, we think it is unlikely to change their view.



*File No
Middle East*

10 DOWNING STREET

From the Private Secretary

19 March 1981

I enclose the text of a message to the Prime Minister from Chancellor Schmidt about arms exports to Saudi Arabia. The message was delivered here from the German Embassy yesterday afternoon.

I am sending copies of this letter and its enclosure to Brian Norbury (Ministry of Defence) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

F. N. Richards, Esq.,
Foreign and Commonwealth Office.

FD

Subject: copy to Mater
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PRIME MINISTER
PERSONAL MESSAGE
SERIAL NO. T498/81

DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND

London, March 17th, 1981

Dear Prime Minister

I have the honour to transmit to you the enclosed message from Herr Helmut Schmidt, Federal Chancellor of the Federal Republic of Germany.

A courtesy translation is attached.

I am, dear Prime Minister,

Yours sincerely

Jürgen Ruhfus

Jürgen Ruhfus

The Rt.Hon. Margaret Thatcher, MP
Her Majesty's Prime Minister
and First Lord of the Treasury
L o n d o n

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 498/81

Courtesy Translation

②

Prime Minister

Telegramme

from Herr Helmut Schmidt, Federal Chancellor
of the Federal Republic of Germany
to The Rt.Hon. Margaret Thatcher, MP
Her Majesty's Prime Minister
and First Lord of the Treasury

Amul

mb

Dear Prime Minister,

I thank you for your message conveyed to me by Sir Oliver on 17 February, 1981, in which you informed me about the interest shown by a number of Arab states in buying advanced aircraft, and gave me your opinion on this matter. In the meantime, this question has been the subject of a first discussion in Cabinet.

The problems related to the export of weapons and other military equipment is at present being discussed in depth in the Federal Republic of Germany. This is a complex and difficult area. Herr Genscher has - as I am informed - already drawn Lord Carrington's attention to this. In this context, questions related to the export of military equipment built in co-production are also being discussed.

I hope, therefore, that you will understand that the Federal Government can take a position as regards your intention to comply with Arab requests for sales only after thorough examination. When making this examination, it will not be possible to disregard security aspects either.

I should think that it would be good and useful if our governments were to continue maintaining close contacts with one another on these questions and on others which might arise.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 1498/81

Telegramm

von Herrn Helmut Schmidt
Bundeskanzler der Bundesrepublik Deutschland
an The Rt.Hon. Margaret Thatcher, MP
Her Majesty's Prime Minister
and First Lord of the Treasury

Sehr geehrte Frau Premierminister,

Ich danke Ihnen für Ihre mir am 17. Februar 1981 von Sir Oliver überreichte Botschaft, in der Sie mich über das Interesse einiger arabischer Staaten an hochentwickelten Flugzeugen unterrichteten und mir Ihre Auffassung hierüber mitteilten. Die Angelegenheit ist inzwischen Gegenstand einer ersten Aussprache im Bundeskabinett gewesen.

Die Problematik der Ausfuhr von Kriegswaffen und sonstigen Rüstungsgütern wird in der Bundesrepublik Deutschland zur Zeit eingehend besprochen. Sie ist komplex und schwierig. Herr Genscher hat - wie ich höre - Lord Carrington bereits darauf hingewiesen. In diesem Zusammenhang werden auch Fragen erörtert, die mit dem Export von Rüstungsgütern, die in Ko-Produktion erzeugt werden, in Verbindung stehen.

Ich bitte Sie daher um Verständnis dafür, daß die Bundesregierung zu Ihrer Absicht, arabischen Lieferwünschen zu entsprechen, erst nach eingehender Prüfung Stellung nehmen kann. In dieser Prüfung werden auch Sicherheitsaspekte nicht außer acht gelassen werden können.

Ich würde es für gut und zweckmäßig halten, wenn unsere Regierungen in diesen Fragen und anderen, die sich stellen mögen, weiterhin in engem Kontakt bleiben.

Über den Inhalt dieses Schreibens habe ich auch Ministerpräsident Forlani unterrichtet.

Mit freundlichen Grüßen

Helmut Schmidt

Bundeskanzler der Bundesrepublik Deutschland

I have informed Prime Minister Forlani of the contents of this message.

Yours sincerely

Helmut Schmidt

Federal Chancellor of the
Federal Republic of Germany

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 7498/87

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ZEHA

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c. c. D/Trade
LPS
LPO
MOD
HMT
LCO
HO
CO



Middle East

10 DOWNING STREET

From the Private Secretary

5 March, 1981.

Sales to Iraq

The Prime Minister has seen and taken note of your letter to me of 4 March on this subject.

I am sending copies of this letter to the Private Secretaries to members of OD and to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

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Prime Minister

ATC

D. H. Allen

413



Foreign and Commonwealth Office

London SW1A 2AH

4 March 1981

Dear Michael,

Arms Sales to Iraq

Flap A

The Foreign and Commonwealth Secretary would like the Prime Minister to know that he has agreed to the Head of Defence Sales taking an important further step in the discussions over the overhaul for the Iraqis in Jordan of captured Iranian Chieftain tanks (which was the subject of discussion in OD on 29 January). Lord Carrington accepts that if we seek further to play for time the Iraqis may lose patience and order French tanks. MOD officials have accordingly been informed that, when Sir R Ellis visits Amman on 10 March, the Foreign and Commonwealth Secretary would be content for him to make it clear to the Iraqis that HMG can agree to the overhaul of the tanks in Jordan provided suitable arrangements are worked out to protect HMG's position as and when a leak occurs. Officials are still working on Sir R Ellis' brief, but one way of protecting HMG's position would be to insist on an end-user undertaking to the effect that no 'lethal' parts would be shipped on to Iraq for a specified period.

attached
Flap B

On the long-term supply of new tanks to Iraq, which was mentioned in the Foreign and Commonwealth Secretary's minute of 13 November to the Defence Secretary. Lord Carrington is content that Sir R Ellis should make it clear to the Iraqis that we have no objection in principle to supply. He understands that no deliveries could take place for two years, and that therefore the question of supplying tanks to Iraq as a belligerent does not arise now. Supplying tanks to Iraq would represent a significant development in our Middle East arms policy. We have agreed to sell Chieftains to one confrontation state, Jordan, but we held the line that this was not a precedent. In selling Chieftains to Iraq we are going a step further and can expect a strong and hostile reaction from Israel, and possibly a request to supply also to Syria (which we

/refused

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- 2 -



refused to supply in January 1980). But the Foreign and Commonwealth Secretary believes that Ministers must accept these implications in the interests of the more dynamic arms sales policy to which they are committed.

I am copying this letter to the Private Secretaries to members of OD and to David Wright (Cabinet Office).

Yours ever,

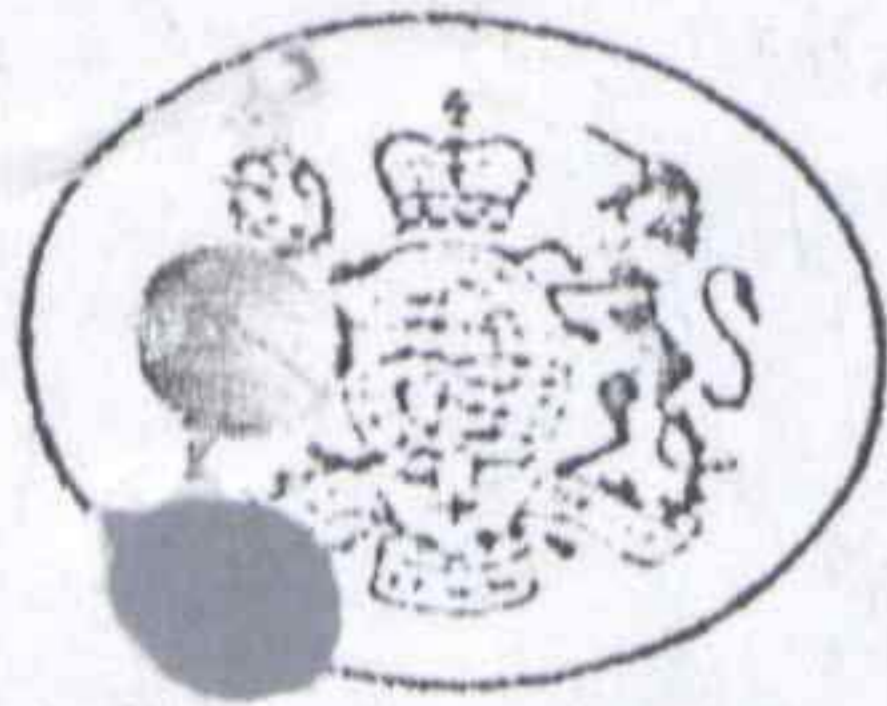
(F N Richards)
Private Secretary

A handwritten signature in dark ink, appearing to read 'Francis Richards', written over the typed name and title.

cc: PS/Members of OD

M O'D B Alexander Esq
10 Downing St

CONFIDENTIAL



MED

cc PS

PS/LPS B

PS/Mr Hand

Sir J. Graham
Mr J. Mabely
Legal Adviser

Defence Dept

Planning Staff

FCS/80/160SECRETARY OF STATE FOR DEFENCEArms Supplies to Iraq

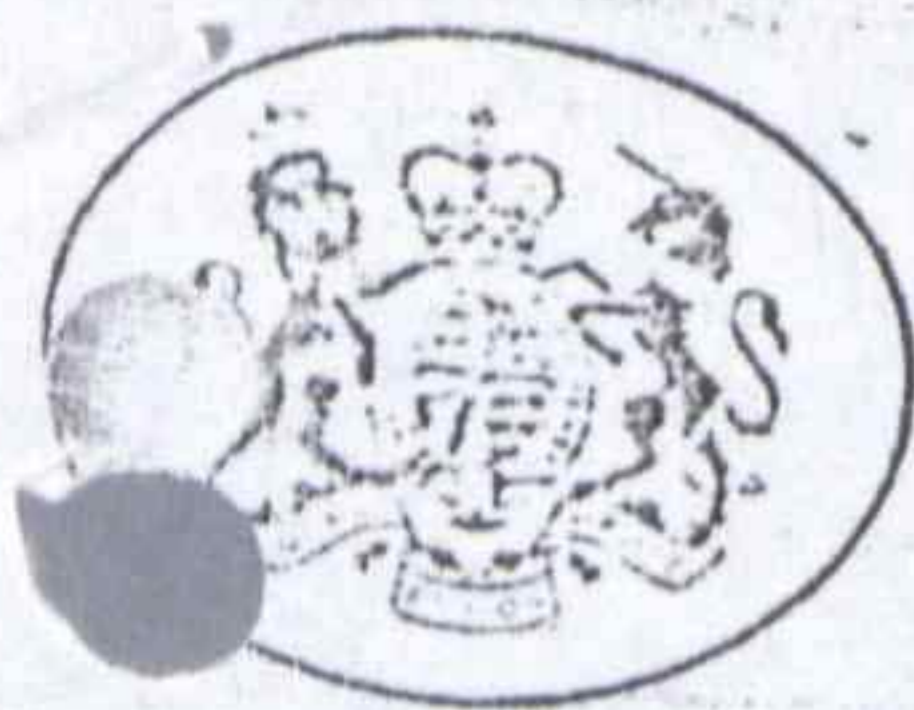
1. My officials have been in touch with yours about a number of items of defence equipment for possible supply to Iraq. The details are attached.

2. I have minuted separately about our general policy towards Iraq and Iran if and when the US hostages are released. In respect of supplies to Iraq I think that we should honour existing commitments - ie supply items for which orders were placed before the war. Otherwise we should agree to supply non-lethal equipment but not weapons and ammunition. As for long term contracts which are unlikely to involve the supply of equipment during the time we can reasonably expect hostilities to continue, I see no reason why negotiations should not proceed as normal. I have particularly in mind the indication we have had via King Hussein of Jordan of Iraqi interest in acquiring Chieftain tanks.

3. I believe that this is a position we as a non-belligerent can defend politically in diplomatic discussions with the parties involved and if necessary in public. But I foresee serious difficulties if we agree to allow even small

/quantities

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principle sanction the supply of Scammell recovery vehicles. The Iraqi evaluation team for Hawk should be received at the level it would have been if hostilities were not in train and IMS's negotiations with the Iraqi Navy about a possible naval base should proceed as normal. However, I hope you can agree that we should not supply the ammunition for the Iraqi Airforce Hunters. A decision on the automotive spares for Russian tanks should be deferred until officials have examined the implications in more detail (for instance, should ~~such~~ such spares count as 'arms and ammunition': would we incur an objection to let the Iranians have their Chieftain spares?)

5 I am sending copies of this minute to the Prime Minister, the Secretary of State for Trade, the Home Secretary and to Sir R Armstrong.

C
/

(CARRINGTON)

(14/11/80)

Foreign and Commonwealth Office

13.11.80

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ANNEX

ITEMS OF DEFENCE EQUIPMENT FOR IRAQ AND OTHER POSSIBLE DEFENCE RELATED CONTRACTS

1. SCAMMELL RECOVERY VEHICLES: 10 ton wheeled vehicles for recovery transporting tanks heavy lorries etc. Quantity: 200; value: £30m (approx). Delivery of first vehicles scheduled for 4 months from date of contract. (Some models available for immediate delivery).
2. SPARES FOR SOVIET BUILT TANKS: wide range of automotive spares which Lucas have been producing for Egypt's T54 and T55 tanks. Value: approx £3m but would represent the first order outside the Egyptian market and thus offering potential for further business. Delivery of some items 'off the shelf'. Any that required adaptation for the particular Iraqi range of tanks would require 3-4 months' delivery.
3. AMMUNITION FOR ADEN 30MM MACHINE GUN
Guns are fitted to Iraqi Air Force's four remaining Hawker Hunters supplied before 1967. Approx 45,000 rounds required. Value £1.5m. The guns are antiquated and ammunition is available from other suppliers eg France.
4. HAWK: VISIT BY IRAQI EVALUATION TEAM
General Janab, Assistant CGS and Chief of military procurement wishes to lead a mission starting 6 November to evaluate Hawk and look at other arms supply issues. British Aerospace would act as host but the visitors would expect to call on Head of MOD Defence Sales and perhaps the Vice Chief of the General Staff.
5. NAVAL BASE
IMS Limited have good prospects of obtaining the initial consultancy for this new project. It might be worth £500m.

MFJ

Original filed on

*Middle East
Internal Situation*

*Middle East
Nov 79*

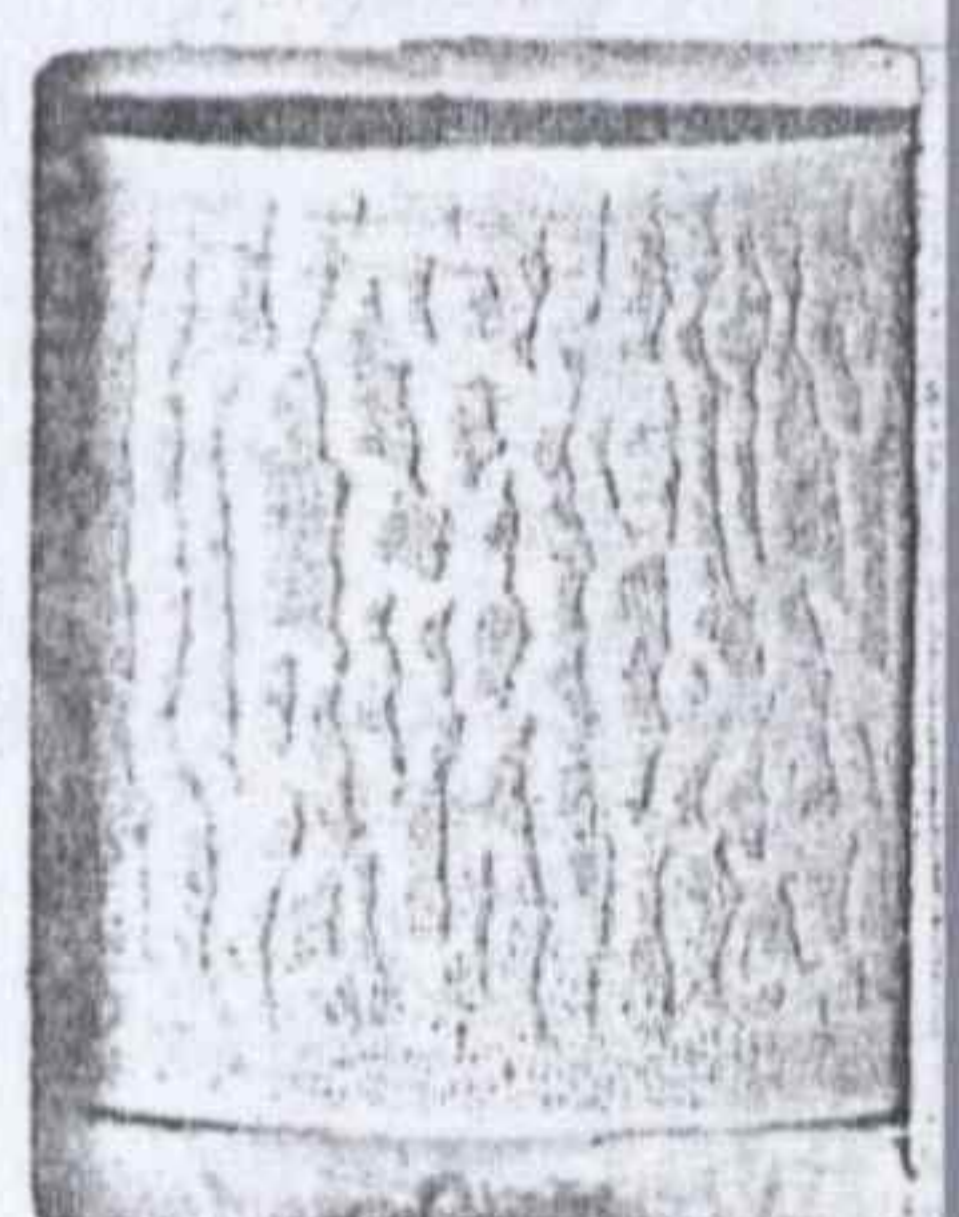
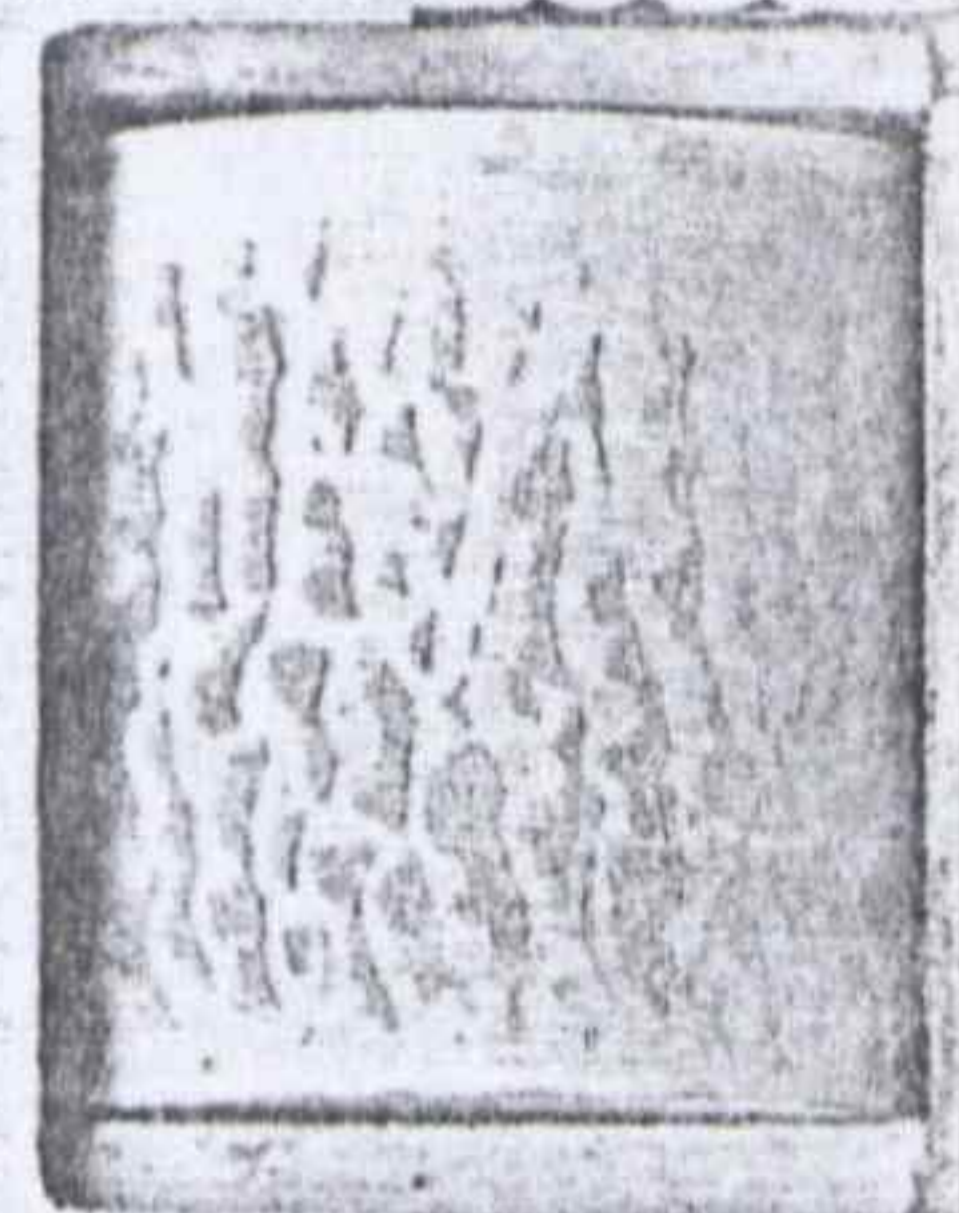
3 March 1981

Message from the Amir of Qatar

The Prime Minister has seen your letter to me of 27 February. She agrees that Mr. Brant should thank the Amir for his message on her behalf.

MODBA

M.A. Arthur, Esq.,
Foreign and Commonwealth Office.



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*Original filed in Middle East
Intelligence Situation*

Prime Minister

①



Foreign and Commonwealth Office

London SW1A 2AH

Agree that Mr

*Brant should acknowledge
as proposed in the final sentence
of this letter.* 27 February 1981

Ant - 2/3 Yes not

Dear Michael

MESSAGE TO THE PRIME MINISTER FROM THE AMIR OF QATAR

(NSD attached) I enclose a message from the Amir of Qatar which replies to the Prime Minister's message to him of 19 January. I enclose a full translation prepared by our Embassy in Doha, but since the Amir's message is rather long, the following summary may be useful.

The Amir - who did not know when he wrote that the Prime Minister would be visiting in April - welcomes the Prime Minister to visit Qatar at any time. He looks forward to another talk with her, following their last meeting in September 1979, and would like to discuss with her security in the region, Afghanistan and the Arab/Israel dispute (the Amir, like most Gulf Arabs, links Afghanistan and Palestine as being similar victims of occupation). The Amir also raises the subject of the recent agreement by Gulf states to set up the Council for Cooperation among the Arab states of the Gulf. (You will recall that the Prime Minister sent the Amir and other Gulf leaders messages of support for this development). Finally, he thanks the UK for its assistance in the fields of defence and security, including the training and equipping of the Qatari Armed Forces.

/When

M O'D B Alexander Esq
PS/Prime Minister
10 Downing Street

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When setting out our ideas on the objectives of the Prime Minister's visit to Qatar, we shall take account of the points raised by the Amir. Meanwhile, we see no reason to advise the Prime Minister to reply substantively to the Amir's message. It would be appropriate, however, for Mr Brant to be instructed to convey an oral reply from the Prime Minister thanking the Amir for his message, which had crossed with her own, and looking forward to their talks in April.

Yours ever

Michael Arthur

M A Arthur

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Middle East

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GRS 45
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FROM ROME 201030Z FEB 81
TO PRIORITY FCO
TELNO 49 OF 20 FEBRUARY 1981
AND TO PRIORITY MODUK
INFO ROUTINE BONN

no

''DEFENCE SALES''

MY TEL NO 46: TORNADO SALES

1. FORLANI'S CABINET TOLD US TODAY THAT THE PRIME MINISTER'S MESSAGE HAD BEEN CAREFULLY CONSIDERED BY FORLANI, ITALIAN RESPONSE WOULD BE GIVEN WITHIN THE NEXT FEW DAYS AND WOULD BE VERY FAVOURABLE.

ARCULUS

[COPIES SENT TO NO 10 DOWNING ST]

LIMITED
DEF. D
MED
NENAD
WED
PS
PS/LPS
PS/MR HURD
PS/PVS
SIR. A. ACLAND
MR BULLARD
MR J. C. MOBERLY
MR. P. H. MOBERLY
MR FERGUSSON

THIS TELEGRAM
WAS NOT
ADVANCED

CONFIDENTIAL

SUBJECT



T 27/81

PRIME MINISTER'S

PERSONAL MESSAGE

February 18, 1981
Amman

SERIAL No. T. 27/81

Dear Prime Minister,

Just upon my departure to the Islamic Summit I received your message on the subject of TORNADO.

A group of countries in our area including in addition to Jordan, Iraq, Kuwait, the Gulf States, Oman and Saudi Arabia (we have also talked to Morocco and advised Pakistan of our thoughts) have been talking for a while of the need to gradually standardize our military equipment upon the most modern systems that meet our future requirements. We have felt a growing urgency to move in this direction to enhance our capabilities individually and collectively in the face of common threats, by having compatible systems and the universal training and abilities to use them, together with establishing within the area all facilities to service and modify when necessary, and improve upon them through sending our people, in relevant cases, to work with their manufacturers so that they can then represent the nucleus of a technologically able and qualified element within this area which can change us, in time, from being pure consumers of manufactured systems, to countries that are able to depend growingly on their own human resources to service, modify and improve manufactured systems leading to an ability to handle modern technology.

We have been looking for a new air superiority fighter with advanced armaments and electronics which can adequately meet the challenge until the end of the century and possibly beyond, and we have been looking for an aircraft that can meet our requirements for a long-range fighter bomber that can deal with a variety of ground targets, together with electronic packages and equipment tailored to meet out every requirement. Our tendency has been to move away from the Superpowers and particularly towards the members of the European community. We feel that for members of the community to be able to keep abreast of modern development in advanced technology, such a move would be mutually beneficial and obviously when collectively we approach possible suppliers, the material costs would also be considerably more acceptable



due to the size of the orders. The vital questions are:

a. where can we get or help develop and then receive the most suitable range of equipment?

b. equally as important if not more so based on previous experience, is what satisfactory guarantees can we all receive that equipment will be forthcoming - both contracted for or any improved equipment which could be used by us on our aircraft yet to be developed at later stages - without any political considerations arising that might cause the manufacturers to stop or temporarily halt the implementation of an original agreement which is, after all, one reason why we are moving towards the European community and away from the monopolies of the Superpowers. A promising aircraft not yet fully developed is the D. Mirage 4000 and a dialogue has been ongoing between us and both the French Government and the manufacturers on this issue. We have gone a long way in defining our technical requirements as against the present and foreseen threats. We did not consider TORNADO due to -

1. the German Federal Republic's reluctance to sell arms to our area.

2. our uncertainty of Her Majesty's Government's attitude towards guaranteeing the fulfillment of an agreement until "a" is resolved and also in view of previous embargoes which we, for example, were affected by from time to time due to political considerations imposed upon us by Her Majesty's Government.

3. TORNADO is a developed aircraft which appears excellent in its original role, however, the A.D.V. variant seems more suited to intercept and destroy long-range enemy bombers from great distances, rather than being also a superiority fighter.



Obviously all of these impressions are inconclusive since we have as yet never had the chance to look seriously at TORNADO prior to the arrival of your message and also since TORNADO is an unknown aircraft to us technically beyond what is available in publications.

I have relayed your message to all concerned and sensed an interest to look at TORNADO based on the answers we all receive from you over the questions I am now raising. However, I must emphasize that time is pressing and that talks on the D. Mirage 4000 aircraft are fairly well advanced and it is thus most important that we receive from you dear Prime Minister, at the earliest opportunity your kind responses which would either give us the chance to look at TORNADO in both variants as well as D. Mirage 4000 or to continue on our original course.

With my warmest personal regards and sincerest wishes,

Your Sincere Friend,
D. James L.

M. H. Debut

GRS 440

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FM BONN 171450Z FEB 81

TO PRIORITY FCO

TELEGRAM NUMBER 106 OF 17 FEBRUARY

INFO ROUTINE ROME, MODUK

Read in full,

MS

YOUR TELEGRAMS NO. 56 AND 57: TORNADO SALES TO ARAB COUNTRIES.

1. I DELIVERED THE PRIME MINISTER'S MESSAGE TO THE CHANCELLOR DURING MY FAREWELL CALL TODAY. HE TOOK IT VERY CALMLY. HE PICKED UP TWO POINTS IN THE MESSAGE. FIRST, MRS THATCHER ASKED FOR A REPLY QUOTE AS SOON AS POSSIBLE UNQUOTE. WHAT DID QUOTE AS SOON AS POSSIBLE UNQUOTE MEAN ? DID IT MEAN TWO WEEKS OR TWO MONTHS ? I REPLIED THAT I THOUGHT IT MEANT WHAT IT SAID. MRS THATCHER WAS AWARE OF THE CHANCELLOR'S DOMESTIC PREOCCUPATIONS, SINCE I HAD REPORTED THEM TO HER. SHE DID NOT WISH TO HURRY THE CHANCELLOR. NONETHELESS SHE WOULD OBVIOUSLY LIKE TO KNOW AS SOON AS THE CHANCELLOR WAS IN A POSITION TO TELL HER. SPEAKING PERSONALLY, I THOUGHT THREE WEEKS TO A MONTH MIGHT BE A NICE TIME SCALE.
2. THE SECOND POINT HE LATCHED ON TO WAS THE POSSIBILITY THAT BRITISH AEROSPACE AND ROLLS ROYCE MIGHT DO THE DEED. HE INSTRUCTED HERR ZELLER, WHO WAS TAKING THE NOTE, TO LOOK INTO THE PROVISIONS OF THE TREATY ON TORNADO ABOUT EXPORTS. I SAID THAT, SPEAKING OFF THE CUFF, THE JOINT COMPANY, PANAVIA, WAS RESPONSIBLE FOR EXPORTS; BUT THERE WAS NOTHING SPECIFIC IN THE TREATY ABOUT IT. AT ALL EVENTS THE CHANCELLOR SEEMED TO THINK THAT THIS MIGHT POINT A WAY OUT.
3. IN GENERAL THE CHANCELLOR SAID THAT HE WOULD HAVE TO CONSULT HIS PARLIAMENT. HE WENT ON TO SAY THAT THERE WERE OPPONENTS OF ANY EXTENSION OF THE CURRENT GERMAN RESTRICTIVE POLICY OVER ARMS EXPORTS ACROSS THE WHOLE POLITICAL SPECTRUM, NOT ONLY IN HIS OWN PARTY, BUT ALSO IN THE FDP AND EVEN IN THE CDU. HE MADE IT CLEAR THAT HE HIMSELF WAS IN FAVOUR OF A POLICY OF SUPPORTING SAUDI ARABIA; HIS PROBLEM WAS TO GET PARLIAMENTARY BACKING FOR IT.
4. COMMENT. THE CHANCELLOR'S POLITICAL PROBLEMS ARE GENUINE, AS I HAVE REPORTED, WITHIN HIS OWN PARTY AND WITHIN HIS COALITION PARTNER. HE HIMSELF IS AWARE OF THE IMPORTANCE OF SUPPORTING SAUDI ARABIA AND FOR HIS OWN REASONS (LEOPARD TANKS FOR OIL) WISHES TO DO SO. SO WHILE WE WOULD NO DOUBT LIKE AN EARLIER REACTION, IT IS UNREALISTIC TO EXPECT HIM TO REPLY UNTIL HE SEES HIS WAY THROUGH HIS OWN PROBLEMS.

CONFIDENTIAL

/5. RECOMMENDATION.

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5. RECOMMENDATION. THE CHANCELLOR DID NOT SPECIFICALLY REACT TO OUR PROPOSAL TO GIVE A TORNADO DEMONSTRATION TO THE SAUDIS, ALTHOUGH HE SCRUTINISED THE PM'S MESSAGE SUFFICIENTLY THOROUGHLY TO PICK UP THE POINTS IN PARAS 1 AND 2 OF THIS TELEGRAM. I RECOMMEND THEREFORE THAT WE HO AHEAD WITH THE DEMONSTRATION ON A NATIONAL BASIS AS PROPOSED. THE LESS PUBLICITY THE BETTER, FROM THE GERMAN POINT OF VIEW AND FROM THE POINT OF VIEW OF OUR GETTING THE RIGHT ANSWER FROM THE CHANCELLOR. WE HAVE NO INTEREST IN MAKING IT MORE DIFFICULT FOR HIM TO GET THE PARLIAMENTARY BACKING HE WANTS FOR HIS OWN REASONS, SINCE THAT WOULD MAKE IT EASIER FOR HIM TO GIVE US THE ANSWER WE WANT. BUT EVEN IF HE CANNOT HGO AHEAD WITH LEOPARD, THERE IS STILL A CHANCE THAT HE WILL NOT OPPOSE A NATIONAL SALE OF TORNADO. IN SHORT, SOFTLY SOFTLY CATCHEE MONKEY.

WRIGHT

[COPIES SENT TO NO 10 DOWNING STREET]

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PS/PUS
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MR BULLARD
MR J C MOBERLY
MR P H MOBERLY

SUBJECT

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DESKBY 170800Z (ROME AND BONN)

FM FCO 161955Z FEB 81

TO IMMEDIATE ROME

TELEGRAM NUMBER 30 OF 16 FEBRUARY

INFO IMMEDIATE BONN, MODUK (DS13)

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T25B/81

MY TELNOS 56 AND 57 TO BONN: TORNADO SALES TO ARAB COUNTRIES

1. FOLLOWING IS TEXT OF MESSAGE TO FORLANI:

BEGINS:

WE HAVE RECEIVED INDICATIONS FROM KING HUSSEIN THAT A NUMBER OF ARAB STATES, INCLUDING SAUDI ARABIA, ARE INTERESTED COLLECTIVELY IN BUYING ADVANCED AIRCRAFT. THERE HAS ALREADY BEEN SOME PRESS SPECULATION ABOUT THIS IN RELATION TO TORNADO.

ONE IMPORTANT ELEMENT IN THE STABILITY OF THE GULF IS THAT THE ARABS SHOULD BE ABLE TO STAND ON THEIR OWN FEET MILITARILY. I BELIEVE IT IS PARTICULARLY IMPORTANT THAT SAUDI ARABIA SHOULD BE STRENGTHENED. THE IMPORTANCE OF A STABLE REGIME THERE FOR WESTERN EUROPE CANNOT BE OVER-STRESSED. IF THERE IS REAL INTEREST IN TORNADO AND WE REBUFF IT, THE CONSEQUENCES FOR OUR POLICIES AND INTERESTS IN THE REGION COULD BE SERIOUS. QUITE APART FROM THE NEED FOR STRONG, STABLE ARAB STATES, SALES OF TORNADO WOULD BE OF SUGNIFICANT BENEFIT TO OUR JOINT TORNADO PROGRAMME AND WOULD BE OF HELP IN REDUCING UNIT COSTS.

