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PREM 19/757

PART 2

MT

408

Confidential Filing

PM's visit to Saudi Arabia and the
Gulf States (Abu Dhabi, Dubai,
Oman and Qatar) 19-25th APRIL 1981
POLICY.

Foreign Policy

APRIL 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
18-5-81							
21-9-81							
19.5.82							
8-10-82							
19.11.82							

PREM 19/757



10 DOWNING STREET

For. Pol. file No
cc fro

From the Private Secretary

19 November 1982

Thank you for your letter of 15 October to the Prime Minister. I have been asked to reply.

I am sorry that you continue to think that the Embassy are not interested in your situation and are misleading you. This is not true.

Mr. Northern visited the Prison again on 9 October as promised to see about the arrangements for Mr. Sullivan's release and deportation. However, after spending several hours at the Prison he was informed that the documentation would not be completed that day. The administrative procedures had been completed, but the Prison Office refused to authorise Mr. Sullivan's departure until after his file was completed. By that time it was too late for Mr. Northern to see you and Mr. Sullivan that day. He did not pass a message as there was no progress to report and he was going to call back at a later date to find out whether the formalities had been completed. It is unfortunate that Mr. Northern told Mrs. Sullivan that her husband would be home that week, but as you will probably realise this was based on information received from the Saudi authorities.

Mr. Northern returned to the Prison on 16 October, to enquire about Mr. Sullivan's release. He was told by the deportation office that the paperwork would take a day or so and was asked to return on 18 October to arrange the exit visa and flight booking, which he did. On both occasions he was not able to arrange to see you but he did see Mr. Sullivan on 23 October to deliver his ticket and passport.

I understand that Mr. Northern has now informed you that your continued detention is due to a decision by the Customs Committee and not the Ministry of the Interior. I am sorry that you were given conflicting information when you made your own enquiries, but as you know it is sometimes difficult to verify statements from various Saudi offices. I understand that you are now considering whether or not to appeal against the findings of the Customs Committee and have 15 days in which to do so. Obviously, the Committee's decision must further delay your release but I do hope that it will not be for long.

/I assure you

Bo

I assure you that the Embassy will continue to keep a close watch on your case. I know that Mr. Northern visits you as often as he can and that the Consular Department of the Foreign and Commonwealth Office maintains regular contact with your mother.

I very much hope that there will be good news to pass on to her soon.

AJC

Charles Clark, Esq.



Foreign and Commonwealth Office

London SW1A 2AH

18 November 1982

Dear Tim, he may sign it

Charles Clark and John Sullivan

Thank you for your ^{att} letter of 5 November enclosing a copy of a letter which the Prime Minister has received from the above named prisoners in Saudi Arabia.

Messrs Clark and Sullivan also wrote to the Prime Minister on 9 September about their continued detention. Since then Mr Sullivan has been released and deported. Mr Clark's release has been delayed because a Saudi Customs Committee ruled that all those involved in the whisky smuggling operation should jointly pay a fine of nearly 1.5 million Saudi Riyals, (£250,000). Mr Clark is considering whether to appeal against this decision.

I enclose a draft reply to Mr Clark, together with essential facts on the case.

Yours etc

J. Holmes

(J E Holmes)
Private Secretary

T Flesher Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

PS/No 10

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

C Clark Esq
 Malaz Central Prison
 Section 2
 Riyadh
 Saudi Arabia

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

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CAVEAT.....

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Mr Northern visited the Prison again on 9 October as promised to see about the arrangements for Mr Sullivan's release and deportation. However, after spending several hours at the Prison he was informed that the documentation would not be completed that day. The administrative procedures had been completed, but the Prison Office refused to authorise Mr Sullivan's departure until his file was completed. By that time it was too late for Mr Northern to see you and Mr Sullivan that day. He did not pass a message as there was no progress to report and he was going to call back at a later date to find out whether the formalities had been completed. It is unfortunate that Mr Northern told Mrs Sullivan that her husband would be home that week, but as you will probably realise this was

/based

Enclosures—flag(s).....

based on information received from the Saudi authorities.

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I understand that Mr Northern has now informed you that your continued detention is due to a decision by the Customs Committee and not the Ministry of the Interior.

I am sorry that you were given conflicting information when you made your own enquiries, but as you know it is ^{sometimes} difficult to verify statements from various Saudi offices. I understand you are now considering whether or not to appeal against the findings of the Customs Committee and have 15 days in which to do so. Obviously, the Committee's decision must further delay your release but I do hope that it will not be for long.

I assure you that the Embassy will continue to keep a close watch on your case. I know that Mr Northern visits you as often as he can and that the Consular Department of the Foreign and Commonwealth Office maintains regular contact with your mother.

I very much hope that there will be good news to pass on to her soon.

ESSENTIAL FACTS

CHARLES CLARK

1. Arrested 26 November 1980 in Dammam in connection with large scale whisky smuggling operation. Claimed innocence of any complicity.
2. Transferred to Riyadh in September 1981 for questioning by Customs Department. Returned to Dammam February 1982.
3. Sentenced on 12 May 1982 to two years imprisonment. Remission of one quarter of sentences. Should have been released after Ramadan (25 July).
4. Taken to Riyadh for further questioning by Customs.
5. Customs fine imposed jointly on those involved (about 1.5 million Riyals).

Foreign Pol, Apr '81, AM's Visit to Saudi

1982



Messrs. John SULLIVAN
and Clark

19/11

5 November 1982

I enclose a copy of a letter the Prime Minister has received from Messrs. John Sullivan and Charles Clark.

I would be grateful if you could let me have a suitable draft reply which I might send to them by Friday 19 November.

(TIMOTHY FLESHER)

Christopher Greenwood, Esq.,
Foreign and Commonwealth Office.

df

C/for PPS
(received in C/for H/11/82)
N/TCS

? PO NO
GR
NO
PPS
NOT
B

CB (P/10) PPS

MALAZ CENTRAL PRISON
SECTION 2
RIYADH
SAUDI ARABIA
15TH OCT 1982

REF:- MR JOHN SULLIVAN & MR CHARLES CLARK

Dear Prime Minister,

Thank you for your letter of 8th Oct 82. We are very pleased to hear that you are aware of the situation we are still in.

However, events have taken yet another turn since we last wrote and we are afraid that it puts the credibility of the British Embassy here in question again!

Mr Northern came to visit us on the 4th Oct 82 and informed Mr Sullivan that he would be leaving the prison on the 11th or 12th Oct 82. Mr Northern told Mr Sullivan that he would return on the 9th Oct 82 to collect his ticket to book his flight out. Mr Northern did not return on the 9th and made no attempt to send Mr Sullivan any message. Since last seeing Mr Northern on the 4th Oct eleven days have passed and absolutely nothing has happened to get Mr Sullivan released. Mr Northern also passed a message to Mrs Sullivan that her husband would be home last week?

As for Mr Clark, he is still being detained with no release date to hand. With the failure of Mr Northern to appear on his own quoted date, Mr Clark made his own approaches to the prison authorities here, in Malaz prison. The reason given to Mr Northern for Mr Clark's continued detention

was due to a customs problem, when he himself made his first approach to the police the reason given was of a Ministry of the Interior query. When this was not accepted he made a further approach and made the discovery that his file appeared to be missing, lost or mislaid by the general office!

With all the above incidents, frustrating attempts and no resolution to obtain a satisfactory answer to his case, please be informed, as is the prison authority, that Mr Clark has been on hunger strike as of 11th Oct 82 and will continue to do this until some definite move is made to secure his release.

We are both very upset and angry at the Embassy's deliberate attempt to mislead and lie to us. Just today 15th Oct we received a message from a friend who had contacted Mr Northern last week. Mr Northern said that he was too busy to come to visit us and if he came to the prison every day? he would not get any of his regular work done!?

We appreciate that the consuls' statutory duties are only to visit us once per month to insure our well being. But as we explained in our last letter both of us have finished our sentences.

Surely the time has come to stop playing games with our lives, we are both sick to death of being misled & "conned" by one of our own countrymen.

Mr Sullivan would like to inform you that if over the next few days he can see no sign of his release procedure he will be joining Mr Clark in his hunger strike as a final protest.

We thank you for your attention in this matter, should our release occur before you receive this letter we appreciate all of your efforts on our behalf.

Yours Faithfully

MR JOHN SULLIVAN
J E Sullivan

MR CHARLES CLARK
Charles Clark

P.S. 16TH Oct 82.

Mr Northern came to the prison today, he saw two other British nationals who are being held here but he did not request to see myself or Mr Clark. Perhaps you can now understand why we are so very upset with the British Consulate's attitude!



CC FCO

HU

For. Pol.

10 DOWNING STREET

From the Private Secretary

8 October 1982

Thank you for your letter of 9 September to the Prime Minister about your continued detention in Saudi Arabia. I have been asked to reply.

The Prime Minister well understands your sense of frustration that your release has been delayed in this way particularly since Mr. Philip Clark has now been released. I am sorry, however, that you feel that the Embassy are ignoring your plight. I assure you that is not at all the case. The Foreign and Commonwealth Office and the Embassy have been active in pressing for your release.

As Mr. Northern explained when he visited you, the staff of the Embassy try to visit as often as they can. In addition the Embassy is in regular contact with the Saudi authorities in order to find out where matters stand. You probably realise this can be a long, frustrating and sometimes unproductive exercise; the intervention of Ramadan, the Eid and Hajj holidays has not helped.

The latest information we have received from the Embassy is that amongst you, Mr. Sullivan is to be released next week. This is good news and I sincerely hope that there is no further delay.

As for Mr. Clark's case, it seems that Customs procedures have not yet been completed, although we have been given to understand that these would be resolved soon after the Hajj holiday. We shall continue to keep up the pressure for your release. Mr. Hurd, Minister of State at the Foreign and Commonwealth Office raised your case with the Saudi Ambassador on 24 September. The Ambassador undertook to report this approach to Riyadh. We are assured that the Ministry of the Interior and the Customs Department fully understand the need for urgency. I am very much aware that it is now nearly five months since Mr. Rickett wrote to you about your continued detention and it is depressing to learn that your release is still held up.

/ I know

I know how worried and anxious Mrs. Clark must be at the lack of progress and I do hope that our latest efforts will prove effective and that you will very soon be released and reunited with your family.

TF

C. Clark, Esq.,
J.E. Sullivan., Esq.

MWK



Foreign and Commonwealth Office

London SW1A 2AH

9 October 1982

Dear Tim,

Charles Clark, Philip Clark,
John Sullivan

Thank you for your letter of 23 September enclosing a copy of a letter which the Prime Minister has received from the above named prisoners in Saudi Arabia.

Mr Charles Clark wrote to the Prime Minister on 21 April this year about his continued detention without charge. He was subsequently sentenced and was on the point of being released in July when he was further detained by the Saudi Customs authorities. Mr Hurd raised the case with the Saudi Ambassador on 24 September who undertook to report our approach to Riyadh, and the Secretary of State is being briefed to raise this if he visits Saudi Arabia next week.

Mr Philip Clark was released on 21 September and Mr Sullivan, who should have been released on 4 September, is to be released next week following agreement by the Customs authorities.

I enclose a draft reply to Messrs Charles Clark and John Sullivan together with a note on the essential facts of the cases. The draft does not mention the possibility of the Secretary of State raising this, in case the visit does not materialise.

Lawrence
J E Holmes

(J E Holmes)
Private Secretary

T Flesher Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

PS/No. 10

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

J E Sullivan Esq
C Clark Esq
Malaaz Prison
Section 2
Riyadh
Saudi Arabia

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

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CAVEAT.....

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As Mr Northern explained when he visited you, the staff of the Embassy try to visit as often as they can. In addition the Embassy is in regular contact with the Saudi authorities in order to find out where matters stand. You probably realise this can be a long, frustrating and sometimes unproductive exercise; the intervention of Ramadan, the Eid and Hajj holidays has not helped.

Enclosures—flag(s).....

The latest information we have received from the Embassy is amongst that you, Mr Sullivan is to be released next week. This

/is

is good news and I sincerely hope that there is no further delay.

As for your case, Mr Clark, it seems that Customs procedures have not yet been completed. We are seriously concerned and are urgently considering what steps we can take to bring the long delay to an end. Mr Hurd, Minister of State at the Foreign and Commonwealth Office raised your case with the Saudi Ambassador on 24 September. The Ambassador undertook to report this approach to Riyadh and I hope this will be effective. I am very much aware that it is now nearly five months since Mr Rickett wrote to you about your continued detention and it is depressing to learn that your release is still held up. I know how worried and anxious Mrs Clark must be at the lack of progress. We shall certainly continue to do everything we can to bring about your release.

DSP 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

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Enclosures—flag(s).....

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I know how worried and anxious Mrs Clark must be at the lack of progress and I do hope that our latest efforts will prove effective and that you will very soon be released and reunited with your family.

ESSENTIAL FACTS

CHARLES CLARK

1. Arrested 26 November 1980 in Dammam in connection with large scale whisku smuggling operation. Claimed innocence of any complicity.
2. Transferred to Riyadh in September 1981 for questioning by Customs Department. Returned to Dammam February 1982.
3. Sentenced on 12 May 1982 to two years imprisonment. Remission of one quarter of sentence. Should have been released after Ramadan (25 July).
4. Taken to Riyadh for further questioning by Customs.

JOHN EDWARD SULLIVAN

1. Arrested in Riyadh on 11 March together with a German, three Austrians and a Saudi National.
2. Caught distributing alcohol.
3. Sentenced 3 July to 12 months imprisonment and 150 strokes of the cane. Eligible for release under King's amnesty. Release date 4 September 1982. Delayed due to Customs procedures, To be released approx mid October 1982.

18 OCT 1982

12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31



JWP

BF 7-10-82

23 September 1982

I enclose a copy of a letter the Prime Minister has received from Messrs John Sullivan, Charles Clark and Philip Clark.

I would be grateful if you could let me have a suitable draft Private Secretary reply by Thursday, 7 October.

(TIMOTHY FLESHER)

Christopher Greenwood, Esq.,
Foreign and Commonwealth Office.

R

23 September 1982

I am writing on behalf of the Prime Minister to thank you for your letter of 9 September.

This is receiving attention and a reply will be sent to you as soon as possible.

(TIMOTHY FLESHER)

J.E. Sullivan, Esq.

R

CF 115

CG (800) PS

MALAZ PRISON.

SECTION 2

RIYADH

SAUDI ARABIA

9.9.82

23/9

REF:- MR JOHN SULLIVAN, MR CHARLES CLARK, MR PHILIP CLARK.

Madam, (1)

It is with innate feelings that all of the above named persons would like to draw your attention to the following details.

REF:- MR JOHN SULLIVAN: Given release date the 4TH September 1982 - still imprisoned. Repeated requests for consular assistance, ignored to-date.

REF:- MR CHARLES CLARK: Calculated release date 8TH May 1982 - Transferred from Dammam to Riyadh prison again, still no sign of release procedure. Once more consular assistance requested and ignored to-date.

REF:- MR PHILIP CLARK: Sentenced to 70 lashes and deportation, no prison term. Now has been held since 22ND July 1982. No procedure for final release, also consular assistance requested on numerous occasions and ignored to-date.

As you may gather from the above, all of us are very bitter and disappointed indeed that the British Embassy representatives, who are aware that we are overdue for release, seem from our point of view, to be very indifferent about rendering their assistance.

All three agree that we are not complaining about having had to serve a sentence under Saudi Arabian law. But now that we have completed these sentences we feel that the British Embassy failed us by withholding their assistance to us when we are so badly in need of outside help.

Ironically Mr Sullivan & Mr Charles Clark were granted the "King's amnesty" some six to eight weeks ago, hence the Embassy was aware of their imminent release. Mr Sullivan's family was informed by the Foreign Office of his official release date for the 4th September 82, as you can imagine his family must be very worried of him where about. To say nothing of the feelings of Mr Charles Clark's mother who was also informed of his imminent release in May 82.

We would be very grateful for your assistance in this matter and for any help that the British government may render us to speed up our release from the Saudi Arabian authorities.

We are, yours faithfully,

J E Sullivan

P F Clark.

Charles Clark

C.C. Sir James Craig. Seddah.

Foreign Pol, PM visit to Saudi, Pt 2



10 DOWNING STREET

From the Private Secretary

19 May 1982

The Prime Minister has asked me to thank you for your letter of 21 April and to reply on her behalf.

Mrs Thatcher was naturally most concerned to hear of your continued imprisonment without charges having been made. Mrs Thatcher raised your case and that of other British subjects held at that time without charge, when she visited Saudi Arabia in April of last year. Our Ambassador also recently asked Prince Naif to look urgently at your case.

I understand that since you wrote to the Prime Minister you have been sentenced to two years imprisonment but that this has been backdated to the date of your original imprisonment. I very much hope that you will be able to qualify for maximum remission and be released soon.

The Consular Department of the Foreign and Commonwealth Office have been in regular touch with your mother throughout. She is both relieved and pleased at the prospect of seeing you soon.

W. F. S. RICKETT

Mr. Charles Clark

Foreign Policy Jo B

CFCO.
original sent to
FCO for onward
transmission



Foreign and Commonwealth Office

London SW1A 2AH

19 May 1982

RSOM

Dear John,

Atty Gen 19/5

Charles Clark

Thank you for your letter of 6 May enclosing a copy of a letter which the Prime Minister received from Charles Clark, who has been detained for almost 18 months without being charged in Saudi Arabia. He wrote a similar letter on the same day to Mr Hurd, Minister of State at the Foreign and Commonwealth Office.

Mr Clark has now been sentenced to 2 years' imprisonment and with remission may be released soon.

I enclose a draft reply to Mr Clark, together with a background note. The reply should be sent through the diplomatic bag to Jedda. Our Embassy will arrange for it to be delivered to Mr Clark.

Yours ever

J E Holmes

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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

TYPE: Draft/Final 1+

FROM:

Reference

A J COLES

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Charles Clark Esq
Dammam Central Prison
DAMMAM
Saudi Arabia

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

The Prime Minister has asked me to thank you for your letter of 21 April and to reply on her behalf.

Mrs Thatcher was naturally most concerned to hear of your continued imprisonment without charges having been made. Mrs Thatcher raised your case and that of other British subjects held at that time without charge, when she visited Saudi Arabia in April of last year. Our Ambassador also recently asked Prince Naif to look urgently at your case.

I understand that since you wrote to the Prime Minister you have been sentenced to two years imprisonment but that this has been backdated to the date of your original imprisonment. I very much hope that you will be able to qualify for maximum remission and be released soon.

/The Consular Department

Enclosures—flag(s).....

The Consular Department of the Foreign and Commonwealth Office have been in regular touch with your mother throughout. She is both relieved and pleased at the prospect of seeing you soon.

ESSENTIAL FACTS

CHARLES CLARK

1. Arrested 26 November 1980 in Dammam in connection with large-scale whisky smuggling operation.
2. Claims innocence of any complicity.
3. Prime Minister raised case in general terms during visit to Saudi Arabia in April 1981.
4. Two others connected with affair were deported on 19 November 1981. Three others sentenced on 12 December 1981. Two of those have now been released. The third - David Hanley - is now serving a four year prison sentence.
5. Ambassador in Jeddah raised case with Minister of the Interior on 21 April.
6. Sentenced on 12 May to 2 years imprisonment. Possible remission of one quarter of sentence, may be released soon or, more probably, not until after Ramadan (22 June - 25 July).



Charles CLARK

11/5

10 DOWNING STREET

From the Private Secretary

6 May 1982

I enclose a copy of a letter which the Prime Minister has received from Mr. Charles Clark who states he is being held in prison by the Saudi Arabian authorities.

I should be grateful if you could let me have a brief account of the case and a draft reply for my signature on behalf of the Prime Minister (together with advice on how the reply should best be sent).

As the letter has clearly been delayed in transit (it was received here on 6 May), I should be grateful if the draft reply could reach me early next week.

E. J. COLES

John Holmes, Esq.,
Foreign and Commonwealth Office.



C.F.

DAMMAM CENTRAL PRISON
DAMMAM

R 6/5

SAUDI ARABIA.

21. 4. 82.

Madam,

My name is Charles Clark, currently being held in prison by the Saudi Arabian Authorities. It is quite possible that you do not recall the name or case but you were reported to me as having brought up my name and case to Prince Fahd and/or Prince Naif in April 1981, during your visit to Riyadh, Kingdom of Saudi Arabia.

I was arrested on 26TH NOV. 1980 and to date, 17 months hence, have not been charged with any offence or infringement of Saudi Arabian laws. During this period I have been subjected to intensive interrogation, threats of physical violence, solitary confinement and intimidation of all sorts.

Verification of the foregoing can be obtained from your Foreign Office, who, I have been told, have been constantly interviewing, where possible, and pressing the Saudi authorities on my behalf, all of which up until now has met with no success.

Quite frankly after 17 months of suffering, as I have done, I find this very hard to believe, taking into consideration the fact that 5 men who were also held in connection with my so called "case" were released when I was being held in a Riyadh jail (further interrogation). Details of my Riyadh-Dammam transfer fiasco classed as a "bureaucratic impasse" by your Foreign Office can be had from aforementioned personell, namely TREFGARNE!

This "bureaucratic impasse" has, and is now still, costing me many more valuable months out of

my life in this "HELL-HOLE" of a prison and I am not at all sure if I can take very much more of this kind of treatment. The recent visit of your Consul General M^r Mitchell and Consul M^r Dando on Sunday 18th April 1982 could throw no further light at all on when my "case" would be brought to some kind of conclusion, it appears that they, the officials, were informed I would be "in Court"? (worst possible misuse of the word "Court" I have ever heard) on Sunday or Monday, 18th or 19th April 1982 for my second appearance before the judge. My first appearance was only a variation, of a now familiar scene to me, of additional questioning, no charges were brought. At this time of writing, nothing has transpired.

To touch on a more personal note, which brings note, the reason for my writing. I was, at first, surprised, then amazed, then disgusted when I heard and read about the amount of time, money and efforts made by both the British Government and Algerian authorities with regard to saving your son, Mark, from a place and a situation into which he should not have been ~~in~~ ^{in the first} place!, whilst I have been left in this situation!

Madam, may I remind you that I, too, am some mother's son, her name is M^{rs} Elizabeth Clark, old age pensioner, fully paid up taxpayer and upright citizen of the United Kingdom, who has, with the aid of family and relatives brought to the notice of countless government officials my predicament, all to no avail. Your intervention, personally, on my behalf to the Saudi Arabians, with even half of the expended effort for your own son, would be truly appreciated by me.

Yours Faithfully
E. Clark

for briefing

Originals with
200611 Briefing

029

CONFIDENTIAL: fco

21 September 1981

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I enclose a copy of a letter which the Prime Minister has received from the Chairman of British Aerospace about defence sales prospects in the countries she will be visiting during her visit to and from Australia.

Subject to any views you and Francis Richards, to whom I am copying this letter and its enclosure, may have, I propose to include Sir Austin Pearce's letter in the Prime Minister's briefing.

M. O'D. B. ALEXANDER

David Omand, Esq.,
Ministry of Defence.

CONFIDENTIAL

British Aerospace
PUBLIC LIMITED COMPANY

From the Chairman,
SIR AUSTIN PEARCE, CBE

*Original with
CROBY Basing*

Brooklands Road
Weybridge
Surrey KT13 0SJ

Telephone: Weybridge (0932) 45522
Telegrams: Britair Weybridge
Telex: 27111

21st September, 1981.

Dear Prime Minister

I wrote to you on the 8th April prior to your tour of the Middle East, seeking your help in the promotion of sales in prospect in the various countries you were to visit. Following your tour the results were most gratifying: a £41M order for 8 Hawks in Dubai and activation of negotiations in Abu Dhabi for a quantity of Hawks. Your visit to Saudi Arabia, and the subsequent State visit of King Khalid to the UK, stimulated interest in the Nimrod AEW (Airborne Early Warning) aircraft, the Tornado, and possible participation in the development of new combat aircraft such as the P110. The sale of Hawk trainers to the Royal Saudi Air Force has also become a possibility.

I am also pleased to report that we appear to be making progress in the Middle East states in advancing our P110 project in relation to the French competitor product, the Mirage 4000. We have been greatly helped by Sir Ronald Ellis and the Defence Sales staff, but if we are finally to succeed we shall require continued top level political support in view of the very hard promotion of the Mirage 2000 and 4000 by the French Government. The benefits to the UK and the aerospace industry in particular is immense, since conservatively we see exports exceeding £4,000M and the creation of 25,000 jobs in high technology areas, equivalent to 300,000 man-years of employment.

We should be most grateful for similar assistance in your forthcoming tour - particularly in Kuwait, Australia and Pakistan - Bahrain is unlikely to yield orders of any significance, other than in association with Saudi Arabia.

If I may now turn to our interest in the specific countries you are to visit:

Kuwait Apart from a keen interest in an air defence system based on Rapier, Kuwait is now showing interest in the P110 and formal invitations have been made for the Kuwait Air Force to evaluate the Tornado. We also believe that there is the possibility of the sale of 15 to 20 Hawks. We have not been successful in this market for a number of years, but your presence could provide the necessary impetus to break the stalemate.

Bahrain There is interest in the purchase of a small quantity of Hawks, but most likely as a gift from Saudi Arabia should the Hawk be selected by them.

Australia

Australia has been a fairly dull market in recent years, but I believe could to some degree redirect attention to the UK for defence equipment and civil aircraft. We have a small subsidiary company in Australia manufacturing electronic and precision equipment and generally supporting our activities; we have sold Rapier to the Army. We are trying to sell the Sea Skua (an anti-ship missile launched from a helicopter) and, possibly, a version of the Sea Dart (a shipborne anti-aircraft missile) to the Navy. We believe there is also a good possibility of selling the Sea Harrier to the RAN, particularly if they acquire a new British carrier.

There is renewed interest in the Tornado in Australia to meet their requirement for a replacement fighter aircraft - this is a very sizeable programme for the Royal Australian Air Force. Although the Tornado was not included in the short-list until recently, we understand that there is growing disenchantment with the first favoured aircraft - the American F.16 and F.18 fighters. The latest unsolicited Tornado proposal was welcomed.

We are most anxious to see our new BAe 146 80-100 seat feeder aircraft operating in Australia and we are principally pursuing Ansett ANA in which Mr Rupert Murdoch and Sir Peter Abeles are the leading figures. You may know that the BAe 146 made its maiden flight on 3rd September 1981 and is continuing to make satisfactory progress. Anything you are able to do to influence the adoption of the 146 in Australia would be particularly welcome.

Pakistan

This is another country where for many years we have been unable to penetrate with BAe products partly due to our substantial conflicting interests in India. Pakistan is dependent on financial aid from Saudi Arabia and other Gulf states for its aerospace purchases. Of direct interest is the Rapier missile which is currently under consideration. At the request of the Pakistan Air Force we made presentations on the Hawk, and we believe this requirement is for about 70 aircraft, which probably would be coupled with a Saudi Arabian interest.

As a footnote I should like to remind you of our 20% stake in Airbus Industrie, and that we have the design and manufacturing responsibility for all Airbus wings. The Airbus has been ordered by Kuwait Airways and Pakistan International Airlines.

I hope you have a most successful tour and I should be grateful to hear of any follow-up action we can take.

John ...
F. S. ...

The Rt Hon Mrs Margaret Thatcher MP
Prime Minister
10 Downing Street
London S W 1



From the Secretary of State

*Foreign
Prime Minister
2
Good news on the Chicago
bridge contract.*

*WV
2/8*

M O'D B Alexander Esq
Private Secretary
10 Downing Street
London, SW1

31 July 1981

mt

Dear Michael,

PRIME MINISTER'S VISIT TO ABU DHABI

I wrote on 18 May to forward a copy of the memorandum which our Embassy in Abu Dhabi provided to Shaikh Khalifa about two contracts in which British companies were interested and on whose behalf the Prime Minister had spoken when she met Shaikh Khalifa in Abu Dhabi on 22 April. One of these has now been successfully settled.

During her April visit the Prime Minister intervened on behalf of Chicago Bridge (or CBI Constructors, a United Kingdom subsidiary of an American company). The contract was for the design and construction of gas storage tanks along with related civil and ancillary works on Das Island. The total contract value exceeds £140m and, although the amount cannot be properly quantified at this stage, the United Kingdom content of the contract is thought likely to be around £80m.

We have remained in close touch throughout with Chicago Bridge and also with BP. BP's share holding in the Abu Dhabi Gas Liquefaction Company, for whom the storage facilities will be built, gave them a key position and the Embassy in Abu Dhabi continued to take the opportunity to press the company's claim. Our continuing interest was emphasised by the Secretary of State for Energy during a visit in June by the Abu Dhabi Oil Minister. These representations seem to have paid off handsomely. They were important since Chicago Bridge's bid, though attractive on commercial and technical grounds, appeared to be upset by political lobbying, from the French. The company have written to the Department to express their appreciation for the interest and support we have been able to give them.

I am sending copies of this letter to Julian West (Department of Energy) and Francis Richards (Foreign and Commonwealth Office).

Yours sincerely,
[Signature]

JOHN RHODES
Private Secretary



31 JUL 1981



UNIVERSITY OF THE WEST INDIES

Foreign Policy 2



From the Secretary of State

*Amir Amirah
Here is the promised
memorandum which has
been sent to Shaikh
Khalifa.*

RESTRICTED

M O'D B Alexander Esq
Private Secretary
10 Downing Street
London, SW1

La. Amt

18 May 1981 *PL 2015*

Dear Michael

[Handwritten signature]

PRIME MINISTER'S VISIT TO ABU DHABI

... As promised in my letter of 8 May, I enclose a copy of the Memorandum sent by our Embassy in Abu Dhabi to Shaikh Khalifa about the two contracts in which the British companies, Fred Olsen and Chicago Bridge, are interested.

I am sending a copy of this letter to Francis Richards (Foreign and Commonwealth Office).

*Yours sincerely,
[Signature]*

JOHN RHDOES
Private Secretary

RESTRICTED

26/3

25 April 1981

His Excellency Ali bin Ahmad
Office of His Highness
Shaikh Khalifa bin Zaid
Abu Dhabi

Your Excellency

During the Prime Minister's
meeting with HH the Crown
Prince, Shaikh Khalifa asked
for a note on two projects which
the Prime Minister mentioned
as being of special interest
to the United Kingdom.

These are now enclosed.

D A Roberts
HM Ambassador

Copy to: His Excellency Mana'
Said al Otaiba
Minister of Petroleum
and Mineral Resources

NB: A copy was also submitted
in Arabic.

GAS STORAGE TANKS FOR DAS ISLAND

Bids for the construction of 3 LNG tanks and 4 LPG tanks on Das Island for the Abu Dhabi Gas Liquefaction Company (ADGIC) are currently being evaluated by the Abu Dhabi National Oil Company (ADRCC) and the consultants, Pullman Kellogg. Among the firms included in the final short-list is the United Kingdom subsidiary of Chicago Bridge and Iron Company (in association with the British firm, Costain International).

The building of such tanks is a high technology activity in which Chicago Bridge and Iron Company have considerable expertise and experience.

UPPER ZAKUM OILFIELD: HOOK-UP OF WELHEAD PLATFORMS

The British firm, Fred Olsen Limited, is included in the short-list prepared by ZADCO and their consultants of bidders for Phase I of this project.

Fred Olsen Limited is well-qualified in this area of activity having been awarded six hook-up contracts in the North Sea oilfields in the last two years.

The offer submitted by Fred Olsen Limited appears to meet the tender specification.

MEMORANDUM FOR THE DIRECTOR

61
RECEIVED
FEB 11 1951

The following information is being furnished to you for your information. This information was obtained from a confidential source who has provided reliable information in the past. The information is being furnished to you for your information and is not to be disseminated outside your office.

The following information is being furnished to you for your information. This information was obtained from a confidential source who has provided reliable information in the past. The information is being furnished to you for your information and is not to be disseminated outside your office.

Very truly yours,
Special Agent in Charge

The following information is being furnished to you for your information. This information was obtained from a confidential source who has provided reliable information in the past. The information is being furnished to you for your information and is not to be disseminated outside your office.

The following information is being furnished to you for your information. This information was obtained from a confidential source who has provided reliable information in the past. The information is being furnished to you for your information and is not to be disseminated outside your office.

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(2)

From the Secretary of State

Prime Minister

It is, perhaps, no bad thing that prompt action was taken.

RESTRICTED

M O'D B Alexander Esq
Private Secretary
10 Downing Street
London, SW1

8 May 1981 *Print*

kg. Print

mf

Dear Michael,

PRIME MINISTER'S VISIT TO ABU DHABI

Thank you for your letter of 28 April about follow-up action to the Prime Minister's meeting with Shaikh Khalifa on two projects in which British companies are interested. I understand that the Prime Minister has recently asked to see a copy of the memorandum before despatch.

In the event, our Embassy in Abu Dhabi tell us that they have already sent a memorandum to Shaikh Khalifa. Copies of the memorandum are on their way to us. Once received, I will of course send a copy to you for information.

I am sending a copy of this letter to Francis Richards (Foreign and Commonwealth Office).

Yours sincerely,
[Signature]

JOHN RHODES
Private Secretary

RESTRICTED



58 MAY 1981



British Standard BS 1000

COMMUNICATIONS

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10 DOWNING STREET

From the Private Secretary

7 May 1981

The Prime Minister has seen the Secretary of State for Trade's minute to her of 1 May about the follow-up to her trip to the Gulf.

The Prime Minister has made one general comment on the question of Ministerial visits overseas. In her view, such visits, including those in which she herself is involved, must be arranged with some particular objective in mind. Visits whose objective is mainly to generate goodwill achieve, in the Prime Minister's view, little if anything. It is firm agreements on policy issues and, above all, contracts that we should be pursuing.

To this end, the Prime Minister believes that more attention should be paid to the preparation of individual visits and to the concerting of series of visits. All the groundwork should be done in advance. Where contracts are at issue, all those aspects which are affected by Government decisions, e.g. ECGD terms; Industry Act aid; contractual conditions for which Government Departments are responsible, etc., need to be cleared up in advance. This will usually mean that serious and co-ordinated preparation for a Ministerial visit should begin many months before the visit takes place. (In this context, I assume that thought is already being given to the commercial aspects of the Prime Minister's forthcoming visits to Kuwait, Bahrain and Pakistan: my letter of today's date to Ian Ellison about a methanol plant project in Bahrain is relevant.) I understand that Sir Robert Armstrong is at present considering the establishment of machinery which might facilitate such co-ordination and, subsequently, follow-up.

On specific points in the Secretary of State's minute:

- (a) The Prime Minister is sceptical about the value of a further Ministerial visit to Kuwait immediately after her own visit there at the end of September;

/ (b)

CONFIDENTIAL

- 2 -

- (b) The Prime Minister does not wish to pursue the idea of giving a keynote speech to a CBI seminar on Gulf markets. She will be addressing the CBI in mid-June and will aim to include in her speech on that occasion a passage about trade with the Gulf - and with India;

- (c) The Prime Minister would in principle be prepared to entertain the participants in the FT/CBI seminar on Saudi Arabia. However, diary considerations may make it difficult to arrange this. We will be getting in touch with you.

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

M. O'D. B. ALEXANDER

John Rhodes, Esq.,
Department of Trade.

CONFIDENTIAL

① No points in going to Kuwait in Oct. I am going in September

①

② We have to go with some particular objectives in mind for Prime Minister which all the groundwork has been laid

This is not very imaginative.

PRIME MINISTER

Cecil will continue nothing. It is hard

Shall I pursue further?

Paul

I know that you wish to take full advantage of the favourable climate for trade created by your recent successful visit to the Gulf. It has clearly created considerable goodwill which I am anxious that we should capitalise upon.

Question we need to look at all

I myself have plans to go twice to the area in the coming months; including to Iraq and either Kuwait or Qatar in October, and to Saudi Arabia and the UAE in early 1982. Before that, Cecil Parkinson is leading a high level team of businessmen to Saudi Arabia in June.

contracts which are affected by govt. decisions. (E.C.C.)

Conditions in the Treasury Solicitor's etc.

The British Overseas Trade Board Committee on Middle East Trade (COMET) and the Middle East Association, the former under Lord Selsdon's chairmanship, are extremely active in promoting United Kingdom interests in the Gulf markets. In the period 1979-1981, the BOTB has sponsored 56 missions to the area involving 650 companies. In addition we will have sponsored 760 companies at 22 major exhibitions in the area during the same period.

See also over page.

In the reverse direction, we had an unprecedented number of senior Saudis in London at the Joint Commission meeting in February. We quickly followed this up in a joint seminar with the CBI which had a record attendance from British companies for such occasions. We are maintaining the momentum with a high level seminar which I am to address next month at which several important Saudi Ministers will be present.

Cecil Parkinson and I propose to meet Lord Selsdon very shortly to discuss further possible initiatives. Our Saudi Post has made it clear that COMET has lost no opportunity in organising initiatives to seize the area's undoubted market opportunities. The central task now is to ensure that individual companies make the most of the thorough groundwork and pursue business with the Gulf customers that have been identified. The right climate and official assistance is



essential, but there is ultimately no substitute for companies taking their own initiative to go out and sell.

In order to pursue this point and your own visit, may I suggest two forthcoming opportunities to follow up on your visit. As I say, I will be addressing the "Financial Times/CBI Seminar" on Saudi Arabia to be held on 1/2 June. It would be of immense value, both in arousing even greater interest amongst British firms and in flattering the Saudis, if you were able to give some entertainment for the Saudi delegates, headed by their Minister of Industry, Dr Gosaibi. *Attend not*
I myself am giving him lunch, but I think that such a special reception would go down very well indeed. It would not, of course, be necessary for you to attend the whole of any such reception.

Secondly, I understand that the CBI intend inviting you to give a keynote speech at a high-powered seminar they are organising on the Gulf markets in general, probably at the end of May although I understand that they would be flexible enough to accommodate your diary constraints. If you were able to participate in part of this seminar it would seem a most effective and immediate way to take advantage of the interest which has been fuelled by your visit. If this could be arranged, I would like to share the platform with you.

No - I am already speaking to CBI this June

I am copying this minute to Peter Carrington.

W J B

Department of Trade
1 Victoria Street
London, SW1H 0ET

JB

1 May 1981

51 MAY 1981



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Re:
Detailed contracts



From the Secretary of State

Jonathan Dawson Esq
Private Secretary to the
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
London, SW1A 2HB

1st May 1981

Dear Jonathan

PRIME MINISTER'S VISIT TO SAUDI ARABIA

Thank you for agreeing to take the lead on the letter of 28 April from Michael Alexander.

I have asked Department of Trade officials to liaise with Chris Saunders in DS 13.

I am copying this letter to Michael Alexander, and Francis Richards (FCO).

Yours sincerely

Catherine Capon

CATHERINE CAPON
Private Secretary

CONFIDENTIAL

JPH



10 DOWNING STREET

From the Private Secretary

1 May 1981

Qatar - North West Dome Gas Field

During the Prime Minister's brief visit to Qatar last week, there was some discussion of the North West Dome gas field, which is said to be the largest gas field in the world. At present, the Qataris are considering how it might be developed. In speaking to the Amir, the Prime Minister said that she believed BP could play a major role. The other British contender, Shell, is not really in the running because they are under a cloud in Qatar - because of recent problems with two gas pipelines and a gas separation unit for which they have been responsible.

We were told by our Ambassador that the Qataris have asked the Bank to carry out a study of the various options for the development of this field and related downstream activities. He said that he understood the Bank would not be making recommendations on the merits and demerits of the various companies who are interested in getting involved in the development of the field; but no doubt the recommendations will have some bearing on the bidding procedures which the Qataris adopt and the prospects of the individual companies. We were told that BP's main contender was likely to be CFP of France.

Since presumably there is no Bank financing involved in this study, I imagine that it is not something which would normally reach the Bank board. However, it is clearly of interest to us, and it would be helpful if you could find out about the scope of the study and give us any indication that you can get of what is likely to come out of it. Needless to say, an indication from you, in whatever form you thought appropriate, that HMG are following with close interest the development of the gas field, and in particular the prospects of British companies getting major contracts, would be useful.

I should mention, finally, that I spoke briefly about all this to Reiner Steckhan (Head of the Bank's European office in Paris) whom I met for lunch earlier this week. He took the point that we have an interest in the outcome of the study, and said he himself would make some enquiries when he visits Washington next week.

/I am sending

CONFIDENTIAL

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- 2 -

I am sending a copy of this letter to Francis Richards (Foreign and Commonwealth Office) and Julian West (Department of Energy).

T.P. LANKESTER

John Anson, Esq., CB.

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CONFIDENTIAL

JPH



10 DOWNING STREET

From the Private Secretary

1 May 1981

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/I am sending

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- 2 -

I am sending a copy of this letter to Francis Richards (Foreign and Commonwealth Office) and Julian West (Department of Energy).

J. P. LANKESTER

John Anson, Esq., CB.

CONFIDENTIAL

Taylor Woodrow Group

Sir Frank Taylor, D.Sc. (Hon.) F.I.O.B.
Founder and President

Our Ref: FT/MO.

10, Park Street, London, W1Y 4DD

Telegrams: Tayrow London W1

Telephone: 01-499 8871

Telex No: 22513

30th April, 1981.

The Rt. Hon. Mrs. Margaret Thatcher, M.P.,
The Prime Minister,
First Lord of the Treasury and Minister for the Civil Service,
10, Downing Street,
London, S.W.1.

Dear Prime Minister,

??

Please accept my most sincere thanks for your wonderful, kind, gracious and inspiring letter of 28th April.

If only we had half a dozen more people like you in the Government, we would quickly put "Great" back once more into Great Britain.

Thank you for your best wishes, which I value deeply and sincerely and heartily reciprocate.

*Sincerely,
Frank*

CF White

29 April 1981

The Prime Minister has asked me to thank you for your letter of 27 April. She much appreciated your thoughtfulness in writing.

MOBDA
M. C. E. ALEXANDER

J.H.G. Manna, Esq.

RH

CF White?



10 DOWNING STREET

From the Private Secretary

29 April 1981

I enclose a copy of a letter which the Prime Minister has received from the Chairman of British Smelter Resources Developments Limited. I have acknowledged Mr. Brauner's letter. I do not think any further action is required. But you will be aware of the keen interest which the Prime Minister is taking in the follow-up to her visit.

I am sending copies of this letter and its enclosure to Francis Richards (Foreign and Commonwealth Office) and John Rhodes (Department of Trade).

I.K.C. Ellison, Esq.,
Department of Industry.

M. O'D. B. ALEXANDER

RH

RESTRICTED ^{SRH}



10 DOWNING STREET

From the Private Secretary

28 April 1981

Dear John,

Prime Minister's Visit to Abu Dhabi

You will have noted from the record of the Prime Minister's meeting with Shaikh Khalifa in Abu Dhabi that the Prime Minister undertook to let Shaikh Khalifa have a memorandum about two contracts in which British companies were interested. These involved Fred Olsen and Chicago Bridge. I should be grateful if you could ensure that a memorandum is delivered soon - if this has not already been done by the post itself.

I am sending a copy of this letter to Francis Richards (Foreign and Commonwealth Office).

Yours sincerely

Richard Alexander

John Rhodes, Esq.
Department of Trade

RESTRICTED ^{SRH}

5A

CONFIDENTIAL

BF



10 DOWNING STREET

From the Private Secretary

28 April 1981

Prime Minister's Visit to the Middle East

The Prime Minister has mentioned to me that during an informal conversation in Abu Dhabi, Dr. al Otaiba, the Minister of Petroleum, said that the UAE Government had been surprised that HMG had not made more effort to sell warships to the Emirates. I should be grateful if you could let me have any background that there may be available on this.

You will also wish to be aware that the Prime Minister is particularly interested in ensuring that the question of the possible construction by British firms of a naval base in the Yemen Arab Republic is followed up vigorously. The Prime Minister has the impression that the Saudi Government would be willing to pay a substantial part of the cost of a base but not the total amount. Perhaps you could let me know how you see the next steps on this.

I am sending a copy of this letter to Francis Richards (Foreign and Commonwealth Office).

M. O'D. B. ALEXANDER

Brian Norbury, Esq.,
Ministry of Defence.

CONFIDENTIAL

FILE

VLB

CF to file!

28 April 1981

I am writing, further to my letter of 7 April, to say that I raised your case while I was in Oman with the Prime Minister last week. The Embassy will be doing what they can to push matters forward.

MICHAEL ALEXANDER

Mrs. Jo Harrison

24

PRIME MINISTER

Kenia - Original on India: P. 2: Policy.
plw Hs for meeting
on Friday, 1/5.

Follow-up to your trip to India & the Middle East:
Sales Aspects

India

(a) Steel Plant: we await news of developments. Unfortunately the Indian High Commissioner who undertook to lobby vigorously on behalf of Davy is ill in bed and we do not know what, if anything, he achieved.

(b) Folkloric garments, etc: I attach a report from the Department of Trade. The recommendation is that Mr. ^{Bilfen} Pitman should write to his Indian opposite number.

Saudi Arabia

(a) Arabsat. Vigorous representations are being made in Jeddah in the light of ECGD's decision to adapt their terms in the light of exchange rate changes.

(b) SANGMED and SANGCOM. We now have a telegram from Jeddah setting out the details of other countries' practice on immunities. I have asked for a report on our response to this information by the end of the week.

(c) Tornado. No further action for the moment.

(d) Off-shore oil installations. We await further news of the Saudi team which Prince Naif said would probably be coming to this country.

Abu Dhabi

Detailed discussions on the Hawk are due to start next week.

Dubai

I have asked for a report on progress with the desalination plant contract by the end of this week.

/ Oman

Oman

The Foreign Office will be letting us have a comprehensive letter complete with recommendations by the end of this week. This will cover, inter alia, charges for Loan Service Personnel; the reduction in aid; ~~the~~ credit; the university.

Qatar

Rapier. I have asked for a report by the end of the week on follow up to statements made to you by the Emir and his son the Crown Prince.

The North West Dome. The Ambassador will, of course, be reporting your interest in the problems being encountered by Shell. I shall also be making the point to the Dept of Energy.

Power Station

Phil

27 April 1981

CONFIDENTIAL

VLS



FILE

10 DOWNING STREET

From the Private Secretary

27 April 1981

Prime Minister's Visit to the Gulf

I enclose a complete set of records of the Prime Minister's discussions during her visit to Saudi Arabia and the Gulf States last week.

I am sending a copy of this letter and all its enclosures to Brian Norbury (Ministry of Defence) and David Wright (Cabinet Office). I am also sending a copy of the letter and of those records of interest to them to John Halliday (Home Office), John Rhodes (Department of Trade) and Julian West (Department of Energy).

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

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Subject filed in
India: Pt 2: Vint-1981
Priny.



PRIME MINISTER'S

PERSONAL MESSAGE

10 DOWNING STREET
SERIAL No. T68/81

THE PRIME MINISTER

27 April 1981

Dear Mr. President,

Thank you very much for your message delivered to me in Delhi. I have just returned from my tour which included Saudi Arabia, the UAE, Oman and Qatar as well as India. You might be interested to have my main impressions to set beside Al Haig's, which I was very glad to have in London before I set out.

My main purpose in visiting India was to try to consolidate relations with Mrs. Gandhi personally. I believe that I succeeded in fair measure. But there is a good way to go if relations between India and the West are to be put on a really sound footing. Mrs. Gandhi is, as you must know, suspicious of our policies and, in particular, of the policies of successive US Governments. She claims to have had virtually no personal relations with your recent predecessors. You might be surprised, however, by the extent of her suspicion of Russian activities in India. She maintains these have often been directed against her, notably in the election of 1977. She is definitely not a Marxist. Indeed she is greatly concerned about the activities of the Communists in India and is casting around for ways to defeat them. Her agricultural policy, and her support for the mixed economy generally, carries the same message.

India's agriculture, incidentally, seems to me to be one of the success stories of recent years. The country has achieved

/ virtual self-sufficiency

SECRET

virtual self-sufficiency in grain. This is the result of the introduction of the new varieties of wheat in the development of which your experts have played such a part.

On the other hand, perhaps as a counter to the threat she perceives from China, or possibly because she feels that the Soviet Union, as the super power nearest to India, has to be appeased, Mrs. Gandhi remains strongly opposed to any action to support the Afghanistan resistance. She argues that the best hope of achieving Soviet withdrawal from Afghanistan, which she genuinely wants, is through negotiations. I made it clear that I thought she was too sanguine.

Entangled with this is Mrs. Gandhi's extraordinarily deep-rooted fear of Pakistan. I defended in public and in private Pakistan's right to weapons for self-defence, and passed on a message from Zia about his wish for friendship with India. Mrs. Gandhi said that she too wished for friendship: Rao, the Foreign Minister, would be visiting Islamabad next month. But it was quite clear, and she said it in public, that arms supplies to Pakistan are regarded in India as objectionable. If Pakistan does indeed carry out a nuclear test, the consequences will be very serious. President Zia has, of course, assured Peter Carrington that he will not test.

My visits to Saudi Arabia and the Gulf were the first there by a British Prime Minister in office, and also a first for me personally. The four States I went to differed much in character and style. But all made me very welcome, and their hospitality and kindness were encouraging. Oman, as you know, is more receptive to our ideas than the rest. The Sultan sees the Soviet threat as his top priority, with the Arab/Israel problem of secondary importance. On the latter he takes a very different, much more reasonable, line on the way forward.

/ For the Saudis

For the Saudis and the others, Palestine and the recognition of Palestinian rights come first, or at least that is what they said. I believe that in fact they do want a settlement because the continuation of the problem inhibits their cooperation with the West. They are deeply worried about their own Palestinian populations. But they are not yet ready to use their influence with the PLO to persuade them to adopt the more moderate stance which might in turn make possible the kind of talks envisaged in the second stage of the peace process. We shall have to keep working on this, in consultation with your people, the Israelis, and the Egyptians. The position of Syria will be critical. We must somehow try to reduce their sense of isolation. The Soviet Union will, no doubt, be working against us.

Nobody I talked to saw any hope of an early settlement of the Iraq/Iran war. There was much concern about the situation in Iran itself. Similarly, all were pessimistic about Afghanistan. They see little prospect of the UN emissary achieving anything. They are concerned lest his efforts should weaken the resolve of Pakistan whose difficulties, however, they recognise.

The position in North Yemen is confused. Consolidated, it could prove the best barrier to the extension of Soviet influence northwards from the PDRY. But the Saudis, whose influence there is strong, are curiously complacent and indecisive. A number of the other leaders were anxious about the situation. I believe we should give more thought to this problem together.