THE ARAB/ISRAEL DIMENSION IS, I RECOGNIZE, A SERIOUS COMPLICATION IN CONSIDERATION OF ARMS SALES IN THE AREA. BUT THE FACT IS THAT ISRAEL IS THE STRONGEST MILITARY POWER IN THE REGION AND THE AMERICANS WILL ALMOST CERTAINLY CONTINUE TO ENSURE SUPPLIES TO HER. IF THEY DID NOT, WE MIGHT HAVE TO RECONSIDER OUR ATTITUDE TO SALES TO ISRAEL OF ADVANCED AIRCRAFT, BUT THESE ARE COMPLICATING FACTORS WHICH I DO NOT THINK WE NEED TO DEAL WITH NOW.

WHAT IS IMPORTANT IS THAT WE SHOULD BE IN A POSITION SOON TO DISCUSS THE ARAB'S NEEDS WITH THEM SO THAT WE DO NOT CLOSE ANY DOORS FOR THE TIME BEING. TO DO THIS EFFECTIVELY, I BELIEVE WE HAVE TO TAKE AN EARLY DECISION OF PRINCIPLE TO SELL TORNADO IF THE SAUDIS AND OTHER ARAB STATES ARE GENUINELY INTERESTED. FOR MY PART, I AM READY TO AGREE TO THIS AND I VERY MUCH HOPE THAT YOU WILL BE ABLE TO DO SO TOO.

I SHOULD BE GRATEFUL IF YOU COULD LET ME HAVE YOUR VIEWS AS SOON AS POSSIBLE. WE HAVE OFFERED TO GIVE A DEMONSTRATION FLIGHT OF TORNADO IN THE UNITED KINGDOM TO THE DEPUTY CHIEF OF OPERATIONS IN THE SAUDI AIR FORCE IN THE NEAR FUTURE.

CONFIDENTIAL

/I AM SENDING

CONFIDENTIAL

I AM SENDING A SIMILAR MESSAGE TO THE GERMAN CHANCELLOR. I APPRECIATE OF COURSE THAT SALES OF DEFENCE EQUIPMENT PRESENT THE GERMAN GOVERNMENT WITH PARTICULAR PROBLEMS. IT WOULD HAVE BEEN BETTER IF THE MATTER HAD NOT COME TO A HEAD SO SOON. BUT, SINCE THERE IS NOW PUBLIC SPECULATION, I DO NOT THINK WE CAN AFFORD TO DELAY A DECISION.

I HAVE SUGGESTED TO CHANCELLOR SCHMIDT THAT HE MIGHT FIND IT HELPFUL IF BAE AND ROLLS ROYCE, RATHER THAN PANAVIA, WERE TO TAKE THE LEAD ON SALES TO THE MIDDLE EAST. I SHOULD ALSO BE GRATEFUL FOR YOUR VIEWS ON THIS. IF YOU SEE MERIT IN THE IDEA OUR OFFICIALS COULD PURSUE IT AS A MATTER OF URGENCY.

CARRINGTON

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PS/PUS
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MR J MOBERLY
MR P MOBERLY

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DESKBY BONN 170730Z

DESKBY ROME 170800Z

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FM F C O 161955Z FEB 81

TO IMMEDIATE BONN

TELEGRAM NUMBER 57 OF 16 FEBRUARY.

INFO IMMEDIATE ROME MODUK (DS 13).

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T25A/8

hg
hnd

MIPT : TORNADO SALES TO ARAB COUNTRIES.

1. FOLLOWING IS TEXT OF MESSAGE TO CHANCELLOR SCHMIDT :

BEGINS.

AS YOU MAY KNOW, WE HAVE RECEIVED INDICATIONS FROM KING HUSSEIN THAT A NUMBER OF ARAB STATES, INCLUDING THE SAUDIS, ARE INTERESTED COLLECTIVELY IN BUYING ADVANCED AIRCRAFT. THERE HAS ALREADY BEEN SOME PRESS SPECULATION ABOUT THIS IN RELATION TO TORNADO. PETER CARRINGTON HAD A WORD ON THE POSSIBILITY OF TORNADO SALES LAST WEEK WITH HERR GENSCHER AND TOLD HIM THAT I WOULD BE GETTING IN TOUCH WITH YOU.

ONE IMPORTANT ELEMENT IN THE STABILITY OF THE GULF IS THAT THE ARABS SHOULD BE ABLE TO STAND ON THEIR OWN FEET MILITARILY. I BELIEVE IT IS PARTICULARLY IMPORTANT THAT SAUDI ARABIA SHOULD BE STRENGTHENED. THE IMPORTANCE OF A STABLE REGIME THERE FOR WESTERN EUROPE CANNOT BE OVERSTRESSED. IF THERE IS REAL INTEREST IN TORNADO AND WE REBUFF IT, THE CONSEQUENCES FOR OUR POLICIES AND INTERESTS IN THE REGION COULD BE SERIOUS.

I APPRECIATE THAT SALES OF DEFENCE EQUIPMENT TO THE MIDDLE EAST PRESENT YOU WITH PARTICULAR PROBLEMS. IT WOULD HAVE BEEN BETTER IF THE MATTER HAD NOT COME TO A HEAD SO SOON. BUT, SINCE THERE IS NOW PUBLIC SPECULATION, I DO NOT THINK WE CAN AFFORD TO DELAY ON THIS. QUITE APART FROM THE NEED FOR STRONG, STABLE ARAB STATES, SALES OF TORNADO WOULD BE OF SIGNIFICANT BENEFIT TO OUR JOINT TORNADO PROGRAMME AND WOULD BE OF HELP IN REDUCING UNIT COSTS. THE ARAB/ISRAEL DIMENSION IS, I RECOGNISE, A SERIOUS COMPLICATION IN CONSIDERATION OF ARMS SALES IN THE AREA. BUT THE FACT IS THAT ISRAEL IS THE STRONGEST MILITARY POWER IN THE REGION AND THE

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/AMERICANS

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AMERICANS WILL ALMOST CERTAINLY CONTINUE TO ENSURE SUPPLIES TO HER. IF THEY DID NOT, WE MIGHT HAVE TO RECONSIDER OUR ATTITUDE TO SALES TO ISRAEL OF ADVANCED AIRCRAFT, BUT THESE ARE COMPLICATING FACTORS WHICH I DO NOT THINK WE NEED TO DEAL WITH NOW. WHAT IS IMPORTANT IS THAT WE SHOULD BE IN A POSITION SOON TO DISCUSS THE ARABS' NEEDS WITH THEM SO THAT WE DO NOT CLOSE ANY DOORS FOR THE TIME BEING. TO DO THIS EFFECTIVELY I BELIEVE WE HAVE TO TAKE AN EARLY DECISION OF PRINCIPLE TO SELL TORNADO IF THE SAUDIS AND THE OTHER ARAB STATES ARE GENUINELY INTERESTED. FOR MY PART, I AM READY TO AGREE TO THIS AND I VERY MUCH HOPE THAT YOU WILL BE ABLE TO DO SO TOO.

I SHOULD BE GRATEFUL IF YOU COULD LET ME HAVE YOUR VIEWS AS SOON AS POSSIBLE. WE HAVE OFFERED TO GIVE A DEMONSTRATION FLIGHT OF TORNADO IN THE UNITED KINGDOM TO THE DEPUTY CHIEF OF OPERATIONS IN THE SAUDI AIR FORCE IN THE NEAR FUTURE. MEANWHILE IT OCCURS TO ME THAT YOU MIGHT FIND IT HELPFUL IF BAE AND ROLLS ROYCE, RATHER THAN PANAUIA, WERE TO TAKE THE LEAD ON SALES TO MIDDLE EAST CUSTOMERS. IF YOU SEE MERIT IN THIS IDEA OUR OFFICIALS COULD PURSUE IT AS A MATTER OF URGENCY.

I AM SENDING A SIMILAR MESSAGE TO SIGNOR FORLANI.

ENDS.

CARRINGTON

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PS/PUS
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MR P MOBERLY

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DESKBY 170730Z (BONN)

DESKBY 170300Z (ROME)

FM FCO 161955Z FEB 81

TO IMMEDIATE BONN

TELEGRAM NUMBER 56 OF 16 FEBRUARY

AND TO IMMEDIATE ROME

INFO TO MODUK (DS 13)

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YOUR TELNO 9: TORNADO SALES TO ARAB COUNTRIES

1. I HAD A BRIEF WORD WITH GENSCHER LAST WEEK ABOUT THE POSSIBILITY OF TORNADO SALES TO SAUDI ARABIA AND OTHER ARAB COUNTRIES. HE TOOK THE POINT CALMLY AND I TOLD HIM THAT THE PRIME MINISTER WOULD FOLLOW UP WITH CHANCELLOR SCHMIDT IN DUE COURSE.
2. YOUR FAREWELL CALL ON THE CHANCELLOR ON 17 FEBRUARY PROVIDES A GOOD OPPORTUNITY TO DO THIS. MIFT CONTAINS THE TEXT OF A MESSAGE FROM THE PRIME MINISTER WHICH YOU SHOULD HAD OVER TO HIM.
3. (FOR ROME) MY TELNO 30 CONTAINS THE TEXT OF A SIMILAR MESSAGE TO FORLANI (YOUR TELNO 40 REFERS).

CARRINGTON

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CC MOD

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Middle East

10 DOWNING STREET

From the Private Secretary

16 February 1981

BF for tele to T

Tornado sales to Saudi Arabia

The Prime Minister has seen your letter of 16 February and has agreed the texts of the enclosed messages from her to Chancellor Schmidt and Signor Forlani. She has asked that the penultimate sentence of the second paragraph should be deleted.

I am sending copies of this letter to Brian Norbury (Ministry of Defence) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

16 February 1981

Dear Michael,

Tornado Sales to Saudi Arabia

Ministers agreed in OD on 12 February that Lord Carrington should do his best to persuade the German Government to relax their present stance on Tornado sales overseas, particularly to the Middle East. Lord Carrington was able to have a word with Herr Genscher last week and told him that the Prime Minister would be following the matter up with Chancellor Schmidt.

We have now learned that Sir O Wright will be paying his farewell call on Chancellor Schmidt at 09.30 tomorrow. This seems to us an excellent occasion on which to deliver a message from the Prime Minister. Time is, however, short and we need to get instructions to Bonn by start of play tomorrow morning.

//

I attach draft telegrams to Bonn and Rome (it is important to keep the Italians in play at the same time as the Germans). If the Prime Minister agrees, these should be sent tonight.

I am sending a copy of this letter to Brian Norbury (MOD) and David Wright (Cabinet Office).

Yours ever,

(F N Richards)
Private Secretary

M O' D B Alexander Esq
10 Downing Street
LONDON SW1

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File No. DPS 087/14

Department DEFENCE

Drafted by D H GILLMORE

Tel. Extn.....

OUTWARD

TELEGRAM

Security Classification
CONFIDENTIAL

Precedence
IMMEDIATE

DESKBY 170800 Z

FOR
COMMS. DEPT.
USE

Despatched

(Date)

(Time) Z

POSTBY..... Z

PREAMBLE

(Time of Origin) Z(G.M.T.)

(Restrictive Prefix).....

(Security Class.) ..CONFIDENTIAL.....

(Caveat/
Privacy Marking).....

(Codeword)

(Deskby)..... Z

TO.....IMMEIDATE..... BONN..... Tel. No. of.....
(precedence) (post)

AND TO (precedence/post).....IMMEDIATE ROME (DESKBY 170800Z).....

AND SAVING TO.....

REPEATED TO (for info).....MODUK...(DS..13.).....

SAVING TO (for info).....

Distribution:-
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MR J MOBERLY
MR P MOBERLY
MR BULLARD
SIR A ACLAND
MR BULLARD
PS/MR HURD
PS/LPS
PS

Copies to:-

[TEXT]

YOUR TELNO 9: TORNADO SALES TO ARAB COUNTRIES

1. I had a brief word with Genscher last week about the possibility of Tornado Sales to Saudi Arabia and other Arab countries. He took the point calmly and I told him that the Prime Minister would follow up with Chancellor Schmidt in due course.

2. Your farewell call on the Chancellor on 17 February provides a good opportunity to do this. MIFT contains the text of a message from the Prime Minister which you should hand over to him.

3. (For Rome) My second IFT contains the text of a similar message to ^{FORLANI} Falani (your telno 40 refers).

File No.

Department DEFENCE

OUTWARD

Security Classification
CONFIDENTIALDrafted by
(Block Capitals) D. H. GILLMORE

TELEGRAM

Precedence
IMMEDIATE

Tel. Extn.

DESKBY 170800 170730 Z

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Despatched

(Date)

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POSTBY.....Z

PREAMBLE

(Time of Origin)Z(G.M.T.)

(Restrictive Prefix).....

(Security Class.) CONFIDENTIAL

(Caveat/
Privacy Marking).....

(Codeword)

(Deskby).....Z

TO IMMEDIATE
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(post)

Tel. No. of

AND TO (precedence/post).....

AND SAVING TO.....(DESKBY 170800)

REPEATED TO (for info) IMMEDIATE ROME (MODUK(DS 13))

SAVING TO (for info).....

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MR J MOBERLY

MR P MOBERLY

MR BULLARD

SIR A ACLAND

MR BULLARD

PS/MR HURD

PS/LPS

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Copies to:-

[TEXT]

MIPTS: TORNADO SALES TO ARAB COUNTRIES

1. Following is text of message to Chancellor Schmidt:
BEGINS.

~~Quote~~ As you may know, we have received indications from
a number of Arab states, including the Saudis, collectively
King Hussein that they are interested in buying
advanced aircraft. There has already been some press
speculation about this in relation to Tornado. Peter
Carrington had a word on the possibility of Tornado sales
last week with Herr Genscher and told him that I would be
getting in touch with you.

~~Quote~~ One important element in the stability of the Gulf
is that the Arabs should be able to stand on their own
feet militarily. I believe it is particularly important
that Saudi Arabia should be strengthened. The importance
of a stable regime there for Western Europe cannot be
/overstressed

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overstressed. ~~Following the Venice initiative, the Arab states are increasingly looking to Europe as an alternative to dependence on a superpower.~~ If there is real interest in Tornado and we rebuff it, the consequences for our policies and interests in the region could be serious.

~~Quote~~ I appreciate that sales of defence equipment to the Middle East present you with particular problems. It would have been better if the matter had not come to a head so soon. But, since there is now public speculation, I do not think we can afford to delay on this. Quite apart from the need for strong, stable Arab states, sales of Tornado would be of significant benefit to our joint Tornado programme and would be of help in reducing unit costs.

~~Quote~~ The Arab/Israel dimension is, I recognize, a serious complication in consideration of arms sales in the area. But the fact is that Israel is the strongest military power in the region and the Americans will almost certainly continue to ensure supplies to her. If they did not, we might have to reconsider our attitude to sales to Israel of advanced aircraft, but these are complicating factors which I do not think we need to deal with now. What is important is that we should be in a position soon to discuss the Arab's needs with them so that we do not close any doors for the time being. To do this effectively I believe we have to take an early decision of principle to sell Tornado if the Saudis and the other Arab states are genuinely interested. For my part, I am ready to agree to this and I very much hope that you will be able to do so too.

/Quote

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NOTHING TO BE WRITTEN IN THIS MARGIN

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~~Quote~~ I should be grateful if you could let me have your views as soon as possible. We ^{have offered} ~~are planning~~ to give a demonstration flight of Tornado in the United Kingdom to the Deputy Chief of Operations in the Saudi Air Force in the near future. Meanwhile it occurs to me that you might find it helpful if BAE ^{and Rolls Royce} rather than Panavia, ^{were} ~~was~~ to take the lead ^{sales to Middle East customers} on ~~this~~. If you see merit in this idea our officials could pursue it as a matter of urgency.

~~Quote~~ I am sending a a similar message to Signor Forlani.

~~Unquote~~ Ends.

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File No.

DepartmentDEFENCE.....
Drafted by
(Block Capitals) D. H. GILLMORE

OUTWARD
TELEGRAM

Security Classification
CONFIDENTIAL
Precedence
IMMEDIATE
DESKBY 170800.....Z

Tel. Extn.....

FOR COMMS. DEPT. USE	Despatched	(Date)	POSTBY.....Z
		(Time)Z	

PREAMBLE

(Time of Origin)Z(G.M.T.) (Restrictive Prefix).....
 (Security Class.)CONFIDENTIAL..... (Caveat/Privacy Marking).....
 (Codeword) (Deskby).....Z

TO IMMEDIATE (precedence) ROME (post) Tel. No. of

AND TO (precedence/post).....

AND SAVING TO.....

REPEATED TO (for info)..... IMMEDIATE BONN (DESKBY 170800) MODUK (DS 13).....

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 MR J MOBERLY
 MR P MOBERLY
 MR BULLARD
 SIR A ACLAND
 MR BULLARD
 PS/MR HURD
 PS/LPS
 PS

Copies to:-

[TEXT]

MIPTS; TORNADO SALES TO ARAB COUNTRIES

1. Following is text of message to Forlani:

Begins:

~~Quote~~ We have received indications from King Hussein that
 a number of including Saudi Arabia, collectively
 the Arab states are interested in buying advanced aircraft.

There has already been some press speculation about this in relation to Tornado.

~~Quote~~ One important element in the stability of the Gulf is that the Arabs should be able to stand on their own feet militarily. I believe it is particularly important that Saudi Arabia should be strengthened. The importance of a stable regime there for Western Europe cannot be overstressed. ~~Following the Venice initiative, the Arab states are increasingly looking to Europe as an alternative to dependence on a superpower.~~ If there is real interest in

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/Tornado

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Tornado and we rebuff it, the consequences for our policies and interests in the region could be serious.

~~Quote~~ Quite apart from the need for strong, stable Arab states, sales of Tornado would be of significant benefit to our joint Tornado programme and would be of help in reducing unit costs.

~~Quote~~ The Arab/Israel dimension is, I recognize, a serious complication in consideration of arms sales in the area. But the fact is that Israel is the strongest military power in the region and the Americans will almost certainly continue to ensure supplies to her. If they did not, we might have to reconsider our attitude to sales to Israel of advanced aircraft, but these are complicating factors which I do not think we need to deal with now.

What is important is that we should be in a position soon to discuss the Arab's needs with them so that we do not close any doors for the time being. To do this effectively, I believe we have to take an early decision of principle to sell Tornado if the Saudis and the other Arab states are genuinely interested. For my part, I am ready to agree to this and I very much hope that you will be able to do so too.

~~Quote~~ I should be grateful if you could let me have your views as soon as possible. We have offered to give a demonstration flight of Tornado in the United Kingdom to the Deputy Chief of Operations in the Saudi Air Force in the near future.

~~Quote~~ I am sending a similar message to the German Chancellor. I appreciate of course that sales of defence equipment present the German Government with

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/particular

NOTHING TO BE WRITTEN IN THIS MARGIN

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particular problems. It would have been better if the matter had not come to a head so soon. But, since there is now public speculation, I do not think we can afford to delay a decision. ~~Unquote. Ends.~~

~~Quote~~ I have suggested to Chancellor Schmidt that he might find it helpful if BAe and Rolls Royce, rather than Panavia, were to take the lead on sales to the Middle East. I should also be grateful for your views on this. If you see merit in the idea our officials could pursue it as a matter of urgency. ~~Unquote.~~

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Subject

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cc: MOD
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10 DOWNING STREET

From the Private Secretary

11 February 1981

CALL ON THE PRIME MINISTER BY THE UNITED ARAB EMIRATES OIL MINISTER

The Oil Minister of the United Arab Emirates, Dr. Otaiba, called on the Prime Minister this afternoon. Mr. Hurd was also present.

Dr. Otaiba conveyed to the Prime Minister the greetings of Shaikh Zaid. Shaikh Zaid was much looking forward to welcoming the Prime Minister in Abu Dhabi in April. He was anxious to encourage the new trend in British policy towards the resumption of traditional relationships with the Gulf. It was a great pity that these relationships had been neglected during the time of the last Administration in the United Kingdom. Dr. Otaiba added that Shaikh Zaid was still in Pakistan. He would be going on to report to the Shaikh immediately after his return to Abu Dhabi. The Shaikh was expected back in the Gulf on 20 February. The Prime Minister said that she herself was much looking forward to her visit. She was conscious that there had been a tendency in this country to take our relations with the United Arab Emirates and with the region in general for granted. She was anxious that from now on there should be more positive evidence of our involvement. The Queen's visit, that which the Defence Secretary would shortly be making and her own were all intended to demonstrate this.

The Prime Minister asked Dr. Otaiba for his views on the conflict between Iran and Iraq. Dr. Otaiba replied that the situation was dangerous but that the Gulf States were getting used to it. Both Iran and Iraq had sought support from the U.A.E. but they had taken the view that it was better to stand back. However, they had drawn the conclusion from the fate of the Iraqi oil fields that it was necessary to establish a defence system for the defence of their oil wells. They wished to be prepared for any eventuality. This was an area where they thought it should be possible to cooperate with the United Kingdom. The Prime Minister agreed.

/ Dr. Otaiba

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Dr. Otaiba said that a decision on the purchase of Hawk would probably be taken after the Shaikh's return from Pakistan. "Then we will do our best to buy from our friends". The Prime Minister said that the Hawk was the best aircraft available and she very much hoped the U.A.E. would buy it. Dr. Otaiba said that the problem was that in the nine years since Britain had withdrawn, the French had been given a clear run. However, when he had seen President Giscard, the Alpha Jet had not been mentioned. The President had only talked about oil.

Dr. Otaiba mentioned that he had had a useful talk about the establishment of a joint U.K./U.A.E. Energy Committee with Mr. Howell. The Prime Minister said that she thought the establishment of such a committee would be a very good idea. She asked about the prospects for the OPEC oil meeting in May. Dr. Otaiba said that the U.A.E. delegation would be arguing for a price freeze until the end of the year. They expected that market forces would help them. The Prime Minister said that such a freeze would be a great help both to the industrialised world and to the less developed. Dr. Otaiba commented that one of the difficulties in keeping prices down was that the value of a barrel of oil in terms of its purchasing power was now slightly lower than it had been in 1970. The Prime Minister expressed surprise at this. Dr. Otaiba undertook to let Mr. Hurd have the details.

Referring to the U.A.E.'s own plans for investment in energy, Dr. Otaiba said that they planned to spend \$30 billion in the next three years on exploration; drilling deeper in existing oil fields; maintenance; exploitation of gas resources; and petrochemical developments. There should be room for cooperation with the United Kingdom here. The Prime Minister agreed.

On relations with other Gulf States, Dr. Otaiba said that Shaikh Zaid was suggesting a doubling of their aid to Bahrain from \$50m per annum to \$100m per annum. He referred briefly to the new arrangements for cooperation among Gulf States in the security field. He thought that these would take some time to develop.

I am sending copies of this letter to Brian Norbury (MOD), Julian West (Department of Energy) and David Wright (Cabinet Office).

MOD SA

Francis Richards, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

11 February 1981

Dear Michael,

Call on the Prime Minister by the UAE Oil Minister

The Prime Minister has agreed to see the Oil Minister of the United Arab Emirates, Dr Mana al Otaiba, at 5.30 pm on Wednesday 11 February. Mr Hurd will be present, as the Prime Minister has requested.

While during his stay he has discussed energy matters with Mr Howell, with whom he lunch on Monday 9 February, Dr Otaiba has at least as strong an interest in foreign affairs as in energy. In his conversations with Lord Carrington and Mr Hurd he has pursued a favourite theme that if only the West can help bring about a speedy settlement of the Arab/Israel dispute the West and the Arab world can co-operate together against the Soviet threat. He may seek to enlist the Prime Minister's help in changing attitudes in the USA towards the Middle East when she visits Washington later this month. He has also spoken of the recent progress towards closer Gulf co-operation in the context of facing up to the danger of Soviet expansionism.

As for bilateral matters Dr Otaiba may voice the fear (which has never been substantiated) that Britain has sometimes appeared to be losing interest in the Gulf since British withdrawal in 1971. But he feels satisfaction over British expression of willingness to help the UAE face the military danger of the Gulf war, as embodied in a message from Lord Carrington to Shaikh Zaid and later in the mission of General Perkins to review the UAE's defence capability. These moves, which have done a great deal to restore our standing in the UAE, owe much to the encouragement and advice of Dr Otaiba. But it will be valuable if he can hear from the Prime Minister a firm expression of our determination to help our old friends in the Gulf in whatever ways we can and not to let it be thought that we have in any way lost interest in the Gulf states, their defence, their commercial markets or their regional concerns. For instance we maintain a large number of Loan Service Personnel in the Gulf providing largely unobtrusive training of local military forces. There are over 150 in Kuwait and a significant number in Oman. Since ministerial visits are to some extent a token of our interest, it will also be valuable to stress the importance of the Prime Minister's visit in April to the Gulf (including the UAE) which will be the first Gulf tour by a British Prime Minister since the withdrawal of British troops in 1971.

Dr Otaiba has told us he is bringing a message for the Prime Minister from Shaikh Zaid, to whom he is close.

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I understand that the Prime Minister will wish to send a return message. Since we have already drafted a message of congratulation from the Prime Minister to Shaikh Zaid amongst other Gulf leaders, following the recent agreement on closer Gulf co-operation, it will probably be best if in the light of Dr Otaiba's call we discuss how that message might suitably be amended. Meanwhile the Prime Minister will doubtless wish to tell Dr Otaiba that she is sending a message to Zaid.

// I enclose a brief and a personality note.

Yours ever,

A handwritten signature in cursive script that reads "Francis Richards".

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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POINTS TO MAKE

UK/UAE relations

1. Pleased to see so many high-level British visits in recent months. Looking forward to my own visit in April. Our relations with Gulf go back a long way. They have always been important to us, and never more so than now.

UK/UAE defence co-operation

2. Glad we have been able to help in reviewing your defence capability, in the mission of General Perkins.

Defence Sales

3. Grateful for the support you are giving. Would be disappointing if acceptance of British defence co-operation did not mean at least giving a fair chance to British defence equipment.

Gulf co-operation

4. Glad to hear of recent progress and 4 February meeting of Gulf Foreign Ministers. I am sending a confidential message to Shaikh Zaid and other Gulf leaders.

Energy

5. Interested to hear of your discussions with Mr Howell. Grateful for the UAE's moderation both before and since the December OPEC meeting.

Iran/Iraq

6. Military stalemate. How do you see a solution being reached?

ESSENTIAL FACTS

UK/UAE relations

1. Recent British visitors have included the Secretaries of State for Energy and for Health, and this week the Duke of Kent. Mr Nott is likely to visit in March. The Prime Minister has agreed to visit the UAE as part of a Gulf tour from 19-24 April. Shaikh Zaid of Abu Dhabi, though well disposed to the UK, has sometimes felt that Britain is losing interest. Since visits count for so much in the Gulf, a good programme of ministerial visits will be welcome to him.

UK/UAE defence co-operation

2. Following UAE anxieties during the Gulf war, Lord Carrington sent a message to Shaikh Zaid in October, offering help. This offer being speedily accepted, General Perkins led a military mission to review the UAE's defence capability.

Defence Sales

3. Doctor Otaiba has offered further help over our defence sales effort. Although not directly involved in the decision-making, he has asked to be told in advance of moves we plan to make. No decision has yet been reached over the sale of Hawk aircraft, in which our efforts are meeting with determined French competition. Mr Hurd has recently written to Shaikh Zaid's eldest son, the Deputy Commander-in-Chief.

Gulf co-operation

4. Meeting in Riyadh on 4 February, Gulf Foreign Ministers signed an agreement to set up an Arab Gulf Co-operation Council. Underlying all recent discussions by Gulf states on closer co-operation has been an awareness of their common defence interests.

Energy

5. Dr Otaiba has had discussions with Mr Howell during his visit and has shown interest in keeping closely in touch with us on energy matters.

/Iran

CONFIDENTIAL

- 2 -

Iran/Iraq

6. The war appears to have reached a stalemate. Iran is still able to export oil, at up to 1 mbpd. No mediation efforts seem to have chance of success soon. Dr Otaiba has tentatively forecast to Lord Carrington that the Iranians will accept a de facto ceasefire, but has not foreseen any settlement of the territorial dispute that would not cause an unacceptable loss of face to either combatant.

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DR MANA SAID AL OTAIBA

UAE Minister of Petroleum and Mineral Resources.

Born 1946 in Abu Dhabi to a leading merchant family. Educated at Baghdad and Cairo Universities.

A favourite of Shaikh Zaid, to whom he owes much of his position.

A past Chairman of OPEC, he enjoys international energy meetings. But he has not always kept to the same line as the other 'moderate' OPEC members such as Saudi Arabia, nor does he always seem to take a clear lead in policy.

He has a strong interest in foreign affairs, which has become more noticeable in the absence since April 1980 of any Foreign Minister. He has been helpful to British interests recently, encouraging us to send a message of support to Shaikh Zaid with an offer of possible military assistance and making clear to us and to Zaid his preference for British defence equipment against a fairly strong pro-French lobby.

He speaks good English, which he studied at one time in the UK.

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Ref. A04240

PRIME MINISTER

Tornado - Export Sales

(OD(81) 8)

BACKGROUND

When OD discussed defence sales on 3rd December, they invited the Foreign and Commonwealth Secretary and Secretary of State for Defence to exploit all possible opportunities to extend overseas markets for defence sales. Tornado is the single largest defence project in which this country is at present engaged. It has become urgent to decide upon overseas sales policy for it, because a party of Saudis is seeking a sales demonstration at the end of this month, the West Germans are currently reviewing their present policy of export of defence equipment, and the French are preparing to move into the Middle East market with their Mirage 2000 and 4000. Because Tornado is a joint project, we cannot market the aircraft without first reaching agreement with our German and Italian partners. We also need to consult the Americans, because Tornado includes American equipment; and we must face the fact that to a large extent a market in the Middle East will exist for this aircraft only if either the Americans decide not to supply their own very good and cheaper aircraft or the Arab states concerned decide that they do not wish to deal with one of the super-powers. The preservation of the Arab/Israeli balance is of course a very important consideration to the Americans, and indeed to us too.

2. The Secretary of State for Industry wishes to stay for this discussion.

HANDLING

3. You may care to invite the Foreign and Commonwealth Secretary followed by the Secretary of State for Defence to introduce their paper. Points to cover in subsequent discussion are as follows -

- (a) Which particular countries in the Middle East are regarded as the best prospect for export sales of Tornado? In terms of quantities the best prospects appear to be Saudi Arabia, Iran, Iraq and possibly Egypt.

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Middle East

see Defence Sales Dept 80

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Different political considerations apply to each market, and some of them are mutually incompatible. How valuable are the potential engine sales to Israel?

- (b) Could we in practice refuse to sell the whole aircraft to Israel, if we had already sold it to a major Arab country?
- (c) Does the Tornado have a realistic prospect of overseas sales in direct competition on price and performance with available American aircraft? If the only real superiority enjoyed by the Tornado lies in its avionics, and if these have to be modified or removed on security grounds, is there much real chance of selling the aircraft?
- (d) Can the Foreign and Commonwealth Secretary say what is the likely outcome of the current German review of their overseas defence sales policy? How are they likely to react to such an approach from us on Tornado, particularly if it is unwelcome to the French?
- (e) If the Americans eventually refused to sanction the sale of their components in the Tornado, could these be replaced by British components which do not degrade the performance (or increase the cost) of the aircraft too badly?
- (f) In regard to the position of PANAVIA, what does the Foreign and Commonwealth Secretary see as the political and commercial arguments which might be used to persuade the Germans to allow the United Kingdom to take the lead in Tornado sales through British Aerospace and Rolls-Royce?
- (g) How important, in the Secretary of State for Industry's view, are the sales prospects for the firms involved?
- (h) Does the Secretary of State for Defence consider that there is a risk that substantial export sales of Tornado might interfere with planned deliveries to the RAF, with implications for our NATO contribution? (A report in the Daily Telegraph of 11th February suggests that Saudi Arabia might want up to 100 Tornados which would be given priority over domestic requirements.)

— attached

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CONCLUSIONS

4. Subject to points made in discussion, you might lead the Committee to -
- (i) Agree in principle to sell Tornado to overseas customers.
 - (ii) Agree to an approach to the German Government about relaxing their present stance on sales and on the present marketing function of PANAVIA.
 - (iii) Agree to a later approach to the Americans to seek their agreement to our ~~export sales~~ export sales policy for Tornado.
 - (iv) Invite the Foreign and Commonwealth Secretary and the Secretary of State for Defence to make every effort to keep the Tornado sales prospect in front of potential Middle East customers to prevent pre-emption of this market by the French.
5. If there is a risk at the meeting of OD on 12th February that this item will be squeezed off the agenda for lack of time, you could suggest that it be cleared by correspondence in view of its urgency. (The other two items are equally urgent and less susceptible of clearance out of Committee.)

RA

ROBERT ARMSTRONG

11th February, 1981

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£1,000m Saudi jets order would delay RAF's Tornados

By Air Cdre G. S. COOPER Air Correspondent

DELIVERIES of 385 Tornado strike and air defence aircraft to the RAF may be interrupted if priority is given to a possible £1,000 million order from Saudi Arabia for up to 100 of the aircraft.

British Aerospace stands to gain a third share of overseas sales of the multi-role aircraft being produced by Panavia, a consortium of West German, Italian and British firms.

A production run of 809 Tornados is planned to meet the needs of the three partner countries during the 1980s.

A report in the American magazine, Aviation Week, that a Saudi bid for the plane had been put to the West German government, passed on in turn for consideration by the British Government, could not be confirmed in London yesterday.

Passed to Britain

A Defence spokesman said that Britain had not yet received an approach from Saudi Arabia, but would be willing to hold discussions with the Saudis on any potential requirement.

The Saudi approach is believed to have been made to

Bonn initially because West Germany obtains most of its oil from Saudi Arabia.

A recent agreement to supply Saudi Arabia with medium battle tanks and small arms is thought to have been taken by the Saudis as indicating — a softer West German policy towards supplying arms to an area of tension.

But it would be natural for the Bonn Government to pass the request over to Britain to handle, in view of British Aerospace's involvement since 1973 in providing defence support to the Royal Saudi Air Force.

Interest in the Tornado is consistent with Saudi Arabia's awakening desire to possess a strong offensive air capability of its own.

Up to now, its air force has concentrated on defence.

GERMAN DENIAL Deal unlikely

DAVID SHEARS in Bonn writes: A West German Government official said last night that Bonn had received no word that Saudi Arabia was interested in buying Tornados.

Other sources indicated that

West Germany would, for political reasons, refuse to have any part in such a sale. Even if the finished planes came from British production lines, the Germans would be involved since they produce the fuselages and other parts assembled in Britain, Germany and Italy.

Anglo-Saudi talks

Talks are taking place in London this week between British and Saudi Arabian Government officials which could mean better prospects for British exporters.

BR CHIEF IS LOSING HIS THROUGH TRAIN

British Rail is axing Inter-City services on the Oxford-Worcester line through the Cotswolds — and one passenger to suffer will be Sir Peter Parker, B R chairman, who lives at Minster Lovell, Oxon, and travels regularly on the line to London.

He and his fellow-passengers will have to change at Oxford from May next year. Sir Peter declined to comment.

British Rail is replacing the heavy diesel locomotives with lighter diesel units because the track is wearing out and it cannot afford £1½ million to renew it. Commuter organisations are planning to fight the decision.



Middle East

10 DOWNING STREET

From the Private Secretary

9 February, 1981.

Sale of Hawk Aircraft to the UAE

The Prime Minister has seen and taken note of your letter to me of 4 February on this subject.

M. O'D. B. ALEXANDER

CS

F.J. Richards, Esq.,
Foreign and Commonwealth Office.