I was rather impressed by the Sultan of Oman. He has achieved a lot in 10 years and plans more. I told him that we would continue to help him with manpower, at his request. He and his country are important to us. But we must not overburden him.

In the Emirates and Qatar the problems, if any, are those of very rapid development, including populations whose size is growing fast and whose composition is changing. But they seem

/ on the whole

SECRET

- 4 -

on the whole to have coped remarkably well with the more intangible and intractable social problems. The new Cooperation organisation between them, Saudi Arabia, Kuwait, Bahrain and Oman will take time to evolve, but should give greater strength and cohesion. I encouraged them to press ahead and offered our support.

Our bilateral relations with all these states are in good order. I was glad to be told in Abu Dhabi that they would be ordering some of our trainer/strike aircraft. Our ability to make a contribution to the defence of the area in an emergency, even on the modest scale we have in mind, depends crucially on our being able to sell our defence equipment. This order was a great encouragement: we shall be following it up energetically throughout the area.

Warm personal regards and
a rapid recovery to full health and
strength. The world needs you

Yours sincerely

Raymond D. Kaltefleiter

The President of the United States of America

SECRET

(UNITED KINGDOM)
"MAJLIS I"
27, Thorpe Esp.,
Thorpe Bay, Essex
Telephone (0702) 587020



(HOLIDAY PLACE: U.S.A.)
"MAJLIS II"
P.O. Box 10208
Zephyr Cove, Nev. 89448
Telephone (702) 588-5955

April, 27th. 1981

JG

Dear Prime Minister,

Many congratulations on your brilliant and successful tour of the Middle East.

The British Industry and especially The Aerospace, should be grateful for your efforts in persuading The Abu Dhabi State Government in awarding the order for the Hawk Military jets. I can assure you that this order was destined for France, regardless of all the negotiations which had been going on in the past months prior to your arrival.

Wishing you the best of health and success in running the affairs of this Country,

Very sincerely yours

(J.H.G. Manna)

FILE

VLB

27 April 1981

I enclose a brief note on the Minister of State's talk with the Minister of State for Foreign Affairs in Qatar on 25 April.

MICHAEL ALEXANDER

ll

C. T. W. Humfrey, Esq.,
Foreign and Commonwealth Office.

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SUMMARY NOTE OF A CONVERSATION BETWEEN THE MINISTER OF STATE,
FOREIGN AND COMMONWEALTH OFFICE, THE HON. DOUGLAS HURD, CBE, MP,
AND SHAIKH AHMED, MINISTER OF STATE FOR FOREIGN AFFAIRS, QATAR,
IN QATAR ON 25 APRIL AT 1115

UNRWA

The Minister of State described the financial difficulties being experienced by UNRWA. He said that in the absence of additional funds UNRWA would have to close its schools. Sir John Graham said that closures would begin in May. Shaikh Ahmed said that the problem had been discussed at the Arab Summit in Tunisia. Kuwait and the UAE were in favour of an increase. It might be that something could be done within the next two months.

Arab/Israel dispute

The Minister of State said that the United States was putting pressure on Israel. There would have to be a balancing movement from the Palestinian side. Was there any chance that they would be prepared to make a conditional statement about Israel's right to a secure existence? Such a statement would be a great step forward. It would involve no concession of substance. Shaikh Ahmed said that the Palestinian argument was that if they were to speak on these lines and get nothing in return they would have lost a great deal. They would regard it as an acknowledgment of defeat. The same went for acceptance of the idea of a government in exile. Sir John Graham said that if the Arabs were to make a conditional move, it would create powerful pressure on Israel. The Minister of State said that the Palestinians were being asked to do no more than repeat in public what they had often said in private. Asked by the Minister of State whether the Arabs would support a conditional statement even if they would not press the Palestinians to make one, Shaikh Ahmed said that his government would give their backing to whatever the Palestinians wanted. The PLO were at present drifting to the left: the Qatar Government wanted them to remain moderate. Sir John Graham said this was another reason for speed.

The Minister of State repeated that American pressure on Israel would have to be severe to extract movement. The Arabs would have to put pressure on the Palestinians.

27 April 1981

CONFIDENTIAL

Paul

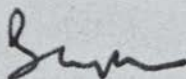
HOME MINISTER

I attach a short draft on the record statement which I would like to hand to the press at around noon today, subject to your approval.

I have sought to get over three main points:

- the warmth of the welcome;
- our renewed interest in an important region;
- our commercial interest in its development.

I would like to end with the phrase "a very happy and constructive tour" for headline purposes. The Sundays like to write about happiness!



25 April 1981

DRAFT STATEMENT BY THE PRIME MINISTER, THE RT. HON. MRS MARGARET THATCHER, MP,
AT THE CONCLUSION OF HER VISIT TO THE GULF, TODAY (25 APRIL 1981)

I leave the Gulf for home today after a most instructive and stimulating visit - the first by a British Prime Minister to the area.

Wherever I have gone I have been welcomed with great warmth and kindness. I have also found a deep appreciation and satisfaction among the countries I have visited that Britain, an old friend of the area, is taking a closer interest in its affairs.

I believe my visit has achieved two main objectives:

- first, to demonstrate our continuing interest and concern in a part of the world which is of enormous strategic and political significance; and
- second, to get over to my hosts the contribution which British industry, commerce and technology can make to the development of the huge natural resources and potential of the Gulf States.

We can do much in partnership to benefit our own people and the world.

It has been a very happy and constructive tour indeed. And I look forward to returning to the Gulf in the autumn.

CONFIDENTIAL. ¹ / top copy 25.4.1981

MESSAGE FROM THE PRIME MINISTER TO CHANCELLOR SCHMIDT
(for despatch on the direct line)

Sent on
hotline

Dear Helmut,

You will have had an oral ^{report} ~~account~~ through our Ambassador of my discussions in Riyadh with Crown Prince Fahd and some of the other Saudi Ministers, covering in particular the line I took with them over the Tornado aircraft. I thought however that you might like to have an account of my impressions.

My reception could not have been more cordial. The Saudis were at pains to make me welcome. The atmosphere of our talks was easy and relaxed.

Predictably the Saudis urged upon me the need for the European Community to recognise the PLO and the legitimate rights of the Palestinians. The Palestine issue was for them the top priority with the Soviet threat, which they acknowledge, and inter-Arab differences, some way behind.

My reply was that we do recognise the right of the Palestinians to self-determination. This was not in doubt. But there had to be a counter-part. At present the Palestinians were committed in their Covenant to the destruction of Israel. We believed that the Palestinians must recognise Israel's right to exist behind secure borders.

I urged the Saudis to use their influence with the Palestinians to bring about such recognition. The Saudis argued that while they of course accepted the fact of Israel's existence in the region, they could only expect the Palestinians to move in the direction of recognition when the Israelis recognised the right of the Palestinians to return to their homeland and accepted that Jerusalem should be restored to its pre-1967 state.

Despite their firm line, I sensed some flexibility in Saudi thinking. In a separate discussion, the Saudi Foreign Minister told Douglas Hurd that it was up to the Palestinians

/ to decide

to decide what to do. He hinted that the Palestinians might possibly be prepared to move if the Community could make some gesture towards them.

I do not want to build too much on this. But I believe that collectively and individually we should use all our influence with the Arabs to try and bring about some move by the Palestinians, ^{perhaps in the form of a public statement. Such a statement} ~~such a move~~ would no doubt have to be couched in conditional terms, eg if Israel were to agree to withdraw from territory occupied in 1967, then the PLO would be prepared to negotiate a settlement on the basis of self-determination for the Palestinians and secure borders for ^{Israel & indeed for} all states ^{in the area}.

I hope you will feel able to urge the case for a move on these lines. I am increasingly convinced that only if the Palestinians are prepared to make some such gesture will it be possible to give the Americans and ourselves what we need to bring about a parallel move by Israel.

I hope you enjoy your visit. I look forward to hearing your impressions.

MARGARET THATCHER

25 April 1981

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cc Master



Annex B

RECORD OF A MEETING BETWEEN THE PRIME MINISTER, THE RIGHT HONOURABLE MARGARET THATCHER PC MP, AND HIS HIGHNESS THE AMIR OF QATAR, SHAIKH KHALIFA BIN HAMAD AL THANI, AT 10AM ON SATURDAY, 25 APRIL, AT THE AMIRI DIWAN, DOHA.

Present:

The Rt Hon Margaret Thatcher PC MP, The Prime Minister	HH Shaikh Khalifa bin Hamad Al Thani, Amir of the State of Qatar
The Hon Douglas Hurd CBE MP, Minister of State, Foreign and Commonwealth Office	HH Shaikh Hamad bin Khalifa Al Thani, Heir Apparent, Minister of Defence and Commander-in-Chief
Mr C T Brant CVO, HM Ambassador, Doha.	HE Shaikh Abdul Aziz bin Khalifa Al Thani, Minister of Finance and Petroleum Affairs
Sir Ronald Ellis, Head of Defence Sales, Ministry of Defence	HE Shaikh Ahmed bin Saif Al Thani, Minister of State for Foreign Affairs
Sir John Graham KCMG, Deputy Under-Secretary of State, Foreign and Commonwealth Office	HE Sayyid Issa Ghanim Al Kawari, Chef de Cabinet to HH the Amir and Minister of Information (interpreter)
Mr Michael Alexander, Private Secretary to the Prime Minister	HE Sayyid Sharidah Jubran Al Kaabi, Qatar Ambassador in London

After the initial exchange of courtesies and greetings with the Amir, the Prime Minister recalled that they had last discussed world questions and bilateral relations between Qatar and Britain during his call at 10 Downing Street in September 1979. She would be interested now to hear his point of view on the various matters which concerned both our countries. The Prime Minister referred briefly to the consultations between the Governments of the Arabian Peninsula which she thought a very encouraging step

/forward,

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forward, and the co-operation in the Gulf for defence. But she saw no prospect of progress on the Arab-Israel question, until after the Israeli elections were over. The Prime Minister invited the Amir to speak first on the situation caused by the Iraq-Iran war, which had caused considerable anxiety to her Government.

I - International Questions

2. The Amir reviewed the various attempts at mediation to date, including the mission from the Islamic Conference and the Non-Aligned Movement. But he saw little possibility of progress while so many political power factions were warring for supremacy within the country. If the clergy faction emerged victorious, the prospect could be ruled out. If, however, President Bani Sadr won, a solution could emerge. The clergy, if they won, would seek to dominate the Gulf as a whole. Qatar would oppose this by every possible means. The Amir said that he had had no problem of any kind with his own Shi'a minority. There had been no disturbances in Qatar as there had elsewhere in the Gulf, even in Saudi Arabia. With the Shi'a who had been here for hundreds of years, the Government enjoyed excellent relations. They had, however, gradually expelled the Shi'a who had come to Qatar over the last 30 years. (Shaikh Hamad interjected that they now constituted only about 1% of the population.)

3. The Prime Minister said that she had discussed the situation with Prince Fahd during her visit to Saudi Arabia. The common fear was that in the conflict between the clergy and President Bani Sadr, the Tudeh Party would come to dominate the scene. They were well
/organised,



- 3 -

organised, and were waiting to move in to take power. Given that there was a common boundary between Iran and Afghanistan, this might give the Soviet Union an opportunity to intervene. The Prime Minister recognised that the force of Islam, with its religious principles, would withstand Communism. But she was frankly puzzled by the remarkable similarity of the language used by the Communists and the Moslem clergy in Iran.

4. The Amir observed that even if the war were ended, severe problems would remain, with the various conflicting factions in the country. With the removal of the umbrella of the Shah's control, the problems had multiplied and expanded into a wider sphere. Extreme vigilance was required, as well as the co-operation of the international community, in order to avoid another Lebanon happening. He echoed the Prime Minister's fears that the Tudeh Party might give the Soviet Union opportunities to move into Iran. The Prime Minister said that Britain could have tried to influence Iran. But while the war was still going on, there was nothing much that we could do, until an agreement had been reached over the Shatt Al Arab.

5. The Amir observed ruefully that this was the result of one of President Carter's mistakes. The Prime Minister said that this was past history now. She believed that the Amir would find that President Reagan offered clearer leadership, and a greater understanding of the Arab position.

6. Turning to the Palestine problem, the Amir said that the Arab World had suffered for 30 years with this problem. A solution

/must



- 4 -

must now be found. There must be effective co-operation between the Arab States and Europe, and at a higher level, for the future. The Camp David Agreement had not touched the core of the problem. With Britain about to assume the Presidency of the European Community, we had a duty to play a positive role to find a viable solution to the question.

7. At the Prime Minister's request, Mr Hurd reviewed the position following the mission of The Netherlands Foreign Minister to the area. To help formulate a new initiative, a further mission would come over in the Summer. By then, the Israeli elections would have been over, and the United States would have had time to formulate its policy. The Prime Minister added that Europe would find a solution without conflicting with the US. We had to help the US to move forward. Britain, however, could not dictate to the Common Market! Lord Carrington could not impose our views. But the Presidency did give us a chance to be active. The Thorn Mission had made little progress. Then Mr van der Klaauw had come gathering information. We must have the right details, the concept must be right, to achieve forward movement. For example, how to define Palestinian rights? And how many Palestinians were there on the West Bank and in the Gaza Strip, and outside? The Amir and his team agreed on a figure of one million for the West Bank, and 200,000 in the Gaza Strip. But they thought that there were only some 3 million Palestinians in the rest of the Middle East. The Prime Minister said it was a question of how they were to make their feelings known, in the process of self-determination. However, Britain would follow up with vigour. It would not be an

/easy



- 5 -

easy task. She said that in Saudi Arabia she had been asked about self-determination. But who counted in this process? Was there a place for Palestinians to return to? These points would have to be clarified in co-ordination with the parties concerned. We had to get away from generalities. The issue was complicated, but a solution must be found, with the help of the United States, since the US was the only country able to exert pressure on Israel. The Amir promised his assistance in our co-operation with America to find a solution. This was not only a problem of Arab, but of Islamic dimensions also, because of the question of Jerusalem. Mr Begin's declaration that Jerusalem was the "Eternal Capital" of Israel was adding insult to injury. Jerusalem was as holy a place to the Moslem faith. The Prime Minister said that the future of Jerusalem had not been given definition by the international community. She herself foresaw no possibility of progress while Mr Begin was still in office. Indeed Mr Begin was part of the problem. Some Israelis differed with him: we had to wait until the Israeli elections to see what the prospects were. The Amir agreed.

8. The Prime Minister said that the right time to make a move would be after those elections. We would have two years in which to make progress, and not a day of that must be wasted. By the Summer, the US Administration would have defined its policy, and all the important elections would have been held - in Israel, in France and in Germany. We had to exert strenuous efforts to make the most of that opportunity. While it remained unsolved, the problem gave rise to severe tension in the Arab World and the

/world



- 6 -

world in general.

9. The Prime Minister said she would like to explain her point of view on the Rapid Deployment Force. (Issa Kawari at first translated this as "Intervention Force": it was then agreed that it would be better described as an "emergency force" or a "force for rapid assistance".) The Prime Minister said that as she saw the requirement, if trouble broke out anywhere in the world, and we were asked to help militarily, we must be ready with troops trained to move with the necessary speed. They must be earmarked for contingencies. Britain had small-scale forces and could be invited to assist without the superpowers becoming involved. The idea of such a force had originated with the United States. She thought it was a good idea, and that we should help if we were requested to do so. But we had to have that request before they moved. The Amir took note of the Prime Minister's explanation.

II - Bilateral Relations

10. Turning to bilateral relations, the Prime Minister said how greatly we valued our relations with Qatar.

11. In this context, she had noted the recommendations about air defence for Qatar put forward by General Perkins after his Review of the Qatar Armed Forces. She commended the Rapier system highly: we had sold it to America and Switzerland among others. There were, however, so she understood, two possible problems with the negotiations, relating to price and delivery respectively. Qatar had perhaps suffered from late delivery of British equipment in the

/past.



past. However, the delivery situation had improved greatly now that British industry had become more competitive: indeed some deliveries were currently being made ahead of time. Agreements for the sale of these systems were now virtually Government-to-Government matters. She took a keen personal interest in them, and her office would be following progress closely. She asked the Amir to let her know if there were any obstacles.

12. The Prime Minister also commended British Petroleum to the Amir, as potential partners in the development of the immense North-West Dome gas-field. The Company had had worldwide experience of oil and gas operations, from Alaska to the North Sea and the Gulf (with a successful LNG plant on Das Island for Abu Dhabi). They studied local circumstances very carefully in every case, and designed a system to fit them. With their substantial shareholding in the Company (just over 40% of the shareholding) HM Government could follow progress in the Company's affairs closely. The Amir could rely on BP.

13. The Amir asked what would happen to the price of gas. Would it rise? The Prime Minister said that given the world shortage of energy, it would surely increase to match oil prices: as a straight alternative fuel, it was bound to reach parity with oil - unless it were used for petrochemical feedstock, in which case a different price could be obtained for it.

14. The Prime Minister then raised the question of the consultancy for the Ras Laffan Power Station. She strongly commended British expertise in this field. She asked the Amir if he would review

/favourably



favourably the British bids for this work, on the basis of the companies' competence and track record.

15. The Amir said he understood that there were three British companies under consideration. He amended this to two, since it appeared that he had taken Kennedy and Donkin to be two separate firms, rather than the single amalgamation which they represented.

16. The Prime Minister then asked if she might have a few minutes' conversation alone with the Amir, with only interpreters present. The Ministers of State and the officials then withdrew, leaving the Prime Minister, the Amir, Sayyid Issa Kawari and Mr Brant to continue the discussion, with Shaikh Hamad and Shaikh Abdul Aziz attending.



RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND HIS HIGHNESS
THE AMIR OF QATAR, AMIRI PALACE, DOHA, 11.30AM, SATURDAY,
25 APRIL 1981

Present:

The Rt Hon Margaret Thatcher
PC MP, The Prime Minister

Mr C T Brant CVO, HM
Ambassador, Doha

HH Shaikh Khalifa bin Hamad
Al Thani, Amir of the
State of Qatar

HH Shaikh Hamad bin Khalifa
Al Thani, Heir Apparent,
Minister of Defence and
Commander-in-Chief

HE Shaikh Abdul Aziz bin
Khalifa Al Thani, Minister
of Finance and Petroleum
Affairs

HE Sayyid Issa Ghanim Al
Kawari, Chef de Cabinet
to HH the Amir and Minister
of Information
(translating)

After the formal talks with the Amir had concluded (see separate record) the Prime Minister asked to have some minutes' conversation alone with the Amir.

2. The Prime Minister said that she would like to hear very frankly from His Highness whether there were any problems affecting our relations on which he would like to speak to her without her delegation being present. In reply, the Amir assured the Prime Minister that he had no such problems: had there been any, he would have mentioned them to her. He admitted that previous British Governments had seemed disinterested in Qatar's industrialisation projects. But perhaps they had had their own problems. But that was now a thing of the past.

/3. The Prime



- 2 -

3. The Prime Minister emphasised that she would like to see our traditional friendship take practical forms, e.g. for the Qatar Armed Forces to purchase the Rapier anti-aircraft defence system. The Amir smiled and said that this was basically Shaikh Hamad's decision. However, both he and Shaikh Hamad assured the Prime Minister that the sale would take place. The Prime Minister asked whether she could publicise this undertaking. The Amir and Shaikh Hamad asked that for the present, it should be kept confidential.
4. The Prime Minister then explained that her Government was trying to keep close to the United States. We could not achieve solutions to our problems without US participation. As a matter of principle, all friends should try to stick together to co-operate: individually we could be picked off by hostile forces. The Amir said that he fully understood HM Government's position, and endorsed it.
5. The Prime Minister enquired when the Amir could come to London, and promised him a warm welcome if he were able to visit us (provided that HM Government were not preoccupied by a major conference at the time). The Amir promised that he would keep in touch with the Ambassador about this.
6. The Amir said he would like to raise the issue of Jordan. He and King Hussain had developed very friendly relations. He urged - purely as a personal initiative - that Britain should strengthen her friendship with King Hussain. The Prime Minister
/assured



- 3 -

assured him that we did everything we could to assist the King. He visited Britain three or four times a year, and she always saw him then. But she promised to try to support him still further. The Amir commented that King Hussain had foresight and vision, and he was very concerned to give him every assistance possible. The Prime Minister said that before the Reagan Administration in the US, the US had virtually cold-shouldered King Hussain. She had never been able to understand President Carter's attitude in this, and why he did not get on with the King. The Amir commented ruefully that all the destruction in the area was attributable to President Carter's mistakes. The Prime Minister said that Carter had finally seen King Hussain: but by then it had been too late. She had said the same thing to President Reagan in February. But she found that he held King Hussain in the same high regard as she herself did.

7. The Prime Minister, promised once again to do all she could to help the King. She said that she had found, in her discussions with President Reagan, that there was no-one who could put the Arab case to public opinion in the United States. King Hussain, however, could do this. The Ambassador said that President Sadat had had a great impact on public opinion in the US when he offered peace to Israel. The Amir agreed, but said that President Sadat had only been representing the Egyptian viewpoint. That was why he had asked King Hussain to speak to the Americans.

8. This part of the meeting ended at 11.45am, and the Prime Minister and Shaikh Hamad adjourned for a further discussion in the latter's office.

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cc Master

SUMMARY RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND
THE CROWN PRINCE OF QATAR, HH SHAIKH HAMAD BIN KHALIFA AL THANI,
IN QATAR ON 25 APRIL AT 1140 HOURS

Shaikh Hamad expressed concern about the presence of Western naval forces in the Gulf area. He thought that this merely encouraged the Soviet Union to acquire an intervention capability in response. His advice was that the West should not give them this excuse. The Prime Minister pointed out that Western naval forces had been sent to the area because of concern about the possibility of Soviet interference with shipping lanes. The Indian Ocean had been full of Soviet ships for some years. Shaikh Hamad repeated that he thought the West were in danger of encouraging the Soviet Union to come into the Gulf and to seek a 'friendly base' there. The fact was that the Gulf States were 'in the same trench' as the West. They would not go Communist. But they did not want their friends to do anything to lead the Soviets on. Shaikh Hamad however agreed with the Prime Minister about the need to keep shipping lanes open. If the Straits of Hormuz were ever closed, he said, Qatar would be finished.

The Prime Minister said she was glad to hear that Shaikh Hamad thought there was no risk of the Communists taking over Qatar. Shaikh Hamad said it was inconceivable. Even if Marx and Engels came themselves, they would make little progress. Nonetheless, the Soviets would search for an ally such as they had had in Iraq - though that relationship seemed to be on the point of collapse.

On the Iran/Iraq war, Shaikh Hamad said he was worried about the possibility of a Communist takeover there if the war continued. At the same time he was gloomy about the possibilities for mediation. He thought that one side or other would have to win. Iran at present were on the losing side: whether this would continue indefinitely, it was too soon to tell. There was a possibility that the United States would help Iran who desperately needed spares and ammunition.

/Sir Ronald Ellis

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Sir Ronald Ellis confirmed that this was a major problem for Iran. Shaikh Hamad said that he was not too anxious at present about the situation but it was always in the minds of the Qataris.

In response to a question from the Prime Minister, Shaikh Hamad said that Qatar had not come under too much pressure from Iraq at the time when Iraq had appeared to be thinking in terms of spreading the war down the Gulf. They had helped only with money. However, he could see that it would be to the military advantage of Iraq if the war were to spread. At present they were fighting on only one front.

The discussion ended at 1155.

Ans

25 April 1981

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SUBJECT

POINTS FROM THE PRIME MINISTER'S TÊTE-A-TÊTE CONVERSATION WITH
SHAikh KHALIFA OF QATAR IN QATAR ON 25 APRIL 1981

Shaikh Khalifa told the Prime Minister that he thought it of great importance to the region as a whole that Britain should back King Hussein as strongly as possible.

Shaikh Khalifa thought that the Russians and the Syrians were actively encouraging the PLO to make difficulties in the Lebanon. In his view partition was likely to be the only answer to Lebanon's difficulties.

Shaikh Khalifa, like a number of the Prime Minister's other interlocutors, was obsessed with the problem of the Palestinian population in his country. Although they were not prepared to say so publicly, almost all of the leaders with whom she spoke were anxious to get rid of the Palestinians.

Shaikh Khalifa told the Prime Minister that there would be no difficulty about the Rapier contract. It would certainly be given to Britain. He added that the visit would also show results in the negotiations for the other contracts mentioned by the Prime Minister. Shaikh Hamad confirmed separately to the Prime Minister that we would get the Rapier contract.

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RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE AMIR
OF QATAR, HH SHAIKH KHALIFA BIN HAMAD AT THANI, IN QATAR ON
25 APRIL 1981 AT 1000 HOURS

Present:

Prime Minister	Shaikh Khalifa
The Hon. Douglas Hurd	Shaikh Hamad, Heir apparent
HE Mr. C.T. Brant	Shaikh Abdul Aziz, Minister of Finance and Petroleum
Sir John Graham	Shaikh Ahmed bin Saif, Minister of State
Sir Ronald Ellis	HE Sherida al Kaabi, Ambassador in London
Mr. M.O'D.B. Alexander	

* * * * *

After an exchange of courtesies, the Prime Minister suggested that the discussion should start with the general international situation before dealing with bilateral subjects. Shaikh Khalifa agreed. The Prime Minister said that she did not think any further progress would be made on the Palestinian issue until the United States Administration had formulated its ideas on the next steps to be taken. As Mr. Haig's tour had demonstrated they were now consulting widely in order to ensure that in due course they received as much co-operation as possible. The Americans would not decide on their new policy until after the Israeli elections. The Prime Minister said she was delighted that the Gulf States were beginning to work together for their own defence. She hoped that Gulf co-operation would develop further. She was deeply worried about the war between Iran and Iraq but did not see how the problem could be solved at present.

Iran/Iraq

Shaikh Khalifa said that the Iran/Iraq war was particularly worrying for the Gulf States. Mediation attempts by the Islamic Conference and by the Non Aligned Movement were in progress but there seemed little prospect of concrete results. One source

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/of

of difficulty was the fragmentation of authority in Iran. Nothing seemed likely to happen until one faction had won. If President Bani Sadr emerged on top the situation might improve. A victory by the clergy would be no help at all. The clergy wanted to dominate the whole area. The Government of Qatar would resist any extension of their influence vehemently and with all the strength at their disposal.

The Shi'ite population in Qatar was a small minority and there were no clergy. As a result the Qatar Government had experienced no problems. The Shi'a disturbances elsewhere in the region had had no reflection in Qatar. Relations between the Shi'a who had resided in Qatar for many years (they amounted to about 1% of the population of genuine Qataris) and the rest of the people were excellent. As for the Shi'a who had arrived recently, i.e. in the last 30 years, the Government had been 'phasing them out' gradually. This was a precautionary action.

The Prime Minister said that in a confused situation, with conflict between factions, such as existed in Iran, it was often a well organised party like the Tudeh which emerged on top. She wondered whether there was anything in Islam which was likely to prevent this taking place. Her own impression was that the language of the Shi'a Muslims was very similar to that of the radical left. Shaikh Khalifa said that even if the Iran/Iraq war was brought to an end, Iran would face a plethora of problems. There were for instance the Kurds, the Sunni, the Shi'a and the Baluchi. When the Shah had ruled, all had come under his umbrella. But since the revolution the problems had got larger and larger. They were still increasing. Khomeini was not capable of leading the country along the right path. The situation in Iran required the vigilance of the international community as a whole. It could easily become another Lebanon. If this happened, the chances of Soviet intervention would be much increased. This was a more likely course of events than a victory for the Tudeh Party.

/The Prime Minister

The Prime Minister said that if it were not for the war with Iraq, the West would try to get closer to Iran. As it was there was little that could be done. It seemed unlikely that any permanent solution could be reached until the Shatt Al Arab issue had been cleared up. Shaikh Khalifa said that we were all paying the price for President Carter's mistakes. The Prime Minister said that things had changed. She expected there would be clearer and more perceptive leadership from President Reagan.

Arab/Israel dispute

Shaikh Khalifa said that the region had been suffering from the Palestinian problem for 30 years. The time had now come to find fundamental solutions. Given co-operation between the Arabs and the European Community at a high level, solutions were achievable. Camp David had not gone to the heart of the problem. The United Kingdom would soon have the Presidency of the European Community. It was Britain's duty to play a positive role in pursuing a settlement of the problem.

At Shaikh Khalifa's invitation, the Minister of State said that the Presidency of the Community was continuing the process begun in Venice of analysing the problems and seeking to identify answers which would be helpful in the months ahead. Mr. Van der Klaauw's mission would be completed in the early summer. After the Israeli elections and after the United States Administration had clarified their views, Europeans would be considering how they could play a useful role. They would not be contradicting the Americans but trying to say how they could help to take the peace process the necessary next step forward. It was important to remember that the fact that Britain was holding the Presidency did not give them absolute control of European policy. We would be active from the chair but we could not force our partners to do things. The Prime Minister said that the fact was that the European initiative had not yet got very far. We had not been into the problems in real detail. There were, for example, differing views as to who should be involved in self-determination. Should it be only those Palestinians who lived on the West Bank or should it be

all Palestinians? In the former case over 1 million people would be consulted, in the latter case perhaps as many as 4 million. The Europeans needed to pursue their work with an assiduousness which had so far been lacking. There was a general feeling, growing stronger all the time, that now was the time to act.

Shaikh Khalifa questioned whether there were as many as 4 million Palestinians. Sir John Graham agreed that the figure probably included a number of Palestinians who had taken out other nationalities. Nonetheless, the figures mentioned by the Prime Minister were those used by Syria and Jordan. We agreed with them. The Prime Minister recalled that in Saudi Arabia she had been told that all Palestinians should have the right to return to their homeland. But it seemed to her that many would say that they had no wish to return. In any case, it was doubtful whether 4 million people could be accommodated on the West Bank. This was only one example of the kind of point which had to be worked out and which had not yet been tackled. The Europeans hoped to do so in conjunction with the countries in the area. This was what the European initiative was all about. They would have to have the active support of the United States. Like it or not only the United States could bring sufficient pressure to bear on Israel. Shaikh Khalifa said that he fully endorsed and indeed welcomed the liaison with the United States in the search for a solution. ~~Shaikh Khalifa said that~~ the Palestinian problem was not only an Arabic one, it was an Islamic one. For Mr. Begin to say that Jerusalem was the eternal capital of Israel was the cause of injury to the whole Islamic world. The Prime Minister said that the future status of Jerusalem was undetermined. As for Mr. Begin, he was part of the problem. There was no hope of getting very far while he was in office. He was impossible to deal with. Shaikh Khalifa said that Mr. Begin was to the Jews what Khomeini was to the Shi'as. It was clearly necessary to wait for the Israeli elections. The Prime Minister said that once the Israeli elections and the impending European election were out of the way, there would be two years in which to make real progress towards a solution. Not a day must be wasted. It was a unique opportunity

and must not be missed.

RDF

The Prime Minister raised the question of the Rapid Deployment Force. The world was in a period of great uncertainty. No-one knew where trouble might break out next. If the countries concerned were to ask the United States or the United Kingdom for help, we should like to be in a position to respond quickly and with properly trained troops. It would be too late if we had to wait to start preparations until trouble had occurred. To create a force and to earmark (not station) the troops would be good contingency planning. The UK was already doing this on a small scale. It would sometimes be better to have the assistance of a power like the UK rather than of a super power. If the US were to go ahead with their own idea, Britain would make a modest contribution. In the brief discussion which ensued, it was noted that the Arab phrase being used was "rapid intervention force". It was agreed that a much more appropriate Arabic phrase would be "rapid assistance force".

Bilateral Issues : Defence

The Prime Minister said that Britain was very anxious to supply Rapier to Qatar. It was a unique air defence system which had already been sold to the United States and Switzerland. She knew that there had been concern in the past about the price and delivery time of British equipment. This concern had extended of course beyond Rapier. However, because of the policies of the British Government, British industry was not getting ever more competitive and ever more prompt in its delivery. (Shaikh Khalifa indicated that he was aware of this.) Some equipment was now being delivered ahead of time. Where there were major overseas contracts, the Government would regard them as being effectively Government to Government. The Prime Minister intended to take a personal interest. Substantial difficulties or complaints would be dealt with by her office.

/The Prime Minister

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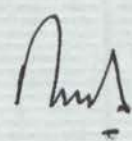
The Prime Minister said that the North West Dome seemed to her to be the most exciting gas development project in the world. She knew that the Qatar Government had turned to the World Bank for a technical assessment of the problems. This was a good idea. She did not of course know what the outcome would be but she wanted to "speak up for" BP. They had a uniquely wide range of experience ranging from Alaska through the North Sea to Abu Dhabi. All their projects had been successful. The British oil industry's experience in offshore development was enormous. We had gone from scratch to self-sufficiency in the North Sea in 12 years. BP would not let the Qatar Government down. Moreover, the British Government would keep a close and continuing eye on their work. The Government, after all, held 40% of the company's shares.

Shaikh Khalifa asked the Prime Minister for her evaluation of the prospects for the price of gas. The Prime Minister said that she expected the price of gas to come up to that of oil. They were basically equivalent forms of energy and a price gap could not continue indefinitely - except perhaps where gas was being used as a chemical feedstock. Shaikh Khalifa said that he agreed.

The Prime Minister said that, finally, she would like to mention for the record that we had high hopes of getting the contract for the construction of the Ras Laffan Power Station. Our record in power station construction was also very good.

The meeting ended at 1115 hours, and was followed by a short tête-à-tête between the Prime Minister and Shaikh Khalifa.

25 April 1981



CONFIDENTIAL

24/4/87

File No.
 Department
 Drafted by *C.F.W. HUMFREY*
 (Block Capitals)
 Tel. Extn.

OUTWARD

TELEGRAM

Security Classification	
CONFIDENTIAL	
Precedence	
IMMEDIATE	
DESKBY	Z

FOR COMMS. DEPT. USE	Despatched	(Date)	POSTBY
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PREAMBLE

(Time of Origin) Z (G.M.T.) (Restrictive Prefix)
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TO **IMMEDIATE** **FCO** Tel. No. of
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AND SAVING TO *ZAWAWI*
 REPEATED TO (for info) **ROUTINE: ~~FCO~~ ABU DHABI**

SAVING TO (for info)

Distribution:-

[TEXT]

Following from Humfrey, PS/Mr. Hurd.

Prime Minister's Visit: UK/Oman Relations

1. At a separate meeting with Mr. Hurd on 23 April, the Omani Minister of State for Foreign Affairs formally proposed that a joint UK/Oman Economic Commission should be established. Zawawi suggested that this should be comparable to the UK/UAE Joint Committee. But when he developed the idea it was clear that the Omanis envisaged a Commission more like that which they now have with the US aimed at assisting Oman with its economic development.
2. Mr. Hurd said that there was a limit to the amount of technical cooperation which the UK could provide. He agreed, nevertheless, to give the idea favourable consideration and after consulting the Prime Minister the Omanis have been told that we can agree to the idea in principle.
3. Mr. Hurd has undertaken that we will ~~be~~ draft / possible

Copies to:-

possible terms of reference for such a Commission. We have deliberately left the details vague but suggested that there might be a main Ministerial Committee which could have smaller sub groups that met more often, and that as far as the terms of reference were concerned these might be wider than the Omanis had appeared to suggest and could include a defence dimension. (The defence dimension was seen as providing a forum in which potential bilateral problems, for example Omani concerns about credit and LSP, could be ~~covered~~ ^{aired} at an early opportunity.)

Meeting annually

[AIRED]

4. The British press have been briefed as follows - that the Omanis had raised with us the desirability of holding annual meetings mainly for economic collaboration and that the Prime Minister had agreed to this.

[Handwritten scribbles]

[Handwritten signature]
28/4

MESSAGE ENDS

NOTHING TO BE WRITTEN IN THIS MARGIN

CONFIDENTIAL

FM SALALAH 240600Z APRIL 81
TO PRIORITY F C O
TELEGRAM NUMBER 3 OF 24 APRIL
AND TO PRIORITY ABU DHABI BONN
INFO WASHINGTON.

PRIME MINISTER'S VISIT TO OMAN.

THE PRIME MINISTER HAD A MEETING WITH THE SULTAN ON 23 APRIL LASTING ABOUT ONE AND THREE QUARTER HOURS. QAIS ZAWAWI, YUSU ALAWI, SALIM GHAZZALI AND THE OMANI AMBASSADOR IN LONDON WERE PRESENT.

2. THE DISCUSSION RANGED WIDELY. IT TOUCHED ON NUMEROUS REGIONAL PROBLEMS, THE ARAB/ISRAEL DISPUTE, TORNADO AND THE RE-ORGANISATION OF COMMAND IN THE OMANI ARMED FORCES.

3. SPEAKING OF THE PDRY, THE SULTAN SAID THAT EARLIER SIGNS THAT THE POLICY OF THE REGIME WAS MODERATING HAD NOT BEEN BORNE OUT. THE POLICY OF THE PRESENT REGIME WAS IF ANYTHING MORE HARD LINE THAN THAT OF ITS PREDECESSOR. THE RECENT KUWAITI ATTEMPT TO MEDIATE OVER THE BORDER DISPUTE BETWEEN OMAN AND THE PDRY HAD GOT NOWHERE. THE SITUATION IN THE YAR WAS ALSO A CAUSE FOR CONCERN. RELATIONS BETWEEN THE YAR AND THE SAUDI GOVERNMENT WERE UNSATISFACTORY. THE TRIBAL SITUATION WAS NOT UNDER CONTROL.

4. RANGING FURTHER AFIELD, THE SULTAN COMMENTED ON THE POSSIBILITY THAT PAKISTAN AND LIBYA WOULD BECOME NUCLEAR POWERS. HE SAID THAT OTRAG WERE TESTING ROCKETS IN LIBYA WHICH WOULD GIVE THE LIBYAN GOVERNMENT THE ABILITY TO STRIKE AT, EG KHARTOUM. THE PRIME MINISTER AND THE SULTAN AGREED THAT THE IRAN/IRAQ WAR SEEMED TO BE IN STALEMATE. THE DANGER WAS THAT IF THINGS WENT BADLY FOR IRAN, THE SOVIET UNION COULD PROFIT THROUGH THE TUDEH PARTY.

5. SPEAKING OF GULF COOPERATION, THE SULTAN SAID THAT MANY OF OMAN'S ARAB PARTNERS, IN PARTICULAR THE KUWAITIS, SEEMED NOT TO TAKE THE SOVIET THREAT SERIOUSLY. HE COULD NOT UNDERSTAND WHETHER THEY REALLY BELIEVED THAT THERE WAS NO THREAT OR WHETHER THEY SIMPLY PREFERRED NOT TO THINK ABOUT IT. THE SAUDIS TOOK A DIFFERENT VIEW, AND, WHATEVER THEY MIGHT SAY IN PUBLIC, REGRETTED THE LACK OF ACTION BY THE UNITED STATES AND EUROPE. THE PRIME MINISTER SAID SHE THOUGHT THE NEW U S ADMINISTRATION WOULD CHANGE THINGS IN THIS RESPECT.

6. THE PRIME MINISTER ARGUED THAT OVERALL, ONE SHOULD NOT BE TOO PESSIMISTIC. THE SOVIET UNION HAD REASONS OF ITS OWN FOR CONCERN, EG POLAND, AFGHANISTAN AND CHINA. MRS GANDHI HAD ARGUED THAT THE RUSSIANS HAD GONE INTO AFGHANISTAN BECAUSE OF CONCERN ABOUT THE MUSLIM POPULATION IN THUER OWN CENTRAL ASIAN REPUBLICS.

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7. ON THE ARAB/ISRAEL DISPUTE, THE SULTAN SAID THAT OMAN CONSIDERED THE PROBLEM IMPORTANT. IT HAD TO BE SOLVED, BUT IT WAS NOT THE KEY TO THE SOLUTION OF ALL THE OTHER PROBLEMS IN THE AREA. HE AGREED WITH THE PRIME MINISTER THAT IT COULD NOT BE SOLVED WITHOUT THE INFLUENCE OF THE UNITED STATES. BUT HE ALSO BELIEVED THAT THE ARABS HAD NOT BEEN PUTTING ENOUGH PRESSURE ON THE PALESTINIANS. HE DOUBTED WHETHER THE PALESTINIANS AS A WHOLE REALLY WANTED THE PLO AS THEIR SOLE REPRESENTATIVES OR INDEED WHETHER THE PALESTINIANS AS A WHOLE REALLY WANTED A SOLUTION TO THE PROBLEM AT ALL. MANY PALESTINIANS WOULD BE RELUCTANT TO LEAVE THEIR PRESENT POSITIONS FOR THE HARDSHIPS OF THE WEST BANK. THE PRIME MINISTER NOTED THAT THE PLO'S TERRORIST RECORD WAS A OBSTACLE TO DEALING WITH THEM. THE SULTAN AGREED AND SAID THAT THERE WAS NO PLO OFFICE IN OMAN.

8. THE SULTAN SAID THAT HE WAS WORRIED BY THE SITUATION IN THE UAE WHERE THERE WERE SO MANY FOREIGNERS INCLUDING PALESTINIANS. ASKED ABOUT MUSANDAM, HE SAID THAT THE SHIHU HAD THEIR UPS AND DOWNS. BUT THEY WERE REASONABLY ALRIGHT, FOR THE MOMENT, ALTHOUGH UNHAPPY ABOUT THE BORDER SETTLEMENT WITH RAS AL KHAIMAH.

9. THE SULTAN SAID THAT HE WAS REORGANISING THE SERVICES COMMAND STRUCTURE, AND HE WOULD LIKE GENERAL CREASEY TO TAKE CHARGE. THE PRIME MINISTER SAID THAT IF THE SULTAN WISHED GENERAL CREASEY TO SERVE HIM, OUR CONSENT WOULD BE FORTHCOMING.

10. THE PRIME MINISTER THANKED THE SULTAN FOR HIS HELP WITH HIS FELLOW ARAB LEADERS OVER THE TORNADO. THE SULTAN SAID THAT HE HAD BEEN GETTING WORRIED ABOUT THE TREND OF GIVING EVERYTHING TO THE FRENCH. HE BELIEVED IN NOT BECOMING DEPENDENT ON ONE SUPPLIER, MOREOVER WITH AIRCRAFT THERE WAS ALSO A LANGUAGE PROBLEM. SOME PEOPLE SAID THAT THE BRITISH WERE SLOW IN COMMERCIAL MATTERS : THIS HAD BEEN TRUE, BUT HE DID NOT BELIEVE IT WAS TRUE NOW. WHAT WAS NEEDED, HOWEVER, WAS A QUICK REACTION AND GOOD TERMS OF PAYMENT.

11. THE PRIME MINISTER WILL BE HAVING A FURTHER DISCUSSION WITH THE SULTAN TO-DAY.

FCO PLEASE PASS TO ALL.

(REPEATED AS REQUESTED)

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THIS TELEGRAM
WAS
REPEATED

SUBJECT

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cc Master

POINTS RAISED IN A TETE-A-TETE DISCUSSION BETWEEN THE PRIME MINISTER AND SULTAN QABOOS OF OMAN ON 24 APRIL 1981

The following points came up in the Prime Minister's discussion with Sultan Qaboos and will need to be followed up:-

- (a) Charges for Loan Service Personnel. The Sultan argued, and the Prime Minister agreed, that these charges are excessive and that some way should be found to reduce them.
- (b) Aid for Oman. The Sultan argued, and the Prime Minister agreed, that the reduction in our aid to Oman indicated a lack of confidence in the country. The Prime Minister would wish the reduction to be reviewed.
- (c) Oman University. The Sultan is anxious that the new university should be oriented to producing students with practical skills. He believes it should concentrate on science and technology. The Prime Minister considers that those advising the Omanis should bear in mind examples such as Cranfield, the School of Mines at Durham and Herriot Watt, rather than Oxford or Cambridge.
- (d) Credit. The Prime Minister wishes the question of the establishment of a new line of credit with Oman to be followed up. The Sultan attaches importance to this.

Amr

27 April 1981

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SECRET

FM FCO 231437Z APR 81

TO IMMEDIATE SALALAH

TELEGRAM NUMBER 6 OF 23 APRIL

INFO IMMEDIATE WASHINGTON PRIORITY UKDEL NATO BONN PARIS

FOLLOWING FOR ALEXANDER PRIME MINISTER'S PARTY.

US GRAIN EMBARGO

FOLLOWING IS THE TEXT OF A LETTER FROM HAIG TO FOREIGN SECRETARY RECEIVED LATE LAST NIGHT.

BEGINS:

"I WANT YOU TO KNOW THAT THE PRESIDENT WILL ANNOUNCE IN THE NEAR FUTURE HIS DECISION TO LIFT THE PARTIAL GRAIN EMBARGO AGAINST THE SOVIET UNION. AS I KNOW YOU WILL UNDERSTAND THIS DECISION HAS NOT COME EASILY TO THE PRESIDENT WHO REALISES FULL WELL ITS IMPLICATIONS FOR OUR CLOSEST ALLIES. HE HAS THEREFORE PERSONALLY ASKED ME TO SEE THAT YOU AND THROUGH YOU THE PRIME MINISTER ARE THE FIRST TO BE INFORMED OF HIS DECISION AND THE REASONS FOR IT.

THE PRESIDENT HAS LONG BEEN OPPOSED TO THE GRAIN EMBARGO WHICH HE BELIEVES HAS IMPOSED UNEQUAL AND THEREFORE UNFAIR SACRIFICE ON ONE SECTOR OF THE AMERICAN ECONOMY. HE CAMPAIGNED AGAINST THE EMBARGO HE MADE A FIRM COMMITMENT TO THE AMERICAN PEOPLE TO REMOVE IT. NEVERTHELESS FOLLOWING HIS INAUGURATION THE PRESIDENT RECOGNISED THE SUBSTANTIAL FOREIGN POLICY CONSIDERATIONS THAT MILITATED AGAINST LIFTING OF THE EMBARGO. HE HAS FIRMLY AND COURAGEOUSLY STOOD AGAINST THE POLITICAL FORCES WITHIN THIS COUNTRY THAT HAVE SOUGHT FROM THE MOMENT HE TOOK OFFICE A REVERSAL OF PRESIDENT CARTER'S EMBARGO DECISION.

IN ALL FRANKNESS PETER THOSE FORCES HAVE NOW BECOME SO STRONG THAT THE PRESIDENT FEELS HE CAN NO LONGER SUSTAIN HIS POSITION. TO MAINTAIN THE EMBARGO NOW WOULD SERIOUSLY JEOPARDISE AFFIRMATIVE CONGRESSIONAL ACTION ON HIS ECONOMIC PROGRAMME IN GENERAL AND HIS FARM BILL IN PARTICULAR. THE PRICE IN TERMS OF THE ABILITY OF THIS ADMINISTRATION TO RE-ESTABLISH A HEALTHY AND PRODUCTIVE NATION IS TOO MUCH TO PAY. THUS ALBEIT RELUCTANTLY THE PRESIDENT HAD DETERMINED THAT HE MUST ACT NOW IF HE IS TO CARRY FORWARD THE DOMESTIC REFORM PROGRAMMES THAT ARE SO IMPORTANT TO US AND IN THE LAST ANALYSIS OUR ALLIES.

LET ME EMPHASISIE THAT THE LIFTING OF THE EMBARGO DOES NOT INDICATE ANY CHANGE IN US POLICY VIS-A-VIS THE USSR OR US ACCEPTANCE OF THE STATUE QUO IN AFGHANISTAN. THE UNITED STATES REMAINS DETERMINED TO RESIST SOVIET AGGRESSION WHEREVER IT OCCURS. WE WILL CONTINUE TO WORK FOR A POLITICAL SETTLEMENT IN AFGHANISTAN WHICH INCLUDES THE WITHDRAWAL OF SOVIET TROOPS.

WE WILL CONTINUE TO SCRUTINISE ALL OUR COMMERCIAL TIES WITH THE SOVIET UNION CAREFULLY WE OF COURSE URGE OUR ALLIES TO DO THE SAME. NOR DOES OUR ACTION ON THE GRAINS EMBARGO AFFECT OUR BELIEF THAT POLAND CONTINGENCY PLANNING IS VITAL TO ENABLE THE WEST TO TAKE CONCERTED ACTION IF THE SOVIETS SHOULD INTERVENE IN POLAND.

IN THAT REGARD LET ME ALSO ASSURE YOU THAT SHOULD THE SOVIETS INTERVENE MILITARILY IN POLAND WE WILL TAKE THE MOST STRINGENT MEASURES TO LIMIT ECONOMIC RELATIONS BETWEEN THE UNITED STATES AND THE USSR THESE MEASURE WILL NOT BE RESTRICTED TO THE AGRICULTURAL SECTOR ALONE.

FINALLY PETER YOU SHOULD KNOW THAT THE PRESIDENT AND I HAVE APPRECIATED THE FIRM SUPPORT WE HAVE RECEIVED FROM YOU AND THE PRIME MINISTER ON THE ISSUE OF TRADE WITH THE SOVIETS OVER THE PAST SEVERAL MONTHS. YOU HAVE OUR GRATITUDE I HOPE WE HAVE YOUR UNDERSTANDING FOR THE REASON THAT LED THE PRESIDENT TO THIS DIFFICULT DECISION."

ENDS

CARRINGTON

MOT

CONFIDENTIAL

FM DOHA 230918Z APR 81
TO IMMEDIATE SALALAH
TELEGRAM NUMBER 001 OF 23 APRIL
INFO FCO (MED) AND MODUK (DEFENCE SALES)

GRATEFUL IF FOLLOWING COULD BE PASSED TO PRIVATE SECRETARY TO PM.
UP-DATING ON BRIEFS FOR QATAR.