SUBJECT

*cf. Master
Ops*

*Copy filed on
Middle East Situation
14 Sept 80*



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. *T 38/81*

TRANSLATION OF THE LETTER OF HIS HIGHNESS THE AMIR, SHAIKH
KHALIFA BIN HAMAD AL THANI, TO H.E. THE PRIME MINISTER OF THE
UNITED KINGDOM, THE RIGHT HONOURABLE MRS MARGARET THATCHER, MP.

I am indebted to Your Excellency for Your Excellency's message dated 19 January 1981. I am most grateful to you for taking the trouble to write to me about the extremely important matters with which you dealt in your letter.

1. First of all, I welcome most warmly your proposal to visit our country in the course of this year - at any time suitable for us both. I know that this visit will contribute effectively to the strengthening of the ties of friendship and co-operation between our two countries, for the benefit of both our peoples. It will, moreover, provide a good opportunity for us to exchange views directly on the questions which concern us jointly. At the same time, it will give us the occasion to resume and expand the discussion which we had at our meeting in London in September last year. Since that meeting, the Middle East has experienced major developments which render another such direct discussion not only useful but necessary.

I am also glad that Mr John Nott, having succeeded Mr Francis Pym, will be able to make the visit agreed by our Heir Apparent Shaikh Hamad, at a mutually convenient time.

2. At present, matters are developing in this region in such a way as to arouse concern not only among the states of the area,



-2-

but also among all peaceloving states of the World. Such developments may well exacerbate the tension now affecting this area, and thus greatly threaten not only regional, but also international peace and security. I fully understand that Your Excellency's message should deal with the agreement which Mr Brezhnev proposed in his speech to the Indian Parliament on 10 December 1980, in order to put an end to the serious tension to which I refer. In our forthcoming meeting I should like to explain my views on this matter in detail, and my interest in commenting on the contents of your letter. Until then, may I mention - in summary - that in my view there are two essential facts on which I do not foresee any disagreement. First: that security in the whole area is entirely indivisible. If it is disturbed in any one part of it, this will afford a pretext for disrupting it in other parts. Secondly: the maintenance of security in the area is a matter of abiding by the principles, and respecting the values and objectives, to which we are pledged by virtue of our obligations under international law, and the UN Charter. These require that all concerned should refrain from interfering in the affairs of the states of the area, and, a fortiori, refrain from aggression on their sovereignty, or the sanctity of their territories, or the rights of their peoples. These also require all concerned not to disregard such aggression or incite it.

On this basis, it is mandatory on all to refrain from aggression and abide by those obligations as they apply to all the states of the area and their peoples - without discrimination. Any such



-3-

discrimination - entirely unjustifiable - would brand its proponents, before world opinion, as lacking in objectivity and fairness.

Accordingly, whatever opinions may be entertained about the content, the motives and the objectives of the Soviet proposal under discussion, it may be beneficial - in my view - to find a way to discuss it, so as to open up the debate on security generally in the region. The aim would be to seek a solution to the crisis affecting its security as well as all want, in such a way as to realise our common objectives of strengthening peace and security in the area. We should also be able to avert the horrifying dangers threatening the region as long as equitable and complete remedies are lacking for its causes. This should enable us to defuse its capacity to explode at any time.

In reality, how could we, in discussing the maintenance of security in the region, properly approve of proposals designed to prevent foreign interference in the affairs of the Gulf States, and yet disregard the flagrant aggression of Afghanistan? And on this subject, how could we, from another aspect, properly be concerned to remedy the situation in Afghanistan, and yet ignore the cause of Palestine; although the aggression in the second case was much uglier than in the first, and constituted a more flagrant violation of all principles, a worse disregard of all values?

I fully understand the many and diverse difficulties which militate against the effective application of the approach I have



-4-

suggested. This is, I think, due to the great complexity of the problems stirred up by developments in our area: so much so, as to make it a most dangerous focal point of tension in international relations. But despite all these difficulties, I do not think I have been unduly theoretical in reaching my view, since I believe that whatever the circumstances of a situation, it is certain that in the final analysis, nothing will hold good except the truth; and facts, principles and values will finally prevail always, and in all spheres.

3. I have no need to add that we, and our sister Arab States of the Gulf, are entirely agreed that one of the best means of maintaining security and stability in our area, and preventing it from becoming the scene of a super-power confrontation, is to work for the development of our countries in all fields, to the best of our abilities. We are, similarly, entirely in accord that we can best develop our own common internal strength in pursuit of that objective, by creating the necessary mechanism to co-ordinate our co-operation and solidarity. I am glad to say that we took the first practical step in that direction when we agreed - as you know - to set up "The Council for Co-operation between the Arab States of the Gulf".

4. As regards co-operation between our two countries, may I thank Her Majesty's Government for all the valuable assistance it has provided and is providing to our country in the fields of defence and security, by way of training and equipping our armed forces. I hope that continuing contacts between those responsible



-5-

for these matters in each country will strengthen our co-operation in this respect.

Please accept, Your Excellency, the assurance of my highest esteem and consideration.

Doha, 7 February 1981

بِسْمِ الرَّحْمَنِ الرَّحِيمِ



صاحبة الفخامة السيدة مرجريت تاتشار

رئيسة مجلس الوزراء

تلقيت بكل الامتنان رسالة فخامتكم المؤرخة ١٩ يناير ١٩٨١ . وانى
لأشكر لك جميل اهتمامك بالكتابة الى عن الموضوعات البالغة الأهمية
التي تناولتها رسالتك .

١ - ويعنيني أولاً أن أرحب أكمل الترحيب بزيارتك لبلدنا خلال هذا
العام في أى وقت ملائم نتفق عليه . ويقينى أن هذه الزيارة سوف
يكون من شأنها أن تساهم مساهمة فعالة في توثيق أواصر الصداقة
والتعاون بين بلدينا لخير شعبينا ، فضلا عن أنها سوف تكون مناسبة
طيبة لتبادل الرأى بيننا بصورة مباشرة حول المسائل التي تهمنا
سويا . وبذلك تتاح لنا فرصة لاستئناف واستكمال مناقشتنا التي
بدأناها عند لقائنا في لندن في شهر سبتمبر من العام الماضى ،
ولا سيما أن منطقة الشرق الأوسط شهدت منذ ذلك اللقاء — من
التطورات الكبيرة مايزيد في فائدة بل وضرورة مثل هذه المناقشة
المباشرة .

وانه ليسرنا أن يقوم السيد جون نوت خلف السيد فرانسيس
بيم بالزيارة التي كان قد تم الاتفاق مع ولى عهدنا الشيخ حمد على
أن يقوم بها الأخير قبل تركه منصبه ، على أن يحدد لهذه
الزيارة الموعد الذى يناسب الطرفين .

٢ - وفي هذا الوقت الذى تتطور فيه الأحداث في منطقتنا على نحو يثير
قلق دولها بل وقلق كل دول العالم المحبة للسلام ، لما قد يؤدي
اليه ذلك التطور من زيادة التوتر السائد في المنطقة وما يترتب عليه

بِسْمِ الرَّحْمَنِ الرَّحِيمِ



- ٢ -

من آثار تعرض لأعظم الأخطار السلام والأمن فيها وبالتالي السلام والأمن الدوليين ، أفهم تماما أن تتناول رسالة فخامتكم موضوع الاتفاقية الدولية التي اقترحها الرئيس بريجنيف في خطابه الذي ألقاه أمام البرلمان الهندي في ١٠ ديسمبر ١٩٨٠ للتوصل لوضع حد للتوتر الخطير المشار اليه . والى أن يتم لقاؤنا لبسط رأيي تفصيلا في هذا الموضوع ، واهتماما مني بالتعليق على كل المسائل التي تضمنتها رسالتك ، أود أن أذكر في هذا الشأن - بالاجاز الذي يفرضه المقام - أن ثمة في رأيي حقيقتين جوهريتين لا أتصور امكان اختلاف الرأي حولهما . وأولى هاتين الحقيقتين هي أن الأمن في المنطقة بأسرها يشكل كلاً مترابطاً لا يتجزأ . فاذا اختل في جزء منها ، تسبب ذلك في التشجيع على خلق ذرائع للاخلال به في أجزائها الأخرى . وثاني الحقيقتين هي أن المحافظة على الأمن في المنطقة ، عملاً بالمبادئ واحتراماً للقيم والأهداف التي نلتزم بها بمقتضى التزامنا بأحكام القانون الدولي وميثاق الأمم المتحدة ، تستوجب الامتناع عن التدخل في شؤون دول المنطقة ومن باب أولى الامتناع عن الاعتداء على سيادتها أو سلامة أراضيها أو حقوق شعوبها ، أو التفاوض عن مثل هذا الاعتداء أو التشجيع عليه .

وتأسيساً على هاتين الحقيقتين يقتضى الأمر احترام الجميع لذلك الامتناع والالتزام به بالنسبة لكل دول المنطقة وكل شعوبها دون أى تمييز بينها . ولا سيما أن هذا التمييز ، الذي لا يمكن أن يكون له ما يبرره ، ينفى عن صاحبه أمام الرأي العام العالمي موضوعية الموقف وعدالة الاتجاه .

بِسْمِ الرَّحْمَنِ الرَّحِيمِ



- ٣ -

ولذلك ، فأيا كان الرأي في مضمون ودوافع وأهداف الاقتراح السوفيينتي محل البحث ، فقد يكون من الخير - في رأيي - ايجاد السبيل الى مناقشته ابتغاء طر ح موضوع الأمن الشامل في المنطقة بأسرها على بساط البحث ، لمحاولة حل أزمة أمنها بالصورة المرجوة تحقيقا لما ننشده جميعا من اشاعة السلام والأمان فيها وتجنبها أهوال الأخطار التي تتهددها اذا استمرت أسبابها قائمة دون علاج عادل شامل ينزع منها فتيل قابليتها للانفجار في أى وقت .

وفي الحق كيف يستقيم ، عند بحث موضوع المحافظة على الأمن في المنطقة ، استساغة مقترحات تقتصر على استهداف منع التدخل الأجنبي في شؤون دول الخليج وتغفل العدوان الصارخ على أفغانستان . وكيف يستقيم عند تناول هذا الموضوع ، من جهة أخرى ، الاهتمام بمعالجة حالة أفغانستان دون حالة فلسطين ، مع أن العدوان في الحالة الثانية أشنع بكثير منه في الحالة الأولى وأشد انتهاكا لكل المبادئ وأسوأ اهدارا لكل القيم .

وانى لأقدر كامل التقدير مدى الصعوبات الجمة العديدة التي تعترض التطبيق العملي لوجهة النظر التي قدمت بسبب المشاكل الشديدة التعقيد والعميقة الشعب التي يثيرها تطور الأمور في منطقتنا على نحو جعل منها فعلا أخطر بؤرة لتوتر العلاقات الدولية . ولكن رغم كل تلك الصعوبات ، لا أحسبني غلبت في ابداء رأيي النظرية النظرية ، لأننى ممن يؤمنون بأنه ، أيا كانت وقائع الحال تحت أى ظروف ، فثمة قاعدة أكيدة ثابتة هي أنه لا يصح أبدا الا الصحيح في خاتمة المطاف ، وأن النصر في النهاية للحقائق والمبادئ والقيم ، دائما وفي كل المجالات .

بِسْمِ الرَّحْمَنِ الرَّحِيمِ



- ٤ -

٣ - ولعلني لست بحاجة لأن أضيف أننا وشقيقاتنا دول الخليج العربية متفقون تمام الاتفاق على أن بين أولى المسائل الكفيلة بالمعاونة معاونة جدية على بلوغ مآربنا في المحافظة على الأمن والاستقرار في منطقتنا وتجنبيها مغبة التحول الى ساحة للصراع بين القوى العظمى . . أن نعمل بكل مانمك من قدرات على تطوير تنمية بلادنا في كل المجالات على أحسن نحو ممكن . كما أننا متفقون تماما على أن خير السبل لتعزيز قوتنا الذاتية المشتركة تحقيقا لتلك المآرب هو أن ننشئ الأجهزة الضرورية لتنظيم وسائل تعاوننا وتعميق روابط تكافلنا . ولقد خطونا والحمد لله خطوة عملية مباركة في هذا الاتجاه ، حيث تم اتفاقنا - كما تعلمون - على انشاء " مجلس التعاون بين دول الخليج العربية " .

٤ - أما فيما يتصل بالتعاون بين بلدينا ، فإني أحب أن أعرب عن شكري للحكومة البريطانية على ما قدمت وتقدم لبلدنا من عون قيم في مجالى الدفاع والأمن عن طريق تدريب قواتنا المسلحة وامدادها بالأسلحة . وآمل أن تسهم متابعة الاتصال بين الجهات المختصة في بلدينا حول هذه الشؤون في توثيق عرى تعاوننا بصدقها .
وختاما تقبلني فخامتكم أطيب تحياتي وفائق تقديري . .

خليفة بن حمد

خليفة بن حمد آل ثاني

أمير دولة قطر

الدوحة فسى : ٣ ربيع الثاني ١٤٠١ هـ

الموافق : ٧ فبراير ١٩٨١ م

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Mr. Rogers - Middle East

PD - has suggested

*I have the French document
the UAE Minister does not seem to
see the Otaiba.*



Prime Minister

Foreign and Commonwealth Office

*He could fit him in for
30 mins on the afternoon of
Monday 9 Feb. Agree?*

London SW1A 2AH

4 February 1981

Dear Michael,

Prud - 5/2

*No - I just can't
see them all of a sudden
new despatching wing*

Visit of the UAE Oil Minister

The Oil Minister of the United Arab Emirates, Dr Mana al Otaiba, is paying a private visit to this country for a few days from Saturday 7 February. On Monday 9 February the Secretary of State for Energy is offering him a lunch and Mr Hurd will call on him at his hotel. Lord Carrington has agreed to see him at 1130 on Tuesday 10 February.

*Reorganized
2/12*

Dr al Otaiba has enquired whether the Prime Minister would also be able to see him at any time during his stay. Lord Carrington believes that it would be valuable if, exceptionally, the Prime Minister would agree to do so. The Prime Minister will be visiting the UAE as part of her Gulf tour in April and may wish, in advance of that visit, to meet one of its more important Ministers. Moreover, in recent months Otaiba has been helpful to British interests, less over energy matters than over defence and foreign affairs, in which he has a great interest and not a little influence. Last autumn he suggested to us that in contrast to vague French promises, a firm British offer of some kind of military assistance would be welcome to Shaikh Zaid, and then used his good access to Zaid to ensure that a message from Lord Carrington was speedily delivered. This message seems to have dispelled any fears among Abu Dhabi leaders that since withdrawal from the Gulf in 1971 the British have lost interest in them, a complaint which (though unsubstantiated) we have heard often. If we have regained some credit with Shaikh Zaid, it is in part due to the efforts on our behalf of Dr al Otaiba.

Although he is not directly involved in the decision-making, he has also done what he can to help our prospects of selling to the UAE the Hawk aircraft in which the Prime Minister has taken a close interest. He recently told our Embassy that he favours the purchase of British military aircraft and offered to speak to Shaikh Zaid. Otaiba will arrive in this country from France, where he tells us he expects to see President Giscard d'Estaing. Whether this is so or not, the French will lay on a fine reception if they share our assessment of Otaiba's sympathies. Banking circles tell us that he hopes to discuss with President Giscard the possibility of France's involvement in an oil pipeline from the Gulf to the Indian Ocean by-passing the Straits of Hormuz - a potentially lucrative prospect for a contractor if OAPEC (currently meeting in Bahrain) backs the project. This is an additional reason why the Prime Minister might be well advised to receive Otaiba on this occasion.

I am copying this letter to Julian West (Dept of Energy).

*Yours over,
Francis Richards*

M O'D B Alexander Esq
10 Downing Street

(F N Richards)

CONFIDENTIAL



(2) Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

Hurd 8/2
MS
4 February 1981

Dear Michael,

The Sale of Hawk Aircraft to the UAE

The Prime Minister will have seen Mr Hurd's minute to Lord Carrington of 8 January reporting on his visit to the United Arab Emirates on 5/6 January. She may wish to know what developments there have been since then on the possible sale of Hawk aircraft to the UAE.

The FCO and the Ministry of Defence have remained in close touch with British Aerospace in considering what should be the timing of our next step. On 19 January Mr Hurd held a meeting with the Head of Defence Sales and the Chairman of BAE at which it was decided that the time was right for a follow-up message from Mr Hurd to Shaikh Khalifa bin Zaid, the Deputy Commander-in-Chief and Crown Prince of Abu Dhabi.

The Head of Defence Sales had already written to Shaikh Khalifa on 9 January to offer training of UAE pilots, without cost, in the UK in the event of a purchase of Hawk. Lord Trenchard had also written to Shaikh Khalifa on 15 January offering to send British experts to discuss the UAE's air-defence requirements. While referring to these letters and the specific questions they covered, Mr Hurd's letter (of which I enclose a copy) sought to place them in the wider perspective of British co-operation with the Gulf States and readiness to consider the UAE's future requirements. When discussing Hawk, Shaikh Khalifa had shown interest in Jaguar ground-attack aircraft as a next step. This could have been as a complement either to Hawk or to the French Alpha-Jet. Mr Hurd's letter stressed that Jaguar was a natural successor to Hawk in view of their common engine. Looking further ahead to the UAE's eventual requirement for an advanced multi-role aircraft, a mention was made of the Tornado, without commitment. One of the strongest French arguments for Alpha-Jet has been that it leads naturally to the Mirage 2000 and the Mirage 4000. It is highly desirable to show that with Hawk/Jaguar/Tornado we can offer a similar package for the future development of the UAE Air Force.

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In addition to Mr Hurd's letter to Shaikh Khalifa, the Chief of the Defence Staff has renewed an invitation to Khalifa's brother, Sultan (the chief ally of the French) to visit the UK at an early opportunity. We shall be using other opportunities in the coming weeks to press our case. Dr Mana al Otaiba, the UAE Oil Minister (on whose visit I have written separately) will be here next week. Since he has offered to speak on our behalf to the Ruler of Abu Dhabi, Shaikh Zaid, on whom the decision on Hawk may ultimately rest, either Mr Hurd or Lord Carrington will bring him fully up-to-date. At each stage tactics will need to be carefully considered, as we are now getting evidence in other cases (Qatar and Oman) that some of our friends in the Gulf react badly to a crude sales pitch for British equipment. But well-calculated Ministerial interest is, we think, an essential part of our effort. A final decision may not be made in Abu Dhabi before the proposed visit in late March by the Secretary of State for Defence, or even before the Prime Minister herself visits in April. It is possible that both could thus put in a word at an important stage.

Yours ever,

A handwritten signature in cursive script, appearing to read 'Francis Richards'.

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

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PRIME MINISTER

Arms Supplies to Iran and Iraq

BACKGROUND

When the Committee discussed defence sales on 3rd December there was general agreement that more should be done to stimulate them, both as a springboard for the export efforts of high technology industries and because of the economic prizes which are there to be won. Defence sales in 1979-80 fell by more than £1,000 million compared to the level of previous years. This reduction was largely due to the loss of the Iranian market. The war between Iran and Iraq and the release of the American hostages are both in their different way factors which may help the United Kingdom recover some of the ground it has lost.

2. The Foreign and Commonwealth Secretary's present paper concentrates on individual equipment orders rather than on broad market strategy. The Secretary of State for Defence may wish to argue, against it, that we should be wise at this stage to decide whether to concentrate our future marketing efforts on Iran or Iraq, recognising that to seek to do business with both countries in current circumstances may end in antagonising both.

3. The Secretary of State for Defence and the Economic Ministers are also likely to criticise the paper for being too inhibited both by our detainees in Iran and by our obligations to neutrality. Waiting for our detainees to be released will give our competitors a head start. Being too scrupulous about the 1907 Hague Convention may contrast with their more carefree attitude. If we chose, it could be argued that the existence of £75 million worth of debts owed by Iran to the Ministry of Defence provided a valid excuse on commercial grounds for treating Iraq differently to Iran, whatever the demands of neutrality might be.

4. The Kharg is mentioned briefly in paragraph 6 of the paper. In accordance with your instructions earlier in the month, Departments are seeking to reach agreement on responsibility for meeting the costs of the maintenance of

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this ship. This is not proving easy. But the news that the Iranians may wish to sell the ship opens up new possibilities, and until these have been explored by officials there is no need for the Committee to consider the problems associated with its ultimate disposal.

5. The Attorney General and the Secretary of State for Industry (or Mr. Tebbit if Sir Keith Joseph cannot come) have been invited for this item.
HANDLING

6. You will wish to ask the Foreign and Commonwealth Secretary to introduce his paper. Points to cover in subsequent discussion are:-

- (a) Does the Secretary of State for Defence agree with the selective approach proposed in the paper? If a choice has to be made, does Iraq or Iran offer the better prospects for future defence sales from this country? Is Iraq likely to be sufficiently disillusioned with the Soviet Union as a source of defence equipment to wish to turn to a Western supplier? Is Iran likely to turn away from the United States as a major defence equipment supplier?
- (b) To what extent does the Attorney General consider that there are legal inhibitions to a resumption of defence sales to either Iraq or Iran if it is not possible to resume sales to both countries?
- (c) Are the Secretaries of State for Trade and Industry content with the proposals set out in the Foreign and Commonwealth Secretary's papers? Would they prefer a more expansive approach to a resumption of defence sales in this important area of the Middle East? To what extent is the likely availability of civil commercial opportunities in either Iraq or Iran a factor which should influence us in deciding on future marketing policy for defence sales?
- (d) Does the Foreign and Commonwealth Secretary consider that the four Britons detained in Iran are in any sense hostages? If so, what do the Iranians want to use them to extract from us?



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- (e) Does the Foreign and Commonwealth Secretary define tank spares for Iran as 'lethal' or 'non-lethal'? If the latter, is it consistent to refuse to repair Iraq's captured Chieftains? If the former, will not this damage our reputation as a supplier of major weapons systems?

CONCLUSION

7. Subject to points made in discussion (and there are likely to be a number of these) the Committee might be guided to endorse Lord Carrington's proposals. i. e. to agree:-

- (a) that in relation to Iran we should profess a wish for a return to a normal relationship in the hope that our detainees may be released in the near future; and that military supplies should continue to be withheld and the position reviewed in about a month's time if the detainees are still held;
- (b) that if and when the detainees are released, we should resume the supply to Iran of non-lethal military spares;
- (c) that, in the case of Iraq, arms and ammunition should not be supplied at present; non-lethal military equipment should be supplied and we should be prepared to negotiate for items with long delivery dates.

8. The Secretary of State for Defence might also be invited, in consultation with the Foreign and Commonwealth Secretary, to plan how to take maximum advantage of the defence sales opportunities which now seem to be presenting themselves in the Middle East and to devise an appropriate marketing strategy.

RA

Robert Armstrong

28th January 1981

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Prime Minister
A godsend, if it turns out to be salable.

Foreign and Commonwealth Office

London SW1A 2AH

28 January 1981

Dear Michael,

Since your letter to me of 9 January about the maintenance of the Kharg, there has been a development. The Iranian Government has let us know informally, through lawyers acting for them in London, that they no longer need the Kharg and would welcome another buyer for it.

The Foreign and Commonwealth Secretary has drawn attention to this interesting development in his memorandum on Arms Supplies to Iran and Iraq for the OD meeting on 29 January. He believes that it could aid a solution of the problem, though finding an alternative buyer will not be easy. If one could be found, and provided we had no evidence that the buyer was acting for the Iranians, we could release the vessel.

The Foreign and Commonwealth Secretary assumes that this does not alter the Prime Minister's view that funds should be found to maintain the Kharg while it is being held by HMG, and that proposals for arranging funding should be pursued. He believes that maintaining the ship in good order should make it easier for an alternative buyer to be found, and thus for the Kharg to be removed as an administrative burden to HMG. There may in due course be an opportunity to recover maintenance costs.

Subject to the views of the Attorney-General and of OD colleagues, therefore, the Foreign and Commonwealth Secretary believes that we should give a positive reply to the Iranian Government's lawyers, and offer to help them in trying to identify which countries might be ready to buy the Kharg.

I am copying this letter to the Private Secretaries to all members of OD, to Ian Ellison in the Department of Industry, to the Attorney-General's Office and to David Wright in the Cabinet Office.

Yours ever,

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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Ref: A04124



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MR. ALEXANDER

Arms Sales to Iran and Iraq: The Kharg

The Foreign and Commonwealth Secretary has referred, in his memorandum (OD(81) 3), to indications that the Iranians want to find another buyer for The Kharg. I understand that Lord Carrington's Private Secretary is likely to write to you later this evening proposing that:-

- (a) the Government should be prepared to respond positively to this proposal;
- (b) in the meanwhile Departments should continue to pursue the question of maintaining the Kharg in good order.

These points are likely to be raised in the course of tomorrow's OD.

2. These proposals seem sensible and do not affect the brief already submitted.

Robert Armstrong

28th January 1981

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GR 130
RESTRICTED
FROM ABU DHABI 280710Z JAN 81
TO PRIORITY FCO
TELEGRAM NUMBER 29 OF 27 JANUARY
INFO ROUTINE DUBAI

FOR MED.

YOUR TELNO 14: VISIT OF UAE OIL MINISTER.

1. I TOLD OTAIBA THAT IN ADDITION TO MEETINGS WITH MR HOWELL AND MR HURD, THE SECRETARY OF STATE WOULD ALSO LIKE TO SEE HIM. HE SEEMED PLEASED BUT SAID RATHER POINTEDLY THAT HE EXPECTED TO CALL ON PRESIDENT GISCARD WHEN IN PARIS. HIS PRIVATE SECRETARY SUBSEQUENTLY ASKED ME OUTRIGHT WHETHER THERE WAS ANY POSSIBILITY OF A CALL ON THE PRIME MINISTER. I SAID THAT I HAD MYSELF ASKED LONDON ABOUT THIS BUT HAD BEEN TOLD THAT THE PRIME MINISTER'S PROGRAMME WOULD NOT ALLOW IT ON THIS OCCASION. HE SAID THAT AN APPROACH TO NO 10 ON BEHALF OF OTEIBA MIGHT BE MADE BY "COMMERCIAL CHANNELS" (WHICH I TAKE TO BE BP OR MACPHERSON OF ADPC.
2. OTAIBA ARRIVES IN LONDON ON 7 OR 8 FEBRUARY AND WILL BE STAYING EITHER AT GROSVENOR HOUSE HOTEL OR AT HIS FLAT IN GROSVENOR SQUARE. WE HAVE FIXED THE CALL ON THE SECRETARY OF STATE FOR 11.30AM ON TUESDAY, 10 FEBRUARY, AND MR HURD'S CALL FOR 5 PM ON MONDAY, 9 FEBRUARY.
3. PERHAPS YOU COULD LET ME KNOW WHEN MR HOWELL WOULD BE ABLE TO SEE OTAIBA.

MACLENNAN

LIMTED

MED

EnStS)

PS

PS/HPS

PS/MR HURD)

PS/PUS

SIR. J. GRAHAM
MR. J. C. MOBERLY

RESTRICTED

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Middle East



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister
has seen & approved message
to King Hussein. Mr Richards
informed by telephone.

23 January 1981

Dear Michael, f.a. Am 23/1

Tornado

The Prime Minister will wish to see the attached telegram from the Head of Defence Sales, who is now visiting Jordan.

The Mirage 4000 is a private venture development by Dassault to follow on from the Mirage 2000. A prototype of the twin engined Delta wing (single seat) aircraft is flying and we believe it could be in service by about 1986/87 (about the same time export versions of the Tornado will be available on the current programme). Arab interest in the aircraft has been fostered by the French as part of their strategy for selling their current Alpha Jet and Mirage 2000 aircraft. Prince Sultan of Saudi Arabia has stated publicly that he is discussing the Mirage 4000 programme with the French. It was reported at the previous summit in Amman that King Hussein had spoken in terms of the Arab States standardising on the Mirage 4000 and of a purchase of 300 aircraft funded by Saudi Arabia. Tornado was said to be an alternative.

The responsibility for the marketing of Tornado rests with Panavia under the overall direction of NAMMA, the joint Anglo-German-Italian organisations responsible for the programme. Recently, the UK have begun to take the initiative and have decided to offer an evaluation flight to Saudi Arabia and Oman. Mr Hurd is also writing this weekend to offer to discuss the aircraft with Abu Dhabi as part of the Hawk sales campaign. It should be stressed that these moves have been taken without consultation with the Germans, who we expect may well see difficulty, since the MOD believe that we must establish a strong interest before raising the matter with the German Government.

The main political difficulty is that the introduction of Tornado or Mirage 4000 would introduce a new element into the Arab arsenal. We were approached by the Israelis in May 1979 and asked to approve technical discussions between them and Rolls Royce about the possible use of the Tornado's engine, the RB199, in a new advanced fighter aircraft to be developed in Israel for the late 1980s. We consulted the Germans and Italians, putting it to them that the deal would not be compatible with the common objective of avoiding arms sales likely to impair the prospects for a peace settlement in the area. Our partners agreed and we so informed the Israelis in August 1979.

/This

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This decision was one of the complaints contained in a letter from Mr Begin to Mrs Thatcher immediately after the Venice Declaration of June 1980. Mrs Thatcher decided not to reply to Mr Begin's letter but authorised us to confirm to the Israelis that our decision stood.

If, therefore, we start to talk seriously to the Arabs about the Tornado, we shall have to look again, with our partners, at the decision on Israel.

The situation in the Middle East has changed substantially since our refusal in August 1979 to supply the Israelis with the Tornado's RB199 engine. Supplies of the US F15 and F16 fighters (which incorporate "state-of-the-art" technology) are beginning. The dangers of military confrontation in the area have risen. The invasion of Afghanistan and the Iran/Iraq war have engendered deep concerns about the ability of the Gulf states adequately to defend themselves. In this new situation, as the Prime Minister knows, we are making strenuous efforts to provide the military assistance which is necessary to stimulate confidence in the Gulf and to permit the rulers to improve their defence capabilities.

There is, however, an important American angle to this issue. The F15 is an air superiority, as opposed to strike, aircraft. Although the F15 can be adapted for a limited strike role, this is not the purpose for which it is designed, and we are advised that the Americans have been very cautious (eg over the provision of bomb racks) not to increase substantially the offensive capabilities of either side. (The supply of this equipment to Saudi Arabia has become a major political issue both in Saudi Arabia and in the US.) If we were now to supply the Arab states with Tornado, we would probably face American criticism that, even if a Tornado deal did not provide the Arabs with a level of general technology beyond that already being made available to both Israelis and Arabs, we would be giving them an offensive capability which could alter the local balance of power.

Against this we must remember that this is a colossal project with defence/industrial implications which speak for themselves. We must keep the door open. There is no prospect of getting a positive view from the German or Italian Governments in the timescale referred to by Sir R Ellis, and we are not in any case convinced that a decision is so imminent as he suggests. Nevertheless, Lord Carrington, after consultation with the Ministry of Defence at official level, thinks that we should take immediate action and recommends that the Prime Minister should send a message on the lines of the attached draft to King Hussein immediately. The Ambassadors in Jedda, Kuwait, Muscat, Abu Dhabi and Doha would be instructed to take supporting action by speaking on the same lines.

/It is

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It is Lord Carrington's intention to bring the Germans and Italians into this through their Ambassadors in London. But we do not believe that it would be advisable for the Prime Minister to bring in her German and Italian colleagues unless they raise the subject.

We are sending you this advice in the absence of the Secretary of State for Defence, who is at present unavailable (see Mr Norbury's letter attached).

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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S E C R E T

HD / NENAD

GRS 182

SECRET EXCLUSIVE UK EYES ALPHA

FM AMMAN 221200Z JAN 81

TO IMMEDIATE MODUK

TELNO SIC AAA/A2G/A2P/A2M/A2N/ZMC OF 221200Z JAN 81

INFO MODUK (EXCLUSIVE FOR SECRETARY OF STATE FOR DEFENCE, MINISTER OF STATE FOR DEFENCE, PUS, CDS, AUS (SALES) AND HDS

FOR SECRETARY OF STATE FROM HDS.

1. I HAVE JUST HAD AN AUDIENCE WITH KING HUSSEIN OF JORDAN WHERE HE GAVE ME THE DISTINCT IMPRESSION THAT THE ARAB LEADERS ARE VERY CLOSE TO MAKING A DECISION TO PURCHASE 300 FRENCH MIRAGE DELTA 4000 AIRCRAFT. I HAVE PLAYED FOR TIME TO ALLOW THE KING AND OTHER ARAB AIR FORCES TO CONSIDER TORNADO. HOWEVER THE KING IS AWARE OF THE INTRANSIGENCE OF THE FEDERAL GERMAN GOVERNMENT ON THIS SUBJECT. THIS MEANS THAT IF THE MATTER IS FURTHER DISCUSSED AT THE ISLAMIC SUMMIT ON 25 JANUARY HE WILL NOT BE ABLE TO SPEAK WITH CONVICTION ABOUT TORNADO. I WOULD STRONGLY RECOMMEND THAT THE MATTER BE BROUGHT TO THE ATTENTION OF THE PRIME MINISTER AS SOON AS POSSIBLE AND THE ISSUE RAISED AT THE HIGHEST LEVEL WITH THE FRG. UNFORTUNATELY, ALTHOUGH I RETURN TO LONDON LATE ON FRIDAY, I SHALL BE LEAVING AGAIN FOR MALAYA ON SATURDAY EVENING AND THEREFORE WILL BE UNABLE PERSONALLY TO BRIEF YOU. HOWEVER, MY FULL REPORT SHOULD BE AVAILABLE ON MONDAY. I WILL BE RETURNING ON SUNDAY, 1 FEBRUARY.

URWICK

LIMITED
HD/DEFENCE D
HD/NENAD ✓
HD/MED
PS
PS/LPS
PS/MR HURD
PS/PUS
SIR J GRAHAM
MR J MOBERLY

S E C R E T



DRAFT MESSAGE

I understand that you and other Arab Leaders are close to making decisions about the long term re-equipment of your Air Forces. As you know, the Tornado aircraft has been developed in both a strike and interceptor version and is about to enter service in the Royal Air Force, together with the German and Italian Air Forces. It will be the most advanced aircraft of its type in the world.

I would like to assure you that the United Kingdom would be willing to discuss with you and other Arab countries the sale of this aircraft and for this purpose is prepared to lay on a presentation and evaluation flight as soon as you would wish. It will be necessary to consult our other partners in the project eventually once we have established an interest in Tornado but I thought I should let you know of the UK's position and say how disappointed we would be in view of the close relationship between us, particularly in the field of arms supplies, if a decision of this nature were to be taken without any opportunity to discuss the very real alternatives that exist.

Perhaps you would let me know directly if you wish us to initiate the action I have proposed.

SECRET

2a



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ 218 2111/3

MO 26/11/13

23rd January 1981

Dear George,

TORNADO: PROVISION TO JORDAN

I understand that our officials have been in touch about the personal message my Secretary of State was sent by the Head of Defence Sales in Amman (copy attached).

I have been unable to consult my Secretary of State, who is at present in his constituency in Cornwall about the advice from the Department, in which I understand the Foreign and Commonwealth Office concurs, that the Prime Minister should send a message to the King of Jordan making clear the British interest in selling Tornado to Jordan and other countries, but this advice is consistent with the line he himself has been taking; and I think that he would be content if Lord Carrington were to decide to advise the Prime Minister in the terms recommended. I understand the view of officials is that advice should go to No 10 today, and I am therefore sending you this letter urgently.

*Yours and
Bryan*

(B M NORBURY)

G G H Walden Esq CMG

SECRET

CONFIDENTIAL

GRS 464

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AMENDED DISTRIBUTION 2 3 JANUARY 1981

FM DOHA 220935Z JAN 81

TO IMMEDIATE F C O

TELEGRAM NUMBER 24 OF 22 JANUARY

MF

YOUR TEL NO 14; MESSAGE TO THE AMIR.

1. I TOOK THE PRIME MINISTER'S MESSAGE TO THE AMIR THIS MORNING, HIS LAST WORKING DAY BEFORE LEAVING FOR THE ISLAMIC SUMMIT. HE READ CAREFULLY THROUGH THE TRANSLATION WE HAD PROVIDED, AND WAS CLEARLY GREATLY PLEASED BY THE FACT AS WELL AS THE SUBSTANCE OF THE LETTER.

2. HE LAUGHTED OUT LOUD OVER THE PASSAGE ABOUT THE SOVIET UNION TRYING TO DESTABILISE THE REGION, AND COMMENTED THAT THE P M WAS VERY ROUGH WITH THE RUSSIANS. I ASKED HIM WHETHER HE DID NOT SHARE THAT OPINION. HE REPLIED "100%".

3. WHEN HE CAME TO THE PARAGRAPH REGARDING COOPERATION BETWEEN THE GULF STATES ("YOUR HIGHNESS WILL KNOW THAT....."), HE SAID THAT HE COULD TELL ME THAT SUCH COOPERATION WAS BEING STEPPED UP CONSIDERABLY. ON 4 FEBRUARY THE FOREIGN MINISTERS OF OMAN, THE EMIRATES, QATAR, BAHRAIN, KUWAIT AND SAUDI ARABIA WOULD MEET IN SAUDI ARABIA TO COORDINATE AND GIVE SUBSTANCE TO MANY FACETS OF THEIR JOINT RELATIONS AND ECONOMIES. IRAQ WAS NOT TO BE INCLUDED AS YET. (HE MADE THE GESTURE OF SETTING SOMETHING ASIDE).

4. ON OUR BILATERAL RELATIONS, HE ASKED ME TO CONVEY HIS VERY WARM APPRECIATION TO THE PRIME MINISTER, AND ASSURE HER THAT HE WOULD BE REPLYING TO HER LETTER MORE FULLY IN DUE COURSE. SHE WOULD BE MOST WELCOME TO VISIT QATAR AT ANY TIME SHE COULD MANAGE. (HE DID NOT QUERY WHEN SHE COULD COME HERE, THOUGH I SPOKE TO ISSA KAWARI, HIS CHEF DE CABINET, LATER, IN THE SENSE OF THE INSTRUCTIONS IN YOUR TEL NO 28 TO JEDDA). BUT HE WOULD LIKE TO URGE THAT SHE CAME TO QATAR TO SEE FOR HERSELF THE PROGRESS THAT THE COUNTRY WAS MAKING, AND OBTAIN A PERSONAL INSIGHT ACCORDINGLY. HE REMARKED THAT ONE COULD READ ALL THE BRIEFS IN THE WORLD, BUT STILL GAIN A VERY DIFFERENT PERCEPTION FROM PERSONAL INSIGHT OF A PLACE. HE HOPED PARTICULARLY THAT MRS THATCHER COULD SEE THE INDUSTRIAL AREA AT UMM SAID (NOW A SPECIAL POINT OF PRIDE WITH HIM), AND MEET THE BRITISH COMMUNITY HERE TO SEE HOW THEY FOUND IT LIVING AND WORKING HERE.

5. LATER IN OUR TALK, HE REMARKED THAT SHAIKH ABDULLAH AND HIS TWO COLLEAGUES HAD BEEN HAVING A GOOD VISIT TO THE UK, A POINT LATER CONFIRMED SEPERATELY BY ISSA KAWARI.

6. HE HAD ALSO BEEN INTERESTED AT THE BEGINNING OF OUR DISCUSSION IN H M GOVERNMENT'S FUTURE RELATIONS WITH IRAN. HE CHARACTERISED ONCE AGAIN THE IRANIAN BEHAVIOUR OVER THE U S HOSTAGE AS TOTALLY REPUGNANT TO THE SPIRIT AND PRACTICE OF ISLAM. THE IRANIANS HAD BEHAVE EXACTLY LIKE KIDNAPPERS, THOUGH ON A LARGER SCALE.

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/7.

CONFIDENTIAL

7. SINCE THE AMIR WAS SHORTLY TO LEAVE FOR TAIF, I FOREBORE TO WORK HIM ROUND TO THE AIR DEFENCE SYSTEM. BUT I HAD EARLIER WARNED ISSA KAWARI THAT THOUGH I HAD EVERY HOPE THAT IF A CONTRACT FOR RAPIER WERE CONCLUDED FAIRLY RAPIDLY, SOME EQUIPMENT COULD BE DELIVERED SOON, THE WIDESPREAD INTERNATIONAL INTEREST NOW DEVELOPING IN RAPIER MENAT THAT OUR ABILITY TO DO SO WOULD BECOME PROGRESSIVELY LESS CERTAIN. HE TOOK THE POINT, AND HAD UNDERTAKEN TO REPORT IT TO SHAIKH KHALIFA, WHICH I HAVE NO DOUBT HE DID. SINCE THE QATARI MILITARY DELEGATION IS DUE BACK TONIGHT, I RECOMMENDED THE AMIR'S RETURN SHOULD BE THE SIGNAL FOR A RENEWED APPROACH ON THIS SUBJECT.

BRANT

LIMITED [COPIES SENT TO NO 10 DOWNING ST.]
MED
NEWS D
DEF D
EESD
PS
PS/LPS
PS/MR HURD
SIR J GRAHAM
MR J C MOBERLY

-2-
CONFIDENTIAL

Prime Minister.

(2)

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You may like to glance through this set of telegrams - comprising the weekends traffic about Tornado & related

TOP COPY

HD/Defence Dept

SECRET

matters.

26/

GRS 182

SECRET EXCLUSIVE UK EYES ALPHA

FM AMMAN 221200Z JAN 81

TO IMMEDIATE MODUK

TELNO SIC AAA/A2G/A2P/A2M/A2N/ZMC OF 221200Z JAN 81

INFO MODUK (EXCLUSIVE FOR SECRETARY OF STATE FOR DEFENCE, MINISTER OF STATE FOR DEFENCE, PUS, CDS, AUS (SALES) AND HDS

FOR SECRETARY OF STATE FROM HDS.

1. I HAVE JUST HAD AN AUDIENCE WITH KING HUSSEIN OF JORDAN WHERE HE GAVE ME THE DISTINCT IMPRESSION THAT THE ARAB LEADERS ARE VERY CLOSE TO MAKING A DECISION TO PURCHASE 300 FRENCH MIRAGE DELTA 4000 AIRCRAFT. I HAVE PLAYED FOR TIME TO ALLOW THE KING AND OTHER ARAB AIR FORCES TO CONSIDER TORNADO. HOWEVER THE KING IS AWARE OF THE INTRANSIGENCE OF THE FEDERAL GERMAN GOVERNMENT ON THIS SUBJECT. THIS MEANS THAT IF THE MATTER IS FURTHER DISCUSSED AT THE ISLAMIC SUMMIT ON 25 JANUARY HE WILL NOT BE ABLE TO SPEAK WITH CONVICTION ABOUT TORNADO. I WOULD STRONGLY RECOMMEND THAT THE MATTER BE BROUGHT TO THE ATTENTION OF THE PRIME MINISTER AS SOON AS POSSIBLE AND THE ISSUE RAISED AT THE HIGHEST LEVEL WITH THE FRG. UNFORTUNATELY, ALTHOUGH I RETURN TO LONDON LATE ON FRIDAY, I SHALL BE LEAVING AGAIN FOR MALAYA ON SATURDAY EVENING AND THEREFORE WILL BE UNABLE PERSONALLY TO BRIEF YOU. HOWEVER, MY FULL REPORT SHOULD BE AVAILABLE ON MONDAY. I WILL BE RETURNING ON SUNDAY, 1 FEBRUARY.

URWICK

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HD/NENAD
HD/MED
PS
PS/LPS
PS/MR HURD
PS/PUS
SIR J GRAHAM
MR J MOBERLY

SECRET

C O N F I D E N T I A L

3764 - 2

GRS 411

CONFIDENTIAL

FM FCO 232000Z JAN 81

TO IMMEDIATE AMMAN

TELEGRAM NUMBER 21 OF 23 JANUARY

AND TO JEDDA, KUWAIT, ABU DHABI, DOHA, MUSCAT,
INFO TEL AVIV, WASHINGTON, BONN, ROME, PARIS.

TORNADO

1. HEAD OF DEFENCE SALES HAS REPORTED HIS IMPRESSION FROM HIS AUDIENCE WITH KING HUSSEIN THAT THE ARAB LEADERS ARE VERY CLOSE TO MAKING A DECISION TO PURCHASE 300 FRENCH MIRAGE 4000 AIRCRAFT, AND THE POSSIBILITY THAT THE MATTER WILL BE FURTHER DISCUSSED AT THE ISLAMIC SUMMIT. MIFT CONTAINS A MESSAGE WHICH YOU SHOULD DELIVER AS SOON AS POSSIBLE TO THE KING FROM THE PRIME MINISTER. OTHER ACTION ADDRESSEES SHOULD TAKE SUPPORTING ACTION AT HEAD OF GOVERNMENT OR MINISTER OF DEFENCE LEVEL, DRAWING ON THE MATERIAL IN THE MESSAGE.
2. THE MIRAGE 4000 IS A PRIVATE VENTURE DEVELOPMENT BY DASSAULT. IT IS ABOUT HALF WAY THROUGH ITS DEVELOPMENT, A PROTOTYPE IS FLYING, AND WE BELIEVE IT COULD BE IN SERVICE ABOUT 1986/87, ABOUT THE SAME TIME THAT EXPORT VERSIONS OF THE TORNADO WILL BE AVAILABLE ON THE CURRENT PROGRAMME. PRINCE SULTAN OF SAUDI ARABIA HAS SAID PUBLICLY THAT HE HAS DISCUSSED THE MIRAGE 4000 PROGRAMME WITH THE FRENCH AND WE HAVE HEARD REPORTS OF A PROPOSAL DISCUSSED AT THE AMMAN SUMMIT FOR THE ARAB STATES TO STANDARDISE ON THE MIRAGE 4000.
3. MARKETING THE TORNADO IS THE RESPONSIBILITY OF PANAVIA UNDER THE OVERALL DIRECTION OF HAMMA (JOINT ANGLO-GERMAN-ITALIAN ORGANISATIONS), BUT WE HAVE RECENTLY DECIDED UNILATERALLY TO OFFER EVALUATION FLIGHTS TO SAUDI ARABIA AND OMAN, AND WILL BE WRITING SHORTLY TO OFFER TO DISCUSS THE AIRCRAFT WITH ABU DHABI. THESE MOVES HAVE BEEN TAKEN WITHOUT CONSULTATION

/WITH THE

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C O N F I D E N T I A L

3764 - 2

WITH THE GERMANS, ON THE BASIS THAT WE MUST ESTABLISH A STRONG INTEREST FIRST BEFORE RAISING THE MATTER POLITICALLY, BUT SALES WILL, OF COURSE, REQUIRE GERMAN AND ITALIAN AGREEMENT (AND WOULD BENEFIT GERMANY AND ITALY AS WELL AS OURSELVES).

4. FOR YOUR OWN INFORMATION, WE WERE ASKED BY THE ISRAELIS IN 1979 TO ALLOW ROLLS ROYCE TO DISCUSS WITH THEM THE POSSIBILITY OF INCORPORATING THE TORNADO'S ENGINE (THE RB199) INTO A NEW ADVANCED FIGHTER AIRCRAFT FOR THE ISRAELI AIR FORCE IN LATE 1980. AFTER CONSULTING THE GERMANS AND ITALIANS WE INFORMED THE ISRAELIS THAT 'EVENTUAL SALE OF THE ENGINE WOULD PRESENT SERIOUS DIFFICULTIES IN RELATION TO POLICY ON ARMS SALES TO THE MIDDLE EAST' AND WE THEREFORE WERE UNABLE TO AGREE. YOU SHOULD THEREFORE NOT GO BEYOND THE TERMS OF THE PRIME MINISTER'S MESSAGE ON THE QUESTION OF AGREEMENT OF THE THREE GOVERNMENTS EVENTUALLY TO SELL TORNADO.

CARRINGTON

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PS/LPS
PS/MR HURD
PS/PUS
SIR J GRAHAM
SIR A ACLAND
MR J MOBERLY
MR P MOBERLY
MR FERGUSSON

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C O N F I D E N T I A L

C O N F I D E N T I A L

3765 - 2

GRS 236

CONFIDENTIAL

FM FCO 232000Z JAN 81

TO IMMEDIATE AMMAN

TELEGRAM NUMBER 22 OF 23 JANUARY

AND TO JEDDA, KUWAIT, ABU DHABI, DOHA, MUSCAT,
INFO TEL AVIV, WASHINGTON, BONN, ROME, PARIS.

MIPT: TORNADO

1. FOLLOWING IS TEXT OF MESSAGE:

BEGINS. I UNDERSTAND THAT YOU AND OTHER ARAB LEADERS ARE CLOSE TO MAKING DECISIONS ABOUT THE LONG TERM RE-EQUIPMENT OF YOUR AIR FORCES. AS YOU KNOW, THE TORNADO AIRCRAFT HAS BEEN DEVELOPED IN BOTH A STRIKE AND INTERCEPTOR VERSION AND IS ABOUT TO ENTER SERVICE IN THE ROYAL AIR FORCE, TOGETHER WITH THE GERMAN AND ITALIAN AIR FORCES. IT WILL BE THE MOST ADVANCED AIRCRAFT OF ITS TYPE IN THE WORLD.

2. I WOULD LIKE TO ASSURE YOU THAT THE UNITED KINGDOM WOULD BE WILLING TO DISCUSS WITH YOU AND OTHER ARAB COUNTRIES THE SALE OF THIS AIRCRAFT AND FOR THIS PURPOSE IS PREPARED TO LAY ON A PRESENTATION AND EVALUATION FLIGHT AS SOON AS YOU WOULD WISH. IT WILL BE NECESSARY TO CONSULT OUR OTHER PARTNERS IN THE PROJECT EVENTUALLY ONCE WE HAVE ESTABLISHED AN INTEREST IN TORNADO BUT I THOUGHT I SHOULD LET YOU KNOW OF THE UK'S POSITION AND TO SAY HOW DISAPPOINTED WE WOULD BE IN VIEW OF THE CLOSE RELATIONSHIP BETWEEN US, PARTICULARLY IN THE FIELD OF ARMS SUPPLIES, IF A DECISION OF THIS NATURE WERE TO BE TAKEN WITHOUT ANY OPPORTUNITY TO DISCUSS THE VERY REAL ALTERNATIVES THAT EXIST.

3. PERHAPS YOU WOULD LET ME KNOW DIRECTLY IF YOU WISH US TO INITIATE THE ACTION I HAVE PROPOSED. MESSAGE ENDS.

CARRINGTON

LIMITED

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15/15/15

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15/15/15

S/L J. GRANT

S/L A. ACLAND

T. J. ROBERT

T. P. TO BELLY

T. FERGUSON

C O N F I D E N T I A L

Mr. P. H. Moberly

CONFIDENTIAL

GR 185
CONFIDENTIAL
FM MUSCAT 240837Z JAN 81
TO PRIORITY FCO
TELEGRAM NUMBER 22 OF 24 JANUARY
INFO SAVING AMMAN, JEDDA, KUWAIT, ABU DHABI, DUBAI, DOHA,
TEL AVIV, WASHINGTON, BONN, ROME, PARIS

YOUR TELEGRAMS NOS 21 AND 22 TO AMMAN.
TORNADO.

1. THE SULTAN HAD ALREADY LEFT FOR SAUDI ARABIA BY THE TIME TURS WERE RECEIVED AND IN ANY CASE IT WOULD HAVE BEEN DIFFICULT TO ARRANGE AN AUDIENCE IN THE TIME AVAILABLE.
2. HOWEVER, DEPUTY PRIME MINISTER FOR SECURITY AND DEFENCE RECEIVED ME AT SHORT NOTICE THIS MORNING. I SPOKE AS INSTRUCTED, LEAVING WITH SAYYID FAHR A PIECE OF PAPER EMBODYING THE MESSAGE IN SECOND TUR.
3. HIS HIGHNESS REACTED POSITIVELY. AFTER A JOCLAR QUESTION ABOUT WHO WOULD PAY, HE COMMENTED PARTICULARLY ON THE POINT ABOUT OUR CLOSE RELATIONSHIP IN THE FIELD OF ARMS SUPPLIES AND SAID THAT HE WOULD REPORT MY APPROACH TO THE SULTAN IN TAIF, ALTHOUGH HE SEEMED TO DOUBT WHETHER THE SUBJECT WOULD BE RAISED THERE. (I SHOULD BE SURPRISED IF THE OMANI MACHINE WORKED THAT FAST, ESPECIALLY AS MY UNDERSTANDING IS THAT THE SULTAN WILL SPEND ONLY ONE DAY AT THE ISLAMIC SUMMIT).

FCO PASS SAVING AMMAN, JEDDA, KUWAIT, ABU DHABI, DUBAI, DOHA,
TEL AVIV, WASHINGTON, BONN, ROME, PARIS.

LUCAS (REPEATED AS REQUESTED)

LIMITED	PS/LPS
MED	PS/MR HURD
NENAD	PS/PUS
DEF.D	SIR J GRAHAM
PLANNING & STAFF	MR J MOBERLY
NEWS.D	SIR A ACHAND
PS	MR P.H. MOBERLY

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M. G. H.

CONFIDENTIAL

GR 188

CONFIDENTIAL

DESKBY FCO 241100Z JAN

FM AMMAN 241028Z JAN 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 026 OF 24 JAN

INFO IMMEDIATE ABUDHABI DOHA KUWAIT JEDDA MUSCAT

PRIORITY TEL AVIV ROME BONN PARIS AND WASHINGTON

FROM SINDALL IN AMBASSADOR'S ABSENCE FROM AMMAN THIS MORNING.

YOUR TELS 21 AND 22 OF 23 JANUARY.

TORNADO.

1. THESE TELEGRAM ARRIVED JUST IN TIME FOR ME TO SEE KING HUSSEIN BRIEFLY AS HE WAS BOARDING HIS AIRCRAFT TO FLY TO THE ISLAMIC SUMMIT IN SAUDI ARABIA.
2. I WAS THEREFORE ABLE TO HAND THE KING THE TEXT OF THE PRIME MINISTER'S MESSAGE. KING HUSSEIN EXPRESSED GRATITUDE AND UNDERTOOK TO REPLY AS SOON AS POSSIBLE AFTER HIS RETURN TO AMMAN. HE ASKED ABOUT THE AGREEMENT OF OUR OTHER EUROPEAN PARTNERS TO ANY SALE. IN REPLY I DREW HIS ATTENTION TO PARA 2 OF THE PRIME MINISTER'S MESSAGE AND STRESSED THAT WHAT THE UNITED KINGDOM SOUGHT AT THIS STAGE WAS THE OPPORTUNITY TO PRESENT TORNADO TO ARAB LEADERS SO THAT THEY COULD APPRECIATE ITS POTENTIAL NOW AND BEFORE THEY TOOK ANY IRREVOCABLE DECISIONS ON AIRCRAFT PURCHASES. THE TIME FOR CONSULTATION WITH OUR PARTNERS WOULD NATURALLY BE AS SOON AS WE KNEW THE LIKELY DEGREE OF INTEREST.

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PS/MR HURD
PS/PUS
SIR J GRAHAM
MR J C MOBERLY
SIR A ACLAND
MR P H MOBERLY

CONFIDENTIAL

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GPS 230
CONFIDENTIAL
DESKBY 261000Z
FM DUBAI 250440Z JAN 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 21 OF 25 JANUARY
INFO IMMEDIATE ABU DHABI

YOUR TELNO 21 TO AMMAN: TORNADO.

1. I NOTE WITH INTEREST THAT AN OFFER TO DISCUSS THIS AIRCRAFT WITH ABU DHABI WILL BE FORTHCOMING SHORTLY. HOWEVER, WE ARE STILL UNWAITING YOUR CONSIDERED VIEWS ON THE QUESTION OF A HAWK/JAGUAR PACKAGE (ABU DHABI TELNO 19). SINCE WE BELIEVE THE ABU DHABIANS WOULD PREFER IF POSSIBLE TO COVER THE THREE ROLES OF TRAINER, GROUND ATTACK AND AIR SUPERIORITY WITH ONLY TWO TYPES OF AIRCRAFT, AND THE FRENCH WILL BE PUSHING ALPHA JET PLUS MIRAGE 2000 IN THIS CONTEXT (PARA 3 OF MY 150905Z TO MODUK), IT SEEMS ESSENTIAL TO CLARIFY OUR OVERALL SALES STRATEGY BEFORE MENTIONING TORNADO AT ALL, EVEN IN THE GENERAL ARAB CONTEXT.
2. IT WOULD ALSO BE HELPFUL TO KNOW THE OUTCOME OF THE MEETING BETWEEN MR HURD, HDS AND B A E ON 19 JANUARY, AND WHETHER WE CAN EXPECT ANY INVOLVEMENT BY SIR NEIL WHEELER OF ROLLS ROYCE WHEN HE VISITS THE GULF NEXT MONTH (ABU DHABI'S 190830Z TO MODUK).
3. SHAIKH ZAID HAS ALREADY LEFT FOR THE ISLAMIC SUMMIT, AND THE ONLY PERSON WITH WHOM ACTION COULD USEFULLY BE TAKEN ON YOUR TUR IS SHAIKH KHALIFA. HE IS GENERALLY RATHER ELUSIVE, AND I DO NOT IN ANY CASE WISH TO ASK FOR ANOTHER MEETING UNTIL THE POSITION ON HAWK AND JAGUAR IS CLEARER. GRATEFUL FOR URGENT INSTRUCTIONS.
4. IN THE MEANTIME, TO AVOID FURTHER DELAY, DA IS DELIVERING VIA THE CHIEF OF STAFF THE MESSAGES FOR SHAIKH KHALIFA LISTED IN PARAGRAPH 1 OF ABU DHABI TELNO 19.

HASKELL

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PS/LPS
PS/MR HURD

PS/PUS
SIR J GRAHAM
SIR A ACLAND
MR J MOBERLY
MR P MOBERLY

CONFIDENTIAL

Mr. [Signature]

GR 250

CONFIDENTIAL

CONFIDENTIAL

FROM ABU DHABI 250710Z JAN 81

TO IMMEDIATE MODUK

TELEGRAM NUMBER 250710Z SIC Z8G/ZMC

INFO IMMEDIATE FCO AND DUBAI

FOR HDS AND AUS(SALES) FROM DEFAT ABU DHABI.

AIRCRAFT SALES TO UAE.

PLEASE SEE DUBAI TEL 21 OF 25 JAN (NOT COPIED TO MODUK)

1. I CALLED ON CHIEF OF STAFF THIS MORNING AND DELIVERED TWO LETTERS FOR SHAIKH KHALIFA. I TOOK OPPORTUNITY OF ASKING THE COS HOW HIS PRESENTATION TO SHAIKH KHALIFA ON THE TRAINING SCHOOL AND ITS AIRCRAFT AND THE HUNTER REPLACEMENT WAS GOING. HE TOLD ME THAT IT HAD BEEN MADE AND SHAIKH KHALIFA WILL BE DISCUSSING IT WITH SHAIKH ZAID WHEN THE PRESIDENT RETURNS TO UAE IN PERHAPS A WEEK'S TIME.

2. ON THE TRAINING SCHOOL, COS REFUSED TO BE DRAWN ON THE TYPE OF AIRCRAFT RECOMMENDED. HOWEVER HE DID SAY THAT UAE WILL PROBABLY WISH TO SEND A DELEGATION TO VISIT FIRSTLY THE SHAIKH FAISAL ACADEMY IN SAUDIA AND SECONDLY RAF TRAINING SCHOOLS. I NATURALLY OFFERED ALL HELP ON THE LATTER AND THE COS SAID THAT HE WOULD ASK US OFFICIALLY IN DUE COURSE.

3. HUNTER REPLACEMENT. COS SAID THE UAE DID NOT REGARD HAWK AS A SUITABLE REPLACEMENT WHEN THERE WERE BETTER AIRCRAFT AVAILABLE. HE SAID THAT SHAIKH KHALIFA STILL HAD SOME SORT OF INTEREST IN JAGUAR (POSSIBLY BECAUSE OF SHAIKH FAISAL BIN SULTAN'S URGING) BUT THAT THERE WAS MUCH MORE INTEREST GENERALLY IN TORNADO THAN IN JAGUAR.

MACLENNAN

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DEF.D

MED

NENAD

PS

PS/LPS

PS/MR HULD

PS/PUS

SIR A ACLAND

SIR J GRAHAM

MR. P. MOBERLY

MR J.C. MOBERLY

CONFIDENTIAL

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IMMEDIATE

ADVANCE COPY

DWF G034/26

OO FCO

PP AMMAN

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CONFIDENTIAL

FM JEDDAH 260703Z JAN 81

TO IMMEDIATE FCO

TELNO 059 OF 26TH JANUARY 1981

REPEATED PRIORITY AMMAN:

SAVING TO KUWAIT, ABU DHABI, DOHA, MUSCAT, TEL AVIV, WASHINGTON,
BONN, ROME, PARIS.

*R.
A/LB.
R/MR Hueg.
R/Pus.
Mr. J. Koberly
Mr. Liguera
HQ NEWAD
HQ MEA
HQ Defina P.
HQ WED*

(49)

YOUR TELNO 21 TO AMMAN: DEFENCE SALES/TORNADO

1. WITH THE ISLAMIC SUMMIT IN FULL SWING, ALL SENIOR SAUDI PRINCES, INCLUDING FAHD AND SULTAN, HAVE BEEN OUT OF CONTACT IN TAIF FOR DAYS AND WILL REMAIN SO UNTIL AT LEAST 28 JANUARY. I SHALL THEREFORE HAVE NO CHANCE OF DELIVERING THE PRIME MINISTER'S MESSAGE IN TIME TO INFLUENCE THE SAUDIS SHOULD A MIRAGE 4000 PURCHASE BE DISCUSSED AT TAIF. IF IT IS, KING HUSSEIN WILL PRESUMABLY TELL HIS COLLEAGUES OF THE MESSAGE.

2. PLEASE SEE MIFT (FCO ONLY) FOR MY RECOMMENDATIONS.

FCO PLEASE PASS TO SAVING ADDRESSEES.

CRAIG

NNNN

ADVANCE COPY

DWF G035/26

OO FCO

GR 260

CONFIDENTIAL

FM JEDDAH 260706Z JAN 81

TO IMMEDIATE FCO

TELNO 060 OF 26TH JANUARY 1981.

MIPT: DEFENCE SALES/TORNADO

Ps
B/LP.
B/M.R. Hurp.
Ps/Aus.
M.R. J. Moberly
M.R. Lequeron.
HQ NEWAD.
HQ MEY.
HQ Defence D. —
HQ WOP. *McAnn*

(X9)

1. I WOULD PREFER TO SEE TORNADO DISCUSSED BETWEEN MR NOTT AND PRINCE SULTAN AS ONE OF A NUMBER OF SUBJECTS ON AN AGREED AGENDA: HAWK, CHIEFTAIN MBT, FH70 155MM GUNS AND POSSIBLY BLOWPIPE BEING THE OTHERS. I DO NOT THINK WE IMPRESS THE SAUDIS BY HURRIED WRITTEN MESSAGES ON INDIVIDUAL WEAPONS SEMI COLON WE STAND A BETTER CHANCE WITH A COMPREHENSIVE APPROACH AT THE TOP LEVEL, FACE TO FACE AND WITH WELL-THOUGHT OUT PROPOSALS. THIS IS JUST THE SORT OF THING THAT A MINISTERIAL VISIT SHOULD BE AIMED AT.
2. IF YOU AGREE, THEN THE FIRST ESSENTIAL IS A REPLY TO SULTAN'S PROPOSAL THAT THE SECRETARY OF STATE FOR DEFENCE VISIT SAUDI ARABIA FOR A FEW DAYS BEGINNING ON 7 MARCH. I STRONGLY URGE A QUICK DECISION ON THIS; IF WE DELAY MUCH LONGER THE SAUDIS COULD BE FORGIVEN FOR THINKING THAT WE ARE NOT INTERESTED.
3. IF MR NOTT ACCEPTS THE INVITATION, I WOULD SEEK TO TRANSMIT THE ACCEPTANCE PERSONALLY TO SULTAN AND AT THE SAME TIME INDICATE ALL THE SUBJECTS MR NOTT WOULD LIKE TO DISCUSS. THAT WOULD BE A SUITABLE OPPORTUNITY TO PASS ON THE PRIME MINISTER'S MESSAGE. BY EXPLAINING IN ADVANCE WHAT MR NOTT WANTS TO DISCUSS WE ALLOW THE SAUDIS TO BRIEF THEMSELVES BEFORE THE VISIT. SULTAN'S RESPONSE MAY THEN BE SUBSTANTIVE RATHER THAN A BLAND ACKNOWLEDGEMENT OF A NEW IDEA.
4. I ASSUME THAT MR NOTT WILL WANT TO SEE PRINCE ABDULLAH DURING ANY VISIT HERE; AND I SUGGEST WE ADOPT THE SAME STRATEGY WITH HIM, THE SUBJECTS IN THAT CASE BEING CHIEFTAIN MBT AND THE COMMAND POST STUDY.

5. IF MR NOTT IS NOT/NOT COMING THEN I RECOMMEND THE SAME TACTICS FOR THE P.M.'S VISIT.

CRAIG

NNNN

FROM: [Illegible] TO: [Illegible]
SUBJECT: [Illegible]

[Illegible typed text]

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[Illegible typed text]

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CONFIDENTIAL

GRS 215
CONFIDENTIAL
FM AMMAN 250945Z JAN 81
TO PRIORITY FCO
TELNO 30 OF 25 JAN 81
INFO ROUTINE ABU DHABI BONN DOHA JEDDA MUSCAT PARIS ROME TEL
AVIV WASHINGTON (FOR HDS)

MY TELNO 026 OF 24 JANUARY: TORNADO

1. I HAD A FURTHER WORD ABOUT THE PRIME MINISTER'S MESSAGE TO KING HUSSEIN WITH THE JORDANIAN COMMANDER IN CHIEF THIS MORNING. HE HAD BEEN WITH THE KING AT THE AIRPORT AND HAD HAD AN OPPORTUNITY TO DISCUSS THE MESSAGE WITH HIM BRIEFLY BEFORE THE KING LEFT. GENERAL SHAKER THOUGHT THE MESSAGE HAD COME AT EXACTLY THE RIGHT TIME AND THAT THE KING WOULD CERTAINLY BE DISCUSSING WITH OTHER ARAB HEADS OF STATE THE NEED TO LOOK CAREFULLY AT TORNADO BEFORE COMING TO A FINAL DECISION ON THE CHOICE OF THEIR NEXT AIRCRAFT.

2. GENERAL SHAKER ADDED THAT IT WAS OF COURSE FOR US TO OVERCOME THE RESERVATIONS OF OUR PARTNERS IN THE PROJECT BUT THAT, IF WE COULD DO SO, HE FELT SURE WE WOULD "BE ALLOWED TO COMPETE". (WHEN ACCOMPANYING SIR RONALD ELLIS AT HIS INTERVIEW WITH KING HUSSEIN, I HAD SUGGESTED TO THE KING THAT ONE-HORSE RACES WERE A POOR FORM OF SPORT AND THAT WE SHOULD AT LEAST BE ALLOWED TO COMPETE SO THAT THE ARABS HAD A CHOICE: GENERAL SHAKER WAS, I THINK, PICKING UP THIS PHRASE).

URWICK

[THIS TELEGRAM WAS NOT ADVANCED]

LIMITED

MED

NENAD

DEFENCE D

PLANNING STAFF

NEWS D

PS

PS/LPS

PS/MR HURD

PS/PUS

SIR J GRAHAM

MR J C MOBERLY

SIR A ACLAND

MR P H MOBERLY

CONFIDENTIAL

Middle
East

file

ds



10 DOWNING STREET

From the Private Secretary

19 January 1981

Message from the Prime Minister to the Amir
of Qatar

The Prime Minister has approved the text of the letter from her to the Amir of Qatar enclosed with your letter to me of 16 January. I attach a copy.

I am sending a copy of this letter together with the original of the signed version to Francis Richards (Foreign and Commonwealth Office).

M. O'D. B. ALEXANDER

J.D.S. Dawson, Esq.,
Ministry of Defence.

ds



(3)

10 DOWNING STREET

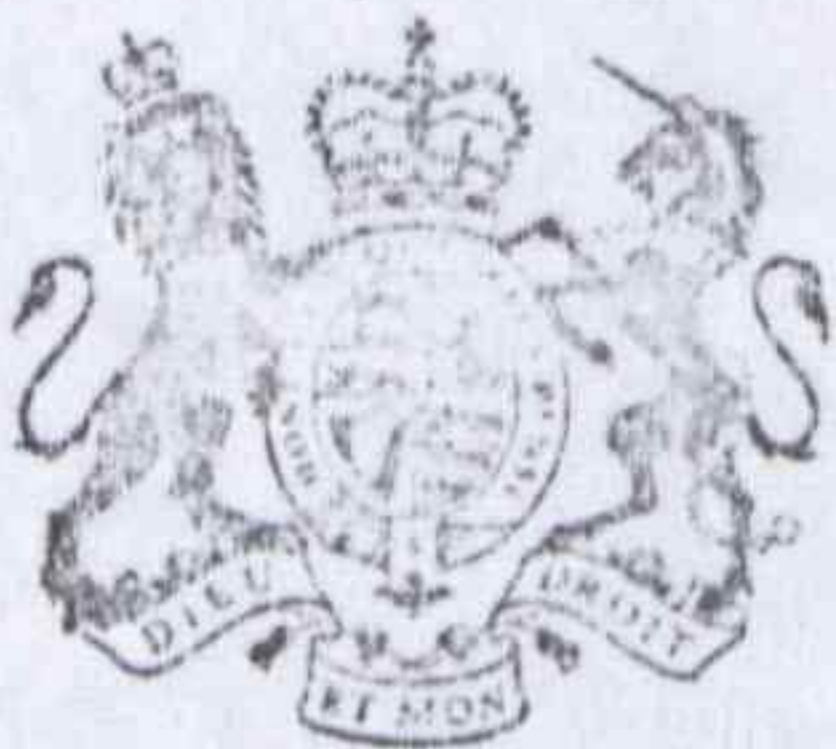
Prime Minister.

The attached text is
virtually identical with that
which you signed on New Year's
Day but which was overtaken
by the reshuffle.

If you are content to
sign this revised version it
will be delivered by H.M. Ambassador
on 22 January.

And

"Your Highness"



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10 DOWNING STREET

PRIME MINISTER'S
PERSONAL MESSAGE

SERIAL No. T 74/81
19 January 1981

THE PRIME MINISTER

Since I had the pleasure of welcoming Your Highness to 10 Downing Street during your visit to this country in September 1979, there have been many important developments in the Middle East affecting your country and region as well as British interests in the Gulf. I was sorry that, because of the change of Ministerial appointment about which he has written to His Highness Shaikh Hamad, Francis Pym was not able to make his planned visit to you earlier this month to discuss these developments, but I am sure his successor, John Nott, will want to come to Qatar as soon as is mutually convenient. I would myself also like to have the opportunity to renew our acquaintanceship and to resume the extremely useful and wide-ranging conversation we had at Downing Street. I would hope to be able to make a visit to Qatar later this year if this were convenient to Your Highness.