1. FOLLOWING IS LATEST SITUATION ON OUR MAIN PREOCCUPATIONS:

- (A) RAPIER. BAE HAVE PUT IN A REVISED OFFER, FOR £69.5 MILLION FOR ONE BATTERY. NEGOTIATIONS WILL RESUME IN A WEEK'S TIME. I HAVE EXPRESSED SOME CHAGRIN TO THE AMIR'S CHEF DE CABINET AT GHQ'S ENQUIRY FOR ONLY ONE BATTERY, AND THEIR CONSTANT HAGGLING OVER PRICE. I WAS REASSURED THAT QUOTE IT WOULD BE ALL RIGHT - YOU WILL SEE UNQUOTE. BAE CAN POSSIBLY REDUCE A LITTLE FURTHER: HM GOVERNMENT WILL HAVE TO APPROVE THEIR FINAL PRICE AS QUOTE FAIR AND REASONABLE UNQUOTE.
- (B) NEW AIR BASE. IMS HAVE BEEN CALLED FOR CONSULTATIONS ON 25 APRIL, FOR INITIAL DISCUSSIONS ON THEIR PREQUALIFICATION BID FOR THE MAIN CONSULTANCY.
- (C) NORTH-WEST DOME ETC. THE SITUATION HAS SLIPPED: THE BALL IS BACK IN THE QATAR GOVERNMENT'S COURT, WITH AN OFFER FROM THE WORLD BANK (AS REQUESTED BY THE QATAR GOVT.) TO UNDERTAKE A FEASIBILITY STUDY. IN THE MEANTIME, BP HAVE HAD GOOD DISCUSSIONS WITH THE QATAR PETROLEUM CORPORATION, AND THINK THEY HAVE A GOOD CHANCE OF TAKING THE CONTRACT AS OPERATORS FOR OIL PRODUCTION HERE. THIS WOULD HELP ESTABLISH THEM FOR THE DOME CONSULTANCY.
- (D) RAS LAFFAN POWER STATION. EWBANKS HAVE NOW BEEN RULED OUT, AND KENNEDY AND DONKIN HAVE GOOD DISCUSSIONS AS POSSIBLE CONTENDERS. NEGOTIATIONS ARE CONTINUING OVER THE PERIOD OF THE PM'S VISIT, WHICH WILL BE HELPFUL TO K AND D. A DECISION SHOULD BE MADE BY THE END OF THIS MONTH.

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SUBJECT

cc Master

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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND SULTAN QABOOS OF OMAN IN SALALAH ON 23 APRIL 1981 AT NOON

Present:

Prime Minister	HM Qaboos Bin Said, Sultan of Oman
The Hon. Douglas Hurd	HE Qais Abdul Mun'im Al-Zawawi, MFA
HE The Hon. Ivor Lucas	Yusuf Alawi, U/Sec, MFA
Sir John Graham	Salim Abdullah Al Ghazzali, U/Sec, MOD
Sir Ronald Ellis	HE Malallah Babib, Ambassador in London
Mr. M.O'D.B. Alexander	

After an exchange of courtesies, the Prime Minister said that she was glad to have been able to come to Oman at this time. A dangerous period lay ahead and it would be very helpful to her to be able to talk about issues of mutual interest.

PDRY

In response to a question from the Prime Minister, Sultan Qaboos said that he had hoped at one stage that anti-Soviet sentiment was gaining ground in the PDRY. Since the assassination of the last President, the regime had appeared less hard-line. There had been more talks with neighbouring states and more visits. But in fact nothing had changed. The concentration of Soviet experts in the country and their influence, particularly on security matters, was increasing. The Soviet naval presence had been enlarged.

The new regime had recently begun to "hot things up" on the border with Oman. Omani troops and transport aircraft had been shot at with small arms. An Omani patrol had been fired on from a border fort. The Government of the PDRY had accused Oman in the Arab League of being the aggressors. The Government of Oman in reply had told the Arab League the facts and had underlined that they were restraining themselves.

The Government of Kuwait had sent a mission to attempt mediation. On its visit to the PDRY the mission had received nothing but complaints about Oman. The Omani Government on the other hand had said that any positive sign from the PDRY would meet with a similar response from Oman. Oman did not want war.

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It had been pursuing peace since 1970 but the PDRY had rejected all approaches. They preferred to back the so-called Liberation Front.

Sultan Qaboos said that he had suggested to Saudi Arabia that they should allow those South Yemenis who were opposed to the PDRY regime to have their heads. However the Saudi Arabians had refused to let the opposition do anything. As a result the PDRY felt secure. They were able to initiate trouble without any fear of retaliation. The Prime Minister commented that it was strange that the PDRY seemed able to get arms from the Soviet Union and money from other Gulf States. Sultan Qaboos confirmed that they were getting money from, among others, Kuwait and the UAE.

YAR

Sultan Qaboos commented that there was a dangerous situation in the YAR. The tribal situation there was not under control. The Prime Minister said that King Khalid thought the situation was more stable than a year or two ago. Nonetheless he had been worried by the recent decision of the Government of the YAR to purchase arms from the Soviet Union. The Minister of State explained the background to this decision and referred to the difficulties the American Government had anticipated in getting the necessary legislation to finance arms purchases by the YAR to the US Congress. Sultan Qaboos said that the problem was not the supply of arms but the ability to use them. In the YAR nothing worked and nothing was serviced. This did not prevent the YAR Government from complaining about Saudi Arabia. They claimed that the Saudi Government gave money to the tribes as well as to the central government. If they would restrict their money to the central government things would be much better. As it was the tribes had their own arms and their own customs' regimes. Five hundred Toyota cars had recently been exported from Oman to the YAR. Each had been full of cigarettes. They had however only paid tribal customs' duties of 5% as opposed to the central government's duties of 40%. The last three Presidents of the YAR had all felt that the Saudi Government oppressed them and did not deal with them on an equal footing. The Government

/of the

of the YAR wanted to be able to talk with the United States and with other Western countries directly rather than through Saudi Arabia.

The Prime Minister said she was aware of the resentment described by Sultan Qaboos and thought it important that something should be done. The Minister of State said that he had been in the YAR a year previously and fully agreed with the analysis made by Sultan Qaboos. We were thinking of doing something to help in the naval field. (Sultan Qaboos said that he had recommended the YAR to turn to the British.) The Prime Minister said that she thought Yemeni resentment would always be an obstacle to rapprochement with the Saudis. Sultan Qaboos said, through intermediaries, had tried to get Crown Prince Fahd to change his position. The Crown Prince however had denied the existence of any problem. The Prime Minister said that she had had the impression during the talks in Riyadh that the Saudis did not really understand the problem in North Yemen. But did Sultan Qaboos think that Yemeni claims were justified? Sultan Qaboos said in respect they were. In the Saudi Government Prince Sultan rather than Prince Saud was responsible for relations with the YAR. The YAR found themselves dealing with several authorities rather than with one. The Minister of State commented that the YAR was not in fact treated by the Saudi Government as a foreign state.

Sultan Qaboos said that another problem was that the present President of the YAR had suspected the Saudis of trying to get rid of him. For the moment, however, he seemed more relaxed. More generally, it would obviously be very dangerous if Sana'a were to become a Communist capital alongside Aden. The Prime Minister agreed. This must not happen. She wondered whether the problem would be discussed at the Gulf Cooperation Summit. Sultan Qaboos indicated that he was doubtful.

In the course of a summary of regional problems, Sultan Qaboos mentioned the manufacture in Libya of rockets by the German

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company OTRAG. Sir John Graham described the background. The possibility of the introduction of nuclear weapons into the area was also referred to. Sultan Qaboos said that he thought there had been contact between Libya and Pakistan about this, and The Prime Minister expressed concern about nuclear proliferation. Sultan Qaboos said that the control of the supply of nuclear reactors by the West had been too lax. More and more small countries were getting a nuclear capability.

Iran/Iraq War

Sultan Qaboos said that the war between Iran and Iraq seemed to have reached a stalemate. Iraq would find it very difficult to give up the Shatt al Arab now. The war seemed to have been intensified in the last couple of days. According to newspaper reports, 300 troops had been killed.

The Prime Minister asked whether the summit conference on cooperation in the Gulf would deal with this question. Were they likely to make any progress in coordinating their response to the Soviet threat. Sultan Qaboos said he found it difficult to understand the complacency of some of his friends in the Gulf. He could not make out whether they believed their own propaganda, or did not want to think about the dangers. Some of them were inclined to argue that there was no threat, or that the United States were exploiting it for their own benefit. In any case, it was going to take some time to push through any agreement. But the Saudis had the right ideas. At times they got just as frustrated as he did about the lack of action. The Prime Minister said that she expected that there would be new purpose, direction and leadership from President Reagan's Administration. Moreover, she was confident they would consult with other countries in the Middle East: for example, about the Arab/Israel dispute (on which no progress could be expected before the Israeli elections).

The Prime Minister said she was concerned about the Tudeh Party in Iran. Sultan Qaboos said that as long as Khomeini was alive, nothing much would happen. President Bani Sadr was maintaining the support of the Army at present. In the event of a Communist takeover

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in Iran, it was to be expected that Iraq would seize Khuzistan. The Prime Minister, agreeing, said that the accumulation of problems made this period the most dangerous that she had known. It was important that countries should keep up their defences and remain close to their allies. It was also necessary to keep in mind the threat from subversion. Sultan Qaboos said that the Omani Government was very much on their guard against subversion. He thought it was quite wrong that subversion was treated as a domestic issue. It was usually externally stimulated, financed and armed. Thanks to the British Government, the Omani Government was better placed than most. But the external origin of most subversion should be more widely recognised.

The Prime Minister said that it was possible to be too pessimistic about the global situation. There had been positive developments. There was Poland. The developments there represented potentially the most serious situation that the Communist countries had ever faced. The Soviet intervention in Afghanistan, according to Mrs. Gandhi, had been stimulated by Soviet concern about the situation in the Central Asian Republics. China's hostility to the Soviet Union was well known. The Soviet Union had encountered a number of reverses in the Caribbean Islands in recent months. The Cubans were highly unpopular in Angola.

Arab/Israel

Sultan Qaboos said that the ^{Palestinians} Palestinian issue was a problem which had to be solved. The / right to determine their own future was incontrovertible. But the Arab/Israel dispute was not the only problem the region faced. Nor had the Arabs put enough pressure on the Palestinians. They were reluctant to accept that Israel was here to stay. The Palestinians must be persuaded to drop the reference to the elimination of Israel from their Covenant. In turn, the Israelis should agree to changes in Resolution 242. These two policy changes must happen at the same time. The West Bank should be returned to Jordan.

/ Sultan

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Sultan Qaboos said that he was by no means convinced that all Palestinians wanted to have the PLO as their sole representatives. In his view, the Palestinian people as a whole should have more say in who represented them. He also doubted whether all the Palestinians in fact wanted the dispute settled. Many Palestinians who had settled in other countries and done well there had no desire to return to the West Bank "to dig the ground". The Prime Minister said she had tackled her interlocutors earlier in her tour on the same question. She had encountered a reluctance to face up to it. She also wondered whether an organisation that had indulged in terrorism would find it easy to give/^{it}up. HMG did not and would not recognise the PLO, although we had some low level contacts with it. Sultan Qaboos said that his Government would not recognise the PLO either.

The Prime Minister said that the object of the work being done by the Europeans was to set out to investigate the issues. Should the views of the inhabitants of the West Bank be established by a referendum or in some other way? Who should vote and what on? In response to the latter point, Sultan Qaboos said that all Palestinians wherever they are, should vote. His own view was similar to Egypt's. One objective should be taken at a time. The important thing was to start down the road.

Referring to the Sultan's comment that the Arabs had not put enough pressure on the Palestinians, the Minister of State asked whether it was realistic to expect such pressure to be exercised in the future. Sultan Qaboos said that he did not think it likely. The only people in a position to put pressure on the PLO were the Syrians. They did not at present seem likely to do so. There was not much hope of action from other Arab Governments. The Prime Minister said that she had attempted to argue the case during discussions earlier in her tour. She had argued, for example, in Riyadh that the Palestinians had to be brought to accept Israel's right to exist. Prince Sultan had replied that they had already done so by implication, for example, in asking for a return to the pre-1967 boundaries. This meant that the 1967 boundaries were accepted. The Prime Minister said that she had also argued that there could be no Ministerial

/ contacts

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contacts with the PLO because of their terrorist activity. Her hosts in Riyadh had replied that they did not recognise the terrorist aspects of the PLO's activities, but only their political aspects. Sultan Qaboos said the PLO would never be recognised in Oman. The Palestinians were a source of danger to the Gulf States. They were present in great numbers and growing. The Prime Minister said she had the impression from some of the younger people she had met in the UAE that the Palestinian problem was of great concern to them.

Musandam

The Prime Minister asked about the situation in Musandam. Sultan Qaboos said that the Shihu had their ups and downs. They were, however, reasonably content for the moment, although not altogether happy with the border settlement recently negotiated with Ras al Khaimah. The development prospects for the area were good. There was bound to be occasional trouble with the tribes, but this would be nothing serious.

Omani Command Structure

Sultan Qaboos said there was one thing he wished to raise with the Prime Minister. He was reorganising the Services Command structure in Oman. He attached importance to having General Creasey come to work in Oman. General Creasey had asked him to mention the matter to the Prime Minister. The Prime Minister said that if the Sultan wished to have General Creasey, he could be sure that the General would be made available.

Arms Supplies

The Prime Minister thanked the Sultan for his help with fellow Arab leaders over Tornado. It was a very good aircraft. It was important to keep the option of its purchase open. Sultan Qaboos said that he had been worried about the tendency to give everything to the French. No one country should have a monopoly of supply in this part of the world. Moreover, there was a language problem in that aircraft manuals were all in English, and pilots had been trained in English.

/ Sultan Qaboos

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Sultan Qaboos said that he had a general word of advice to offer. People were inclined to think that the British were slow in commercial matters, and took a long time. The French on the other hand were very good at attracting people (the Sultan made it clear that he was thinking, inter alia, that the French were good at buying favour). Britain must be prepared to react quickly, to deploy better publicity and propaganda, to improve delivery times, to offer good terms of credit, and in general to pay attention to the smaller points. The Prime Minister said that she thought that things were getting better. The Sultan would find that British firms were increasingly competitive.

The meeting ended at 1350.

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24 April 1981

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SUMMARY RECORD OF AN INFORMAL TALK BETWEEN MR. HURD AND QAIS ZAWAWI,
OMANI MINISTER OF STATE FOR FOREIGN AFFAIRS IN SALALAH ON THE
EVENING OF 23 APRIL 1981

Over a quiet drink in Brigadier Landon's house in Salalah at which Sir Ronald Ellis and Brigadier Landon were also present, Zawawi told Mr. Hurd informally more details of Oman's relations with the other states of the Gulf Cooperation Council. He said that at the recent Gulf Foreign Ministers Conference in Muscat, the Kuwaitis had put pressure on Oman to reduce its cooperation with the US and to join the Arab Front against Camp David. Zawawi had told the Kuwaitis that this was absurd at a time when the PDRY was becoming a Soviet base and was deeply hostile to Oman. The Kuwaitis then said that they were willing to put economic and political pressure on the PDRY to normalise its relations with Oman and asked whether if they did so Oman would comply with their two requests above. Zawawi had said that at that stage Oman would consult its friends, including the US but that the first priority was to get the PDRY to change its ways. Prince Saud had interjected helpfully at this point to say that the Arabs had been slow to recognise Oman's difficulties and should show greater sympathy for its position. It had been agreed that the Kuwaiti Foreign Minister and Rashid Abdullah, UAE Minister of State for Foreign Affairs, should carry out a mission to the PDRY (this has now taken place) and that Oman would prepare a paper for the next Gulf Cooperation meeting of Foreign Ministers analysing the threat from the PDRY.

On Palestine, Zawawi said that he had received a message from Prince Saud urging him to put pressure on the UK about this question during Mrs Thatcher's visit. But the Sultan was not willing to do this because he had a different analysis of the Palestinian problem, as he had explained to Mrs Thatcher. Zawawi was gloomy about the prospects for progress on the Arab/Israel dispute because of the Syrian veto on the PLO and because Saudi Arabia would not use its financial muscle to put pressure on the extremists.

Mr. Hurd asked Zawawi about his attempt to bring about a reconciliation between Egypt and Saudi Arabia which he had described during Mr. Hurd's visit to Oman in February. Zawawi said that this was in cold storage. President Sadat had forbidden Egyptian Ministers to talk to the Saudis and was insisting that the Saudis had to make the first move towards any reconciliation. President Sadat believed that although there was room for differences over tactics, the strategy which he was following was one that all the moderate Arabs had agreed before his visit to Jerusalem. But the Saudis were not inclined to make the first public move towards Egypt. Some of them,

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/ including

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including Prince Sultan, indeed felt a good deal of personal rancour towards President Sadat.

In general Zawawi said that he would go on emphasising Oman's right to pursue her own policies despite her membership of the Gulf Cooperation. He did not think there would be any Gulf pact soon formalising cooperation in foreign policy or defence. Probably they would negotiate a series of bilateral agreements with each other in this field. (He is obviously influenced by what he has heard from the Indonesians about ASEAN, which he believes took a long time to develop but is now robust and useful.)

Grilo

24 April 1981

CONFIDENTIAL

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CONFIDENTIAL

DESKBY 231200Z

FM DOT 231056Z APR 81

TO IMMEDIATE JEDDA (PSE PASS RIYADH) (FOR HOC/OR CS)

TELEGRAM NO CRED A 34 OF 23 APR

AND TO IMMEDIATE PARIS SALALAH (FOR LANKESTER, PS/PRIME MINISTER)

ARABSAT

1. YOUR TELNO 12 OF 21 APRIL. ECGD HAVE RECONSIDERED BAE'S REQUEST THAT THE TERMS OF TTC COVER BE AMENDED BY REPLACING THE EXISTING EXCHANGE RATE SCHEDULE WITH ONE BASED ON CURRENT RATES. MINISTERS HAVE NOW AGREED THAT THIS CONCESSION SHOULD (SHOULD) EXCEPTIONALLY BE OFFERED, ALTHOUGH IN NORMAL CIRCUMSTANCES THE CASE WOULD BE UNATTRACTIVE.

2. PLEASE INFORM BAE REPRESENTATIVE SOONEST.

NNNN

TDWGCO

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FM FCO 231100Z APR 1981

TO IMMEDIATE SALALAH

TELEGRAM NUMBER 3 OF 23 APRIL

AND TO IMMEDIATE DOHA, BONN.

FOLLOWING FOR PRIME MINISTER'S PARTY.

FCO TELNO 130 TO ABU DHABI: PROPOSED MESSAGE FROM PRIME MINISTER TO HERR SCHMIDT.

1. GERMAN EMBASSY HAVE NOW INDEPENDENTLY APPROACHED US ABOUT DESIRABILITY OF MESSAGE, WITH SPECIAL REFERENCE TO TORNADO AND SAUDI ENERGY POLICY. HOWEVER SIR J TAYLOR HAS NOW CARRIED OUT THE INSTRUCTIONS ON TORNADO IN ABU DHABI TELNO 137, IN ADDITION TO DELIVERING THE LETTER ON THIS AOPROVED BY THE PRIME MINISTER. ANY FURTHER SUBSTANTIVE MESSAGE ON TORNADO WOULD CLEARLY RISK CONFUSING THE GERMANS, SO ANY MENTION OF IT IN THE PRIME MINISTER'S NEW MESSAGE SHOULD IDEALLY JUST REFER TO THE TWO EARLIER COMMUNICATIONS.

CARRINGTON

NNNN

I submit a draft

JAD Graham
23/4.

File No.

Department

Drafted by
(Block Capitals)

Tel. Extn.

OUTWARD
TELEGRAM

Security Classification
CONFIDENTIAL
Precedence
IMMEDIATE
DESKBY 24 1600 Z

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

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

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

(Codeword) (Deskby) Z

TO IMMEDIATE FCO Tel. No. of

(precedence) (post)

AND TO ^{immediate} BONN (Desk by 24 1600 Z)

(precedence/post)

AND SAVING TO

REPEATED TO (for info)

SAVING TO (for info)

Distribution:-

1. Minister of State

2. P.S. [REPORT]

[TEXT]

Following from Graham, Prime Minister's Party.

Your telno 3 to Salah: Message to Chancellor Schmidt.

1. ^{the} Prime Minister would be grateful if Sir J. Taylor would deliver the following message to ^h Chancellor Schmidt. Begins:

"You will have had an oral ^{report} account through our Ambassador of my discussions in Riyadh with Crown Prince Fahd and and some of the other Saudi Ministers, covering in particular the line I took with them over the Tornado aircraft. I thought however that you might like to have an account of my impressions.

2. My reception could not have been more cordial. The Saudis were at pains to put me at my ease and make me welcome. Similarly the atmosphere at our talks was easy and relaxed. Predictably they urged upon me the need for the European Community to recognise the PLO and the legitimate rights of the Palestinians. The

/ Palestine

Copies to:-

Palestine issue was for them the top priority, with the Soviet threat, which they acknowledge, and inter-Arab differences some way behind.

3. My reply was that we do recognise the right of the Palestinians to self-determination. That was not in doubt. But we also believed that the Palestinians must recognise Israel's right to exist behind secure borders. I urged the Saudis to use their influence with the Palestinians to bring about such recognition, but they argued that while they of course accepted that Israel existed in the region, they could only expect the Palestinians to make such a move when the Israelis recognised the right of the Palestinians to return to their homeland and Jerusalem was restored to its pre-1967 state.

Nonetheless, ^{it is maybe} ~~I sense~~ a little ^{flexibility have} movement on this, and in a separate discussion, the Saudi Foreign Minister

(who ~~however~~ was ill for most of my visit) told Douglas Hurd that the decision ^{on recognition} was up to the Palestinians and hinted that they might be prepared to move if the Community could make some gesture towards them. I do not build too much on this, but I continue to believe that this is our best way forward and that collectively and individually we should use all our influence with the Arabs to try to bring some move on this ~~front~~ by the Palestinians, even if it is couched in conditional terms (eg if Israel ^{would be} ~~withdraws~~ from territory occupied in 1967, then the PLO ^{would be} ~~is~~ prepared to negotiate a settlement on the basis of self-determination for the Palestinians and secure borders for all states).

I hope you will feel able to say something on these lines. I am increasingly convinced that only with some such ^{move} gesture by the Palestinians will it be possible to ~~find a bridge between our efforts and the Americans' "peace process"~~. I wish you luck and look forward to hearing your impressions.

With regards, Margaret Thatcher.

MESSAGE ENDS

however slight,

possibly

point

[omit the bracket and insert;

This should be seen more as a card of entry to the negotiation, if they want a negotiation, rather than as a concession.]

if Israel were to be ready

Give the Americans ^{and ourselves} what they need to bring about a parallel move by Israel

NOTHING TO BE WRITTEN IN THIS MARGIN

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DESKBY FCO 231300Z

DESKBY SALALAH 231300Z

FM BONN 230915Z APR 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 279 OF 23 APRIL

INFO IMMEDIATE SALALAH (FOR PRIVATE SECRETARY) MODUK DOHA

INFO PRIORITY JEDDA ABU DHABI

INFO SAVING WASHINGTON

ABU DHABI TELNO 137 AND TELECON GILLMORE/HUNTER: PRIME MINISTER'S VISIT TO SAUDI ARABIA: BRIEFING FOR FEDERAL CHANCELLOR

Saying that Ch. shd be told that we had mentioned interest among other Arab states & Jordan in Tornado & Hawk. That it was early days but we hoped that even if Ch. Schmitt could not give agreement, at least he would not close door.

A. 1. I TOOK ACTION ON 22 APRIL WITH VON DER GABLENTZ IN THE CHANCELLOR'S OFFICE, DRAWING (AFTER CHECKING WITH FCO, TELECON HUNTER/VEREKER) ON RIYADH TELNO 10, JEDDA TELNO 305 AND ABU DHABI TELNO 138 ON TORNADO. I ALSO DICTATED THE PASSAGE IN PARAGRAPH 2 OF TUR.

B 2. VON DER GABLENTZ SAID THE CHANCELLOR WOULD BE EXTREMELY GRATEFUL FOR THIS INFORMATION, WHICH HE WOULD ARRANGE TO HAVE PASSED TO HIM IN HAMBURG IMMEDIATELY. THE CHANCELLOR WOULD ALSO BE MOST GRATEFUL FOR ANYTHING FURTHER THAT WE COULD TELL HIM AFTER THE PRIME MINISTER HAD COMPLETED HER VISITS. HE WOULD BE AVAILABLE TO RECEIVE ANY MESSAGES ON SUNDAY EVENING: THE CHANCELLOR LEAVES FOR SAUDI ARABIA ON MONDAY MORNING, 27 APRIL.

FCO PLEASE PASS SAVING TO WASHINGTON

TAYLOR

NNNN

DUBAI ALUMINIUM SMELTER INSURANCE

The British Insurance Association have written to the Secretary of the Cabinet to suggest that the Prime Minister should be made aware that Shaikh Rashid might raise with her the question of the substantial insurance claim outstanding following the damage to the aluminium smelter.

We think it unlikely that Rashid will do so. But in case the Prime Minister needs a defensive brief, we suggest the following:

"Concerned to hear of the damage to the smelter. British insurers have long tradition of meeting all legitimate claims against them, no matter how large. No question of their not honouring their legal liabilities arising out of Dubai incident. Am sure the insurers are dealing as quickly as they can with the claim."

You may wish to explain the circumstances of the damage to the smelter to the Prime Minister's Party either on arrival in Dubai or else (preferably) via Abu Dhabi where there will be a little more time.