Your Highness will recall that we discussed at some length the Soviet Union's attempts to de-stabilise the Middle East. While the recent proposal of the President of the USSR for turning the Gulf into an area of Soviet style peace and security does not add much to what the Russians have been saying for some time, President Brezhnev's remarks were well publicised and were no doubt intended as attractive propaganda. We would naturally all like to see zones of peace in the world where they could be set up with guarantees for continued peace and security. We have taken careful note of the views often expressed by Gulf states that the Gulf should not be turned into an area of super-power confrontation. But perhaps Your Highness will share my view that while the Russian proposals aim to exclude military forces from the Gulf itself, they would be more persuasive if they took account of the deployment of large Soviet forces in Afghanistan, along the frontier with Iran and of the Russian presence in Aden. Russian

/leaders

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leaders should demonstrate their attachment to the principles of the non-use of force and non-intervention in the affairs of others by withdrawing Soviet troops from Afghanistan.

Your Highness will know that in the British Government's view the best way to meet the challenges to stability in the Gulf is for the states of the region to increase their co-operation among themselves and to develop suitable structures for greater mutual security. I was heartened to learn that during the Arab Summit Meeting in Amman in November some steps were taken to improve such co-operation. I hope the process will continue.

As for the co-operation between our two countries, I have followed with close interest the development of practical co-operation in the defence field which has taken place in the last two months. I am most grateful for the way in which General Perkins was received in your country and I am very pleased that his advice was both welcome and capable of being transformed into speedy action. We remain ready to co-operate with you as effectively as we can in the fields of defence and security, by training and equipping your armed forces. I hope the continuing close contacts between our countries, including the group of eminent visitors from Qatar whom the Ministry of Defence are delighted to be receiving next week, will help us to identify forms of future co-operation in the defence field which will commend themselves to Your Highness.

Your Highness may recall that when we met in September 1979 I asked you to contact me if you thought that the United Kingdom was in any way less active in the region than you desired. This request, of course, remains; I hope you will not hesitate to do so at any time.

(Sgd) Margaret Thatcher

His Highness Shaikh Khalifah bin Hamad al Thani, GCMG



The National Archives

LETTERCODE/SERIES <i>PREM 19</i>	Date and sign
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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ 218 2111/3

MO 25/2/10/2

16th January 1981

John Michael

*Type for PM's signature,
Back to Gill*

MESSAGE FROM THE PRIME MINISTER TO THE AMIR OF QATAR

The plan for the Defence Secretary to deliver the Prime Minister's letter of ^{attached} 2nd January personally to the Amir of Qatar fell through when Mr Pym's planned tour of the Gulf was cancelled last week. The Ministry of Defence and the Foreign and Commonwealth Office (who concur in the terms of this advice) would still see much value in a message from the Prime Minister being sent, given our developing sales interests in Qatar and the discussions on military assistance which will be carried forward during a visit by three leading Qatari defence personalities to the UK next week. It would of course be necessary to amend the original text to take account of the changes in visit plans, and I therefore enclose for her consideration the redrafted text of a message from the Prime Minister to His Highness Shaikh Khalifah. This redraft takes account of the position which we understand has been reached in discussions with the FCO on the Prime Minister's own overseas visits programme.

If the Prime Minister agrees to sign a letter in this revised form I should be grateful if you could pass it direct to Francis Richards at the FCO so that it can be sent to HM Ambassador Doha for delivery as early as possible next week. I understand that HM Ambassador in Doha hopes to have an audience with the Amir next Thursday 22nd January, when he could hand over the Prime Minister's letter.

I return with this draft the original copy of the Prime Minister's earlier letter to the Amir.

M O'D B Alexander Esq
10 Downing St

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I am copying this letter to Francis Richards (FCO) and to David Wright (Cabinet Office).

Yours sincerely
J D S Dawson

(J D S DAWSON)
Private Secretary

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DRAFT LETTER FROM THE PRIME MINISTER TO HIS HIGHNESS
SHAIKH KHALIFAH BIN HAMAD AL THANI, AMIR OF QATAR

Since I had the pleasure of welcoming Your Highness to 10 Downing Street during your visit to this country in September 1979, there have been many important developments in the Middle East affecting your country and region as well as British interests in the Gulf. I was sorry that, because of the change of Ministerial appointment, about which he has written to His Highness Shaikh Hamad, Francis Pym was not able to make his planned visit to you earlier this month to discuss these developments, but I am sure his successor, John Nott, will want to come to Qatar as soon as is mutually convenient. I would myself also like to have the opportunity to renew our acquaintanceship and to resume the extremely useful and wide-ranging conversation we had at Downing Street. ~~My immediate schedule of visits is already full, but~~ I would hope to be able to make a visit ^{to Qatar} later this year if this were convenient to Your Highness.

Your Highness will recall that we discussed at some length the Soviet Union's attempts to de-stabilise the Middle East. While the recent proposal of the President of the USSR for turning the Gulf into an area of Soviet style peace and security does not add much to what the Russians have been saying for some time, President Brezhnev's remarks were well publicised and were no

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doubt intended as attractive propaganda. We would naturally all like to see zones of peace in the world where they could be set up with guarantees for continued peace and security. We have taken careful note of the views often expressed by Gulf states that the Gulf should not be turned into an area of super-power confrontation. But perhaps Your Highness will share my view that while the Russian proposals aim to exclude military forces from the Gulf itself, they would be more persuasive if they took account of the deployment of large Soviet forces in Afghanistan, along the frontier with Iran and of the Russian presence in Aden. Russian leaders should demonstrate their attachment to the principles of the non-use of force and non-intervention in the affairs of others by withdrawing Soviet troops from Afghanistan.

Your Highness will know that in the British Government's view the best way to meet the challenges to stability in the Gulf is for the states of the region to increase their co-operation among themselves and to develop suitable structures for greater mutual security. I was heartened to learn that during the Arab Summit Meeting in Amman in November some steps were taken to improve such co-operation. I hope the process will continue.

As for the co-operation between our two countries, I have followed with close interest the development of practical co-operation in the defence field which has taken place in the last two months. I am most grateful for the way in which

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General Perkins was received in your country and I am very pleased that his advice was both welcome and capable of being transformed into speedy action. We remain ready to co-operate with you as effectively as we can in the fields of defence and security, by training and equipping your armed forces. I hope the continuing close contacts between our countries, including the group of eminent visitors from Qatar whom the Ministry of Defence are delighted to be receiving next week, will help us to identify forms of future co-operation in the defence field which will commend themselves to Your Highness.

Your Highness may recall that when we met in September 1979 I asked you to contact me if you thought that the United Kingdom was in any way less active in the region than you desired. This request, of course, remains; I hope you will not hesitate to do so at any time.



10 DOWNING STREET

THE PRIME MINISTER

2 January, 1981

Your Highness,

Since I had the pleasure of welcoming Your Highness to 10 Downing Street during your visit to this country in September 1979, there have been many important developments in the Middle East affecting your country and region as well as British interests in the Gulf. I think therefore that the visit of my Defence Secretary, Francis Pym, who will be discussing these developments with you, is a good opportunity for me to follow up with this letter the extremely useful and wide-ranging conversation we had at Downing Street.

Your Highness will recall that we discussed at some length the Soviet Union's attempts to de-stabilise the Middle East. While the recent proposal of the President of the USSR for turning the Gulf into an area of Soviet style peace and security does not add much to what the Russians have been saying for some time, President Brezhnev's remarks were well publicised and were no doubt intended as attractive propaganda. We would naturally all like to see zones of peace in the world where they could be set up with guarantees for continued peace and security. We have taken careful note of the views often expressed by Gulf states that the Gulf should not be turned into an area of super-power confrontation. But perhaps Your Highness will share my view that while the Russian proposals aim to exclude military forces from the Gulf itself, they would be more persuasive if they took account of the deployment of large Soviet forces in Afghanistan, along the frontier with Iran and of the Russian presence in Aden. Russian leaders should demonstrate their attachment to the principles of the non-use of force and non-intervention in the affairs of others by withdrawing Soviet troops from Afghanistan.

/Your Highness

Your Highness will know that in the British Government's view the best way to meet the challenges to stability in the Gulf is for the states of the region to increase their co-operation among themselves and to develop suitable structures for greater mutual security. I was heartened to learn that during the Arab Summit Meeting in Amman in November some steps were taken to improve such co-operation. I hope the process will continue.

As for the co-operation between our own two countries, I have followed with close interest the development of practical co-operation in the defence field which has taken place in the last two months. I am most grateful for the way in which General Perkins was received in your country and I am very pleased that his advice was both welcome and capable of being transformed into speedy action. We remain ready to co-operate with you as effectively as we can in fields of defence and security, by training and equipping your armed forces. I know that this is the most important topic which Francis Pym will be discussing with Your Highness and other leading personalities. I hope that he will be able to suggest forms of co-operation in the defence field which will commend themselves to Your Highness.

Your Highness may recall that when we met in September 1979 I asked you to contact me if you thought that the United Kingdom was in any way less active in the region than you desired. This request, of course, remains; I hope you will not hesitate to do so at any time.

Yours sincerely

Margaret Thatcher

90
Middle East
MOBBA
B/1



Foreign and Commonwealth Office

London SW1A 2AH

8 January 1981

fg
Hurd

(2)

Prime Minister

Dear Michael,

To note

Hurd 9/1

Mr Hurd's Visit to the UAE

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I enclose at Mr Hurd's request a copy of his minute of 8 January to Lord Carrington on his visit to the UAE from 5-7 January.

I am sending a copy of this letter and its enclosure to David Omand.

Yours ever,

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

This is a copy. The original has been exhaered and closed, 40 years.

Secretary of State

VISIT TO THE UAE: 5-7 JANUARY

The Hawk

It is not just a competition between the Hawk and the Alphajet. The Abu Dhabi authorities are thinking of a flying school and a Hunter replacement as well as a training plane. The professional military, for what it is worth (which is not much), appear to favour a British solution. As in most such cases in the Middle East, the worth of the product is of secondary importance compared to the politics and personalities. It seems likely that Shaikh Zaid has left the matter to be settled by agreement between two of his sons, Khalifa and Sultan. Sultan (Commander-in-Chief) is in favour of Alphajet, as of all things French. Khalifa (Crown Prince and Deputy C-in-C) is probably inclined to the Hawk and to Britain. In the end, ie probably in a month or so, the matter will have to be referred back to Zaid.

2. Both the French and ourselves have exerted strong political pressure. In favour of the French are:

- (a) the general feeling that the French are more imaginative and offer more glamorous products than the British, and that they are more pro-Arab, by conviction and because of their dependence on Gulf oil;
- (b) the prospect dangled by the French that purchase of the Alphajet would lead to participation in and acquisition of the highly sophisticated Mirage Delta 4, perhaps on an all-Gulf basis. (We cannot apparently yet talk realistically of exporting Tornado.);
- (c) certain specifics, in particular that the ground-attack version of the Alphajet exists on the shelf, whereas the ground-attack version of the Hawk is a plan.

On our side is:

- (a) the general feeling that recently we have exerted ourselves in the area, particularly since the Iran/Iraq war, and that therefore we deserve some recognition;
- (b) the professional feeling in favour of the Hawk;
- (c) the prospect of the Prime Minister's visit. I pushed this hard with all whom I saw, and it was warmly received.

3. Abu Dhabi, like all Gulf States, is full of nuances, cross-currents and so the above is bound to be oversimplified. I would guess that the ruling family will now seek a compromise - hence probably the interest in Jaguar (in which we take 63% of proceeds of overseas sales). They might

/even do

**~* Passages deleted and closed,
40 years, under FOI Exemption
Wayland, 8/9/11*

1 even do something silly like buying a handful of both Alphajets and Hawks. Or (the worst case) they might buy Alphajet and compensate with an order for tracked Rapier (British Aerospace) or radar (Plessey). We have a reasonable chance now of at least a favourable compromise.

3 4. Our Defence Attaché is good. (he is the key coordinator on the spot). The local representation of BAe is poor, but at the top level they know this and it would be a mistake to change now. The Rolls-Royce agent is a powerful local figure, but characteristically BAe on the spot distrusted and were not working with him - I think we have put this right.

5. I telegraphed about the next steps to be taken in this siege, and will now follow them up.

The Emirates

6. The Federation may soon enter a troubled patch. Not economically, for there is no recession there. Nor because of external threat, about which they are now serene after the scare in the autumn. The difficulty will be internal. The Federation ^{of 7} holds together because of the cooperation of two remarkable old ^{states} men, Shaikh Zaid of Abu Dhabi and Shaikh Rashid of Dubai, who are about 70 and 75 respectively. Shaikh Rashid in particular is now in poorish health. There is no rule of primogeniture, so the succession in both states is in doubt. Worse, the younger generation of shaikhs in each state tend to dislike those in the other and make little pretence of working together. The Federation is definitely not past the point of no return. Dubai, which is the less rich of the two, is more open, more pro-British, and has a slightly better rising generation of princelings.

h 7. The UAE is a vital country. We have found a good Ambassador with Gulf experience to go there in the summer. We need to keep up a steady flow of Ministerial visits. We must pay particular attention to the rising generation, impressive and unimpressive alike, since we cannot be sure who will come to the top.

Douglas Hurd

Douglas Hurd

8 January 1981

cc: Lord Privy Seal
PUS
Sir J Graham

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Defence
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Pammi Minister

(2)

cc Middle East, Situation

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A timely & useful discussion.

Amh
- 2/1

RECORD OF A CALL BY THE SECRETARY OF STATE FOR ENERGY AND
MINISTER OF STATE FOR FOREIGN AND COMMONWEALTH AFFAIRS ON
SHAIKH KHALIFA BIN ZAID, CROWN PRINCE OF ABU DHABI AND
DEPUTY SUPREME COMMANDER OF THE UAE ARMED FORCES IN ABU DHABI
ON 6 JANUARY 1981

Present:

The Rt Hon David Howell MP
The Hon Douglas Hurd CBE MP
Sir Ron Ellis,
Head of Defence Sales
Sir Frederick Page,
Chairman British Aerospace
(Aircraft Division)
HE Mr David Roberts CMG CVO
Lt Colonel R Jury MVO
Mr C T W Humfrey

HE Shaikh Khalifa bin Zaid
HE Rashid Abdulla,
Minister of State for
Foreign Affairs
HE Dr Mana' Said al Otaiba,
Minister for Petroleum
Colonel Muhammad Said al Badi,
Chief of Staff
Mr Zaki Nusseibeh,
Interpreter

1. Mr Hurd said that he remembered his talk with Shaikh Khalifa the previous year about security cooperation between the Gulf states. There had obviously been good progress since then, including, he understood, at the recent Amman Summit. Were the proposals put forward by Kuwait at Amman for Gulf cooperation likely to develop into the defence field? Shaikh Khalifa said that he was very pleased with the steps which had been taken. They had long been sought by the UAE which was glad to see them taking concrete shape. Two conditions were needed to make progress. First, the political interest in the Gulf states should be maintained and, second, that a full time staff should be established.

2. Mr Hurd said that we were anxious to see such cooperation succeed. We were glad to have had quick consultations with the UAE after the outbreak of the Iran/Iraq war and to have arranged visits by General Perkins and Mr Moberly. We wanted our friendship to have a practical and modern aspect. Shaikh Khalifa said that they were very glad to have had these consultations and to feel that they had a long-lasting and concrete friendship with us. This cooperation had now to be developed. Mr Hurd said that the present British Government were trying to play a more active role in the Middle East. It was very important at this time when there was a new US Administration, whose ideas we still had to discover. It had just been agreed that Mrs Thatcher and Lord Carrington would visit Washington in February. They both hoped to discuss the Middle East with the new US Administration. These would be

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the first discussions between President Reagan and a new European Head of Government.

3. Shaikh Khalifa hoped that the new Reagan administration would be even-handed in their dealings in the Middle East. Mr Hurd said that we hoped that we might be able to help in that direction. Mrs Thatcher had asked him to say that, if Shaikh Zaid agreed and convenient dates could be found, she would like to visit the UAE in Spring, in April. Shaikh Khalifa immediately replied that without having to refer to his father he could say that the Prime Minister would always be welcome. Mr Hurd said that he knew Mrs Thatcher was anxious to see the UAE for herself and discuss some of these questions. Shaikh Khalifa said that they would attach great importance to her visit and only wanted to be told when it would be. Mr Hurd said that we would discuss dates through our Ambassador.

4. Mr Hurd said that in this context of trying to make our friendship modern and practical, the Prime Minister had asked him to mention the Hawk negotiations. He understood that there was a choice to be made and we did not claim a monopoly of supply. But it might become difficult for us to pursue ideas and cooperation if we felt that all the UAE's main procurement policies were directed to other countries and we were left with nothing substantial. He would not have dared say this nor would the Prime Minister have asked him to, if we did not believe that Hawk was a superior aircraft and that the proposals that we had made and could make regarding it would meet the UAE's requirements. Shaikh Khalifa said that the UAE was also very keen that bilateral cooperation should continue and strengthen in all fields, especially military. They were presently studying the purchase of aircraft to meet both training and jet interceptor requirements. He was grateful for and appreciative of British interest and goodwill. He was sure that Mr Hurd would not have raised the matter if he did not consider that Hawk would meet the UAE's requirements. Mr Hurd said that Sir Ronald Ellis and Sir Frederick Page, as the experts, could continue discussions with the UAE's technical experts immediately after the meeting. We believed that "the customer was always right", and that we could meet the UAE's technical requirements when these were known. On training, we believed that the offers we had made were unique and could not be matched, for example the offer of a place at our Central Flying School which had a high reputation. The training of an instructor there would enable Abu Dhabi to begin its own training. If there were any particular points on training, they should let us know. The Prime Minister had instructed that we should do our best to meet any particular suggestions which the UAE might like to raise about training, additional to those already included in our offer.

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5. Shaikh Khalifa readily agreed that his Chief of Staff should discuss with our experts. He asked whether the rumour was true that we had stopped producing the Jaguar aircraft. Sir Frederick Page said that it was not. The Jaguar was very much in production for a number of countries and had been selected for licensed production. There were regular deliveries of the aircraft from British Aerospace's Wharton Division and the French Air Force were still taking deliveries. We would be delivering for several years and commitments extended to the end of this century. HMG had authorised a number of developments of the aircraft. He would be happy to discuss the details with the Chief of Staff. Shaikh Khalifa encouraged this and said that he would be kept informed. He asked about reports of accidents to Jaguar in Oman. Sir Frederick Page said that there had been one case where faulty equipment load had been used resulting in an accident, but the equipment had not been supplied by the UK. Jaguar's record had been good. It used the same basic well proven engine as the Hawk so that there was commonality. The Omanis had been so pleased with the results that they had re-ordered the aircraft. Mr Hurd said that Sultan Qaboos's recent order for a third squadron of Jaguar was the best compliment that could be paid it. Shaikh Khalifa said that he had seen Jaguar on a demonstration flight and had been impressed by it. Mr Hurd asked what the timing would be for a decision on aircraft purchase. Shaikh Khalifa said that a decision would be made quite soon. His experts needed to consider the matter further. A decision had been deferred until his return from Pakistan. He was particularly keen to develop the Air Force including training. He hoped that, as soon as a decision had been made, we could keep the salesmen from him!

6. Turning to the Iran/Iraq war, Mr Hurd said that we saw a military stalemate with fighting continuing, but not particularly intense. No military breakthrough seemed likely by either side. Shaikh Khalifa thought that the really important factor would be whether either side received new supplies of arms. Had the Soviet Union been delivering such supplies? Mr Hurd said that our information was that the Iraqis were displeased with the Soviet Union's performance. They had been receiving deliveries of some arms which had been ordered earlier from the Soviet Union and France, but nothing extra. The Iranians had been looking in the international arms market but had found nothing substantial. The Iranians' foolishness in holding the US hostages had lost them friends. Shaikh Khalifa believed that both sides were feeling exhausted but that the Iranians were the weaker because they had made enemies of everyone. He regretted the destruction in both countries. He had heard that the Iranians had only eight aircraft remaining. Mr Hurd said that we thought they had more aircraft than that though they never got more than fifty per cent of their Air Force into the air and had suffered losses. They were still flying some forty sorties a day, though these tended to be hit and run rather than intensive attacks. They were having increasing

/difficulty

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difficulty in getting their Phantoms into the air. Mr Howell added that we thought the Iranian Air Force was still a threat to the oil installations in Iraq.

7. In conclusion, Shaikh Khalifa said that he had been particularly pleased to welcome two British Ministers to the UAE.

Howell
8/1

Distribution

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PS/Mr Hurd
PS/PUS
Sir J Graham
Mr J Moberly
MED
Defence Dept
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Mr Alexander, No 10 ✓
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ROUTINE DUBAI, DOHA AND BAHRAIN

ROUTINE DUBAI, DOHA AND BAHRAIN

MIPT

HAWK SALES.

1. THE MINISTER OF STATE HAS DISCUSSED THE OUTCOME OF THESE MEETINGS WITH SIR R. ELLIS AND THE BRITISH AEROSPACE REPRESENTATIVES. THE FOLLOWING ASSESSMENT EMERGED.

2. IT IS CLEAR THAT THE UAE HAVE TAKEN NO DECISION ON THEIR NEED FOR AN ADVANCED TRAINER AND A GROUND ATTACK AIRCRAFT. IN PART THEIR DECISION WILL DEPEND ON THE RECOMMENDATIONS MADE BY THE CHIEF OF STAFF ABOUT THE ROLE OF ANY TRAINING SCHOOL AND THE TPE OF AIRCRAFT IT REQUIRES.

3. WE CANNOT BE SURE WHO WILL TAKE THE FINAL DECISION. WE THINK IT WILL PROBABLY BE A COLLECTIVE ONE BY THE RULING FAMILY IN ABU DHABI, INCLUDING SHAIKH ZAID WHO MAY NOT RETURN HERE BEFORE THE END OF THE MONTH. ALTHOUGH TECHNICALLY THEY SHOULD CHOOSE ONE TRAINING AIRCRAFT, THEY MIGHT SEEK SOMEHOW TO DIVIDE THE ORDER FOR POLITICAL REASONS BETWEEN OURSELVES AND THE FRENCH. THE INTEREST EXPRESSED IN JAGUAR IS ALSO SIGNIFICANT.

4. THE REPRESENTATIONS MADE BY MR HURD WILL HAVE MADE OUR POLITICAL INTEREST IN THE DECISION QUITE CLEAR. THE NEWS OF THE PM'S VISIT HERE IN APRIL WILL HAVE SERVED TO UNDERLINE THIS. SHEIKH KHALIFA WAS FRIENDLY AND ATTENTIVE, BUT NON-COMMITTAL.

5. WE SHALL NOW NEED TO FOLLOW VERY CLOSELY THE COURSE OF THE UAE CHIEF OF STAFF'S RECOMMENDATIONS, AND TO BE READY TO MAKE A FURTHER POLITICAL INTRODUCTION WHEN A DECISION APPEARS IMMINENT. THE EMBASSY, BRITISH AEROSPACE AND ROLLS ROYCE WILL MONITOR THE POSITION THROUGH THEIR LOCAL CONTACTS. BRITISH AEROSPACE'S LOCAL REPRESENTATIVES WILL ALSO BE PRIMED TO SUBMIT ALTERNATIVE OFFERS ON HAWK SHOULD THIS SEEM DESIRABLE AS THE UAE REQUIREMENT BECOMES CLEARER. MOD WILL NEED TO BE PREPARED TO RESPOND QUICKLY TO ANY REQUEST FOR A STUDY TEAM ON THE TRAINING SCHOOL (PARAGRAPH 8 OF MIPT). IN ORDER TO GET ON BETTER TERMS WITH SHAIKH SULTAN, WHO IS PROBABLY THE CHIEF OBSTACLE TO SUCCESS WE SUGGEST THAT OUR CHIEF OF DEFENCE STAFF SHOULD SEND HIM A RENEWED INVITATION TO VISIT THE UK ASKING HIM TO PROPOSE CONVENIENT DATES. THIS COULD BE DELIVERED AS SOON AS HE RETURNS FROM PAKISTAN WITH HIS FATHER. MR HURD ALSO

5. WE SHALL NOW NEED TO FOLLOW VERY CLOSELY THE COURSE OF THE UAE CHIEF OF STAFF'S RECOMMENDATIONS, AND TO BE READY TO MAKE A FURTHER POLITICAL INTRODUCTION WHEN A DECISION APPEARS IMMINENT. THE EMBASSY, BRITISH AEROSPACE AND ROLLS ROYCE WILL MONITOR THE POSITION THROUGH THEIR LOCAL CONTACTS. BRITISH AEROSPACE'S LOCAL REPRESENTATIVES WILL ALSO BE PRIMED TO SUBMIT ALTERNATIVE OFFERS ON HAWK SHOULD THIS SEEM DESIRABLE AS THE UAE REQUIREMENT BECOMES CLEARER. MOD WILL NEED TO BE PREPARED TO RESPOND QUICKLY TO ANY REQUEST FOR A STUDY TEAM ON THE TRAINING SCHOOL (PARAGRAPH 8 OF MIPT). IN ORDER TO GET ON BETTER TERMS WITH SHAIKH SULTAN, WHO IS PROBABLY THE CHIEF OBSTACLE TO SUCCESS WE SUGGEST THAT OUR CHIEF OF DEFENCE STAFF SHOULD SEND HIM A RENEWED INVITATION TO VISIT THE UK ASKING HIM TO PROPOSE CONVENIENT DATES. THIS COULD BE DELIVERED AS SOON AS HE RETURNS FROM PAKISTAN WITH HIS FATHER. MR HURD ALSO CONSIDERS THAT IT COULD HELP OUR POSITION GREATLY IF MR NOTT WERE ABLE TO TAKE UP THE EXISTING PROGRAMME FOR MR PYM AND COME HERE IN FEBRUARY TO REINFORCE OUR POLITICAL PRESSURE. HE IMAGINES THAT MR NOTT WILL ALSO TAKE INTO ACCOUNT THE FACT THAT UNFORTUNATELY THERE HAVE NOW BEEN TWO CANCELLATIONS OF VISITS TO OMAN BY THE SECRETARY OF STATE FOR DEFENSE.

ROBERTS

BT

X A telegram was sent this morning postponing the Defence Secretary's visit planned for next week. The MOD have not yet begun to consider whether it should be rescheduled for February.

NNNN

Paul

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AND TO IMMEDIATE MODUK DESKBY 061600Z
ROUTINE DUBAI, DOHA AND BAHRAIN

2 tals : read in full.

ms

HAWK SALES.

1. MR HURD AND MR HOWELL SAW SHAIKH KHALIFA THIS MORNING. MR HURD STRESSED OUR WISH TO GIVE OUR RELATIONS WITH THE UAE A PRACTICAL AND MODERN ASPECT. THIS WAS PART OF THE PRESENT GOVERNMENT'S DETERMINATION TO PLAY A MORE ACTIVE ROLE IN THE MIDDLE EAST. WE HAD DEMONSTRATED OUR FRIENDSHIP AND WISH FOR COOPERATION BY THE VISITS OF PERKINS AND MOBERLY. THE PRIME MINISTER HAD NOW ASKED HIM TO SAY THAT SHE HERSELF WOULD LIKE TO COME TO THE UAE IN APRIL. SHAIKH KHALIFA SAID THAT THE PRIME MINISTER WOULD ALWAYS BE WELCOME. THE UAE WOULD ATTACH GREAT IMPORTANCE TO HER VISIT.
2. MR HURD SAID THAT IN THIS CONTEXT OF TRYING TO DEVELOP OUR FRIENDSHIP ON MODERN LINES WITH PRACTICAL CONTENT, THE PRIME MINISTER HAD ASKED HIM TO RAISE THE SALE OF HAWK. IT MIGHT BECOME DIFFICULT FOR US TO PURSUE IDEAS FOR COOPERATION IF WE FELT THAT ALL THE UAE'S MAIN PROCUREMENT POLICIES WERE DIRECTED TO OTHER COUNTRIES. WE WERE CONFIDENT THAT IN THIS CASE HAWK WAS THE SUPERIOR AIRCRAFT AND THAT THE PROPOSALS WE HAD MADE AND COULD MAKE REGARDING IT WOULD MEET THE UAE'S REQUIREMENTS, WHATEVER THESE TURNED OUT TO BE.
3. SHAIKH KHALIFA REPLIED THAT THE UAE WERE ALSO KEEN THAT COOPERATION WITH THE UK SHOULD CONTINUE AND STRENGTHEN IN ALL FIELDS, ESPECIALLY MILITARY. THEY WERE NOW STUDYING THE PURCHASE OF AIRCRAFT TO MEET BOTH TRAINING AND INTERCEPTOR REQUIREMENTS. THEY APPRECIATED BRITISH INTEREST, AND KNEW THAT THIS WAS BASED ON GENUINE GOODWILL.
4. MR HURD SUGGESTED THAT THE EXPERTS MIGHT GET TOGETHER AFTER THE MEETING TO DISCUSS FURTHER THE UAE'S TECHNICAL REQUIREMENTS. SHAIKH KHALIFA AGREED READILY THAT THE CHIEF OF STAFF SHOULD TALK AT ONCE TO SIR RON ELLIS AND SIR FREDDIE PAGE. ON TRAINING, MR HURD SAID THAT ON TOP OF THE OTHER OFFERS WE WERE MAKING A UNIQUE OFFER OF A PLACE AT OUR CENTRAL FLYING SCHOOL. MOREOVER THE PRIME MINISTER HAD INSTRUCTED THAT WE SHOULD DO OUR BEST TO MEET ANY PARTICULAR SUGGESTIONS WHICH THE UAE MIGHT LIKE TO RAISE ABOUT TRAINING ADDITIONAL TO THOSE ALREADY INCLUDED IN THE OFFER.

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5. SHAIKH KHALIFA AGAIN SHOWED AN INTEREST IN JAGUAR AND THERE WAS SOME DISCUSSION OF ITS PERFORMANCE IN OMAN. MR HURD SAID THAT THE RECENT OMANI ORDER FOR A THIRD SQUADRON OF THE AIRCRAFT WAS THE BEST COMPLIMENT THAT COULD BE PAID IT.

6. SHAIKH KHALIFA SAID THAT A DECISION WOULD BE TAKEN SOON. THE DECISION HAD BEEN DEFERRED UNTIL HIS RETURN FROM PAKISTAN. HIS EXPERTS NEEDED TO CONSIDER THE QUESTION FURTHER SO THAT THE RIGHT DECISION COULD BE MADE. HE WAS PARTICULARLY KEEN ON DEVELOPING THE AIR FORCE INCLUDING TRAINING.

7. IN THE ENSUING DISCUSSION BETWEEN EXPERTS, THE CHIEF OF STAFF REVEALED TO SIR RON ELLIS AND SIR FREDDIE PAGE THAT HE HAD BEEN INSTRUCTED TO PREPARE A SUBMISSION FOR SHAIKH KHALIFA IN ABOUT A FORTNIGHT'S TIME, MAKING RECOMMENDATIONS ON :-

(I) THE ESTABLISHMENT OF A TRAINING SCHOOL FOR THE AIR FORCE :

(II) THE PURCHASE OF TRAINING AIRCRAFT : AND

(III) THE PURCHASE OF A REPLACEMENT FOR THEIR HUNTER GROUND ATTACK AIRCRAFT.

8. THE CHIEF OF STAFF MADE IT CLEAR THAT THEY HAD SUFFICIENT INFORMATION ON WHICH TO BASE THESE RECOMMENDATIONS AND REQUIRED NO FURTHER ASSISTANCE FROM US. HOWEVER, ONE OF THE LIKELY RECOMMENDATIONS TO SHAIKH KHALIFA WAS TO REQUEST OUR HELP IN A STUDY TO LOOK AT THE TRAINING SCHOOL AND ITS EQUIPMENT. SIR RON ELLIS AND SIR FREDDIE PAGE IMMEDIATELY OFFERED FURTHER ASSISTANCE FROM MOD AND BRITISH AEROSPACE. THE CHIEF OF STAFF SAID THAT A JOINT TEAM SUCH AS THIS MIGHT BE VERY WELCOME AND THAT THIS REQUEST, IF AGREED BY SHAIKH KHALIFA, WOULD BE COMMUNICATED TO THE EMBASSY. LIKE KHALIFA, THE CHIEF OF STAFF SHOWED INTEREST IN JAGUAR.

9. SEE MIFT FOR CONCLUSIONS AND RECOMMENDATIONS.

ROBERTS

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DEFENCE D

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PS/LPS

PS/MR HURD

PS/PUS

SIR J GRAHAM

MR J C MOBERLY

MR P H MOBERLY

RESTRICTED

R H

2 January, 1981

Defence Relations with Qatar

Thank you for your letter of 31 December, about defence relations with Qatar. The Prime Minister has agreed that she should write to the Amir, and that the letter should travel by hand with your Secretary of State. I enclose the signed original.

I am sending copies of this letter to Francis Richards (Foreign and Commonwealth Office) and David Wright (Cabinet Office).

M. A. PATTISON

J D S Dawson, Esq
Ministry of Defence

RESTRICTED

272

FILE

MOD
cc:- FCO
CO

TMP



10 DOWNING STREET

THE PRIME MINISTER

2 January, 1981

Your Highness.

This letter was not
sent received
19/1/81

Since I had the pleasure of welcoming Your Highness to 10 Downing Street during your visit to this country in September 1979, there have been many important developments in the Middle East affecting your country and region as well as British interests in the Gulf. I think therefore that the visit of my Defence Secretary, Francis Pym, who will be discussing these developments with you, is a good opportunity for me to follow up with this letter the extremely useful and wide-ranging conversation we had at Downing Street.

Your Highness will recall that we discussed at some length the Soviet Union's attempts to de-stabilise the Middle East. While the recent proposal of the President of the USSR for turning the Gulf into an area of Soviet style peace and security does not add much to what the Russians have been saying for some time, President Brezhnev's remarks were well publicised and were no doubt intended as attractive propaganda. We would naturally all like to see zones of peace in the world where they could be set up with guarantees for continued peace and security. We have taken careful note of the views often expressed by Gulf states that the Gulf should not be turned into an area of super-power confrontation. But perhaps Your Highness will share my view that while the Russian proposals aim to exclude military forces from the Gulf itself, they would be more persuasive if they took account of the deployment of large Soviet forces in Afghanistan, along the frontier with Iran and of the Russian presence in Aden. Russian leaders should demonstrate their attachment to the principles of the non-use of force and non-intervention in the affairs of others by withdrawing Soviet troops from Afghanistan.

/Your Highness

RH

Your Highness will know that in the British Government's view the best way to meet the challenges to stability in the Gulf is for the states of the region to increase their co-operation among themselves and to develop suitable structures for greater mutual security. I was heartened to learn that during the Arab Summit Meeting in Amman in November some steps were taken to improve such co-operation. I hope the process will continue.

As for the co-operation between our own two countries, I have followed with close interest the development of practical co-operation in the defence field which has taken place in the last two months. I am most grateful for the way in which General Perkins was received in your country and I am very pleased that his advice was both welcome and capable of being transformed into speedy action. We remain ready to co-operate with you as effectively as we can in fields of defence and security, by training and equipping your armed forces. I know that this is the most important topic which Francis Pym will be discussing with Your Highness and other leading personalities. I hope that he will be able to suggest forms of co-operation in the defence field which will commend themselves to Your Highness.