SUBJECT

CONFIDENTIAL

cc Master

SUMMARY RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF ABU DHABI, SHAIKH KHALIFA, IN ABU DHABI ON 22 APRIL 1981 AT 1240 HOURS

The Prime Minister told Shaikh Khalifa that she had already mentioned to Shaikh Zaid her hope that the armed forces of the UAE would purchase the Hawk aircraft. It was the best training aircraft of its kind in the world. It was being adapted so that it could be used in a combat role as well as as a trainer. The Prime Minister had put her own authority behind the offer. It mattered greatly both to our industry and to our ability to support our friends. The matter seemed to be close to a decision. It would be good to be able to announce it in the course of the day. Shaikh Khalifa said that he was very keen to maintain the traditional links in this field between the UAE and the United Kingdom. The UAE would therefore be very happy to purchase the Hawk aircraft. The details could be finalised as soon as the Prime Minister wished. The Prime Minister said this was a most generous mark of the friendship between the two countries. Shaikh Khalifa said that even if his Government had known nothing about the aircraft, they would have purchased it simply on the basis that it came with the Prime Minister's recommendation.

Shaikh Khalifa said that the UAE also wished to pursue the question of training in general. The Prime Minister said that we would do everything to help with setting up a training school. She would put her personal authority behind this also. Shaikh Khalifa said that he had already sent a mission to the United Kingdom to look at the operation of our training schools there. He thanked the Prime Minister for the study we had carried out of the proposed operations centre. The Government of the UAE would be very happy to expand their cooperation with the UK. There were many possible areas for it. The Prime Minister said that the whole field of air defence including radar, Rapier etc., should be kept under review. Shaikh Khalifa confirmed that his Government were studying all aspects of their security, especially in the light of the Iran/Iraq war.

The Prime Minister said that she wished to underline Britain's expertise in anything connected with the exploitation of oil and gas. We had gained enormous experience in the North Sea. In this connection she knew that the Fred Olsen company had put in a bid in connection with the well heads in the Upper Zakum oil field. This company had been

/responsible

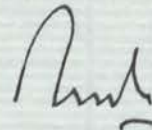
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responsible for a great deal of similar work in the North Sea. Despite the hostile conditions, they had never failed. Similarly, she knew that the work involved in the Chicago Bridge bid for the liquid gas tank contract on Das Island would be done by a British subsidiary which was particularly expert in these matters. She hoped that Shaikh Khalifa would bear in mind Britain's ^{proven} reliability. The North Sea oil rig that had turned turtle last year had been neither designed nor built in the UK. The Prime Minister undertook to ensure that Shaikh Khalifa received a memorandum on both proposals.

In response to an invitation from the Prime Minister to comment Shaikh Khalifa said there was only one point he wanted to make. He would greatly prefer that all dealings on contracts like the Hawk contract should be on a Government to Government basis and that commission agents should play no role whatever. Contracts themselves should be signed by officials. The Prime Minister agreed to proceed on this basis.

At the end of the meeting the Prime Minister invited Shaikh Khalifa to pay a visit to London. He accepted, and added that he was in any case in London very frequently.

The meeting ended at 1300.



24 April 1981

SUBJECT

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cc Master

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND SHAIKH ZAID BIN SULTAN, RULER OF ABU DHABI, IN ABU DHABI ON 22 APRIL AT 1000 hours

Present:

Prime Minister	Shaikh Zaid bin Sultan, Ruler of Abu Dhabi, Head of State
HE David Roberts,	Shaikh Rashid bin Said, Ruler of Dubai, Vice President & Prime Minister
Sir John Graham, KCMG	Shaikh Hemden bin Mohamad, Deputy Prime Minister
Sir Ronald Ellis	Mana'al Otaiba, Minister of Petroleum
Mr. M.O'D.B. Alexander	Ahmed al Suwaidi, Former Foreign Minister, now Special Adviser to Shaikh Zaid
Mr. David MacLennan	
The Hon. Douglas Hurd, CBE, MP	

Shaikh Zaid said that he was greatly honoured that the Prime Minister had come to the United Arab Emirates. It was good of her to visit at a time when there was a need to strengthen relations between the two countries. The two countries were linked by history and by continuing mutual interests. The Prime Minister agreed that the friendship between the two countries ran deep. It was her wish that the UAE and the United Kingdom should be a support to each other. In her view the world had entered / ^{the} most difficult and dangerous period in the last 30 years. There were many sources of conflict. Every sovereign state had to be prepared to protect its own way of life. Good friends had also to be staunch allies, prepared to meet any eventuality together.

Shaikh Zaid said the UAE was a small nation. Nevertheless it had attracted the attention of enemies, was menaced by threats to its well being and to its existence. It was not easy to describe the threat in detail but wealth and prosperity were always the object of envy. Threats to the UAE were also a threat to her neighbours since the security of every state in the region inter-acted with the security of the others. The UAE was taking precautions to defend itself but could only do so within its means. If the scale of the threat exceeded the UAE's capacity to resist it, the UAE would look to its friends.

There were three major sources of concern, both to the security of the UAE and to that of the world as a whole. These were:

/ (a)

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- (a) Israeli aggression against the Arab world;
- (b) the Soviet threat; and
- (c) the disintegration of the Arab community.

It was not easy to say in what order these problems would become critical. But undoubtedly the Israeli threat was the most serious. It would be necessary to solve this first and then turn to the others. To try to deal with all three at once would be to dissipate effort.

The Prime Minister said that she agreed that the dispute with Israel had to be solved. Everyone accepted the right of the Palestinians to self-determination and Israel's right to secure borders. The principles were not in doubt. The practical question was how to implement the principles. It would not be easy but it had to be done during the present United States Presidency. The problem could not be solved without the Americans. As a result of his recent trip, Mr. Haig had understood both the urgency and the fundamental importance of the problem. She had seen Mr. Haig in London and had made clear that the problems of the Gulf could not be solved until the Arab/Israel dispute had been cleared up.

As for the Soviet menace, it was always there. The Russians had always had an innate tendency to seek to expand. Their adoption of communism, with its techniques of subversion, had made a formidable combination. We had to proclaim the superiority of our way of life and had to prepare to resist their attempts at encroachment and to do so in good time.

As regards the disintegration of Arab unity, this was of great concern to the West. People of like-mind should seek to overcome their differences and to pursue common objectives. We were therefore very happy at the prospect of increasing cooperation among the Gulf states. Every country had to rely on its own defences in the first instance but thereafter on its friends. She hoped that General Perkins's mission had been satisfactory. Britain wished to do everything it could to help. We knew the area well and wanted to be involved. It would often be better for the UK to deal with a problem than for the super-powers with all the risks of conflict that their involvement entailed. If there were any problems, we would look into them.

/ The Iran/Iraq

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The Iran/Iraq war had been a source of alarm. Although the possibility of hostilities in the area as a result of outside intervention in Iran had been foreseen, no-one had foreseen that Iran and Iraq would resort to hostilities. It was fortunate that through the wisdom of Shaikh Zaid and others in the area the conflict had been contained. The war was a lesson in the speed with which situations could develop. It underlined the need to consider every contingency and to be prepared for it. Britain was interested in seeing every nation acquire the ability to resist aggression.

Shaikh Zaid said that he agreed with what the Prime Minister had said. On the Iran/Iraq war, he commented that it would not have started had it not been for the turbulence within Iran. This had spilled over into neighbouring countries, including the UAE. The so-called revolution in Iran was trying to export ideas and ideologues. The UAE had had to put up with a lot. Its airspace had, for instance, been violated. But the Government had remained calm. The war had now subsided. The UAE had not suffered but the situation remained a great threat to the region.

Soviet

Shaikh Zaid said that / aggression was unacceptable. No country had the right to interfere in the affairs of others. But the Soviet Union of course had the example of Israel before them. No sooner had Israel been established than it had started a policy of aggression and expansion. No-one had tried to stop them. The law of the jungle had ruled. The Soviet Union was far stronger than Israel and the injustices of its policies greater. But unless an example was made of Israel other countries would follow. They would learn that injustice paid. It was inherent in all men to covet the goods of others. Unless the temptation was constrained, the just would suffer. Envy was a contagious disease. The only answer was a categorical remedy which would end the attempts to inflict injustice.

Turning to the Rapid Deployment Force, Shaikh Zaid said that friends should always respond to the needs of friends. The weak needed the strong and vice-versa. But the Rapid Deployment Force, as it had been presented, seemed to be unjust interference. If it was sent in the absence of a request, the action would be no better than the policies of the Soviet Union and of the Israelis. It would be an unjust act. It should only be used in response to needs and if a call for it had been made. The UAE

/ were anxious

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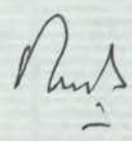
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- 4 -

were anxious that their friends in the United States and in the West should not force friends in Asia and Africa to run away from them. At a time when the enemy was increasing in strength, the needs of friendship were great. Friends had to be sensitive to each other's requirements.

The Prime Minister said that she knew the Americans were thinking only in terms of being ready to respond to a request for help from any part of the world. The question was not one of imposing anything on anyone but of responding to sudden requests. She agreed that friends must be prepared to help each other in practical ways. She believed that HMG could do so by the supply to the UAE of the Hawk training aircraft. She said this not because the plane was British but because it was the best of its kind in the world. Moreover, the British had a long and excellent record in the training field. It mattered to Britain that we should be able to supply this aircraft to the UAE. It mattered to the Government and to British industry. She put her personal authority behind the aircraft. She would not be doing so unless it was an outstanding piece of equipment.

Shaikh Zaid thanked the Prime Minister. He and the Prime Minister then withdrew for a tete-a-tete discussion. The plenary meeting ended at 1150.



23 April 1981

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FROM ABU DHABI 220600Z APR 81

TO PRIORITY FCO

TELEGRAM NUMBER 138 OF 22 APRIL

AND TO MODUK (FOR DEFENCE SALES)

INFO PRIORITY JEDDAH AND BONN (FOR S/S)

SAVING WASHINGTON

FOLLOWING FROM GRAHAM, PRIME MINISTER'S PARTY.

RIYADH TELNO 10 TO FCO: PM'S VISIT TO SAUDI ARABIA

1. ON 21 APRIL THE PRIME MINISTER VISITED THE KING FAISAL AIR ACADEMY AND HAD TALKS, SEPARATELY, WITH THE MINISTERS OF THE NATIONAL GUARD (ABDULLAH), DEFENCE (SULTAN) AND INTERIOR (NAIF).
2. WITH ABDULLAH THE DISCUSSION TURNED MAINLY ON THE WORK OF THE VARIOUS BRITISH MISSIONS, AND THE PROSPECTS FOR THE MEDICAL PROJECT (SANGMED). ABDULLAH, OVER-RULING HIS STAFF, SAID THERE WERE NO PROBLEMS ARISING OUT OF THE WORK OF THE MISSIONS SEMI COLON AS FOR SANGMED ALL THE DIFFICULTIES HAD BEEN CLEARED UP, EXCEPT FOR ONE OVER JURISDICTION (THE LAST POINT AT THE PROMPTING OF HIS OFFICIALS). IT WAS AGREED THAT OFFICIALS SHOULD LOOK AT THIS URGENTLY AND THE PRIME MINISTER SAID SHE WOULD TAKE A PERSONAL INTEREST. REFERENCE WAS ALSO MADE TO TANK PRESENTATION. CONCLUDING THE MEETING, ABDULLAH MADE A STRONG PITCH FOR THE RECOGNITION OF THE PLO, A THEME WHICH HAD CLEARLY BEEN COORDINATED.
3. THE MEETING WITH SULTAN LASTED AN HOUR. HE REFERRED TO WHAT THE PM HAD SAID ABOUT TORNADO THE PREVIOUS: SAUDI ARABIA WELCOMED THIS. THERE WAS DISCUSSION OF HAWK TRAINER AIRCRAFT, SULTAN SAYING THAT SAUDI ARABIA WAS STUDYING VARIOUS AIRCRAFT AND WOULD WANT TO BUY THE BEST FOR THE NEXT STAGE OF ITS FLYING TRAINING PROGRAMME. HE WAS ASSURED THAT THE HAWK IS THE BEST. HE WAS NON-COMMITTAL ABOUT THE RENEWAL OF THE MEMORANDUM OF UNDERSTANDING. IN GENERAL HE COMPLAINED THAT BRITISH PRICES WERE TOO HIGH AND BRITISH NEGOTIATIONS TOO INFLEXIBLE. THE PM ASKED HIM TO LET HER KNOW OF PARTICULAR PROBLEMS.
4. THERE FOLLOWED A DISCUSSION OF THE ARAB-ISRAEL QUESTION. SULTAN TOOK A VERY CRITICAL LINE ON CAMP DAVID AND SADAT PERSONALLY, WHOSE POLICIES AT HOME AND ABROAD HAD ALL FAILED. CAMP DAVID SHOULD BE RENOUNCED. SAUDI ARABIA TRUSTED MR HAIG ON THE OTHER HAND AND HOPED HE WOULD PREVAIL OVER OTHERS IN WASHINGTON. WASHINGTON, EG DICK ALLEN, WHO HAD OBJECTED TO THE SALE TO SAUDI ARABIA OF AWACS AND EQUIPMENT FOR THE F15S, SHOULD BE TOLD THAT "WINTER WAS COMING WHEN THE US MIGHT NEED THE OIL". THE PRIME MINISTER REPLIED THAT WE ALL NEEDED THE US AND COULD NOT FIND AN ALTERNATIVE IN THE SOVIET UNION. SADAT WAS A LEADER AND EGYPT WAS SURROUNDED BY ENEMIES. THE TASK OF PEACE-MAKING WHICH HE HAD STARTED WAS NOT COMPLETE: WE COULD NOT IN ANY CASE UNDO WHAT HAD BEEN DONE AND IT DID NOT HELP TO ALLOT BLAME. WE NEEDED TO GET ALL WORKING TOGETHER FOR A SOLUTION WITHOUT PRE-CONDITIONS. PERES MIGHT BE MORE FLEXIBLE THAN BEGIN BUT HE WANTED TO NEGOTIATE WITH KING HUSSAIN WHO WOULD NOT BE WILLING TO ACT WITHOUT THE OTHER ARABS.

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/5. SULTAN

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5. SULTAN SAID HE HAD BRIEFED HIMSELF ABOUT THE PROJECTED YAR NAVAL BASE. THE ESTIMATED COST WAS SAID TO BE £25 MILLION. THE BRITISH SHOULD AGREE IT ALL WITH THE YEMENIS: IF THE LATTER THEN CAME TO SAUDI ARABIA FOR HELP, THEY WOULD BE READY TO CONTRIBUTE FUNDS WITH OTHERS INCLUDING THE UAE AND BRITAIN. THERE HAD BEEN RECENT CHANGES IN THE YEMENI MILITARY COMMAND AND IN THE GOVERNMENT WHICH WERE FAVOURABLE. HE ADVISED US TO APPROACH THE YEMENIS AGAIN.

6. THE PRIME MINISTER TOLD NAIF THAT SOLUTIONS TO THE PROBLEMS OF THE REGION WERE URGENTLY NEEDED. SHE WAS HOPEFUL THAT DURING REAGAN'S PRESIDENCY PROGRESS MIGHT BE POSSIBLE. NAIF STRESSED THE IMPORTANCE OF RECOGNISING THE PALESTINIANS' RIGHTS INCLUDING THEIR RIGHT TO INTERNATIONAL RECOGNITION. THE PRIME MINISTER SAID THAT THEIR RIGHT TO SELF-DETERMINATION WAS RECOGNISED AND NOT IN DOUBT. THE PROBLEM WAS HOW TO ACHIEVE IT. TO PROVIDE A BASIS FOR NEGOTIATION HOWEVER THE RIGHT OF ISRAEL TO EXIST BEHIND SECURE BORDERS HAD ALSO TO BE RECOGNISED - AS SET OUT IN SECURITY COUNCIL RESOLUTION 242 AMPLIFIED IN THE VENICE DECLARATION.

7. NAIF SAID THERE WERE 30,000 PALESTINIANS IN SAUDI ARABIA. LIKE ANY OTHER FOREIGNER THEY WERE SUBJECT TO RESTRICTIONS AND LEFTISTS WERE EXCLUDED. ONE HAD TO RECOGNISE THAT SOME HAD BEEN FORCED TO TAKE TO TERRORISM IN DESPERATION OVER THE PALESTINIAN QUESTION. IF THE WEST CHANGED THEIR VIEWPOINT, MOST, PERHAPS ALL, WOULD TURN AWAY FROM TERRORISM. IN REPLY TO A QUESTION, HE SAID THAT THOUGH INDIVIDUALS MIGHT CONTINUE WORKING WITH INTERNATIONAL TERRORISTS, THE ORGANISATION WOULD NOT.

8. THE PRIME MINISTER RAISED THE SECURITY OF OFFSHORE INSTALLATIONS. NAIF SAID HE WAS STUDYING THE PRELIMINARY REPORT AND WOULD BE SENDING A SAUDI TEAM TO THE UK. THE PRIME MINISTER WELCOMED THIS.

9. THE PRIME MINISTER THANKED NAIF FOR HIS UNDERSTANDING AND HELP OVER BRITISH SUBJECTS WHO GOT INTO TROUBLE IN SAUDI ARABIA, MENTIONING TWO WHO HAD BEEN FIVE MONTHS IN DETENTION WITHOUT CHARGES, AND CHRISTIE WHO WAS PREVENTED FROM LEAVING THE COUNTRY. NAIF SAID HE HAD TO FOLLOW THE LAW BUT WOULD LOOK INTO THESE CASES. BRITAIN OUGHT TO BRIEF BRITISH SUBJECTS BEFORE THEY CAME TO SAUDI ARABIA. IN RETURN HE HOPED WE WOULD COOPERATE WITH THE SAUDI AMBASSADOR OVER ANY DIFFICULTIES SAUDIS MIGHT ENCOUNTER IN BRITAIN. THE AMBASSADOR SAID THAT THERE HAD BEEN NO PROBLEMS DURING HIS TENURE. HE PUT TO NAIF HOWEVER THE NEED TO GRANT MULTIPLE RE-ENTRY VISAS TO BRITISH SUBJECTS RESIDENT IN SAUDI ARABIA. NAIF SAID HE WOULD PURSUE THAT WITH THE MFA.

MESSAGE ENDS.

FCO PASS SAVING WASHINGTON

ROBERTS

[PASSED SAVING AS REQUESTED]

FCO/WHITEHALL

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NOTE FOR THE RECORD

NOTE OF SPEECHES BY THE RSAF AIR COMMANDANT AND THE PRIME MINISTER
AT THE END OF HER VISIT TO THE ACADEMY

The Commandant said that the Academy produced 80 per cent of RSAF pilots and was now in the process of an ambitious modernisation programme to keep up with change. He praised the contribution of the British Aerospace and BAC staff and instructors for their fruitful contribution to the modernisation programme and their hard work and dedication.

After presenting the Prime Minister with the Academy's plaque and its gold medal and chain, Mrs Thatcher said that it was a great privilege to visit the Academy and she had been impressed with everything she had seen. Not least impressive was the quality of the intake and the way they learnt and mastered English, and the care taken at every stage to ensure that each graduate had mastered the subject before moving on to the next phase. She had stopped and talked with a number of the intake and was very impressed with their response.

The UK was very happy to be associated with the Academy. Not only did we have superb professionals but also superb aircraft. We were proud to have a share in the task of training RSAF pilots. She added:

"We do not know what they may have to undertake. But what we have seen is a supremely able trained, skilled, experienced and disciplined force. When you have those qualities you have the very qualities that are needed to do anything that may arise and to which you may have to react extremely quickly, with a combination of circumstances you may never have met before.

"Congratulations to you all and thank you for the wonderful work you are doing, not only in the defence of Saudi Arabia but in the larger defence of the free world."

B. Shaw
22.4.87.

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cc Master Set

Subject

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MR J. C. McBRIDE

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INFO IMMEDIATE ABU DHABI, DUBAI, MUSCAT, BONN, WASHINGTON,
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SAVING TO: TRIPOLI, ALGIERS, RABAT, CAIRO, TEL AVIV, MOSCOW,

UKMIS NEW YORK, UKDEL NATO.

VISIT OF PRIME MINISTER TO SAUDI ARABIA

1. THIS IS A SUMMARY OF THE PROGRAMME, THE ATMOSPHERE AND THE MAIN SUBJECTS DISCUSSED. DETAILED RECORDS FOLLOW.
2. THE SAUDI WELCOME WAS WARM AND FULLY REKQECTED THE HIGH ESTEEM IN WHICH MRS THATCHER IS HELD BY THE ROYAL FAMILY AND GOVERNMENT. SHE MADE A COURTESY CALL ON KING KHALID AT WHICH HE WAS UNUSUALLY RELAXED AND TALKATIVE. SHE WAS THEN ENTERTAINED TO DINNER BY HIM, ALL THE OTHER GUESTS (APART FROM THE VISITORS) BEING PRINCES AND MINISTERS. ON THE SECOND DAY THERE WAS AN IMPRESSIVE PRESENTATION OF THE THIRD DEVELOPMENT PLAN BY THE MINISTER OF PLANNING, A VISIT TO A HOSPITAL, THREE BRITISH COMMUNITY FUNCTIONS, A LARGE DINNER WITH THE CROWN PRINCE AND A VISIT TO A GROUP OF ROYAL LADIES. THERE WERE ALSO TWO SESSIONS OF TALKS WITH THE CROWN PRINCE AND A TEAM INCLUDING PRINCE ABDULLAH (SECOND DEPUTY PRIME MINISTER AND COMMANDER OF THE NATIONAL GUARD) AND PRINCE SULTAN (MINISTER OF DEFENCE). ON THE THIRD DAY THERE WERE A VISIT TO THE AIR ACADEMY, SUCCESSIVE TALKS WITH ABDULLAH, SULTAN AND NAIF (INTERIOR) AND A PRESS CONFERENCE.
3. WITH FAHD THERE WAS A WIDE-RANGING REVIEW OF CURRENT INTERNATIONAL ISSUES: GULF SECURITY AND RDF, PALESTINE, THE SOVIET THREAT, THE SUDAN, THE TWO YEMENS, AND (FROM FAHD) SOMALIA, LIBYA AND POLISARIO. FAHD'S EXPOSITIONS WERE ON FAMILIAR LINES AND LITTLE WAS SAID THAT HAS NOT BEEN SAID BEFORE.
4. THE P.M. TOOK ADVANTAGE OF THE TALK OF YAR TO MENTION THE NAVAL BASE PROJECT. FAHD ASKED IF WE HAD PREPARED ANY COSTINGS (ANSWER: NO) BUT OTHERWISE MADE NO COMMENT ON IT EXCEPT ABOUT SAUDI ANXIETY TO AVOID FURTHER SOVIET ENCROACHMENT. IN GENERAL HE SEEMED RATHER SANGUINE ABOUT YAR READINESS TO RESIST SOVIET ADVANCES.
5. ON THE SUDAN THE P.M. MENTIONED THE SUDANESE NEED TO TRAIN MORE PILOTS AND (QUIETLY, SO AS TO AVOID THE APPEARANCE OF TOUTING FOR BUSINESS) THE POSSIBLE SALE OF STRIKEMASTER. THE INTERPRETER SPOILT THIS PLOY BY FAILING TO TRANSLATE THE STRIKEMASTER POINT.
6. THE P.M. THEN RAISED TORNADO, SAYING THAT THOUGH THE SAUDIS MIGHT NOT NEED A NEW AIRCRAFT FOR SOME YEARS, THEY SHOULD KNOW OF THE POSSIBILITY OF A JOINT DEVELOPMENT OF A NEW AIRCRAFT

OF THE POSSIBILITY OF A JOINT DEVELOPMENT OF A NEW AIRCRAFT BASED ON TORNADO BUT TAILORED TO CUSTOMERS' REQUIREMENTS. JORDAN AND SOME GULF COUNTRIES HAD ALREADY EXPRESSED INTEREST. FAHD TOOK NOTE BUT MADE NO COMMITMENT. THE P.M. ALSO MENTIONED OUR WISH TO SELL HAWK WHICH WAS THE MOST SUITABLE AIRCRAFT FOR RSAF TRAINING.

7. FINALLY, THE P.M. TALKED OF THE ANGLO-FRENCH BID FOR ARABSAT, STRESSING THAT IT WAS WHOLLY EUROPEAN AND, IF SUCCESSFUL, COULD BE A SYMBOL OF EURO-ARAB CO-OPERATION.

8. ABDULLAH WAS IN A MERRY MOOD, THOUGH THIS DID NOT PREVENT HIM MAKING THE RITUAL POINTS ON ARAB-ISRAEL. ON SANGCOM HE SAID ALL DIFFICULTIES HAD BEEN SETTLED, THANKS TO SAUDI FLEXIBILITY. ON SANGMED, WHEN THE P.M. ASKED WHETHER A DECISION TO AWARD THE CONTRACT WAS NEAR, HE SAID THERE WAS ONLY ONE PROBLEM REMAINING: JURISDICTION AND IMMUNITIES FOR THE BRITISH TEAM (SEPARATE TELEGRAM TO MOD). HE WELCOMED THE FORTHCOMING PRESENTATIONS OF THE CHALLENGER AND VALIANTSWANKS. THE P.M. CONGRATULATED HIM ON HIS MEDIATION BETWEEN JORDAN AND SYRIA.

9. PRINCE SULTAN, TOO, SPOKE AT LENGTH ABOUT ARAB/ISRAEL AND (WITH SOME HEAT) ABOUT PRESIDENT SADAT AND THE WRONGHEAD-NESS OF CAMP DAVID. (WHEN I SAW HIM OUT, AND AGAIN AT THE AIRPORT, HE EXPRESSED ANXIETY LEST HE HAD BEEN TOO BLUNT. BUT HE SAID HE HAD ENJOYED THE P.M.'S FRANKNESS AND THE DING-DONG OF THE ARGUMENT.) THE P.M. BROUGHT HIM BACK TO SPECIFICS. HE HAD DONE SOME RESEARCH OVERNIGHT ON THE YAR NAVAL BASE AND SAID HE HOPED WE WOULD PURSUE THE IDEA SEMICOLON SAUDI ARABIA WOULD PROBABLY BE ABLE TO HELP BUT ON THE BASIS OF YAR/UAE/SAUDI/BRITISH CO-OPERATION; SAUDI ARABIA WOULD NOT FINANCE THE WHOLE PROJECT. ON HAWK HE SAID THE SAUDIS WERE STILL STUDYING WHAT TRAINING AIRCRAFT WOULD BEST SUIT THEIR REQUIREMENTS. ON TORNADO, HE WELCOMED THE P.M.'S EXPLANATION OF OUR PLANS FOR DEVELOPING A NEW GENERATION AIRCRAFT BASED ON TORNADO TECHNOLOGY BUT DESIGNED TO MEET THE NEEDS OF OTHER POTENTIAL USERS BESIDE OURSELVES. HE LIKED THE IDEA OF A JOINTLY PRODUCED EUROPEAN AIRCRAFT BUT GAVE NO COMMITMENT.

10. FINALLY, PRINCE NAIF (INTERIOR) THANKED THE P.M. FOR OUR REPORT ON THE SECURITY OF OFFSHORE OIL INSTALLATIONS AND HOPED THE MATTER COULD BE TAKEN FURTHER. HE DID NOT ASK FOR A FURTHER VISIT BY OUR EXPERTS BUT VOLUNTEERED THAT HE MIGHT WANT TO SEND HIS OWN MEN TO SEE THE MEASURES WE HAD TAKEN IN THE SAME FIELD. THE P.M. THANKED HIM FOR HIS HELP OVER CONSULAR CASES AND ASKED

THE P.M. THANKED HIM FOR HIS HELP OVER CONSULAR CASES AND ASKED HIM TO LOOK INTO TWO OR THREE PARTICULAR CASES ON WHICH I WOULD SEND HIM DETAILS. HE READILY AGREED, WHILE POINTING OUT THAT SAUDI LAW MUST BE OBSERVED. HE ASKED, AND THE P.M. AGREED, THAT WE SHOULD TREAT WITH UNDERSTANDING SAUDIS WHO GOT INTO TROUBLE IN THE U.K. THROUGH IGNORANCE OF OUR LANGUAGE OR CUSTOMS. FINALLY, THE SAUDI AMBASSADOR ASKED HIM TO AUTHORISE THE ISSUE IN LONDON OF MULTIPLE-ENTRY VISAS TO SAUDI ARABIA AND HE AGREED TO WORK SOMETHING OUT WITH THE MFA. THERE WAS YET ANOTHER PASSAGE ON ARAB/ISRAEL.

11. THE HOSPITALITY WAS LAVISH AND THE ARRANGEMENTS EFFICIENT, THOUGH WITH SOME TYPICALLY NERVE-WRACKING MOMENTS OVER TIMING. THE ATMOSPHERE WAS CORDIAL AND I JUDGE THAT THE SAUDIS WERE IMPRESSED. ON SPECIFIC BILATERAL DEALS, THERE WERE NO PROMISES. ONLY TIME WILL TELL WHETHER THE P.M.'S ADVOCACY WILL AFFECT THE DECISIONS, MOST OF WHICH ARE STILL SOME WAY OFF IN THE FUTURE.

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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND
PRINCE SULTAN, MINISTER OF DEFENCE AND AVIATION AT RIYADH ON
TUESDAY 21 APRIL 1981 AT 1100 HOURS

Present:

The Prime Minister

The Hon. Douglas Hurd, CBE, MP

Sir John Graham, KCMG

Sir James Craig, KCMG

Sir Ronald Ellis

Mr. T.P. Lankester

Prince Sultan

Shaikh Mohammad Mas'ud

Shaikh Nasser Manqour

Air Training and the Hawk

The Prime Minister said she had been very impressed by her visit to the King Faisal Air Academy. It was one of the best she had seen, and she had been extremely impressed by the Academy's Commander. He had spoken to her about their aircraft for advanced training, and she understood that they wanted to buy the Hawk. She was sure that the Saudi Government would want the best advanced trainer, and she was sure the Hawk was the best. She hoped it would find favour with them. The excellent relationship between teachers and cadets had also made a strong impression on her. This seemed to be indicative of the approach adopted by the British and Saudi Governments; she hoped it would continue. We attached great importance to the air training contract. She understood that it came up for renewal in 1982, and that a RAF team would be visiting Riyadh in May for detailed discussions: she hoped that the contract would be renewed.

Prince Sultan said that the Academy Commander was very good: the Prime Minister's visit was a good omen for him since he was being promoted to Inspector General in the Ministry of Defence. He hoped that the Prime Minister would visit the new Academy south of Riyadh on her next visit. He agreed that the RAF personnel and the Saudis had achieved an extraordinary relationship. The question of a new trainer was being considered: they were looking

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at the different options and would select the best. They looked forward to the visit of the RAF team in May to discuss the training contract.

Arab/US Relations

Prince Sultan recalled that when he had last met the Prime Minister in 1976, she had predicted that President Carter would win the election. She had said that he would be elected because the American people were looking for a new approach. The Watergate scandal had had a bad effect not only on America but also on America's friends. The authority of the President had been curtailed and that of the Congress strengthened.

Prince Sultan went on to say that President Carter's Camp David initiative had spoilt America's relationship with the Islamic world. With the election of President Reagan, it was possible for the Americans to change their stance; and he hoped that the UK would do its best to persuade the Administration. The Prime Minister said that we were in close touch with the new Administration. She was glad that they had won the election, and she knew Reagan and Haig well. We would be in touch with them on a closer basis than under the last Administration, and she would be writing to them herself to let them know the results of her visit to Riyadh.

Prince Sultan said that the Saudis would be very grateful if she would do this. He then said that Haig had put out a statement today refuting a statement by Richard Allen to the effect that the delivery of extra equipment for the F15s and of AWACs (the present ones were only on loan) would be delayed by Congress. He was glad that Haig had done this. He felt that Allen had a certain tendency to favour Israel. He himself had sent Allen a message via an intermediary that the Congress must approve the equipment deliveries: it was in America's interest since it needed adequate oil supplies for the coming winter.

The Prime Minister wondered whether Allen had not been misrepresented. She agreed that we should try to influence the Americans in a positive way in their general approach to the Middle East. But we all needed the USA if the cause of freedom was to be protected. Prince Sultan said that he agreed with the

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latter point; but the Americans could not ignore Arab dignity. The Prime Minister said that if anyone was looking for personal dignity, he would not look to the Russians. Prince Sultan said that the Arabs had other possible friends in the West besides the Americans.

The Prime Minister went on to say that the most important thing Haig seemed to have learnt from his recent visit to the Middle East was that the problem of Gulf security could not be looked at in isolation from the Arab/Israel problem. He now seemed to understand that you could not solve the one problem without solving the other. Prince Sultan said that Haig seemed to be under attack from the Jewish lobby. He hoped that he would manage to keep his position in the Administration: he was a friend of Saudi Arabia. The Prime Minister said that we had great confidence in him. He knew more about defence matters, including those affecting the Arab world, than any previous Secretary of State. He was more likely therefore to find solutions that would stick. Arab/Israel

The Prime Minister went on to say that the assassination attempt on President Reagan was a tragedy, for a number of important decisions would be held up pending his full recovery. But it would be a few more weeks ; i.e. until after the Israeli elections - before any progress could be made on the Arab/Israel problem. If Peres were to win, as we thought he would, there seemed to be a better chance of re-starting the negotiations. Prince Sultan said that, in his view, the situation would be no different whether or not Peres was elected. Both he and Begin had the same policy. The important thing was for the West to change its view, and bring pressure on Israel to be more flexible. The Prime Minister said that Begin had been quite inflexible and impossible to influence. By contrast, Peres seemed to realise the need for a more flexible approach and for a re-start of the negotiations. The Americans wanted to negotiate with Hussein. But we had told them that Hussein would not negotiate on his own but would do so only in concert with other Arab countries.

/Prince Sultan

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Prince Sultan said he agreed. Saudi Arabia did not want another Sadat. The Prime Minister said she was a great admirer of Sadat: she admired him for his courage and doing what he thought was right; moreover he was surrounded by hostile countries. (Sir John Graham interjected that Sudan was not hostile to Egypt). Prince Sultan said that Sadat certainly had courage in relation to the Americans, and this was admirable. But in relation to Israel, his position left much to be desired. What he had done might have satisfied certain sections of the international community; but the economic situation in Egypt was very bad, and his policy in the YAR/^{had failed.} If he had only listened to the advice of his moderate Arab friends, he might by now have reached a satisfactory settlement with Israel. Only three days before going to Jerusalem, he had visited Riyadh and had been advised to find a joint approach with other Arab states; but he had taken no notice. He/^{had} also missed a golden opportunity for economic co-operation with other Arab states. For example, the proposal for the Arab Organisation of Industry(AOI), which would have been set up in Egypt, had not come to fruition. Sadat should now renounce his deeds and come back to his Arab friends and start again. Saudi Arabia and other Arab states would have been/^{only} too glad to co-operate in finding a joint solution to the Israel problem. The Camp David accord, which Sadat claimed to be a victory, had achieved nothing.

The Prime Minister said that there was no point in trying to allot praise or blame. The prime objective was to find a solution, and we all had to start from where we were now. If anyone tried to set prior conditions, there would be no solution. She repeated that she liked Sadat: He was a stubborn man but she liked stubborn people. Stubborn leaders, if they could be persuaded to work with one, made powerful allies. Prince Sultan said that he had no personal grudge against Sadat, but his methods had been at fault. It was not always the case that stubborn leaders could be made into good allies.

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/Tornado

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Tornado

The Prime Minister said that she had raised the question of the Tornado and its possible development for Arab needs with Prince Fahd the previous day. She had mentioned it so that the Saudi authorities should know about it if Chancellor Schmidt raised the subject during his forthcoming visit. She was confident that we could persuade Schmidt to release the Tornado's existing technology for the development of an advanced version.

Prince Sultan said that he and his colleagues were pleased to hear that the UK was proposing to develop the Tornado with a view to building an advanced version in the 1990s: they would wholeheartedly support our efforts in this direction.

/Problems with Contracts

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Problems with Contracts

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Prince Sultan said that he would like to draw to the Prime Minister's attention various problems the Saudis had had with UK contracts. Not only prices very high, but they were also unhappy with some other aspects - e.g., terms of payment and conditions regarding training personnel.

The Prime Minister said that the UK could not always be best on price. British industry was now very competitive, but it still had to cope with the high exchange rate. However, in terms of quality and performance, there were many cases - for example, Hawk - where we were the best. She took a direct personal interest in major contracts, and if any particular problems came up, she would look into them. Her intervention in matters of this kind could sometimes have a miraculous effect.

Prince Sultan said that the Prime Minister was well known for her decisiveness. He hoped that she would issue instructions to those responsible for the drafting of contracts - to make them more flexible and to ensure lower prices. Past contracts had not favoured the Kingdom. If they had any difficulties with contracts in future, they would make sure that she was aware of them.

Yemen Arab Republic (YAR)

Prince Sultan referred to our proposal for a naval base in YAR, which the Prime Minister had mentioned the previous day. He understood that the estimated cost of the proposed base was £25 m, and that we had provided the UAE with certain information on it. He hoped that we would enter into new negotiations with the YAR. Three new commanders had just been appointed in that country, who were likely to be more favourable to the UK proposal; and only today three new moderate Ministers had been appointed. The negotiations should go ahead not on the understanding that Saudi Arabia would finance the project; but if in due course they were to seek Saudi assistance, the Saudi Government would "come to their rescue" along with other Gulf States. Saudi Arabia could not meet the total cost: it would have to be shared with other States,
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including Britain. It was important to win over the support of the YAR for the UK proposal.

The Prime Minister said that we had kept the Saudis fully informed of the proposal, and we had done the same with the UAE. We had been in touch with the YAR authorities, but so far with no positive result. The project had not been costed in detail, but the figure of £25 m mentioned by Prince Sultan was about right. We would do our best to persuade them to go ahead with the project, and she was glad to hear that recent changes in their Administration were likely to make them more favourable to it.

The meeting finished at 1205 hours.

21 April, 1981

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SUMMARY NOTE OF A DISCUSSION BETWEEN THE PRIME MINISTER and PRINCE ABDULLAH, COMMANDER OF THE NATIONAL GUARD, IN RIYADH, ON 21 APRIL 1981 AT 1015.

After an exchange of courtesies, the Prime Minister said that she hoped the British Military Mission to the National Guard had been carrying out its task successfully. Prince Abdullah said that it had.

Prince Abdullah said that he had had a long list of issues that he had wished to discuss with the Prime Minister. But in the event these had mostly been dealt with the previous day. Clearly, the Prime Minister's presence in Riyadh had helped. It had enabled the Ambassador to move things forward. The Prime Minister asked whether there were any problems. Prince Abdullah said that all problems had been eliminated. If others had developed, he did not know of them.

The Prime Minister asked whether this meant that everything had been dealt with in the SANGMED negotiations. She knew it was near to completion. Prince Abdullah confirmed that this was the case. He had had it on his list before, but the difficulties had been taken care of.

On being pressed, however, Prince Abdullah said that there might be two small points. He summoned Shaikh Aziz who confirmed that there were no differences on principles. The Prime Minister asked whether the difficulties about jurisdiction had been cleared up. Shaikh Aziz said that there could be a difficulty here. The Prime Minister said she was aware of the problem, and would look into it when she got home. She asked when a reply was due. Shaikh Aziz said as soon as possible. The Prime Minister said that she attached great importance to the SANGMED contract, and would ensure that everything possible was done. Prince Abdullah said that those who committed crimes against Saudi law should not have immunity. In reply to a question from the Prime Minister, Sir Ronald Ellis said that only three team commanders would have full immunity. The remainder of the overseas employees would have a lesser degree of immunity.

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The Prime Minister said that the experts should sort that out, but we would want to stick to accepted international practice.

The Prime Minister asked about SANGCOM. Prince Abdullah said there were no more problems. Everything had been taken care of. The Saudi Government had considered the Prime Minister as their guest, and had therefore tried to eliminate all outstanding issues. The Prime Minister welcomed this, and agreed that she and Prince Abdullah should not now try to find problems.

The Prime Minister referred to the British presentation of tanks which would be taking place early the following week. She hoped that it would be successful. Prince Abdullah agreed.

The Prime Minister congratulated Prince Abdullah on the success of his mediation between Syria and Jordan. The British Government had been very worried about the growing tension between the two countries. They regretted the increase in Soviet influence in Syria, and had been disturbed by the fact that President Assad's position did not appear to be very secure. They were therefore grateful for what Prince Abdullah had done. Prince Abdullah said that he had done no more than his duty.

Prince Abdullah said that the principal danger to the security of the Middle East was not the Soviet threat, but Israel. Once the problems with Israel had been solved, the Communists would be deprived of the opportunity to cause trouble. If HMG were to recognise the PLO, this would have a considerable effect throughout the region.

The Prime Minister thanked Prince Abdullah for the clarity with which he had presented his points, and for the hospitality with which he had received her.

The meeting ended at 1040.

21 April, 1981.

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FROM RIYADH 210657Z APR 81
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TELEGRAM NUMBER 10 OF 21 APRIL
INFO PRIORITY JEDDA, BONN
INFO SAVING WASHINGTON

PRIME MINISTERS TALKS WITH THE CROWN PRINCE.

1. THE PRIME MINISTER HAD TWO MEETINGS WITH FAHD ON 20 APRIL, EACH OF ONE AND A QUARTER HOURS. HE WAS ACCOMPANIED BY PRINCES ABDULLAH AND SULTAN, BY RASHAD, PHARAON, MAS'UD, THE SAUDI AMBASSADOR IN LONDON, AND TWO OTHERS. ON OUR SIDE THE MINISTER OF STATE, PRIVATE SECRETARY, SIR JOHN GRAHAM AND I WERE PRESENT.

2. THE PRIME MINISTER OPENED BY EXPLAINING THE BACKGROUND TO WHAT SHE HAD SAID IN THE STATES ABOUT A BRITISH CONTRIBUTION TO A POSSIBLE RAPID DEPLOYMENT FORCE, MAKING THE POINT THAT WE HAD DECIDED ABOUT A YEAR AGO TO IMPROVE OUR CAPABILITY FOR THE RAPID DESPATCH OF MODEST FORCES TO AREAS WHERE THEY MIGHT BE NEEDED, IN RESPONSE TO REQUESTS FROM OUR FRIENDS. THE AMERICANS WERE NOW THINKING OF THE SAME THING THOUGH ON A MUCH LARGER SCALE, AND IT HAD SEEMED RIGHT TO CONTRIBUTE TO THIS EFFORT, AS A MATTER OF PRUDENT CONTINGENCY PLANNING FOR USE IN RESPONSE TO REQUESTS. FAHD REPLIED THAT HE HAD NO DOUBT THAT THE PRESS REPORTS WERE EXAGGERATED: SAUDI ARABIA HAD ALWAYS BEEN SURE THAT THE SITUATION HAD BEEN AS THE PRIME MINISTER HAD DESCRIBED. THERE WAS A CLEAR NEED FOR SUCH AN EMERGENCY FORCE FOR USE IN RESPONSE TO REQUESTS.

3. FAHD THEN INITIATED A LONG DISCUSSION OF THE ARAB/ISRAEL QUESTION. HE EMPHASISED THE NEED FOR THE RETURN OF THAT PART OF JERUSALEM OCCUPIED BY THE ARABS UP TO 1967, AND FOR THE REALISATION OF THE PALESTINIANS' LEGITIMATE RIGHTS INCLUDING THE RIGHT TO RETURN TO THEIR HOMELAND, IF THEY WISHED, AND TO CHOOSE THEIR OWN DESTINY AFTER ISRAELI WITHDRAWAL. NEITHER OF THESE PRINCIPLES WERE NEGOTIABLE. EQUALLY CLEARLY ISRAEL DID EXIST IN THE AREA. THIS WAS A FACT WHICH IT WAS USELESS TO DENY. HE URGED THE EUROPEAN COMMUNITY AND BRITAIN IN PARTICULAR TO TAKE ACTION TO ACHIEVE A SETTLEMENT ON THESE LINES. THE PRIME MINISTER EMPHASISED THE INABILITY OF THE EUROPEAN COMMUNITY ALONE, WITHOUT THE U.S., TO ACHIEVE A RESULT, AND PRESSED HIM TO USE HIS INFLUENCE WITH THE PLO SO THAT THE LATTER WOULD MAKE A CONDITIONAL RECOGNITION OF ISRAEL'S RIGHT TO EXIST. /TURNING

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TURNING ASIDE AN ATTEMPT TO MOVE THE CONVERSATION ON TO OTHER TOPICS, FAHD MADE TWO FURTHER POINTS: TO COUNTER THE COMMUNIST THREAT THE EUROPEAN COMMUNITY OUGHT TO RECOGNISE THAT THE ARAB COUNTRIES NEEDED THEIR HELP IN ACHIEVING A SETTLEMENT OF THE ARAB/ISRAEL QUESTION, AND AS AN IMPORTANT PART OF THAT, THE EUROPEAN COMMUNITY SHOULD RECOGNISE THE PLO. IN TALKING TO SOME OF THE MORE PRO-SOVIET ARABS, SAUDI ARABIA HAD DIFFICULTY IN ARGUING FOR CONTINUED COOPERATION WITH THE WEST, GIVEN THE SOVIET UNION'S SUPPORT FOR THE ARAB COUNTRIES AND THE WEST'S INDIFFERENCE. THE PRIME MINISTER SAID THAT WE COULD NOT DEAL WITH THE PLO WHILE THEY CONTINUED TO SUPPORT TERRORISM, AND THAT IT WOULD BE EASIER FOR US IF THE PLO COULD SAY THAT THEY WERE READY TO NEGOTIATE PROVIDED THAT ISRAEL WAS WILLING TO WITHDRAW.

4. IN THE SECOND SESSION, IN THE EVENING, DISCUSSION COVERED MOST OF THE REGION. THE PRIME MINISTER ASKED ABOUT THE YEMEN ARAB REPUBLIC AND THE SUDAN, COMMENTING THAT WE WERE IN DISCUSSION WITH THE YEMENI AUTHORITIES ABOUT A PLANNED NAVAL BASE, AND SHOULD LIKE TO SEE THAT BUILT IN COOPERATION WITH THE WEST RATHER THAN WITH THE SOVIET UNION WHOM WE BELIEVED WERE ALSO EAGER TO BE INVOLVED. AS FOR THE SUDAN, THE INTERNAL SITUATION WAS NOT TOO GOOD, AND THEY WERE THREATENED FROM EAST AND WEST. IF THE SOVIET UNION WERE TO PENETRATE THERE, IT WOULD BE VERY SERIOUS. WE HAD A PARTICULAR INTEREST BECAUSE THEY WERE CONSIDERING BUYING STRIKEMASTER AIRCRAFT.

5. IN REPLY, FAHD SAID THAT THE YAR NO LONGER SEEMED TO BE LEANING TOWARDS THE SOVIET UNION. THE REAL PROBLEM IN THAT AREA LAY IN THE PDRY. AS FOR THE NAVAL BASE, SAUDI ARABIA WOULD WELCOME ANY STEP TAKEN BY A FRIENDLY COUNTRY IN HELPING THE YAR. HE WONDERED WHETHER WE HAD ANY FIGURES FOR THE COST YET. (HE WAS TOLD THAT IT HAD NOT YET BEEN COSTED.) THE PEOPLE OF THE YAR WERE NOT INCLINED TO THE LEFT, ALTHOUGH THERE WERE SOME RADICAL ELEMENTS DATING FROM THE TIME OF NASSER AND THE PDRY HAD STIMULATED THE SO-CALLED NATIONAL DEMOCRATIC FRONT WHICH HAD TRIED TO INFLUENCE THE YAR GOVERNMENT AGAINST THE SAUDIS. SAUDI ARABIA'S POLICY WAS TO HELP THE PRESENT YAR GOVERNMENT WITH AID (THEY HAD A PROJECT BUREAU IN SANAA AND THEY PAID THE YAR'S BUDGET DEFICIT) AND TO PERSUADE THEM THAT SAUDI ARABIA WAS DISINTERESTED AND A GENUINE FRIEND. NEVERTHELESS THEY CONTINUED TO BUY SOVIET ARMS WHEN THEY COULD HAVE ARMS FROM THE U.S. PAID FOR BY SAUDI ARABIA. SIMILARLY, ALTHOUGH WITH GREAT CAUTION, SAUDI ARABIA WAS STUDYING THE QUESTION OF WOOING THE PDRY AWAY FROM THE SOVIET UNION THROUGH A JUDICIOUS PROGRAMME OF AID. SOVIET ACTIVITIES THERE HAD DONE NOTHING TO IMPROVE THE LOT OF THE PEOPLE AND THE SAUDIS BELIEVED THAT THROUGH DEVELOPMENT AID THEY MIGHT BE ABLE TO BRING HOME TO THEM THAT THE SOVIET UNION WAS ACTING SOLELY FOR ITS OWN ENDS. /6. THIS

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6. THIS LED FAHD INTO A TOUR D'HORIZON. SPEAKING OF SOMALIA AND KENYA, HE CLAIMED TO HAVE TRIED TO BRING BARRE AND MOI TOGETHER, BUT WITHOUT SUCCESS. IN THE SUDAN, HE AGREED THERE WAS A DANGER IF THE RUSSIANS WERE TO INFILTRATE. SAUDI ARABIA GAVE SOME ASSISTANCE BUT PERHAPS NOT ENOUGH, GIVEN THE SIZE OF THE COUNTRY: NIMEIRI REALISED THAT THE SOVIET UNION, TOGETHER WITH ITS FRIENDS, LIBYA AND ETHIOPIA, WAS ITS ENEMY, BUT THE REAL DANGER TO THE SUDAN WAS INTERNAL. HE WAS CONCERNED THAT LIBYAN SUPPORT FOR THE POLISARIO WOULD AGGRAVATE THE PROBLEM, AND ALSO ABOUT QADHAFI'S ADVENTURES IN CHAD. IN LEBANON THE SITUATION WAS VERY DISCOURAGING, AND HE HOPED THAT SOME SORT OF SOLUTION COULD BE FOUND. FINALLY PAKISTAN WAS A VERY IMPORTANT COUNTRY WITH PROBLEMS IN ITS RELATIONS WITH INDIA AND AFGHANISTAN AND WITH THE CHALLENGE IT PRESENTED TO RUSSIAN POWER. SAUDI ARABIA WOULD HELP PAKISTAN, BUT THE PRINCIPAL BURDEN THERE WAS THE REFUGEES.