Your Highness may recall that when we met in September 1979 I asked you to contact me if you thought that the United Kingdom was in any way less active in the region than you desired. This request, of course, remains; I hope you will not hesitate to do so at any time.

Yours sincerely

Margaret Thatcher



MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1
 Telephone 01-~~9307022~~ 218 2111/3

MO 25/2/10/2

31st December 1980

Prime Minister

*Content to send
this letter to the Amir?*

*John Richard,**Yes
 not*

DEFENCE RELATIONS WITH QATAR

You will know that Mr Pym is planning to visit Bahrain, Qatar, the United Arab Emirates and Oman between 11 and 18 January.

The visit to Qatar comes at a particularly opportune moment. The Qataris have taken a number of decisions in recent months to buy defence equipment from elsewhere, but we believe we have a good chance of stemming the flow by securing a large order for the low level air defence system, Rapier. Major General Perkins, the Director of the Military Assistance Office, has just completed a study of the Qatari Armed Forces, and of the country's air defence needs in particular. This recommends the purchase of four batteries of missiles, further surveillance radars and an integrated control system.

General Perkins' report will be delivered in Doha a few days before Mr Pym's arrival. Our Ambassador, Mr Colin Brant, has recommended that a letter to the Amir from the Prime Minister would at this time contribute significantly to the consolidation of Anglo-Qatari relationships, particularly as the Amir has a very high regard for the Prime Minister. (You will recall that they met in 1979.) The Foreign and Commonwealth Office and we agree. The lack of a similar message for the other rulers Mr Pym will meet would not cause offence, since the Prime Minister met the Prime Minister of Bahrain in London in September and will meet the rulers of the UAE and Oman during her proposed visit to the region in April next year.

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/ If the Prime Minister is willing to write, we suggest it would be appropriate for Mr Pym to deliver the letter during his visit. I enclose a proposed text, which has been agreed with the Foreign and Commonwealth Office, and which, if the Prime Minister is content, could be typed for the Prime Minister's signature, and returned to me for Mr Pym to deliver.

I am copying this letter to Francis Richards (FCO) and to David Wright (Cabinet Office).

Yours sincerely,

John D S Dawson

(J D S DAWSON)

GR 300

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FROM ABU DHABI 311620Z DEC 80

TO FLASH FCO

TELEGRAM NUMBER 413 OF 31 DECEMBER

AND TO FLASH MODUK

INFO ROUTINE DUBAI

HAWK SALES.

Middle East
DISTRIBUTION SELECTOR'S
FILE COPY

ms

1. I SAW KHALIFA AT 1900 HRS LOCAL TIME TODAY, THE CHIEF OF STAFF WAS PRESENT. SHAIKH ZTLD AND SHAIKH SULTAN (THE COMMANDER IN CHIEF) ARE OFF TO PAKISTAN TOMORROW.

2. I HANDED KHALIFA A COPY OF THE PRIME MINISTERS MESSAGE WHICH THE CHARGE D'AFFAIRES GAVE TO SHAIKH ZAID ON 22 DECEMBER. I REMINDED KHALIFA THAT SHAIKH ZAID HAD BEEN GOOD ENOUGH TO SAY DURING THE VISIT OF GENERAL PERKINS THAT HE WOULD HELP THE UNITED KINGDOM. WE DID NOT ASK FOR OIL OR MONEY OR CREDIT, ONLY FOR TRADE, AND IN THE HAWK AIRCRAFT WE HAD A BETTER OFFER THAN OUR COMPETITORS. I HAD RETURNED FROM LEAVE ON THE ORDER OF MY GOVERNMENT TO ENSURE THAT HE SAW THE MINISTER OF STATE IN THE FCO BEFORE ANY DECISION WAS MADE. I PINNED HIM DOWN TO AN APPOINTMENT WITH MR HURD ON THE MORNING OF 6 JANUARY.

3. WHILE HE STRESSED THAT HE WAS READY TO SEE MR HURD AT ANY TIME, KHALIFA SUGGESTED THAT IF HE WERE COMING ONLY TO DISCUSS HAWK IT MIGHT BE BETTER IF HE WERE TO DELAY A LITTLE LONGER, THEY WERE STILL UNDECIDED AS TO THE TYPE OF AIRCRAFT THEY NEEDED AND THE ROLE IT WOULD PLAY I.E. TRAINER OR GROUND ATTACK THERE WAS A POSSIBILITY THAT THEY MIGHT START A FLYING SCHOOL OF THEIR OWN. PERHAPS THEY MIGHT ALSO DECIDE TO BUY JAGUAR (EXCLAMATION) THE CHIEF OF STAFF, ADDED THAT HE THOUGH IT UNLIKELY THAT MR HURD COULD BE GIVEN A POSITIVE ANSWER ON HAWK AS SOON AS NEXT WEEK.

4. I SAID THAT MR HURD WOULD OF COURSE WISH TO COVER WIDER POLITICAL ISSUES, BUT HE WOULD CONCENTRATE ON HAWK AND WOULD BRING A SUPPORTING DELEGATION OF EXPERTS FOR THIS PURPOSE.

5. I THEN GAVE KHALIFA THE TEXT OF THE MESSAGE IN YOUR TEL NO 298 ANSWERING ZAID'S POINT ABOUT THE HAWK'S AIRBORNE RADAR. KHALIFA SAID AT ONCE THAT OF COURSE, HAWK HAD NO RADAR.

6. GRATEFUL TO LEARN OF MODALITIES AS SOON AS POSSIBLE. I RECOMMEND ARRIVAL ON 5 JANUARY IN TIME FOR BRIEFING. (THE SECRETARY OF STATE FOR ENERGY ALSO ARRIVES ON THAT DAY.)

7. SEE M.I.F.T.

ROBERTS

LIMITED
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PS/LPS
PS/MR HURD
PS/PUS

SIR J GRAHAM
MR J MOBERLY
MR P MOBERLY

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FILE COPY

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GR 120

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FROM ABU DHABI 311630Z DEC 80

TO FLASH FCO

TELEGRAM NUMBER 414 OF 31 DECEMBER

AND TO FLASH MODUK

INFO ROUTINE DUBAI

M.I.P.T. : HAWK.

1. GIVEN KHALIFA'S REMARKS IN PARA 3 OF MY TUR, IT WOULD BE AS WELL IF THE EXPERTS ACCOMPANYING MR HURD COULD COME PREPARED TO DISCUSS THE UAE AIRFORCE'S WIDER NEEDS INCLUDING THE FEASIBILITY OF PROVIDING SUPPORT FOR A TRAINING SCHOOL AND THE POSSIBILITY OF SELLING JAGUAR.

2. THE TEAM WILL ALSO HAVE TO BE READY TO MEET HEAD ON THE QUESTION OF AIRBORNE RADAR. TO SAY THAT WE CAN SUPPLY AN ADVANCED AVIONICS PACKAGE MAY NOT BE ENOUGH ESPECIALLY IF THE FRENCH ARE READY TO FIT RADAR TO ALPHA JET.

ROBERTS

BT

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PS/LPS

PS/MR HURD

PS/PUS

SIR J GRAHAM

MR J MOBERLY

MR P MOBERLY

Copie sent N°10 DS.

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DESKBY 301130Z DEC 80
FROM ABU DHABI 300920Z DEC 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 410 OF 30 DECEMBER
INFO IMMEDIATE MODUK (DESKBY 3001130Z DEC)
AND ROUTINE DUBAI

From: Ministry.

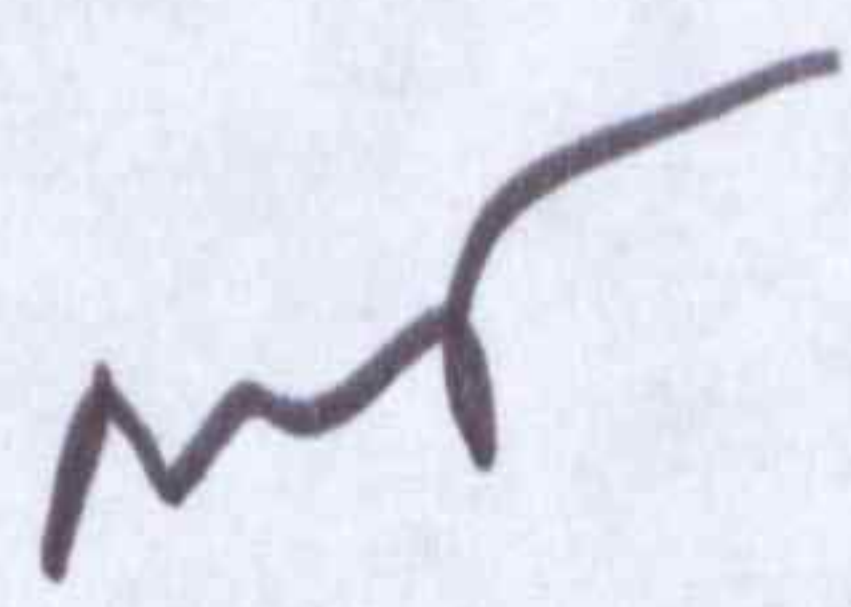
*The meeting with
Khalifa on Hawk seems
to proceed further + further;
Kouss X/ who is comforting*

MODUK FOR (DS 11 AND DEFENCE SALES),

*Mals
Zain'*

FROM CHARGE D'AFFAIRES.

MY TELNO 407 AND TELECON HASKELL/PASSMORE;
HAWK SALES.



1. I HAVE STILL NOT YET SEEN KHALIFA, WHO IS CURRENTLY
CLOSED WITH HIS FATHER, IN PREPARATION FOR THE LATTER'S IMMINENT
DEPARTURE FOR PAKISTAN, IF AN APPOINTMENT MATERIALISES THIS EVENING,
I SHALL TELEPHONE A REPORT TO MED. OTHERWISE, I SHALL PRESS FOR THE
EARLIEST POSSIBLE APPOINTMENT FOR HM AMBASSADOR WITH KHALIFA
TOMORROW.

X |

2. IT IS SOMEWHAT REASSURING THAT KHALIFA HAS SEEN NO REPEAT
NO OTHER FOREIGN REPRESENTATIVES SINCE HIS RETURN, AND THAT
HIS MEETINGS YESTERDAY WERE WITH ADNOC, DISCUSSING POST-BALI
OIL PRICE INCREASES AND LEVELS OF PRODUCTION FOR 1981. HE SEEMS
TO HAVE HAD NO TIME AS YET FOR MILITARY MATTERS, SO THAT
THE POSITION ON HAWK IS UNCHANGED.

EM GIVEN THAT 1 AND 2 JANUARY ARE HOLIDAYS, I AM INCREASINGLY
DOUBTFUL THAT KHALIFA WILL BE READY FOR TALKS AS EARLY AS 3
JANUARY. 4 JANUARY COULD ALSO BE INCONVENIENT FOR HIM BECAUSE
THE ABU DHABI EXECUTIVE COUNCIL MEETS ON SUNDAYS.

MACLENNAN

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EGSD
NEWS.D
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PS/MR HURD
PS/PUS
SIR J GRAHAM

SIR A RCLAND
MR J.C. ROBERTLY
MR P.H. ROBERTLY

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DESKBY FCO 291100Z

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DESKBY MODUK 291100Z

FM ABU DHABI 290910Z DEC
TO IMMEDIATE FCO DESKBY 291100Z
TELNO 407 OF 29 DECEMBER 1980
AND TO IMMEDIATE INFO MODUK DESKBY 291100Z (FOR DS 11 AND DEFENCE
SALES)
INFO ROUTINE DUBAI

FROM CHARGE D'AFFAIRES.

DUBAI TELNO 152 : HAWK SALES.

1. AS I FORESAW, IT PROVED QUITE IMPOSSIBLE TO DO MORE THAN GREET KHALIFA AT THE AIRPORT ON HIS RETURN. FOR THE PAST 48 HOURS, WE HAVE KEPT UP A CONSTANT PRESSURE ON PROTOCOL DEPARTMENT OF THE MFA, GHQ AND KHALIFA'S CHEF DE CABINET FOR AN EARLY APPOINTMENT : SO FAR WITHOUT SUCCESS.

2. KHALIFA'S OFFICE HOURS WERE WHOLLY TAKEN UP WITH THE ABU DHABI EXECUTIVE COUNCIL YESTERDAY, AND TODAY WE BELIEVE HE IS CLOSETED WITH OFFICIALS. HE WILL ALSO BE OBLIGED TO SPEND A GOOD DEAL OF TIME WITH HIS FATHER, WHO IS EXPECTED TO LEAVE FOR PAKISTAN IN THE NEXT DAY OR TWO.

3. KHALIFA RECEIVES ONLY LOCAL PEOPLE IN THE EVENINGS, AND WE CANNOT PRESENT OURSELVES UNINVITED AT HIS MAJLIS WITHOUT CAUSING CONSIDERABLE SURPRISE AND PROBABLY OFFENCE. SINCE KHALIFA'S GOODWILL IS VITAL TO WHATEVER REMAINING CHANCE WE HAVE OF SELLING HAWK, WE MUST, I FEAR, OBSERVE THE NORMAL RULES OF PROTOCOL. SIMILARLY, WE HAVE NOT SOUGHT TO SEE SARUR IN CASE IT IS THOUGHT THAT WE WOULD BE CONTENT WITH A SUBSTITUTE FOR KHALIFA.

4. OUR ONE CONSOLATION IS THAT KHALIFA IS PROBABLY AT THE MOMENT FAR TOO BUSY WITH DOMESTIC MATTERS TO GIVE CONSIDERED THOUGHT TO A COMPLICATED AND NON-URGENT ISSUE LIKE THE HAWK CONTRACT. MY VIEW REMAINS THAT SERIOUS TALKS ARE UNLIKELY BEFORE 3 JANUARY AT THE EARLIEST, BUT WE SHALL KEEP UP THE PRESSURE TO SEE HIM AND TELEGRAPH AGAIN IMMEDIATELY THERE IS FURTHER NEWS.

MACLENNAN

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PS/LPS
PS/MR HURD
PS/PUS
SIR J. GRAHAM
SIR A. ACLAND
MR J. C. MOBERLY
MR. P. H. MOBERLY

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From Minister
These two telegrams (starting with the one at the bottom) will keep you abreast of the Hawk saga.

JLL
29 Dec

mt

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No. 10 DOWNING STREET

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GPS 380

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DESKBY 271000Z

FM DUBAI 270710Z DEC 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 152 OF 27 DECEMBER

INFO IMMEDIATE MODUK (DS 11 AND DEFENCE SALES) ABU DHABI

FOR RESIDENT CLERK AND MED DUTY OFFICER.

YOUR TELNO 80: HAWK SALES.

1. ACCORDING TO TODAY'S NEWSPAPERS, SHAIKH KHALIFA WILL RETURN FROM PAKISTAN TONIGHT. I AM TRAVELLING TO ABU DHABI THIS AFTERNOON, AND WILL TRY TO CATCH KHALIFA AT THE AIRPORT. HOWEVER, WE SHOULD NOT BE UNDER ANY ILLUSION THAT THE TIME AND PLACE ARE PROPITIOUS FOR SERIOUS DISCUSSIONS, SINCE:

- (A) THE PRESENCE OF FOREIGN DIPLOMATIC REPRESENTATIVES ON SUCH OCCASIONS IS MOST UNUSUAL. LOCAL PROTOCOL WILL PROBABLY NOT PROVE FLEXIBLE ENOUGH TO CREATE AN OPPORTUNITY FOR PRIVATE CONVERSATION;
- (B) HAVING BEEN AWAY FOR MORE THAN A MONTH, KHALIFA WILL BE SURROUNDED BY A SWARM OF RELATIVES, RETAINERS AND OTHER HANGERS-ON. IT WILL BE PHYSICALLY DIFFICULT TO GET NEAR HIM.
- (C) AS A FAMILY MAN, KHALIFA WILL PROBABLY BE ANXIOUS TO REJOIN THEM AT AL AIN, AND CONSEQUENTLY INATTENTIVE TO EXTRANEIOUS QUESTIONS.

HOWEVER, IF WE CANNOT SUCCESSFULLY WAYLAY KHALIFA AT THE AIRPORT, WE SHALL EXERT THE UTMOST PRESSURE FOR AN APPOINTMENT IN ABU DHABI OR AL AIN TOMORROW.

2. IT IS FOR CONSIDERATION WHETHER H M AMBASSADOR SHOULD NOW RETURN A DAY OR SO EARLIER THAN AT PRESENT PLANNED. THE TIMING OF MR HURD'S ARRIVAL WILL NEED TO BE FINALISED IN THE LIGHT OF KHALIFA'S REACTIONS TO OUR APPROACH. SINCE 1 JANUARY IS A LOCAL HOLIDAY, AND 2 JANUARY IS A FRIDAY, IT IS QUITE LIKELY THAT KHALIFA WILL SUGGEST TALKS BEGINNING ON 3 JANUARY, WHICH WOULD CONFORM WITH SHAIKH ZAID'S TIMETABLE (PARA 4 OF MY TELNO 148).

3. H M AMBASSADOR'S UNEXPECTED RETURN COULD WELL PROVOKE /COMMENT

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COMMENT AND SPECULATION LOCALLY. WE SHALL TAKE THE LINE AS NECESSARY THAT ON HIS ARRIVAL IN THE UK, THE AMBASSADOR NATURALLY HAD HIGH-LEVEL CONSULTATIONS IN WHITEHALL ON UK/UAE RELATIONS. BOTH YOURSELF AND THE PRIME MINISTER ARE TAKING A CLOSE INTEREST IN EVENTS IN THE GULF AREA, AND THE LATTER HAS SENT A PERSONAL MESSAGE TO SHAIKH ZAID (DELIVERED BY MYSELF ON 22 DECEMBER). IN THE LIGHT OF THE AMBASSADOR'S CONSULTATIONS, HE IS RETURNING TO ABU DHABI TO CONTINUE DISCUSSIONS WITH THE U A E SIDE ABOUT COOPERATION IN THE POLITICAL AND DEFENCE FIELDS. THIS WOULD COMPLEMENT THE LINE IN PARA 5 OF YOUR TUR ABOUT THE REASONS FOR MR HURD'S VISIT. 4. I DO NOT THINK THERE WILL BE ANY DIFFICULTY IN ARRANGING APPOINTMENTS IN DUBAI AND SHARJAH FOR MR HURD AT SHORT NOTICE (PARA 4 OF YOUR TUR). HOWEVER, SHAIKH RASHID IS LIKELY TO LEAVE FOR PAKISTAN IN THE NEXT DAY OR TWO; IN WHICH CASE, I ASSUME MR HURD WILL BE HAPPY TO SEE SHAIKH MOHAMMED INSTEAD.

HASKELL

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PS/MR HURD

PS/PUS
SIR J GRAHAM
SIR A ACLAND
MR J C MOBERLY
MR P H MOBERLY

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OO DUBAI DESKBY 240600Z
OO ABU DHABI
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DESKBY 240600Z

FM FCO 231450Z DECEMBER 80
TO IMMEDIATE DUBAI
TELEGRAM NUMBER 80 OF 23 DECEMBER
AND IMMEDIATE TO ABU DHABI
INFO MODUK, DS11, DEFENCE SALES
YOUR TELNOS 148 AND 149: HAWK SALES

1. MR HURD WISHES TO TRAVEL OUT WITH THE DEFENCE SALES TEAM ALTHOUGH HE ACCEPTS THAT HE MAY BECOME INVOLVED IN DETAILED TECHNICAL DISCUSSION.
2. YOU SHOULD AIM TO SEE KHALIFA IMMEDIATELY ON HIS RETURN (ROBERTS SUGGESTS AT THE AIRPORT), GIVE HIM A COPY OF THE PRIME MINISTER'S MESSAGE, AND SAY TO HIM THAT HM AMBASSADOR IS RETURNING ON INSTRUCTIONS TO ABU DHABI ON 30 DECEMBER AND WISHES TO DISCUSS HAWK AS SOON AS POSSIBLE WITH HIM THEREAFTER, AND THAT MR HURD AND A DEFENCE SALES TEAM WISH TO VISIT ABU DHABI AT THE EARLIEST DATE CONVENIENT TO KHALIFA TO DISCUSS THE PROJECT IN DETAIL. YOU SHOULD EXTRACT A PROMISE THAT NO IRREVOCABLE ACTION ON HAWK WOULD BE TAKEN BEFORE MR HURD'S VISIT. MR HURD WILL BE READY TO TRAVEL FROM 31 DECEMBER AND HOPES THAT YOU CAN STEER SHEIKH KHALIFA TOWARDS AGREEING TO RECEIVE HIM ON 1 JANUARY. FOR PLANNING PURPOSES HERE IT WOULD OBVIOUSLY BE HELPFUL TO HAVE AN IMMEDIATE RESPONSE FROM KHALIFA ABOUT THE TIMING OF MR HURD'S VISIT.
3. WE WILL AIM TO FIELD A TECHNICAL TEAM WELL ABLE TO ANSWER ANY CRITICISMS OF THE HAWK WHICH THE ABU DHABI EXPERTS MAY HAVE. MOD ARE LOOKING INTO WHAT ADDITIONAL MATERIAL THEY HAVE ABOUT THE DEFICIENCIES OF ALPHA-JET WHICH THEY WOULD MAKE AVAILABLE TO KHALIFA'S TEAM. BUT MR HURD WILL ALSO WISH TO TALK ABOUT TRAINING, MAKING IT CLEAR THAT IF ABU DHABI REQUIREMENTS GO BEYOND WHAT WAS OUTLINED IN MY TELNO 74 PARA 2, WE ARE

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8924 - 1

PREPARED TO CONSIDER THEM SYMPATHETICALLY.

4. FOR YOUR OWN INFORMATION ONLY AT THIS STAGE, MR HURD WOULD LIKE IF POSSIBLE TO TAKE THE OPPORTUNITY OF HIS VISIT TO THE UAE BRIEFLY TO VISIT DUBAI. HE WOULD LIKE TO CALL ON SHAIKH RASHID IF HE IS AVAILABLE, AND IF TIME PERMITTED, ON THE RULER OF SHARJAH.

5. ON RECEIPT FROM YOU OF A FIRM DATE FOR MR HURD'S VISIT NEWS DEPT WILL ANNOUNCE THAT THE MINISTER OF STATE IS PAYING A BRIEF VISIT TO THE EMIRATES IN ORDER TO CONTINUE THE CURRENT DIALOGUE WITH THEM ON POLITICAL AND SECURITY MATTERS, AS PART OF A SERIES OF REGULAR CONTACTS WHICH THE BRITISH GOVERNMENT HAVE HAD WITH THE UAE AUTHORITIES.

6. ROBERTS IS RETURNING TO ABU DHABI ON 30 DECEMBER BY GFO02. CARRINGTON

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PS/LPS
PS/MR HURD
PS/PUS
SIR J GRAHAM
SIR A ACLAND
MR J MOBERLY

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Middle East

Unfaxed to Cheques
on 23/12, PM's agreement
relayed to Asisidat



Prime Minister

Foreign and Commonwealth Office

23/12
Duty Clerk.
24/12.

London SW1A 2AH

23 December 1980

① Agree Draft Telegram &
instructions?

② Agree that Mr Hurd may
mention your proposed visit to UAE in April?

Dear Michael,

RM
- 23/xii

Defence Sales to the UAE: Hawk

You will have seen the report from our Charge
d'Affaires in the UAE, Mr Haskell, of his meeting
yesterday evening with Sheikh Zaid (Dubai telnos 148
and 149, copies enclosed). Sheikh Zaid made it
clear that there would be no point in Mr Hurd going
to the UAE to discuss the sale of Hawk before Sheikh
Khalifa's return there, which was expected on
29 December. No decision on Hawk would be taken
before then.

We therefore propose that the Embassy should -
as the Charge d'Affaires has suggested - contact
Sheikh Khalifa immediately on his return; give him a
further copy of the Prime Minister's message; extract
a date for him to discuss the matter with Mr Hurd; and
seek a renewed promise that no irrevocable action will
be taken before their meeting. In the meantime, we are
arranging for Mr Hurd to be ready to fly out to Abu
Dhabi on 31 December. In order to obtain maximum
impact we think that it would be right for Sir Ron
Ellis and senior representatives of British Aerospace
to go with him rather than precede him. Our Ambassador,
Mr Roberts, will in any case return to Abu Dhabi
separately on 30 December.

Mr Haskell has recommended that further technical
arguments be prepared both on the merits of Hawk and
demerits of Alpha-Jet. Defence Sales are, I understand,
following this up with British Aerospace who will need
to prepare Arabic translations. Mr Hurd also plans to
put to Sheikh Khalifa our latest offer on training in
the general terms discussed at the Prime Minister's
meeting yesterday.

/Mr Hurd

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- 2 -



Mr Hurd would like to broach during his visit the subject of the Prime Minister's proposed visit to the UAE in April. This would help to underline the importance we attach to continuing close political relations with the UAE. I should be grateful for your agreement to this.

In any statement to the press about Mr Hurd's visit we would intend to describe it as part of a continuing dialogue with the UAE on defence/security matters (which included the visit to the UAE in October of General Perkins) and not link the visit specifically to the sale of Hawk.

/ I enclose a draft telegram of instructions on these lines to Mr Haskell. I should be grateful for your confirmation that the Prime Minister agrees.

I am sending copies of this letter to Brian Norbury (Ministry of Defence), John Wiggins (Treasury), and David Wright (Cabinet Office).

Yours ever,

(F N Richards)

Private Secretary

M O'D B Alexander Esq
10 Downing St

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OUT TELEGRAM

	Classification and Caveats CONFIDENTIAL	Precedence/Deskby IMMEDIATE
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ZCZC
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PRE/ADD
TEL NO

1	ZCZC
2	GRS
3	CONFIDENTIAL
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5	
6	FM FCO 231450Z DECEMBER 80
7	TO IMMEDIATE DUBAI
8	TELEGRAM NUMBER
9	AND IMMEDIATE TO ABU DHABI
10	REPEATED INFO MODUK, DS11, DEFENCE SALES
11	YOUR TELNOS 148 AND 149: HAWK SALES
12	1. Mr Hurd wishes to travel out with the Defence Sales team
13	although he accepts that he may become involved in detailed
14	technical discussion.
15	2. You should aim to see Khalifa immediately on his return
16	(Roberts suggests at the airport), give him a copy of the
17	Prime Minister's message, and say to him that HM Ambassador is
18	returning on instructions to Abu Dhabi on 30 December and
19	wishes to discuss Hawk as soon as possible with him thereafter,
20	and that Mr Hurd and a Defence Sales team wish to visit Abu Dhabi
21	at the earliest date convenient to Khalifa to discuss the
22	project in detail. You should extract a promise that no
23	irrevocable action on Hawk would be taken before Mr Hurd's visit.
24	Mr Hurd will be ready to travel from 31 December and hopes that
25	you can steer Sheikh Khalifa towards agreeing to receive him on

///
//
/

NNNN ends telegram	BLANK	Catchword /1 January
File number	Dept MED	Distribution Limited MED Defence Dept News Dept PS PS/LPS PS/Mr Hurd PS/PUS Sir J Graham Sir A Acland Mr J Moberly Copies: No 10 Downing Street
Drafted by (Block capitals) R E PALMER		
Telephone number 233-3671		
Authorised for despatch		
Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

	Classification and Caveats CONFIDENTIAL	Page 2
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<<<<

1 1 January. For planning purposes here it would obviously be
 2 helpful to have an immediate response from Khalifa about the
 3 timing of Mr Hurd's visit.
 4 3. We will aim to field a technical team well able to answer
 5 any criticisms of ~~the~~ Hawk which the Abu Dhabi experts may have.
 6 MOD are looking into what additional material they have about
 7 the deficiencies of Alpha-Jet which they would make available to
 8 Khalifa's team. But Mr Hurd will also wish to talk about
 9 training, making it clear that if Abu Dhabi requirements go
 10 beyond what was outlined in my telno 74 para 2, we are
 11 prepared to consider them sympathetically.
 12 4. For your own information only at this stage, Mr Hurd would
 13 like if possible to take the opportunity of his visit to the
 14 UAE briefly to visit Dubai. He would like to call on
 15 Shaikh Rashid if he is available, and if time permitted, on the
 16 Ruler of Sharjah.
 17 5. On receipt from you of a firm date for Mr Hurd's visit
 18 News Dept will announce that the Minister of State is paying
 19 a brief visit to the Emirates in order to continue the current
 20 dialogue with them on political and security matters, as part
 21 of a series of regular contacts which the British Government have
 22 had with the UAE authorities.
 23 6. Roberts is returning to Abu Dhabi on 30 December by GF002.
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NNNN' ends telegram	BLANK	Catchword
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DESKBY 230930Z (FCO, MODUK)

FM DUBAI 230515Z DEC 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 148 OF 23 DECEMBER

INFO IMMEDIATE MODUK(DS 11 AND DEFENCE SALES) ABU DHABI

YOUR TELNOS 74 TO 76 AND TELECONS: HAWK AIRCRAFT.

1. HEAD OF CHANCERY, DEFENCE ATTACHE AND I SAW SHAIKH ZAID AT AL AIN LAST NIGHT. WE WERE RECEIVED PROMPTLY AND COURTEOUSLY AT 2130 HOURS LOCAL TIME. THE LEBANESE FORMER PRIME MINISTER, SELIM AL-HOSS, WHO ARRIVED SIMULTANEOUSLY, WAS KEPT WAITING UNTIL WE FINISHED.
2. I SAID THAT THE PRIME MINISTER HAD CHARGED ME WITH TWO INTER-LINKED MESSAGES, ONE WRITTEN AND ONE ORAL. I THEN WENT BRIEFLY THROUGH THE MAIN POINTS OF THE MESSAGE IN YOUR TELNO 75. ZAID LISTENED ATTENTIVELY, AND INDICATED APPROVAL AT THE PRIME MINISTER'S COMMENTS ON AFGHANISTAN. AT THE END OF MY RESUME, I HANDED OVER THE MESSAGE TOGETHER WITH AN ARABIC TRANSLATION. ZAID READ THIS CAREFULLY BUT OFFERED NO COMMENT. QU DID NOT THEREFORE MAKE USE OF THE FORMULA IN PARA 5 OF YOUR TELNO 74.
3. I THEN SAID THAT THE ORAL MESSAGE AROSE OUT OF THE PRIME MINISTER'S REMARKS ON DEFENCE COOPERATION. YOU AND THE PRIME MINISTER ATTACHED THE UTMOST IMPORTANCE TO SECURING A CONTRACT FOR THE SUPPLY OF HAWK AIRCRAFT. HAD A FINAL DECISION ON THE U A E'S REQUIREMENTS YET BEEN MADE? ZAID SAID THAT IT HAD NOT AND WOULD NOT BE TAKEN UNTIL AFTER SHAIKH KHALIFA'S RETURN FROM PAKISTAN, WHICH WAS NOW EXPECTED ON MONDAY 29 DECEMBER. HOWEVER, HE UNDERSTOOD THAT HIS EXPERTS HAD SOME CRITICISM OF THE HAWK: FOR EXAMPLE, ITS AIRBORNE RADAR WAS NOT POWERFUL ENOUGH (BY WHICH I ASSUME HE MEANT ITS RANGE WAS TOO SHORT).
4. I COMMENTED THAT THIS SOUNDED LIKE THE TYPE OF TECHNICAL QUESTION WHICH COULD EASILY BE ANSWERED BY THE MANUFACTURERS. BRITISH AEROSPACE HAD THE GOVERNMENT'S FULLEST SUPPORT IN THEIR BID FOR THIS IMPORTANT CONTRACT. DE WERE PREPARED TO OFFER A SUBSTANTIAL AMOUNT OF FREE TRAINING ABOVE WHAT WAS CONTAINED IN THE FREE PACKAGE. MORE IMPORTANT, THE PRIME MINISTER WISHED TO SEND OUT MR HURD, SIR RONALD ELLIS AND H M AMBASSADOR TO DISCUSS

CONFIDENTIAL

/THE MATTER

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THE MATTER FURTHER BEFORE A FINAL DECISION WAS TAKEN. THEY COULD ARRIVE NEXT DAY IF THE U A E AUTHORITIES WISHED. ZAID SAID THERE WOULD BE NO POINT IN THEIR COMING BEFORE KHALIFA'S RETURN. I AGAIN SOUGHT AND RECEIVED A CATEGORICAL ASSURANCE THAT NO DECISION WOULD BE TAKEN BEFORE THEN. I ASKED IF THE PARTY SHOULD PLAN TO ARRIVE ON 30 JANUARY. ZAID THOUGHT THAT KHALIFA WOULD WISH TO GET HIS BEARINGS AND BRING HIMSELF UP TO DATE BEFORE RECEIVING THEM. A WEEK AFTER KHALIFA'S RETURN MIGHT BE ABOUT RIGHT.
5. COMMENTS AND RECOMMENDATIONS ARE IN M I F T 23

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PS/MR HURD

PS/PUS

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SIR A ACLAND

MR J C MOBERLY

MR P MOBERLY

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DESKBY 230930Z (FCO, MODUK)

FM DUBAI 230735Z DEC 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 149 OF 23 DECEMBER

INFO IMMEDIATE MODUK (FOR DS 11 AND DEFENCE SALES) ABU DHABI

M I P T: HAWK AIRCRAFT.

1. SO FAR SO GOOD. WE HAVE MANAGED TO BUY A LITTLE TIME, BUT MY ASSESSMENT IS THAT THE CARDS ARE STILL STACKED AGAINST US. THE PROPONENTS OF ALPHA JET HAVE CLEARLY BEEN AT PAINS TO UNEARTH MATERIAL WHICH MIGHT BE UNFAVOURABLE TO HAWK; WITNESS ZAID'S COMMENTS ABOUT THE AIR-BORNE RADAR, WHICH AS FAR AS I KNOW IS AN ENTIRELY NEW POINT, AND MAY IN FACT BE BASED ON A SIMPLE MISUNDERSTANDING. OUR EXPERTS MUST BE PREPARED TO COUNTER THIS AND ANY FURTHER CRITICISMS PROMPTLY AND EFFECTIVELY. THEY MUST ALSO BE READY TO DEPLOY PERSUASIVELY ALL THE INFORMATION WE HAVE ABOUT THE DISADVANTAGES OF ALPHA JET. IN MY VIEW, THIS IS AT LEAST AS IMPORTANT AS THE FREE TRAINING PACKAGE, USEFUL THOUGH THE LATTER WILL UNDOUBTEDLY BE IN THE DETAILED DISCUSSIONS WITH KHALIFA.
2. WE SAW SUWAIDI AT AL AIN LAST NIGHT, BUT HE CONSPICUOUSLY DISASSOCIATED HIMSELF FROM MY TALK WITH ZAID, AND THOUGH HE WILL NO DOUBT HAVE HEARD ABOUT IT LATER, WE MUST I THINK ASSUME THAT HE DOES NOT WANT TO BECOME INVOLVED. OTEIBA IS STILL IN THE FAR EAST, BUT WE SHALL BRING HIM UP TO DATE ON HIS RETURN. WE SHALL DO LIKewise WITH SAROUR, WHO IS IN ABU DHABI AT PRESENT. HOWEVER, OUR MOST VITAL TASK WILL BE TO SEE KHALIFA IMMEDIATELY HE IS BACK, GIVE HIM A COPY OF THE PRIME MINISTER'S MESSAGE, AND EXTRACT A DATE FOR FURTHER DISCUSSIONS ON HAWK AND A RENEWED PROMISE THAT NO IRREVOCABLE ACTION WILL BE TAKEN BEFORE THEN.
3. DEPENDING ON KHALIFA'S REACTION IT WILL BE FOR CONSIDERATION WHETHER SIR R ELLIS AND A B A E TEAM MIGHT COME OUT FOR DISCUSSIONS IN ADVANCE OF A MINISTERIAL VISIT. IN THIS CONNECTION, YOU WILL BE AWARE THAT MR HOWELL IS DUE IN ABU DHABI ON 6 JANUARY AND MR PYM ON 14 JANUARY. BOTH SHOULD BE BRIEFED ON THE LATEST STATE OF PLAY, AND THE LATTER COULD OBVIOUSLY MAKE HAWK THE CENTRAL FEATURE OF HIS DISCUSSIONS WITH KHALIFA, IF THE TIME-TABLE FOR A DECISION STRETCHES UNTIL THEN (AS IT WELL MAY).
4. IN ANY CASE, IT IS ESSENTIAL THAT THE B A E TEAM INCLUDES MEMBERS WHO CAN ARGUE THE TECHNICAL CASE FOR HAWK AND AGAINST ALPHA JET, CLEARLY, CONCISELY AND CONVINCINGLY. WHILE I HAVE NOT MYSELF BEEN INVOLVED IN ALL THE DISCUSSIONS ABOUT HAWK, MY IMPRESSION IS THAT UNTIL NOW THE B A E REPRESENTATIVES WHO HAVE VISITED ABU DHABI HAVE NOT REALLY CARRIED THE CONVICTION NECESSARY TO SWING THIS ORDER, AGAINST THE ODDS, IN OUR DIRECTION.
5. LOOKING FURTHER AHEAD, IF DESPITE ALL OUR EFFORTS WE LOSE THE HAWK CONTRACT, WE CAN REASONABLY ASK THAT THE ABU DHABIANS MAKE IT

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1/1A TO US

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UP TO US IN OTHER WAYS: E G BY SUBSTANTIAL PURCHASES OF OTHER MILITARY EQUIPMENT. WE SHOULD THEREFORE GIVE SOME THOUGHT TO WHAT SUCH PURCHASES MIGHT INCLUDE: THE LIST IN DA'S SIC ZBG OF 180822Z TO TIPPING WOULD BE A GOOD STARTING POINT. AT THE SAME TIME, I RECOGNISE THAT THIS WOULD BE VERY MUCH A SECOND BEST TO THE HAWK CONTRACT, FOR WHICH WE MUST CONTINUE TO FIGHT TO THE BITTER END.

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SIR A ACLAND
MR JC MOBERLY
MR P MOBERLY

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CONFIDENTIAL

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 245A/80



File 35
Cy Master
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10 DOWNING STREET

Subject

22 December 1980

THE PRIME MINISTER

Your Highness,

I am most grateful to you for receiving, at such short notice, the Minister of State for Foreign and Commonwealth Affairs, Mr. Douglas Hurd, and his companions Sir Freddie Page, Chairman and Chief Executive, Aircraft Group, British Aerospace and Sir Ronald Ellis of the Ministry of Defence.

Since the message I sent you on 20 December, which our Charge d'Affaires delivered today, I have been thinking about one particular aspect of our co-operation, namely the contract for the advanced trainer/ground attack aircraft, the HAWK. As Mr. Hurd will explain to you, this contract is extremely important to us not just as a matter of trade but for the contribution it will make to the development of our defence industry and therefore to our ability to help you in the future. Mr. Hurd will be able to speak further about this, but I am writing to you as an old friend of this country, and hope you will give him a sympathetic hearing.

May I take this opportunity to send my warmest good wishes.

Yours sincerely,

Rajarat Mahtha

His Highness Shaikh Zaid bin Sultan Al Nahayyan, GCMG.

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GRS 270

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DESKBY DUBAI AND ABU DHABI 221430Z

FM F C O 221200Z DEC 80
TO IMMEDIATE DUBAI
TELEGRAM NUMBER 76 OF 22 DECEMBER 1980
AND TO IMMEDIATE ABU DHABI
INFO MODUK (EXCLUSIVE FOR HDS AND PS/PUS)

*As
Rumb*

MY TELNO 74: HAWK AIRCRAFT.

1. THE PRIME MINISTER IS EXTREMELY CONCERNED THAT WE MAY DESPITE THESE EFFORTS LOSE THE HAWK CONTRACT WHICH IS VITAL TO THE FUTURE PROSPECTS NOT ONLY OF THE AIRCRAFT BUT POSSIBLE OF BAE ITSELF. SHE IS, THEREFORE, ASKING THE MINISTER OF STATE, MR HURD, TO FLY TO ABU DHABI AS SOON AS POSSIBLE, ACCOMPANIED BY THE HEAD OF DEFENCE SALES, SIR R ELLIS, AND MR F PAGE OF BAE. H M AMBASSADOR WILL ALSO BE RETURNING WITH THE PARTY. WHEN YOU SEE SHAIKH ZAID THIS EVENING YOU SHOULD ADD TO THE POINTS SET OUT IN THE TELEGRAM UNDER REFERENCE THAT IN THE CONTEXT OF OUR GENERAL COOPERATION, THE PRIME MINISTER AND I ATTACH PARTICULAR IMPORTANCE TO THE HAWK CONTRACT WHICH IS NOW UNDER DISCUSSION. SHE HAS, THEREFORE, ASKED MR HURD TO FLY OUT URGENTLY TO EXPLAIN TO SHAIKH ZAID OUR POSITION ON THIS AND WOULD HOPE THAT SHAIKH ZAID WOULD BE ABLE TO SEE HIM AND HIS PARTY AT AN EARLY OPPORTUNITY PREFERABLY TOMORROW, 23 DECEMBER.

2. GRATEFUL IF YOU COULD TELEPHONE PRELIMINARY REPORT ON SHAIKH ZAID'S REACTION TO THIS PROPOSAL FROM AL AIN SO THAT ABU DHABI CAN REPORT IT BY IMMEDIATE DESKBY TELEGRAM. SUBJECT TO THAT, MR HURD AND HIS PARTY WILL LEAVE TONIGHT EITHER BY COMMERCIAL FLIGHT OR BY RAF VC10, ETA TOMORROW MORNING. HOWEVER, IF, NOW THAT KHALIFA IS NOT DUE BACK UNTIL 28 DECEMBER, SHAIKH ZAID SUGGESTS A LATER DATE AND CONFIRMS THAT NO DECISION ON THE AWARD OF THE HAWK CONTRACT WILL BE MADE IN THE MEANTIME, WE COULD LOOK AGAIN AT THESE ARRANGEMENTS.

CARRINGTON
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PS/LPS
PS/MR HURD

SIR. J. GRAHAM
SIR. A. ACLAND
MR. J. MOBERLY

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PS/No 10 DOWNING ST.

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Foreign and Commonwealth Office

London SW1A 2AH

Message sent

by Hurd

22 December 1980

Dear Alexander,

Defence Sales to UAE: Hawk

Following the Prime Minister's meeting this morning the Lord Privy Seal has agreed that Mr Hurd should lead a team to Abu Dhabi to try to secure the contract. He will be accompanied by Sir Ron Ellis, Head of Defence Sales and Mr Page of British Aerospace. They plan to travel to Abu Dhabi tonight, although we have learnt today that Khalifah is not now due back until 28 December so that any decision is likely to be delayed.

/ I enclose a copy of the brief which FCO officials have prepared in conjunction with Defence Sales. I also enclose the draft of a personal message from the Prime Minister which, / if she agrees, Mr Hurd might deliver to Shaikh Zaid.

/ The Charge in Abu Dhabi is delivering the Prime Minister's earlier message to Zaid this evening at 9.30 p.m. (5.30 our time). We have instructed him in the terms of the attached telegram to propose to Shaikh Zaid Mr Hurd's visit.

I am copying this letter to Brian Norbury (MOD).

Yours ever,

for (P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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POINTS TO MAKE: HAWK

1. We are asking you to purchase Hawk in preference to Alpha Jet for your armed forces. This contract is vital to our defence industry and therefore to our ability to cooperate with you in the future. Ask that contract should be given to BAe, if you like as a favour to us and as a symbol of our old friendship. Would not ask this if not confident that the aircraft was a first class product, the choice of your technical experts, and that the terms offered were highly competitive.
2. Unlike the French we are dis-interested. Do not want anything from you: do not need your oil.
3. Asking you to clinch the deal because we are your oldest friends. When the chips are down we stand by you. Visit by General Perkins and his team in October proof of our support in times of need.
4. Realise that for you this is a difficult decision. To cement our future cooperation therefore we are proposing that BAe should offer pilot training free of charge. Technical details will need to be worked out but the British Government are prepared to supplement the commercial offer by training instructors from the Abu Dhabi Air Force in the UK so that pilot conversion to the Hawk can continue in country, and to offer a number of places to Abu Dhabian students to be trained as pilots through to Royal Air Force 'wings' standard. This would be at no cost, of course, to Abu Dhabi.

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DSR 11 (Revised)

Message from Prime Minister

DRAFT: ~~minute/letter/teleletter/despateh/note~~

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT: No 10 TEL. NO:

SECURITY CLASSIFICATION

TO: Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

His Highness
 Shaikh Zaid bin Sultan
 Al Nahayyan GCMG
 President UAE
 Ruler of Abu Dhabi

Copies to:

PRIVACY MARKING

SUBJECT: Message from the Prime Minister to
 His Highness Shaikh Zaid (to be carried by hand
 of the Minister of State, Mr Hurd)

.....In Confidence

CAVEAT.....

Your Highness

I am grateful to you for receiving Mr Hurd and his companions at short notice. Since the message I sent you on 20 December, which our Chargé d'Affaires delivered today [22 December], I have been thinking about one particular aspect of our cooperation, namely the contract for the advanced trained/ground attack aircraft, the HAWK. As Mr Hurd will explain to you, this contract is extremely important to us not just as a matter of trade but for the contribution it will make to the development of our defence industry and therefore to our ability to help you in the future. Mr Hurd will be able to speak further about this, but I am writing to you as an old friend of this country, and hope you will give him a sympathetic hearing.

I take this opportunity to send Your Highness my warm personal regards.

Enclosures—flag(s).....

OUT TELEGRAM

	Classification and Caveats CONFIDENTIAL	Precedence/Deskby IMMEDIATE DESKBY 221400Z
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FM FCO 221200Z DEC 80
TO IMMEDIATE DUBAI
TELEGRAM NUMBER
AND TO IMMEDIATE DESKBY ABU DHABI
RFI MOD UK (Excl for HDS and PS/PUS)
MY TELNO 74: HAWK AIRCRAFT
1. The Prime Minister is extremely concerned that we may despite these efforts lose the Hawk contract which is vital to the future prospects not only of the aircraft but possibly of ^{BAE} the UAE itself. She is, therefore, asking the Minister of State, Mr Hurd, to fly to Abu Dhabi as soon as possible, accompanied by the Head of Defence Sales, Sir R Ellis, and ^{SW} Mr F Page of B Ae. H M Ambassador will also be returning with the party. When you see Shaikh Zaid this evening you should add to the points set out in the TUR that in the context of our general cooperation, the Prime Minister and I attach particular importance to the Hawk contract which is now under discussion. She has, therefore, asked Mr Hurd to fly out urgently to explain

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/

NNNN ends telegram	BLANK	Catchword to
File number	Dept	Distribution LTD MED Def Dept PS PS LPS PS Mr Hurd PS PUS PS NO10 SW J. GRAHAM
Drafted by (Block capitals) SIR J. GRAHAM		
Telephone number		
Authorised for despatch JAGH		
Comcen reference	Time of despatch 22/12	
		CL A. ALLAN DEF SALES Sir F. COOPER Mr J. FLOBERY

OUT TELEGRAM (CONT)

	Classification and Caveats CONFIDENTIAL	IMMEDIATE DESKBY	Page 2
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1 <<<<
 2 to Shaikh Zaid our position on this and would hope
 3 that Shaikh Zaid would be able to see him and his
 4 party at an early opportunity, preferably tomorrow,
 5 23 December.
 6 2. Grateful if you could telephone preliminary
 7 report on Shaikh Zaid's reaction to this proposal
 8 from AL Ain so that Abu Dhabi can report it by
 9 immediate Deskby telegram. Subject to that,
 10 Mr Hurd and his party will leave tonight either by
 11 commercial flight or by RAF VC10, eta tomorrow morning.
 12 However, if, now that Khalifa is not due back until
 13 28 December, Shaikh Zaid suggests a later date and
 14 confirms that no decision on the award of the Hawk
 15 contract will be made in the meantime, we could
 16 look again at these arrangements.

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 18 CARRINGTON
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10 DOWNING STREET

From the Private Secretary

22 December 1980

Dear Paul,

Defence Sales to UAE

As you know the Prime Minister was unhappy about some aspects of the message to Shaikh Zaid enclosed with your letter to me of 19 December. She agreed that the message could be despatched, and this has been done, but she also asked that a meeting should be held this morning to discuss the matter further. The meeting was attended by the Lord Privy Seal, the Chief Secretary, the Minister of State at the Ministry of Defence, Sir Robert Armstrong, Sir Frank Cooper and other officials.

The Prime Minister said that she was extremely unhappy about the way the British effort to secure the order from the Government of Abu Dhabi for the Hawk had been handled. Although she had informed the Foreign and Commonwealth Office some weeks previously that the matter was not being handled sufficiently energetically, there did not seem to have been any improvement. Now she had been informed that the French had probably stolen a march on us. She thought that the attitude of officials and of our Mission in Abu Dhabi had been too casual. As regards the terms of our tender, she thought that the training element was completely inadequate. We should be prepared to offer as much training as the Abu Dhabi Government required on condition that their candidates for the training met the required standards. If necessary, the required money should be found out of the Contingency Reserve.

In the course of the ensuing discussion it was argued that the Embassy in Abu Dhabi had been extremely active. The Ambassador had seen all those involved in taking the decision and relatively recently it had seemed that we were in the lead. Unfortunately Shaikh Sultan had been influenced by the French and had succeeded in having an imminent decision to award the contract to British Aerospace reversed. In the last few weeks it had been impossible to establish contact with either Shaikh Zaid,

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/Shaikh Khalifa

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Shaikh Khalifa or Shaikh Sultan. The British Aerospace representative in Abu Dhabi was ineffective. The offer of training contained in the tender was more generous than the terms enclosed with your letter suggested. British Aerospace were also offering conversation courses for six pilot and the training of thirty ground crew.

The Prime Minister indicated that she was unimpressed by the arguments. She wished to see that whatever was necessary to win the order was done. Specifically she wanted a mission to go to Abu Dhabi as soon as possible. It was agreed that a three-man team should fly to Abu Dhabi tomorrow. This would probably include a Minister, a representative of British Aerospace and a representative of the defence sales staff. She asked for a report by lunch-time today about the progress being made.

I am sending copies of this letter to Brian Norbury (Ministry of Defence), John Wiggins (HM Treasury) and David Wright (Cabinet Office).

Yours ever

Richard Alexander

Paul Lever Esq
Foreign and Commonwealth Office.

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DESKBY 210530Z (DUBAI)
DESKBY 210530Z (ABU DHABI)
FM FCO 202123Z DEC
TO IMMEDIATE DUBAI
TELEGRAM NUMBER 75 OF 20 DECEMBER
AND TO ABU DHABI
INFO ROUTINE PARIS, MODUK (FOR DS11 AND DEFENCE SALES)

MIPT: HAWK

1. FOLLOWING IS TEXT OF MESSAGE FROM PRIME MINISTER TO SHAIKH ZAID:

BEGINS:

I HAVE FOLLOWED WITH CLOSE INTEREST THE PRACTICAL CO-OPERATION BETWEEN OUR TWO COUNTRIES IN RECENT WEEKS. I AM GRATEFUL FOR THE WAY IN WHICH, FOLLOWING LORD CARRINGTON'S MESSAGE IN OCTOBER, YOUR HIGHNESS RECEIVED GENERAL PERKINS AND FOR YOUR UNDERSTANDING OF OUR WISH TO KEEP IN CLOSE TOUCH WITH YOU ABOUT SECURITY IN THE GULF.

THE NEED TO DO SO IS BORNE OUT BY THE RECENT PROPOSAL BY THE PRESIDENT OF THE USSR FOR TURNING THE GULF INTO AN AREA OF SOVIET-STYLE PEACE AND SECURITY. I DO NOT THINK THAT THESE PROPOSALS ADD MUCH TO WHAT THE RUSSIANS HAVE BEEN SAYING FOR SOME TIME. WHILE THEY PROPOSE TO EXCLUDE MILITARY FORCES FROM THE GULF, THEY TAKE NO ACCOUNT OF THE DEPLOYMENT OF SOVIET FORCES IN AFGHANISTAN, ALONG THE SOVIET/IRANIAN FRONTIER NOR OF SOVIET ACTIVITY IN PDRY. I AM SURE THAT YOUR HIGHNESS WOULD AGREE THAT MR BREZHNEV'S PROPOSALS WOULD BE MORE PERSUASIVE IF SOVIET LEADERS DEMONSTRATED THEIR ATTACHMENT TO THE PRINCIPLES OF NON-USE OF FORCE AND NON-INTERVENTION IN THE AFFAIRS OF OTHERS BY WITHDRAWING SOVIET TROOPS FROM AFGHANISTAN.

AS YOU KNOW, THE BRITISH GOVERNMENT BELIEVE THAT THE BEST WAY TO MEET THE CHALLENGES TO STABILITY IN THE GULF POSED BY THE SOVIET OCCUPATION OF AFGHANISTAN AND THE PRESENT IRAQ/IRAN WAR IS FOR THE GULF STATES TO INCREASE THEIR LEVEL OF CO-OPERATION AMONGST THEMSELVES AND THUS TO DEVELOP SUITABLE STRUCTURES FOR GREATER MUTUAL SECURITY. I WAS MUCH ENCOURAGED, THEREFORE, TO LEARN THAT SOME STEPS WERE TAKEN DURING THE ARAB SUMMIT IN AMMAN LAST MONTH TO IMPROVE SUCH CO-OPERATION.

CONFIDENTIAL /MEANWHILE,

CONFIDENTIAL

MEANWHILE, PENDING THE DEVELOPMENT OF SUCH ARRANGEMENTS WE REMAIN READY TO CO-OPERATE WITH YOU IN THE DEFENCE AND SECURITY FIELDS BY EQUIPPING AND TRAINING YOUR ARMED FORCES IN WAYS WHICH WILL MAKE THAT CO-OPERATION MOST EFFECTIVE.

I VERY MUCH HOPE THAT AN OPPORTUNITY FOR ME TO DISCUSS ALL THESE MATTERS WITH YOUR HIGHNESS WILL OCCUR IN THE COURSE OF THE NEXT FEW MONTHS.

WITH WARM PERSONAL REGARDS.

ENDS.

CARRINGTON

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SIR J GRAHAM
SIR A ACLAND
MR J C MOBERLY
MR P MOBERLY

COPIES TO:
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DESKBY 210530Z DUBAI

DESKBY 210530Z ABU DHABI

FM F.C.O. 202122Z DEC 80

TO IMMEDIATE DUBAI

TELEGRAM NUMBER 74 OF 20 DECEMBER

AND TO IMMEDIATE ABU DHABI

INFO ROUTINE PARIS, MODUK (DS11 AND DEFENCE SALES).

ABU DHABI TELNO 397 : HAWK AIRCRAFT

1. YOU SHOULD DELIVER AS SOON AS POSSIBLE TO SHAIKH ZAID A PERSONAL MESSAGE FROM THE PRIME MINISTER (TEXT IN MIFT) FOLLOWING MY EARLIER MESSAGES TO HIM. IF YOU CANNOT DELIVER IT IN PERSON YOU MAY HAND IT TO SAROUR, OTAIBA OR SUWAIDI WITH THE REQUEST THAT IT AND THE ORAL MESSAGE BELOW IS BROUGHT SWIFTLY TO ZAID'S ATTENTION. SINCE THE WRITTEN MESSAGE DELIBERATELY DOES NOT REFER TO HAWK.
2. YOU SHOULD TAKE THE OPPORTUNITY TO SAY THAT THE PRIME MINISTER AND I ATTACH GREAT IMPORTANCE TO BAE SECURING THE HAWK CONTRACT. ON TECHNICAL GROUNDS THE HAWK LOOKS THE MOST SUITED TO THE UAE'S REQUIREMENTS AND BAE HAVE PUT FORWARD A VERY ATTRACTIVE PACKAGE OF PROPOSALS. AS A DEMONSTRATION OF SUPPORT FOR BAE THE MINISTRY OF DEFENCE IS WILLING TO OFFER SOME TRAINING FREE OF CHARGE ADDITIONAL TO THAT CONTAINED IN BAE'S PROPOSALS: WE WOULD OFFER ONE PLACE AT AN RAF CENTRAL FLYING SCHOOL WHICH ACCEPTS PILOTS OF A HIGH STANDARD ONLY AND TRAINS THEM TO BE QUALIFIED FLYING INSTRUCTORS, AND TWO PLACES ON COURSES FOR YOUNG OFFICERS WITH THE POTENTIAL TO BECOME PILOTS. THESE START WITH BASIC APTITUDE TRAINING AT RAF VALLEY. ON SUCCESSFUL COMPLETION OF THE COURSE, THE OFFICERS ARE AWARDED THEIR WINGS. ZAID WILL BE AWARE HOW VALUABLE AND IMPORTANT THIS OFFER OF TRAINING WILL BE. IT REPRESENTS A VERY CONSCIENTIOUS EFFORT ON OUR PART TO PROVIDE WHAT THE UAE NEEDS, AND IS OF COURSE ONLY AVAILABLE AS PART OF THE HAWK PACKAGE.
3. FOR YOUR OWN INFORMATION THE TRAINING ON OFFER IS WORTH UPWARDS OF POUNDS 1 MILLION. MOD AND BAE HAVE YET TO AGREE ON THE EXACT COSTS WHICH MOD WILL RECOVER FROM THE COMPANY. BAE ARE WILLING TO MEET THESE COSTS WITHIN THE FINANCIAL PACKAGE THEY HAVE PUT TO THE UAE AUTHORITIES. WHEN A REPRESENTATIVE OF BAE VISITS ABU DHABI HE SHOULD HAVE WITH HIM THE FORMAL OFFER OF TRAINING FROM MOD. IT MAY BE POSSIBLE TO IMPROVE FURTHER ON THIS OFFER OF TRAINING BUT A DECISION IS UNLIKELY BEFORE MIDDAY 22 DECEMBER. IN THAT EVENT WE SHALL BE IN TOUCH WITH YOU IMMEDIATELY: BUT YOU SHOULD NOT (REPT NOT) DELAY DELIVERY ON THIS ACCOUNT.

MESSAGE BELOW IS BROUGHT SWIFTLY TO ZAID'S ATTENTION. SINCE THE WRITTEN MESSAGE DELIBERATELY DOES NOT REFER TO HAWK.

2. YOU SHOULD TAKE THE OPPORTUNITY TO SAY THAT THE PRIME MINISTER AND I ATTACH GREAT IMPORTANCE TO BAE SECURING THE HAWK CONTRACT. ON TECHNICAL GROUNDS THE HAWK LOOKS THE MOST SUITED TO THE UAE'S REQUIREMENTS AND BAE HAVE PUT FORWARD A VERY ATTRACTIVE PACKAGE OF PROPOSALS. AS A DEMONSTRATION OF SUPPORT FOR BAE THE MINISTRY OF DEFENCE IS WILLING TO OFFER SOME TRAINING FREE OF CHARGE ADDITIONAL TO THAT CONTAINED IN BAE'S PROPOSALS: WE WOULD OFFER ONE PLACE AT AN RAF CENTRAL FLYING SCHOOL WHICH ACCEPTS PILOTS OF A HIGH STANDARD ONLY AND TRAINS THEM TO BE QUALIFIED FLYING INSTRUCTORS, AND TWO PLACES ON COURSES FOR YOUNG OFFICERS WITH THE POTENTIAL TO BECOME PILOTS. THESE START WITH BASIC APTITUDE TRAINING AT RAF VALLEY. ON SUCCESSFUL COMPLETION OF THE COURSE, THE OFFICERS ARE AWARDED THEIR WINGS. ZAID WILL BE AWARE HOW VALUABLE AND IMPORTANT THIS OFFER OF TRAINING WILL BE. IT REPRESENTS A VERY CONSCIENTIOUS EFFORT ON OUR PART TO PROVIDE WHAT THE UAE NEEDS, AND IS OF COURSE ONLY AVAILABLE AS PART OF THE HAWK PACKAGE.

3. FOR YOUR OWN INFORMATION THE TRAINING ON OFFER IS WORTH UPWARDS OF POUNDS 1 MILLION. MOD AND BAE HAVE YET TO AGREE ON THE EXACT COSTS WHICH MOD WILL RECOVER FROM THE COMPANY. BAE ARE WILLING TO MEET THESE COSTS WITHIN THE FINANCIAL PACKAGE THEY HAVE PUT TO THE UAE AUTHORITIES. WHEN A REPRESENTATIVE OF BAE VISITS ABU DHABI HE SHOULD HAVE WITH HIM THE FORMAL OFFER OF TRAINING FROM MOD. IT MAY BE POSSIBLE TO IMPROVE FURTHER ON THIS OFFER OF TRAINING BUT A DECISION IS UNLIKELY BEFORE MIDDAY 22 DECEMBER. IN THAT EVENT WE SHALL BE IN TOUCH WITH YOU IMMEDIATELY: BUT YOU SHOULD NOT (REPT NOT) DELAY DELIVERY ON THIS ACCOUNT.

4. THE AMBASSADOR HAS BEEN CONSULTED AND AGREES WITH THE ABOVE TACTICS. HE CONSIDERS THAT YOU SHOULD SEEK TO KEEP SAROUR, SUWAIDI AND OTAIBA ALL INFORMED OF YOUR ACTION EVEN IF ONLY ONE TRANSMITS THE MESSAGE. HE ALSO BELIEVES THAT YOU SHOULD TRY FOR A CALL ON KHALIFA, IMMEDIATELY UPON HIS RETURN, FOR A GENERAL TALK IN WHICH MY CONCERN ABOUT HAWK WOULD FIGURE PROMINENTLY, SINCE IT IS RUMOURED THAT THE DECISION WILL BE TAKEN WHEN KHALIFA RETURNS ABOUT 23 DECEMBER.

5. IF ZAID TAKES UP THE REFERENCE TO A POSSIBLE VISIT BY THE PRIME MINISTER (LAST PARA OF THE MESSAGE) YOU SHOULD SAY THAT IT IS INDEED THE PRIME MINISTER'S HOPE TO VISIT THE GULF SOON AND THAT YOU EXPECT TO RECEIVE INSTRUCTIONS IN THIS SENCE BEFORE LONG.

CARRINGTON

NNNN

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T 244/80

00 DUBAI DESKBY 210530Z

00 ABU DHABI DESKBY 210530Z

GR 375

CONFIDENTIAL

DESKBY 210530Z (DUBAI)

DESKBY 210530Z (ABU DHABI)

FM FCO 202123Z DEC

TO IMMEDIATE DUBAI

TELEGRAM NUMBER 75 OF 20 DECEMBER

AND TO ABU DHABI

INFO ROUTINE PARIS, MODUK (FOR DS11 AND DEFENCE SALES)

MIPT: HAWK

1. FOLLOWING IS TEXT OF MESSAGE FROM PRIME MINISTER TO SHAIKH ZAID:

BEGINS:

I HAVE FOLLOWED WITH CLOSE INTEREST THE PRACTICAL CO-OPERATION BETWEEN OUR TWO COUNTRIES IN RECENT WEEKS. I AM GRATEFUL FOR THE WAY IN WHICH, FOLLOWING LORD CARRINGTON'S MESSAGE IN OCTOBER, YOUR HIGHNESS RECEIVED GENERAL PERKINS AND FOR YOUR UNDERSTANDING OF OUR WISH TO KEEP IN CLOSE TOUCH WITH YOU ABOUT SECURITY IN THE GULF.

THE NEED TO DO SO IS BORNE OUT BY THE RECENT PROPOSAL BY THE PRESIDENT OF THE USSR FOR TURNING THE GULF INTO AN AREA OF SOVIET-STYLE PEACE AND SECURITY. I DO NOT THINK THAT THESE PROPOSALS ADD MUCH TO WHAT THE RUSSIANS HAVE BEEN SAYING FOR SOME TIME. WHILE THEY PROPOSE TO EXCLUDE MILITARY FORCES FROM THE GULF, THEY TAKE NO ACCOUNT OF THE DEPLOYMENT OF SOVIET FORCES IN AFGHANISTAN, ALONG THE SOVIET/IRANIAN FRONTIER NOR OF SOVIET ACTIVITY IN PDRY. I AM SURE THAT YOUR HIGHNESS WOULD AGREE THAT MR BREZHNEV'S PROPOSALS WOULD BE MORE PERSUASIVE IF SOVIET LEADERS DEMONSTRATED THEIR ATTACHMENT TO THE PRINCIPLES OF NON-USE OF FORCE AND NON-INTERVENTION IN THE AFFAIRS OF OTHERS BY WITHDRAWING SOVIET TROOPS FROM AFGHANISTAN.

AS YOU KNOW, THE BRITISH GOVERNMENT BELIEVE THAT THE BEST WAY TO MEET THE CHALLENGES TO STABILITY IN THE GULF POSED BY THE SOVIET OCCUPATION OF AFGHANISTAN AND THE PRESENT IRAQ/IRAN WAR IS FOR THE GULF STATES TO INCREASE THEIR LEVEL OF CO-OPERATION AMONGST THEMSELVES AND THUS TO DEVELOP SUITABLE STRUCTURES FOR GREATER MUTUAL SECURITY. I WAS MUCH ENCOURAGED, THEREFORE, TO LEARN THAT SOME STEPS WERE TAKEN DURING THE ARAB SUMMIT IN AMMAN LAST MONTH TO IMPROVE SUCH CO-OPERATION.

MEANWHILE, PENDING THE DEVELOPMENT OF SUCH ARRANGEMENTS WE REMAIN READY TO CO-OPERATE WITH YOU IN THE DEFENCE AND SECURITY FIELDS BY EQUIPPING AND TRAINING YOUR ARMED FORCES IN WAYS WHICH WILL MAKE THAT CO-OPERATION MOST EFFECTIVE.

I VERY MUCH HOPE THAT AN OPPORTUNITY FOR ME TO DISCUSS ALL THESE MATTERS WITH YOUR HIGHNESS WILL OCCUR IN THE COURSE OF THE NEXT FEW MONTHS.

WITH WARM PERSONAL REGARDS.

ENDS.

CARRINGTON

NNNN



CONFIDENTIAL

N.B. We have to

OK on all writing

Foreign and Commonwealth Office

20/12

Prime Minister
Agree despatch?

C Stevens DC

London SW1A 2AH

of status just of charge. -
If necessary we enter sums
will have to be found from the contingency reserve.
Tell Treasury that we not to agree - just go and
get the contract.

19 December 1980

Dear Michael,

Defence Sales to UAE

If we can't make
the arrangements on the weekend
- send off writing communication

Flap A -

David Omand wrote to you on 10 December about defence sales to the UAE. This set out the importance of the sale of the Hawk aircraft to the Abu Dhabi Air Force against strong French competition. It also reported the political messages which have gone from Lord Carrington to Shaikh Zaid, the ruler of Abu Dhabi, in support of Hawk at a time when the UK was trying to help the UAE in its defence arrangements.

But before he left on leave, HM Ambassador Abu Dhabi reported that the French had probably stolen a march on us: the French Ambassador, using the opportunity of delivering a personal, written message to Shaikh Zaid from President Giscard, was able to see Zaid. Even if President Giscard's message did not refer specifically to the French rival for Hawk, the Ambassador will have been able to put in a word for the Alpha Jet. After his earlier personal message, Lord Carrington would be willing to send another to Shaikh Zaid, but feels that, in the circumstances, it might be more appropriate for the Prime Minister to send a message instead, since the French are clearly pressing at the highest possible level. The Prime Minister has it in mind to visit the UAE as part of her tour of India and the Arabian Peninsula in April. I understand that one of her reasons for wishing to do so is to give maximum support to our defence sales effort in the Gulf, where the French have notched up some significant successes recently. In the meantime, and in view of the importance of this contract for Hawk and the repercussions that failure might have on our effort elsewhere in the Arabian Peninsula, she may wish to make a top level approach. I enclose a draft telegram of instructions and a draft message. This has been deliberately phrased in political rather than commercial terms but will give the Charge access to Zaid and an opportunity to make our point on Hawk orally.

I am sending a copy of this letter to Brian Norbury (MOD).

Yours as

Paul

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

File No.....

Department..... MED

Drafted by..... H D A C MIERS

Tel. Extn.....

OUTWARD

TELEGRAM

Security Classification
CONFIDENTIAL
Precedence
IMMEDIATE
DESKBY.....Z

FOR COMMS. DEPT. USE

Despatched (Date)..... (Time).....Z

POSTBY.....Z

PREAMBLE

(Time of Origin)..... Z (G.M.T.)

(Security Class.)..... CONFIDENTIAL

(Codeword).....

(Restrictive Prefix).....

(Caveat/ Privacy marking).....

(Deskby)..... Z

TO..... IMMEDIATE DUBAI (precedence) (post) Tel. No. of

AND TO (precedence/post)..... IMMEDIATE ABU DHABI

AND SAVING TO

REPEATED TO (for info) ROUTINE PARIS, MOJUK (for DS II and Defence Sales)

SAVING TO (for info)

Distribution:-

- Limited
- MED
- Defence Dept
- EESD
- PS
- PS/Mr Hurd
- PS/LPS
- PS/PUS
- Sir J Graham
- Sir A Acland
- Mr J C Moberly
- Mr P Moberly

Copies to:-

No 10

since the written message deliberately does not refer to Hawk

[TEXT]

ABU DHABI TEL NO 397 : HAWK AIRCRAFT

1. You should deliver as soon as possible to Shaikh Zaid a personal message from the Prime Minister (text in MIFT) following my earlier messages to him. If you cannot deliver it in person you may hand it to Sarour, Otaiba or Suwaidi with the request that it and what follows below is brought swiftly to Zaid's attention

2. You should say that the Prime Minister and I attach great importance to BAe securing the HAWK contract. On technical grounds the Hawk looks the most suited to the UAE's requirements and BAe have put forward a very attractive package of proposals. As a demonstration /of

of our support for BAe the Ministry of Defence
are ~~willing to offer~~ ^{without any extra} ~~(some)~~ training free of charge

additional to that contained in BAe's proposals :

we would offer one place at an RAF Central Flying School which accepts pilots of a high standard only and trains them to be qualified flying instructors, and two places on courses for young officers with the potential to become pilots. These start with basic aptitude training at RAF Valley. On successful completion of the course, the officers are awarded their wings. Zaid will be aware how valuable and important this offer of training will be. It represents a very conscientious effort on our part to provide what the UAE needs, and is of course only available as part of the Hawk package.

3. For your own information the training on offer is worth upwards of £1 million. MOD and BAe have yet to agree on the exact costs which MOD will recover from the Company. BAe are willing to meet these costs within the financial package they have put to the UAE authorities. When a representative of BAe visits Abu Dhabi later this week, he should have with him the formal offer of training from MOD.

4. The Ambassador has been consulted and agrees with the above tactics. He considers that you should seek to keep Sarour, Suwaidi and Otaiba all informed of your action even if only one transmits the message. He also believes that you should try for a call on Khalifa, immediately upon his return, for a general talk in which my concern about Hawk would figure prominently, since it is rumoured that the decision will be taken when Khalifa returns about 23 December.

Amend is required.

NOTHING TO BE WRITTEN IN THIS MARGIN

5. If Zaid ~~should~~ takes up the reference to a possible visit by the Prime Minister (last para of the message) you should say that it is indeed the Prime Minister's hope to visit the Gulf ^{in spring} ~~soon~~ and that you expect to receive instructions in this sense before long.

File No.....

Department MED

Drafted by H D A C MIERS
(Block Capitals).....

Tel. Extn.....

OUTWARD

TELEGRAM

Security Classification	
CONFIDENTIAL	
Precedence	
IMMEDIATE	
DESKBY	Z

FOR
COMMS. DEPT.
USE

Despatched (Date)
(Time) Z

POSTBY Z

PREAMBLE

(Time of Origin) Z (G.M.T.) (Restrictive Prefix).....

(Security Class.) CONFIDENTIAL (Caveat/Privacy marking)

(Codeword) (Deskby)..... Z

TO IMMEDIATE DUBAI ABU Tel. No. of
(precedence) (post)

AND TO (precedence/post) IMMEDIATE ABU DHABI

AND SAVING TO

REPEATED TO (for info) ROUTINE PARIS, MODUK (FOR DS 11 & DEFENCE SALES)

SAVING TO (for info)

Distribution:-

- Limited
- MED
- Defence Dept
- EESD
- PS
- PS/LPS
- PS/Mr Hurd
- PSI/PUS
- Sir J Graham
- Sir A Acland
- Mr J C Moberly
- Mr P Moberly

Copies to:-

No 10

[TEXT] MIPT: HAWK

1. Following is text of message from Prime Minister to Shaikh Zaid:

Begins: 'I have followed with close interest the practical co-operation between our two countries in recent weeks.

I am grateful for the way in which, following Lord Carrington's message in October, Your Highness received General Perkins and for your understanding of our wish to keep in close touch with you about security in the Gulf.

The need to do so is borne out by the recent proposal by the President of the USSR for turning the Gulf into an area of Soviet-style peace and security. I do not think that these proposals add much to what the Russians have been saying for some time. While they propose to

/exclude

exclude military forces from the Gulf, they take ^{no} into
account of the deployment of Soviet forces in
Afghanistan, along the Soviet/Iranian frontier and ^{more of Soviet}
in PDRY. I am sure that Your Highness would agree ^{activity}
that Mr Brezhnev's proposals would be more persuasive
if Soviet leaders demonstrated their attachment to the
principles of non-use of force and non-intervention
in the affairs of others by withdrawing Soviet troops
from Afghanistan.

As you know, the British Government believe that
the best way to meet the challenges to stability in
the Gulf posed by the Soviet occupation of
Afghanistan and the present Iraq/Iran war is for the
Gulf states to increase their level of cooperation
amongst themselves and thus to develop suitable
structures for greater mutual security. I was much
encouraged, therefore, to learn that some steps were
taken during the Arab Summit in Amman last month to
improve such cooperation.

Meanwhile, pending the development of such
arrangements we remain ready to cooperate with you in
the defence and security fields by equipping and
training your armed forces in ways which will make
that cooperation most effective. I very much hope
that an opportunity for me to discuss all these
matters with Your Highness will occur in the course
of the next few months.

With warm personal regards. '' Ends.

NOTHING TO BE WRITTEN IN THIS MARGIN

jfh

Middle East

11 December 1980

Sales to UAE

The Prime Minister has seen and taken note of your letter to Clive Whitmore of 10 December on this subject.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office) and Stuart Hampson (Department of Trade).

M O'D B Alexander

CS

D.B. Omand, Esq.,
Ministry of Defence.

CONFIDENTIAL



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~9307022~~ 218 2111/3

MO 14/19

10th December 1980

Prime Minister (2)

Dear Clive,

SALES TO UAE

You asked for a note on Defence Sales to the UAE.

First, Hawk. British Aerospace are determined to sell the Hawk to the Abu Dhabi Air Force, the largest air force among the Emirates. They believe, and we, the Foreign Office and our Embassy all share this view, that this is the place where the French Alpha-Jet bandwagon must be stopped.

We are looking for a contract for 18 trainer/ground attack aircraft, valued at £50-60M. We have the better product: the Hawk is faster than the Alpha-Jet, can carry a greater payload and has a longer range. We believe it is also cheaper. The Technical Committee in Abu Dhabi which evaluated all contenders for the contract have reported in favour of the Hawk. To set against this, however we have to contend with the views of the Commander in Chief of the Abu Dhabi Armed Forces (HH Shaikh Sultan bin Zaid, second son of the President of the UAE and the Ruler of Abu Dhabi) who has clearly been influenced by the French and has openly declared his preference for the Alpha-Jet. All other parties involved in the decision are thought to favour Hawk.

When we learned of the objections raised by Sultan, Defence Sales acted in conjunction with the FCO to arrange for a message from Lord Carrington to the Ruler to be delivered by our Ambassador making it clear that we would find it hard to understand a decision to prefer the Alpha-Jet over the Hawk when we are trying to help the UAE in their defence arrangements. (As you know it had been agreed to react positively to the Ruler's request for defence assistance in the aftermath of the Iran/Iraq conflict, by sending General Perkins, Director Military Assistance Office, out to Abu

C A Whitmore Esq

1
CONFIDENTIAL

CONFIDENTIAL



Dhabi to review the position). We believe this message served to cause the Ruler to think again and defer a decision in favour of the French. We also understand that one of the reasons advanced in favour of the Alpha-Jet is that it was the aircraft chosen by the Arab Organisation for Industry and therefore by implication previously selected for the UAE.

Advice from our Embassy is that the matter is still open: the UAE would like to organise their defence procurement so as to satisfy both ourselves and the French and for this and other reasons the final decision may well be deferred for some weeks. Whatever formula is produced will have to salve the young Shaikh Sultan's pride.

The Head of Defence Sales, Sir Ronald Ellis, reviewed with senior British Aerospace Management last week whether all had been done to promote this and other major sales, and to establish what more can be done to drive them forward. In the case of the UAE he reports that British Aerospace are clearly determined not to repeat the mistakes of Egypt and are seized of the importance of having a senior man continuously in place. British Aerospace are looking urgently with Defence Sales at further ways of making the Hawk proposals more attractive by including a greater element of training within the price quoted, since this could give the UAE authorities the necessary face saver. We have also already had a concerted effort to influence the Shaikhs in the UAE: the Chief of the Defence Staff visited UAE last month, CDS has invited Shaikh Sultan to Britain next month as his guest, and the Defence Secretary hopes to include the UAE in his visit to the region next month.

We shall keep you informed of developments.

On the second point, you raised, we are not aware of any outstanding requirement on the part of UAE for light patrol boats. However, UAE did recently purchase some German LURSSSEN patrol boats, equipped with the French EXOCET missile system. Vospers, who were also in the running for the contract, were unable to compete with the Germans on both price and delivery. We do know that proposals for the supply of three Hovercraft have been submitted by the British Hovercraft Company and Vospers in competition with Bell of Canada. We understand a decision on this is imminent with BHC seeming to be in a strong position.

CONFIDENTIAL

CONFIDENTIAL



The Prime Minister may wish to be aware that, in collaboration with British industry, we are vigorously pursuing other major sales contracts with UAE. Before the end of the year, we hope that a contract (worth £2.5M) will be completed for 20 105mm light guns from the Royal Ordnance Factories. Also, in the short term, we are hoping for contracts for a further battery of Rapier from BAe (worth £90M+), 16 Scorpion tanks from Alvis Ltd (worth £6M+), and a package deal of engineering equipment (initially worth £16M but possibly up to £60M eventually).

I am copying this letter to Paul Lever in the Foreign and Commonwealth Office and to Stuart Hampson in the Department of Trade.

Yours ever

A handwritten signature in dark ink, appearing to read 'David B. Omand', with a stylized flourish at the end.

(D B OMAND)



EMBASSY OF THE
UNITED STATES OF AMERICA

London

mid E
Prime Minister (2) |

Print

mf

September 30, 1980

Mr. George Walden
Foreign & Commonwealth Office
London SW1

Dear George:

Attached is the full text of the message I
called about at 3:45 p.m.

Sincerely,

Ed

Edward J. Streator
Minister

Enclosure
SECRET

Deane West

Mr J. Walden
PCD
VED
Deane West

cc P
PS/L P
PS/VR Ward
PS/PV
Sir J. Cahan
Mr Bullard
Sir A. Adair

No. 10
Mr D. (Private Office)

SECRET

SUBJECT: E-3A AWACS SUPPORT FOR SAUDI ARABIA

1. Secret (Entire Text)
2. This is an alerting message.
3. The Saudi Arabian Government has requested that the United States deploy E3A Airborne Warning and Control System Aircraft (AWACS) to Saudi Arabia as a precautionary matter. In order to be responsive to the Saudi request in a timely manner, it is necessary that the E-3A aircraft and their support elements move without delay to Saudi Arabia once the decision to execute the deployment is made.
4. In view of the above, you are instructed to advise the Foreign Minister that the U.S. will very shortly be seeking through normal channels the necessary flight/overflight clearances.
5. In approaching the host nation you should draw from the following points:
 - A. The aircraft are being provided as the result of a request by the Saudi Arabian Government. While there is no indication of imminent air attack against Saudi Arabia, the Saudis believe this deployment to be important as a precautionary measure. In light of the continuation of intensive Iraq/Iran conflict, we agree and wish to reassure the Saudis in ^{the} current critical situation. Thus the United States deems it to be in the West's interest to meet the Saudi request.
 - B. The E-3A AWACS is a defensive weapon system and will remain in orbit over Saudi Arabian territory.
 - C. The US previously deployed AWACS to Saudi Arabia at the time of the South Yemen invasion of North Yemen in March, 1979.
 - D. This deployment does not detract in any way from U.S. policy of neutrality with respect to the Iran/Iraq conflict and our desire for an immediate cessation of hostilities.
 - E. Following is US press statement on the deployment: 'The USG, in response to a request from the SAG, has initiated the temporary deployment of AWACS aircraft to Saudi Arabia. The deployment is purely for defensive purposes. The USG unequivocally reaffirms its position of neutrality. We are committed to as rapid a termination as possible of the conflict between Iran and Iraq, in accordance with UN Resolution 479, or other peaceful initiatives. These aircraft are being deployed consistent with these peaceful objectives.'

SECRET

6. For London and Bonn: The E-3A presently at Mildenhall and four C-141 aircraft at Rhein Main will deploy from their present locations to Saudi Arabia in support of this mission on 30 September. Additional C-141S will transit FRG. You should, as part of your presentation to the Foreign Minister, advise host nation of this fact.

Streater told me
this the other
way round.
ew.

PERSONAL

Middle East



10 DOWNING STREET

From the Principal Private Secretary

17 September 1980

Dear Geoffrey,

Thank you for your manuscript letter of 12 September 1980.

I have shown this to the Prime Minister, and she would be grateful if you would pursue within the Ministry of Defence and, as necessary, with the Foreign and Commonwealth Office the question of providing Ministerial support for the efforts which are being made to sell an integrated air defence system to Qatar. If there are any difficulties in securing the necessary degree of Ministerial involvement, she would like you to ensure that the matter is brought formally to her attention.

You also mentioned in your letter the possible sale of Rapier to Greece. This has been covered in the briefing which the Prime Minister has had for her visit next week.

Yours ever,

John Whitman.

Geoffrey Pattie, Esq., MP,
Ministry of Defence.

PERSONAL

PRIME MINISTER

This letter from Geoffrey Pattie provides some more information about our efforts to sell an air defence system to Qatar and the need to support those efforts with some form of Ministerial involvement.

It is not easy for us here to do much more about this. The most effective way for you to intervene would be for me to take the matter up with Mr. Pym's office; but Mr. Pym is unaware of Mr. Pattie's private line to you, and it would rapidly become clear to his office from any enquiries I made that we had been given some detailed information by someone in the know.

Moreover, I have established that Mr. Pattie has not done anything to pursue the Ambassador's complaint using the normal machinery eg by minuting Mr. Pym suggesting that a Minister should go out to Qatar. I do not know why he is neglecting the orthodox channels. This would in fact be the best way of sorting the matter out, and if you agree, I will suggest to Mr. Pattie that that is what he should now do.

The point about Rapier for Greece is covered in your briefing for your visit.

*Agreed if he
does. we can pursue
it*

JWW.

16 September 1980



PARLIAMENTARY UNDER-SECRETARY OF STATE
FOR DEFENCE FOR THE ROYAL AIR FORCE

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 (Direct Dialling)

01-218 9000 (Switchboard)

12th September 1980

Dear Clive,

For my my office with reference
to the 'charter house' phrase & my letter
to the Prime Minister.

As I indicated in the letter the country
in question is Qatar and the Qataris have just
agreed a price with Westlands for 4 Commandos
Helicopters. The major future opportunity concerns
provision of an 'integrated air defence system'
including Rapier surface to air missiles plus Marconi
and Blessey bidding for radar and data handling
aspects. This scheme is estimated to be worth
over £200 million and it is this which our

Ambassador in Qatar was hoping would be supported
by UK Ministers, Defence or otherwise. I have
taken further soundings and this information is
sound.

I would be grateful if you could
mention to the Prime Minister that it would
be timely for her to raise the possible
acquisition of Rapier with the Greeks. They
are very interested and I have seen the Greek
Chief of his Staff but input from the PM would
be excellent. My office can organise a brief
if required as I will be away next week.

Yours sincerely

James Pattie

From: Geoffrey Pattie, M.P.

Done. Spoke to Mr Patten's (Mr Patten)
 looking at the mini program
 very. All 10 rick.
 House of Commons,
 LONDON, SW1A 0AA.



Chris ① would you ask
 about the Qatar point

not 4th September 1980

Top Copy
 filed Defence

Defence Sales Sept 80

② have to F.O.

take account of

receiving arrangements. The P.M. 2

He was to meet
 by Mr Patten.
 All.

Dear Margaret,

Bahrain is corrupt

not

Although it is not open to me to

make any comment about the content of your

Flying Display Dinner speech, I can tell you from

my discussion with the chaps afterwards that

they received the speech enormously well.

You were so right when you said that

our defence exports were not enough, particularly

when our £1,200 million this year is compared with

the French of 2,604 million last year.

I thought you might like to see a

copy of a report prepared by Frank Cooper for

Michael Patten which contains many interesting

passages, none more so than paragraph 33 - it

calls for a positive strategy. The French give

their industries far more support Ministerially than

we do - it is interesting to note from the list
of Ministerial visits to the Middle East that there is
not a Defence Minister from Britain among them.

It is my belief that we Defence Ministers
should be giving a lead, as happened with Repulse,
but any initiatives are squashed by the Foreign

Office. I met one of our Ambassadors to a
Middle East country at Farnborough who was
almost begging for support Ministerially to secure

£200 million in helicopters and air defence contracts in
the face of French competition. Cherubs - I would

on request. Alternatively send for our man in Qatar - his direct.

It is all rather frustrating when one knows
that the opportunities are there - and that we can
seize them if we try hard enough.

Congratulations again on the speech.

Yours ever

John

FRENCH DEFENCE SALES TO THE MIDDLE EAST

Introduction

1. This paper looks at what the French are up to in the Middle East in the defence sales market, and what evidence we have of their intentions and methods.

Objectives of the French

2. The major objectives of the French in this field are:

a. To further the aims of French foreign policy (see para 4 below).

b. To sustain a domestic defence industry capable of supporting an independent defence posture. Overseas sales are regarded as a primary objective rather than a useful spin-off from domestic (and Allied) procurement. Independence of NATO's military structure is a help and an incentive in this respect.

c. To safeguard oil supplies. Iran was a major supplier of oil and the revolution resulted in a 19.3% loss of supplies for France. A number of oil-for-arms deals with Middle East countries have helped to bridge the gap. These barter arrangements have advantages for both sides. The most significant in 1979 was with Iraq, where in return for a substantial increase in oil supply France provided \$1.5 billion worth of Mirage F1s, AMX 30 tanks and Alouette helicopters, with an option on Mirage 2000s. The French are trying again to get the warship programme (? \$1 billion) at the expense of the Italians.

d. For general commercial, and national economic, gain of the kind also motivating our own defence sales effort.

3. Thus the French set out to maximise defence sales as a major instrument of foreign, defence and trade policy, with a particular focus upon relations with the Middle East. The Iranian revolution, both through its effect upon French oil supplies and trading position, and through the instability it has engendered in the region, has provided a powerful spur to step up defence sales in the Middle East.

Foreign Policy

4. The French policy of independence in foreign affairs, and especially of detachment from American influence, is known to be particularly attractive to the Iraqis, for whom France is the only Western state acknowledged as friendly. The French attitude to the Palestinian question, and especially the President's use of the word "autodetermination" during his recent Gulf tour had an attractiveness for Arab leaders (if not for the PLO).

5. This may explain also why, during the Secretary of State for Trade's visit to Iraq in November 1979, the Iraqi Minister for Trade,

Ali, told him that the British were backward on the question of Palestine, whereas the French "really understood the Arab cause." President Saddam Hussein, speaking in October 1978, said that all Iraq's commercial dealings with foreign nations would be in the light of their political orientation.

6. French actions can be as effective as French words. On several occasions the French have demonstrated their readiness to provide physical support to endangered friendly regimes (eg Chad, Mauritania, Zaire, Tunisia). When Libyan-backed insurgents attacked Tunisia at Gafsa, the French provided President Bourguiba with two transport aircraft and two helicopters and sent a task force to cruise off Tunisian waters as a further gesture of support. When Saudi Arabia appealed for aid for the YAR during hostilities between YAR and PDRY in March 1979, France offered, it seems, Mirage F1s with French crews; this compared with the British offer to refurbish Lightnings from Kuwait over a longer timescale, and with the UK's reluctance about assistance with contract pilots or the use of BAe personnel on loan to the Saudis.

7. Recently, three Mirage F1s flew direct from Paris to Djibouti in four hours, no doubt to demonstrate France's ability and implied determination to support, say, the Saudis against external threats in times of crisis. French intervention in Africa with 'les paras' created a dynamic and effective image; it also lends credence to the possibility of France coming to the assistance of the Gulf. The President is known to want to start a so-called dialogue between Europe, the Arabs and Africa for purposes of economic co-operation, combining technology, wealth and mineral resources - another example of the tailoring of current French foreign policy to non-aligned expectations.

8. There is also evidence that the French have embarked upon a cultural push in the Gulf to assist their penetration of the region. During his Gulf tour, Giscard d'Estaing was accompanied by his Minister for Culture and Communications. The UK has always possessed a significant advantage in the widespread use of English in the area. Now, however, institutes and schools to teach the French language are appearing (eg in the Qatari Armed Forces) at a time when the British Council is being made to retreat for reasons of economy. During HDS's visit to the Gulf in 1979 he was told by a senior Arab "When we were poor you were here; you even taught us English so that we could understand you. Now we are rich, we never see you, and we are having to learn French."

Organisation for Sales

9. French foreign policy therefore provides a background against which French defence sales to the Middle East may prosper. French internal policy, with its emphasis on the importance of sales, assists in a variety of ways, and the resources of the Government and the Services are geared towards maximising exports of defence equipment.

Equipment Policy

10. 'Saleable' equipment forms the backbone of the French defence

a effort, and its role is crucial. An examination of French overseas successes in the Middle East and North Africa in recent years reveals the pattern of French activity (Annex A).

11. Sales of Army equipment are based upon relatively few equipments. The AMX 30 tank has sold extremely well, and by comparison sales of Chieftain and its derivatives outside NATO (to Jordan and Kuwait) look poor. The French also sell a large number of armoured personnel carriers (APCs), of which they produce a wide range. The UK has no tracked APC to rival French products; our only contender, Alvis's SPARTAN, can only carry five men apart from the driver and gunner, as opposed to the nine carried by the AMX 10. Similarly, the French have sold a large number of self-propelled 155mm guns; we have no rival gun to offer; the tri-nationale SP70, when it is available, will be a competitor but very expensive.

12. Sales of aircraft, both fixed wing and rotary, show the same pattern. The Mirage F1 has sold well because it was and is available. The Tornado ADV is several years from delivery for export and to date we have not secured German approval to show it to the Saudis who have asked to look at it. Even if security objections can be overcome it will still be a very expensive and complex aircraft. Sales of Harrier and Jaguar have been comparatively disappointing, and some potential customers have not been convinced of their relevance to the Middle East roles.

13. French sales of helicopters are also sizeable, due possibly to a greater product range than that of the UK competitor, Westlands, and also the fact that the French have the advantage of marketing rights on two out of the three co-produced models Aérospatiale are building with Westlands, ie Gazelle and Puma.

14. The gap in export performance of major equipments is too wide to attribute to French salesmanship or British inhibition. In certain key areas of equipment the French have a product which reflects better the overseas customer's needs, especially in the third world.

15. The main reason for this is that export considerations are a significant factor in the formulation of the operational requirement for any item of equipment to be used by the French Armed Forces. French independence of NATO's military structure also means that questions of standardisation can be overlooked, security objections need not be the concern of any but the French themselves, and there are fewer requirements for equipment to be produced to fulfil NATO-defined tactical roles. An example of this is the Harrier which, as well as being sophisticated and difficult for Arabs to fly, has a specialised role in the European theatre, which does not equate with the operational requirements of potential Middle Eastern customers for whom French aircraft and tanks are better suited to the latter, if correspondingly less fitted for European conditions.

16. Some of the UK's successful export products have been private venture. Examples are in the fields of communications and opto-electronics, where funding requirements are low enough for firms to commit considerable resources to researching and designing private venture products for export as well as products for the UK Services.

The French seem to be attempting to take this idea of 'designing for export' to its logical conclusion with the Mirage 4000. Rather than relying on their own assumptions about what potential overseas customers may require, the French are now trying to set up a collaborative project, with Saudi Arabia and Iraq providing funds. Export sales would be assured and development costs subsidised. This has already been practised with Crotale (Shahine) for Saudi Arabia.

18. Because of previous successes in aircraft sales with products better suited to local conditions the French may succeed in selling Alpha Jet over the Hawk to potential Middle East customers. Alpha Jet's performance is inferior, but its sale to Qatar and Morocco could mark the beginning of a trend. Other factors may be equally important, such as credit terms and delivery schedules, which are discussed below. These were mentioned on several occasions to HDS during his recent Gulf visit.

19. In key equipment areas therefore the French have products which better suit the needs of customers, and this derives from the concerted effort made by Government, the military and industry at the operational requirement and design stage to arrive at a product which will sell well.

Price and Delivery

20. Although there is no strong evidence that the French are seriously undercutting the UK on price, on selected deals there is evidence that they show more flexibility than UK manufacturers would. The French, in their anxiety to steal the Iraqi frigate contract from the Italians, offered price reductions of a magnitude that indicated a willingness possibly to run the contract at a loss.

21. Delivery dates are always important to customers, especially in the Middle East where procurement may not be planned far ahead and the desire is for goods 'off the shelf'. Because of the value attached to defence sales by the French Government, we believe items are diverted from the supply allotted to the French Armed Forces when there is the prospect of a large contract, although concrete examples of this are hard to come by.

22. Where products have sold as successfully as the Mirage F1 and AMX 30 the long production runs and confidence in future sales which ensue must increase the scope for flexibility in delivery. We also have some evidence that the French are building speculatively on the Super Puma.

Ministerial Involvement

23. A list of visits to the Middle East by French ministers is at Annex B. It is difficult to determine to what extent these visits may affect defence sales, but the most important of them, that of Giscard d'Estaing to the Gulf, certainly had defence sales interests high on the agenda. French ministers other than the President and Defence Minister also take an active interest in defence sales.

the admittedly imperfect evidence of Annex B, however, the French do not seem to use ministers on sales promotion visits to the extent that is often alleged. UK ministers have probably visited as frequently and Giscard's tour mirrors that of The Queen last year. However, the French probably capitalise more on the sales potential of such visits as they make: industrial representatives are often in the official party, and included in the official discussions.

24. When Italy was reported to have gained the Iraqi frigate contract, Giscard summoned the Iraqi Ambassador and personally remonstrated with him about the decision, and requested that the French be given a further opportunity to plead their case, with reduced prices. This was granted, though the Italians may still win the contract. It is unlikely that the British Government would have gone to such lengths in similar circumstances.

AOI

25. Following the Camp David agreements between Israel and Egypt, those countries became markets for predominantly American defence equipment. Moreover, the Arab Organisation for Industrialisation (AOI) collapsed just when its members (Egypt, Saudi Arabia, the UAE and Qatar) looked to be heavily dependent upon UK and French technology. Since Camp David, French ministers have steered clear of Egypt, probably through fear of incurring the displeasure of the Gulf States, some business is reported as continuing, but less publicly than before.

26. Fortunately for the French they had not proceeded further than feasibility studies for projects with the AOI, and consequently they are not involved in the legal tussles which currently occupy several British contractors seeking compensation. Hence they have avoided any Saudi Arabian criticism of the kind which has been levelled against the UK firms, and are well placed to provide technical support for any revival of the AOI. This, if it transpires, will provide French defence sales with a considerable boost in the Gulf region. The decision by Westlands to resort to arbitration to safeguard their legal position will also not help our activities in the area.

Training

27. Service training, military assistance and its price, are often very important ingredients in a sales package. Petrodollars can buy hardware off the shelf but it is much more difficult to purchase skills. The degree of help that an arms exporting country can offer in this area is therefore very important. In this the French benefit from having a partly conscript army, which allows greater flexibility of manpower. The offer of pilots for the YAR mentioned above shows the French attitude and capability in this area.

28. Sometimes the cost of training connected with sales can be waived, reduced or disguised at the discretion of the French Foreign and Defence Ministries. By comparison the UK capability to offer training has been reduced by successive defence cuts and manpower shortages and there is very little flexibility in prices, which are in any case very high by international standards and are likely to

increase with the current Treasury determination to move towards 'full' rather than 'extra' cost.

Credit

29. With the occasional exception of Syria and Jordan credit has not been a major issue in UK sales to the Middle East. However, there is evidence from elsewhere that the French are more flexible in this. The UK only departs from OECD agreed guidelines on credit in response to known departures by the competition (which are very difficult to prove). COFACE (Compagnie Française d'Assurance pour le Commerce Extérieur), by contrast, take the initiative in offering easier terms, as they have done in Tunisia. This may involve a mixture of aid and credit, which far outstrips ECGD terms for a number of items. Whether or not this policy pays, even in the longest run, is difficult to tell. It seems much more likely that the offer of soft terms is primarily politically motivated.

Hospitality and Protocol

30. The French are clearly well aware that the Arab minister's impression on arrival at Paris or London will influence his outlook on the whole visit. Arab heads of state visiting Paris are always treated as royalty and suitably guarded; the senior ministers and the President are often on hand to meet them. The importance of the respect and attention lavished on Middle Eastern dignitaries is immense; many believe Iraqi favour towards France stems from a rapport struck between M. Chirac and Saddam Hussein on an early visit to Paris, and the French strength in Saudi Arabia certainly stems from good personal as well as diplomatic relations. Franco-Saudi relations were consolidated by a particularly successful and enjoyable visit to Paris in May 1978 by King Khalid. Similarly the Qatari royal family have been overheard to say that French treatment of them, both in terms of hospitality and of security arrangements, far exceeded their reception in the UK. The ruling family of Abu Dhabi have also received a great deal of attention in Paris.

Press Publicity for Deals

31. It is standard practice to leak claims that contracts have been signed. It is said that the contract for the development of the Tehran Metro was won eleven times in this way. Rumours were rife after King Khalid's visit to Paris in May 1978 but the only identifiable success was for the supply of Crotaie (Shahine) announced in July 1979. One of the cleverest rumours concerned supply of the Mirage F1 to Saudi Arabia which reverberated round the Paris Salon in June 1979.

Conclusions

32. We have learned little that is new in this exercise. The motivating force is the desire to spread French national political influence in the Middle East, with all the accompanying advantages for trade and security of oil supplies. The Iranian revolution added impetus to this and in the past year the French have stepped

their efforts to penetrate the region, especially in the Gulf area.

33. They have not been universally successful; for example they have achieved nothing in Dubai and Oman. Some of the apparent success lies in the imagination of the media. The success the French have had has only been partially due to the tactical support of the Government for sales (ministerial involvement, training, credit, hospitality), on which British firms have cast envious eyes. Much more important is that these factors derive from a positive strategy in which defence sales themselves are an important policy objective commanding the conscious efforts of the Services and of all levels of Government.

ARMY SALES TO THE MIDDLE EAST AND NORTH AFRICA IN RECENT YEARS
(EQUIPMENT)

Army Equipment

- AMX 30 (MBTs) - Iraq (1975-), UAE (1978), Abu Dhabi (NK), Lebanon (NK), Qatar (1979), Saudi Arabia (1972-5)
- AMX 10 (Tracked APCs) - Morocco (1978), Qatar (1978), Saudi Arabia (1976), UAE (1978), Bahrein (NK)
- AMX 13 (Light Tank) - Lebanon (NK), Morocco (1958-69), Tunisia (1958-), Kuwait (ARV version - 1977)
- AML 60 (APC) - Algeria (pre 1973), Saudi Arabia (1971)
- AML 90 - Lebanon (1970-72), Morocco (1978?), Saudi Arabia (1971), UAE (1974), YAR (from Saudi Arabia 1979), Bahrein (NK)
- Panhard M3 APC - Bahrein (1978?), Saudi Arabia (1971), Iraq (1975-), Abu Dhabi (NK)
- Crotale Missile System - Abu Dhabi (1977), Egypt (1979), Saudi Arabia (Shahine - 1980+)
- Milan Anti-Tank Weapons - Iraq (1976), Syria (1978), Lebanon (NK), UAE (1978), Tunisia (1978-)
- HOT Anti-Tank Weapons - UAE (1978), Iraq (1980+), Saudi Arabia (1980+), Syria (1980+)?
- 155mm SP Gun - Saudi Arabia (NK), Kuwait (NK), Morocco (1978), UAE (1975), Qatar (1979), Lebanon (NK), Egypt (NK)
- Aircraft
- Mirage F1 - Iraq (1980-), Jordan (1980), Kuwait (1976-77), Libya (1977-78), Morocco (1978)
- Alpha Jet - Qatar (1980), Morocco (1980) [Egypt 1978]
- Gazelle Helicopter - Egypt (1976-77), Iraq (1976-78), Kuwait (1975+), Libya (1978), Lebanon (1979-80), Morocco (1976), UAE (NK), Qatar (1974)
- Puma Helicopter - Kuwait (1974+), Lebanon (1979-80), Algeria (1971-74), UAE (1972-73), Morocco (1975-77), Iraq (1978)

Alouette helicopters - Iraq (1973-74), Jordan (1965-74),
Lebanon (1971+), Libya (1965-), UAE
(1972+75), Tunisia (1963+66), Saudi
Arabia (NK)

Super Frelon Helicopters - Iraq (1976), Libya (1971)

Interest shown in
Mirage 2000 + 4000 - Saudi Arabia + Iraq (1980)

Naval Equipment

Missile FPBs - Lebanon (NK)

Combattante FPBs - Libya (1980+)

FPBs (General) - Morocco (1975/6/7+)

P48 Missile Craft - Tunisia (1970+75)

FRENCH MINISTERIAL VISITS TO THE MIDDLE EAST (1979/80)

- President Giscard d'Estaing - Kuwait, Bahrein, Qatar, Abu Dhabi,
Jordan, Saudi Arabia (March 1980)
- M. Andre Giraud - attendance on Gulf tour (see above)
Minister for Industry
- M. Jean-Francois Deniau - attendance on Gulf tour (see above)
Minister for Foreign Trade
- M. Jean-Philippe Lecat - attendance on Gulf tour (see above)
Minister for Culture and
Communications
- M. Raymond Barre - Due to visit Saudi Arabia but cancelled
Prime Minister because of King Khalid's illness -
hence Saudi Arabia added to Gulf
Tour itinerary. Iraq (1979)
- M. Jean-Francois Poncet - attendance on Gulf tour (see above),
Minister for Foreign Affairs Syria (1979), Kuwait (1978)
- M. Bourges - (notably absent from Gulf tour),
Minister of Defence Saudi Arabia (July 1979)
- M. Michel Poniatowski - (Special Envoy of the President)
Saudi Arabia (October 1979)

BRITISH ROYAL AND MINISTERIAL VISITS TO THE MIDDLE EAST (1979/80)

HM The Queen

- February/March 1979 - Kuwait,
Abu Dhabi, Qatar, Oman, Dubai,
Saudi Arabia

Foreign Secretary
Lord Carrington

- Autumn 1979 - Iraq
January 1980 - Oman, Saudi Arabia
AUGUST 1980 - SAUDI ARABIA

Secretary of State for Trade
Mr Nott

- November 1979 - Iraq, Saudi Arabia

Minister of State (FCO)
Mr Hurd

- September/October 1979 - Jordan,
Syria, Lebanon
January 1980 - UAE, Bahrein, Qatar
March 1980 - Kuwait, YAR

Minister of State (Trade)
Mr Parkinson

- October 1979 - Iraq
April 1980 - UAE, Kuwait

Parliamentary Under-Secretary
of State for Trade
Mr Eyre

- April 1980 - Bahrein, Oman

FRENCH ARMS EXPORTS IN 1979 (ALL FIGURES ARE FOR NEW CONTRACTS SIGNED)

Total value (worldwide) 1979 - 25,000m Francs (£2,604m)
Total value (worldwide) 1978 - 23,000m Francs (£2,396m)

of which:

Aircraft and missiles - 75% (123 aircraft) (these to Iraq, Jordan, Pakistan and Argentina)
Ground equipment - 17.5%
Naval equipment - 7.5%

Geographical distribution - 55% Middle East Region
15% Far East Region
15% Latin America
12% Europe

Delegation Generale de l'Armement states 1979 an exceptional year especially as regards aircraft sales, and unlikely to be repeated. Official statement is that only 380 French technical advisers are currently abroad worldwide.

(NB A number of major naval equipment orders are expected in the course of 1980)

Source: Interavia Air letter for 22 April 1980.

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Jordan HS
Mid East
CC FCO
CO

8 November 1979

Military Assistance to Jordan

The Prime Minister has seen your letter to me of 6 November on this subject and taken note of its contents.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office) and Martin Vile (Cabinet Office).

M. O'D. B. ALEXANDER

B.M. Norbury, Esq.,
Ministry of Defence.

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~230 7022~~ 218 2111/3

CONFIDENTIAL

6th November 1979

MO 26/9/19

(2)

Dear Michael,

Prime Minister

and

MILITARY ASSISTANCE TO JORDAN

In your letter to me of 20th September you recorded the Prime Minister's hope, in the light of her discussion with the King of Jordan, that we would be able to respond favourably to the request made by the Jordanian Commander-in-Chief for assistance in training the Jordanian Armed Forces.

Major General Fursdon, the Director, Military Assistance Office, visited Jordan in October and established that the Jordanians would like priority accorded to training in five areas - Infantry, Armoured, Artillery, Special Forces and Logistics. A group of Jordanian officers will visit the United Kingdom early next month to look at British Army training methods and consider which aspects might be adopted for their needs; and a Military Assistance Office team will visit Jordan thereafter (in early 1980) to make specific recommendations. In the light of that team's report we will discuss with Jordan what training assistance might be offered.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office) and Martin Vile (Cabinet Office).

Yours and
Brian Norbury

(B M NORBURY)

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