7. THE PRIME MINISTER RAISED TORNADO. EXPLAINING THAT SHE WAS GIVING HIM THE BACKGROUND IN CASE CHANCELLOR SCHMIDT OR SOMEBODY ELSE WERE TO MENTION THE MATTER, SHE SAID THAT IN RESPONSE TO INTEREST EXPRESSED BY SOME OF OUR FRIENDS IN THE GULF AND BY KING HUSSEIN, WE WERE LOOKING AT THE NEXT GENERATION OF AIRCRAFT DEVELOPED FROM THE TORNADO. IT WOULD BE DESIGNED TO MEET NOT ONLY OUR OWN NEEDS, BUT THE NEEDS OF OTHER POSSIBLE USERS. SINCE IT WOULD CONTAIN TECHNOLOGY DEVELOPED FOR TORNADO AND THE TORNADO'S ROLLS ROYCE ENGINE, WHICH WAS A JOINT PROJECT WITH THE FRG AND ITALY, THE AGREEMENT OF THESE TWO COUNTRIES WOULD HAVE TO BE OBTAINED, WHICH WAS WHY WE HAD APPROACHED THEM. IN THE MEANTIME THE PRIME MINISTER HOPED THAT THE HAWK TRAINER WOULD BE ADOPTED BY THE RSAF. IT WOULD MAKE AN IDEAL REPLACEMENT FOR THE STRIKEMASTER.

8. FAHD THANKED HER FOR THE EXPLANATION. HE WOULD PREFER IT THAT GULF STATES SHOULD BUY FROM FRIENDLY COUNTRIES.

9. FINALLY, THE PRIME MINISTER URGED THE FRANCO/BRITISH BID FOR THE ARABSAT PROJECT, STRESSING THAT IT REPRESENTED A WHOLLY EUROPEAN EFFORT. FAHD MADE NO COMMENT.

FCO PLEASE PASS INFO AND INFO SAVING ADDRESSEES.

CRAIG

[PASSED SAVING AS REQUESTED]

FCO/WHITEHALL

MED

- 3 -
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Chastey

SUBJECT

File No.
 Department
 Drafted by
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OUTWARD

TELEGRAM

Security Classification	
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Precedence	
PRIORITY	
DESKBY	Z

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

PREAMBLE

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 (Security Class.) CONFIDENTIAL (Caveat/Privacy marking)
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Distribution:-

[TEXT]

Following from Graham, Prime Minister's Party.
Riyadh telno 10 to FCQ: PM's visit to Saudi Arabia
 1. On 21 April the Prime Minister visited the King Faisal Air Academy and had talks, separately, with the Ministers of the National Guard (Abdullah), Defence (Sultan) and Interior (Naif).
 2. With Abdullah the discussion turned mainly on the work of the various British missions, and the prospects for the medical project (SANGMED). Abdullah, overruling his staff, said there were no problems arising out of the work of the missions; as for SANGMED all the difficulties had been cleared up, except for one over jurisdiction (the last point at the prompting of his officials). It was agreed that officials should look at this urgently and the Prime Minister said she would take a personal interest. Reference was also made to tank presentation. Concluding the meeting, Abdullah made a strong pitch for the

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/

recognition of the PLO, a theme which had clearly been coordinated.

3. The meeting with Sultan lasted an hour. He referred to what the PM had said about Tornado the previous day: Saudi Arabia welcomed this. There was discussion of Hawk trainer aircraft, Sultan saying that Saudi Arabia was studying various aircraft and would want to buy the best for the next stage of its flying training programme. He was assured that the Hawk is the best. He was non-committal about the renewal of the memorandum of understanding. In general he complained that British prices were too high and British negotiations too inflexible. The PM asked him to let her know of particular problems.

4. There followed a discussion of the Arab-Israel question. Sultan took a very critical line on Camp David and Sadat personally, whose policies at home and abroad had all failed. Camp David should be renounced. Saudi Arabia trusted Mr. Haig on the other hand and hoped he would prevail over others in Washington. Washington, eg Dick Allen, who had objected to the sale to Saudi Arabia of AWACS and equipment for the F15s, should be told that "winter was coming when the US might need the oil". The Prime Minister replied that we all needed the US and could not find an alternative in the Soviet Union. Sadat was a leader and Egypt was surrounded by enemies. The task of peace-making which he had started was not complete: we could not in any case undo what had been done and it did not help to allot blame. We needed to get all working together for a solution without pre-conditions. Peres might be more flexible than Begin but he wanted

~~XX~~

to negotiate with King Hussain who would not be willing to act without the other Arabs.

5. Sultan said he had briefed himself about the projected YAR naval base. The estimated cost was said to be £25 million. The British should agree it all with the Yemenis: if the latter then came to Saudi Arabia for help, they would be ready to contribute funds with others

/ including

NOTHING TO BE WRITTEN IN THIS MARGIN

including the UAE and Britain. There had been recent changes in the Yemeni military command and in the government which were favourable. He advised us to approach the Yemenis again.

6. The Prime Minister told Naif that solutions to the problems of the region were urgently needed. She was hopeful that during Reagan's presidency progress might be possible. Naif stressed the importance of recognising the Palestinians' rights including their right to international recognition. The Prime Minister said that their right to self-determination was recognised and not in doubt. The problem was how to achieve it. To provide a basis for negotiation however the right of Israel to exist behind secure borders had also to be recognised - as set out in Security Council Resolution 242 amplified in the Venice Declaration.

7. Naif said there were 30,000 Palestinians in Saudi Arabia. Like any other foreigner they were subject to restrictions and leftists were excluded. One had to recognise that some had been forced to take to terrorism in desperation over the Palestinian question. If the West changed their viewpoint, most, perhaps all, would turn away from terrorism. In reply to a question, he said that though individuals might continue working with international terrorists, the organisation would not.

8. The Prime Minister raised the ~~question~~ security of offshore installations. Naif said he was studying the preliminary report and would be sending a Saudi team to the UK. The Prime Minister welcomed this.

9. The Prime Minister thanked Naif for his understanding and help over British subjects who got into trouble in Saudi Arabia, mentioning two who had been five months in detention without charges, and Christie who was prevented from leaving the country. Naif said he had to follow the law but would look into these cases. Britain ought to brief British subjects before they came to Saudi Arabia. In return he hoped we would cooperate with the Saudi Ambassador over any difficulties Saudis might encounter in Britain. The Ambassador said that there had been no problems during his tenure. He put to Naif however the need to grant multiple re-entry visas to British ~~XXXXXXXXXX~~ subjects resident in Saudi Arabia. Naif said he would pursue that with the MFA.

MESSAGE ENDS

plw other
news.

RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER, THE RIGHT HONOURABLE MARGARET THATCHER MP, AND SHAIKH SARUR BIN MUHAMMAD AL NAHAYYAN AT THE RESIDENCE ON 21 APRIL 1981.

Present;

HE Shaikh Sarur bin Muhammad
al Nahayyan

The Prime Minister
Minister of State, FCO
HM Ambassador
P/Sec to Prime Minister

1. After the usual courtesies, the Prime Minister asked about the problems of the Federation.
2. Shaikh Sarur said that two years ago the Federation had been in danger of disintegration, because of disagreements between Shaikh Zaid and Shaikh Rashid. Now, whatever anyone said, the Federation would last because the people wanted it.
3. A further difficulty was that they were essentially a nation of tribes. An example was the recent trouble between a tribe of Ras al Khaimah [the Maharisa] and the Sharqiin of Fujairah. But the Federal Government had coped with that.
4. Then there were external pressures. Shaikh Saqr of Ras al Khaimah was involved with Iraq because he wanted to recover the Tunbs from Iran. The UAE wanted the Tunbs back but in their own good time and without external intervention.
5. The Prime Minister asked whether the disagreements between Shaikh Zaid and Shaikh Rashid were the root cause of the Federation's problems or whether those problems were inherent in the Federation's structure. Shaikh Sarur did not reply directly.
6. Finally, Shaikh Sarur said that there would be advantage in the Prime Minister's speaking on this subject to Shaikh Zaid and Shaikh Rashid when she met them both. Our interest and advice was acceptable to them. They had a long acquaintance with the British.

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P/Sec to PM
HMCG Dubai

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cc Master

SUBJECT

SUMMARY RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND HRH NAIF, MINISTER OF THE INTERIOR, IN RIYADH ON 21 APRIL 1981 AT 1215

After an exchange of courtesies, Prince Naif said that the hopes of the Saudi Government for an early solution to the dispute with Israel hinged on her visit. The Prime Minister said that she agreed that the need for a solution was urgent. She hoped that it would be possible to achieve one during the present United States Presidency. Prince Naif said that the Prime Minister's perseverance, decisiveness and speed of decision were well known. These characteristics made him hopeful that a solution could be found while President Reagan was in office. The Prime Minister said that it was going to be difficult to work out any solution in full. The important thing was to get negotiations started on the basis that each side accepted the rights of the other. Prince Naif said that the most important single issue was recognition of the rights of the PLO. (The interpretation was obscure at this point and it may well have been that Prince Naif was simply referring to recognition of the PLO).

The Prime Minister said that the British Government agreed the Palestinians had the right of self-determination. This was not in question. The problem was how to bring matters to the point where they could exercise it. That would be the subject of the negotiations. On the other side, it was clear that Israel had the right to exist behind secure borders. The issues had been set out in Resolution 242. This admittedly did not go far enough on the Palestinian question since it treated the matter as a refugee issue. To that extent Resolution 242 had been overtaken since all now accepted the right of the Palestinians to self-determination.

The Prime Minister asked how many Palestinians there were in Saudi Arabia. Prince Naif said there were 30,000. Agreeing that this was a small number, he referred to the restrictions placed on the entry into Saudi Arabia of anyone, whether Palestinian or not, thought to have leftist tendencies. Most of the Palestinians, who worked both in Government and in the private sector, performed well. Those who were thought to be leftist were "discarded".

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/ The Prime Minister

The Prime Minister commented that those who were excluded no doubt became troublemakers elsewhere.

Prince Naif said that it was because of the failure to solve the Palestinian question that ^{young} Palestinians had taken up terrorism. The failure of European Governments and of the United States to press for just treatment for the Arabs had driven the Arabs to adopt extreme courses. The Prime Minister asked whether the PLO would give up terrorism if negotiations got under way. Prince Naif said that he had no doubt that if the West changed its stance and pursued a just solution, the majority of Arabs and Palestinians would desist from entering terrorist organisations. The Prime Minister asked whether the PLO would stop training other terrorists. Prince Naif said that the PLO would stop but that one or two individuals might carry on.

Offshore oil installation

The Prime Minister said that the earlier British report on the defence of offshore oil installations had only been a preliminary one. We now wished to follow up with an expert report based on fuller analysis than had been previously possible. This had been mentioned by the Secretary of State for Defence during his visit to Riyadh. Prince Naif expressed regret that he had not been in Riyadh during Mr. Nott's visit. He had seen the preliminary report and thought it contained many constructive points. The Saudi Government were now thinking of sending a team to pursue the matter in the United Kingdom. The Prime Minister said they would be very welcome. We would ensure that they were given a full picture of how we defended our own offshore installations.

British subjects detained in Saudi Arabia

The Prime Minister thanked Prince Naif for the understanding way in which he had dealt with some individual cases of British citizens who had got into trouble in Saudi Arabia. There were still one or two outstanding problems, notably two who had been detained without charge and Mr. Christie. Having mentioned the matter, she proposed to leave it to the

/ Ambassador

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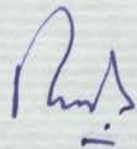
Ambassador to follow the matter up. Prince Naif gave the Prime Minister his word that he would look into any outstanding cases and give them top priority. But no doubt there would be certain aspects of the cases which had to be investigated further. He would discuss the matter with the Ambassador. The Prime Minister said she was very grateful.

Prince Naif commented that while he would spare no effort, the Saudi legal system had to be adhered to. The law must be observed. There might therefore be a case for an "awareness" campaign sponsored by the British Government to make people coming to Saudi Arabia aware of the laws and customs there so that they did not get into trouble through ignorance. The Prime Minister undertook to bear this suggestion in mind.

Prince Naif also said that sometimes Saudi visitors to London got into trouble through ignorance of the language and customs of the country. On occasion it was difficult for the Saudi Ambassador to sort matters out. Would the British Government use its good offices to facilitate the Ambassador's work? The Prime Minister said that we would certainly do so. She referred to a recent case where a police officer in Oxford had been suspended from duty following an incident involving a Saudi student.

The Saudi Ambassador in London raised the question of multiple entry visas for British businessmen to Saudi Arabia. Prince Naif said that in future British businessmen would be issued with multiple entry visas valid for six months. Invited by Prince Naif to raise any further problems affecting his work in London, the Saudi Ambassador said that there were none.

The meeting ended at 1245.



21 April 1981

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FM ABU DHABI 21¹⁷²⁶~~526Z~~ APRIL 81

TO IMMEDIATE FCO

TELNO 137 OF 21 APRIL 1981

AND TO IMMEDIATE MOD (FOR DEFENCE SALES)

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FOLLOWING FROM GRAHAM, PRIME MINISTER'S PARTY.

[10?]

RIYADH TELNO 103 - PARA 7 : TORNADO

1. PRINCE SULTAN TOLD THE PRIME MINISTER ON 21 APRIL WHEN THE TOPIC CAME UP BRIEFLY, THAT PRINCE FAHD HAD BEEN GRATEFUL FOR THE EXPLANATION GIVEN BY THE PRIME MINISTER THE PREVIOUS DAY. SAUDI ARABIA WAS HAPPY THAT THE UK WERE THINKING OF A NEW DEVELOPMENT FROM THE TORNADO. THEY WHOLE-HEARTEDLY SUPPORTED THE IDEA. THE PRIME MINISTER SAID THAT WE HOPED TO BE ABLE TO PERSUADE CHANCELLOR SCHMIDT TO AGREE TO THE RELEASE OF TORNADO AND ROLLS ROYCE TECHNOLOGY FOR THE NEW AIRCRAFT.

2. THE PRIME MINISTER WOULD LIKE SIR J. TAYLOR TO SPEAK TO CHANCELLOR SCHMIDT'S OFFICE, DRAWING ON THE TUR GENERALLY, BUT WITH PARTICULAR REFERENCE TO TORNADO. SUBJECT TO YOUR VIEWS, HE SHOULD SAY THAT WE HAVE EXPLAINED TO THE SAUDIS, THE CROWN PRINCE AND PRINCE SULTAN, OUR LATEST THINKING ON A DEVELOPMENT OF TORNADO, AS DESCRIBED IN SIR J. TAYLOR'S LETTER TO THE CHANCELLOR : THAT WE ENVISAGE THIS AS A NEW ENDEAVOUR BASED ON CONSULTATION WITH PROSPECTIVE PURCHASERS AT THE DESIGN STAGE ; AND THAT THE INTEREST IN THE AIRCRAFT SEEMS TO COME PRINCIPALLY AT THIS STAGE FROM SOME OF THE GULF STATES AND JORDAN. THE SAUDIS HAD WELCOMED THE IDEA. IT IS STILL EARLY DAYS AND THE SUBJECT MAY NOT COME UP IN SCHMIDT'S TALKS WITH THE SAUDIS ; BUT IF IT DOES, WE HOPE HE WILL FEEL ABLE MERELY TO TAKE NOTE OF SAUDI INTEREST (ON THE ASSUMPTION THAT HE WILL NOT FEEL ABLE TO GIVE FRG AGREEMENT STRAIGHTAWAY) AND TO AVOID COMMITTING HIMSELF TO A REFUSAL.

3. PLEASE REPEAT TUR TO BONN.

FCO PLEASE PASS SAVING WASHINGTON

ROBERTS

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EXTRACT FROM THE PRIME MINISTER'S PRESS CONFERENCE

Riyadh - 21 April

Q. (Nick Moore, Reuters)

You have said what a fine aircraft Tornado is - did you indeed discuss that aircraft?

PM. The point with the Tornado is this - one is already considering the next generation of aircraft for about the 1990s. The days are gone when we can design aircraft just for the use of the British Air Force. And indeed we already have some collaborative arrangements as in the Tornado with the Germans and Italians. We now have to consider designing an aircraft for wider use. What we are considering is the next generation after the Tornado, designing it not only for European use but also for use in other areas. For that purpose, we need to use two or three pieces of technology in Tornado. We need to get the co-operation on design at the outset. That is the point as far as Saudi Arabia is concerned about the next generation following the Tornado using some of the technology of the Tornado. It is a new departure for Britain to design with wider uses in mind.

cc By phone to No.10 Press Office and Private Office (to pass on to Press Office MOD and ECO)

Sir Ronald Ellis

Mr. Alexander

Mr. Ingham

PS/Mr. Hurd

PA

VISIT OF PRIME MINISTER TO SAUDI ARABIA, APRIL 1981

MEETING WITH PRINCE ABDULLAH, 21 APRIL 1981

MEDICAL SERVICES PROJECT (SANGMED)

SUPPLEMENTARY BRIEF

1. We understand from our private sources of information that Prince Abdullah has got agreement in principle from the Council of Ministers for a government-to-government arrangement for the provision of his medical services project. In addition we understand he has indicated to his officials that they should start final negotiations with the UK.
2. Over the last 12 months our negotiators have had many protracted discussions with the National Guard on their requirements. They thought they had reached general agreement on draft documents which would form the basis of the inter-governmental agreement. These discussions had thrown up a number of sticking points. Our position on each was set out last November during a meeting between HMA Jeddah and the Assistant Deputy Commander, Sheikh Abdul Aziz Al Tuwaijri (T1). Points not cleared at the meeting were the subject of a letter of 25 November 1980 from HMA (Annex) which set out our position on each point. Although there was no formal response, we understood that the National Guard was content with our answer as in December 1980 our negotiators were told by Sheikh Tuwaijri that the Guard intended to divide the project between two countries, one of which would be UK.
3. The UK team returned earlier this month at the invitation of the National Guard to start final negotiations but were surprised to find that the leader of the Guard's team, another Sheikh Tuwaijri (T2), took the line that the points raised at the November meeting were still issues between us and described our negotiators as inflexible

because they could only stand by what was agreed at the November meeting and by HMA's letter. The main points were:

- a. Jurisdiction by HMG over the MOD team to be established in Saudi Arabia to monitor the project. Our position was accepted by T1 at the November meeting.
- b. Confidentiality of contract between HMG and the prime contractor.

T2 regards our position on these as an affront to Saudi sovereignty. There were several other points raised at the time, all of which are still an issue in his eyes.

4. It is characteristic of T2 to behave like this. He does not like taking decisions yet has strong personal views on the sticking points. We are worried that his reports to T1 and thus to Prince Abdullah will colour their views on our attitude to the project. Furthermore, this arid argument could continue for some time and lead to a deterioration in the atmosphere which up to now has been cordial and understanding.

5. Our negotiators were asked by T2 to return as soon as possible with a more flexible approach and complete authority, by which he means willingness to agree all his conditions. They returned on Sunday 19 April for a further meeting, but clearly this is unlikely to produce a satisfactory outcome, and the sooner the problems are brought to Abdullah's attention the better.

6. The Prime Minister is therefore recommended to raise this with Abdullah along the lines of the existing brief (PMVK(81)4) and to add:

"Concerned to learn that some matters of policy we thought had been explained satisfactorily still seem to be an issue between our negotiators. Like to assure HRH that the proposals presented by our negotiators fully reflect HMG's policy in all respects after the most careful consideration."

The aim is to stimulate Abdullah to call for a report on the progress of the negotiations and to correct any impression that we are not being flexible.

Ministry of Defence

April 9181



His Excellency
Shaikh Abdul Aziz al Tuwaijiri
Deputy Commander
Saudi Arabian National Guard

24 November 1980

Your Excellency,

At our recent meeting I promised that Her Majesty's Government would give further consideration to the differences which we were not able to resolve.

The first point was your desire to have access to the terms and conditions of the contract placed by Her Majesty's Government on the Contractor. As we have previously explained, it is Her Majesty's Government's long established practice to observe the confidentiality of the contracts it places on its contractors. Moreover, in considering the National Guard Medical Services Project we have taken great care over a period of time to select a group consisting of the most suitably qualified companies to undertake the requirements of the National Guard. Her Majesty's Government's proposals for participation in this project are, therefore, made on the basis of the employment of International Hospitals Group (IHG), and its approved sub-contractors. Her Majesty's Government understands the desire of the National Guard to participate in this work and to this end has already indicated its willingness to associate the National Guard with the selection of potential sub-contractors, to IHG and the approved sub-contractors.

In view of the special significance to both countries of this important project Her Majesty's Government have reviewed their policy carefully and believe that a way could be found without breaching it to provide after signature of the principal contract such details about the arrangements negotiated with the Contractor as may be needed by the National Guard to demonstrate that the provisions of the contract reflect the requirements placed on Her Majesty's Government by the MOU and LOAS, and thereby fully to protect the National Guard's interests.

You also asked me to consider Her Majesty's Government's position on the question of the possible withdrawal of the team in the event of danger at a time of hostilities in the light of the arrangements agreed for the communications project. I have looked at these arrangements and find that they are less helpful to the National Guard than the existing UK proposal. This proposal provides for the continued operation of the medical services by the Contractor. The question of the withdrawal of

the Team, which consists of UK Government military and civilian personnel, arises only if both governments, following consultation, consider that the danger to the Team is such as to require its withdrawal to a place of safety. My government confirms that this proposal is necessary because it cannot in advance require its officials to stay at their posts regardless of any danger involved. But I assure Your Excellency that the consultation proposed would be carried out in a spirit of understanding and desire by both governments to arrive at a mutual acceptable course of action.

You drew my attention to the wish of Her Majesty's Government to make a two percent charge of the total project costs to cover its administrative expenses. The British Government will be devoting considerable resources to the support of this project and is unable to waive this charge.

Finally as regards the arrangements for the continuation of medical services in the unlikely event of one of the governments terminating the MOU I am pleased to confirm that we accept your suggestion of an 18 month period of notice.

I take this opportunity to renew to Your Excellency my continued respect and co-operation.

Sign of HMMA *M. 25/11*

JAMES CRAIG
HBM Ambassador

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TO IMMEDIATE FCO
TELEGRAM NUMBER 427 OF 21ST APRIL, 1981
FOLLOWING FOR HEAD SAD FROM GRAHAM

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UK/INDIAN TRADE PROBLEMS

1. THE INDIAN MINISTER OF COMMERCE RAISED WITH THE PRIME MINISTER THE OLD PROBLEMS OF FOLKLORIC ITEMS, OPIUM AND TOBACCO (UK FIRMS NOT BUYING INDIAN OPIUM OR TOBACCO), SHIPPING (CONFERENCE LINES' RATES TOO HIGH BECAUSE THEY REFUSE TO MODERNISE METHODS. EG. CONTAINERS) AND AFLATOXIN.

2. THE PM UNDERTOOK TO LOOK INTO ALL THESE ISSUES. ALL THESE ARE OLD PROBLEMS AND THE DOT WERE ACTIVE OVER THE FOLKLORIC ITEMS ON MAUNDY THURSDAY (SEE TWO U/N CREDIA TELS OF 16 APRIL TO DELHI). IN EACH AREA, NO DOUBT, EITHER THE INDIANS DO NOT HAVE A GOOD CASE, OR ACTION MUST PROPERLY BE WITH THEIR EXPORTERS (TO IMPROVE MARKETING QUALITY ETC) OR WITH OUR BUSINESS FIRMS (EG. SHIPPING). NEVERTHELESS WE NEED TO SHOW WILLING. OUR IDEA IS TO SET UP A SMALL WORKING PARTY TO GO INTO THESE QUESTIONS AND TO OFFER TO COME OUT TO DELHI SOON (ALTHOUGH THE OFFER TO VISIT ALONE MIGHT HELP IN THE CONTEXT OF THE STEEL MILL). IF, FOR EXAMPLE, WE COULD SAY TO THE INDIANS THAT, AS A RESULT OF THEIR REPRESENTATIONS TO MR BIFFEN, THE UK IMPORTERS OF "FOLKLORIC" ITEMS HAVE NOW CLEARED ALL THE GOODS (EITHER BY TRANSFER TO THE QUOTA OR RE-EXPORT), WITH THE EXCEPTION OF THREE (OR WHATEVER) WHOM WE ARE PROSECUTING FOR FRAUD, THAT WOULD BE SOMETHING. AS FOR TOBACCO AND OPIUM, I DOUBT IF THERE IS MUCH TO BE DONE IMMEDIATELY. BUT COULD WE OFFER UNDER OUR AID PROGRAMME TO PROVIDE CONSULTANTS IN THE PACKAGING AND MARKETING FIELDS, A MAJOR DEFECT IN INDIAN INDUSTRY AS A WHOLE SO FAR AS I CAN SEE? OR UNDERTAKE TO ENCOURAGE A FIRM OPERATING IN THAT AREA TO ENTER INTO A PARTNERSHIP WITH AN INDIAN FIRM? ON SHIPPING WE OUGHT AT LEAST TO TALK TO OUR SHIPPERS TO FIND OUT WHAT THE PROBLEM IS, FROM THEIR POINT OF VIEW. IT MAY BE THAT THE DOT HAVE DONE ALL THESE THINGS, BUT I HAVE NO EVIDENCE.

→ 3. THE PRIME MINISTER ATTACHES IMPORTANCE TO THE FOLLOW UP AND YOU MAY THINK IT RIGHT TO INFORM THE PUS AS WELL AS ALAN GOODISON. I SHOULD LIKE A REPORT ON 27 APRIL.
THOMSON

LIMITED
SAD
TRED
ERD
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PSILPS
PSIMRBLAKER
PSIPUS
SIR E-YOUDE
SIR J-GRAHAM
MR GOODISON
MR EVANS
MR HAYES

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TO IMMEDIATE F C O

TELEGRAM NUMBER 8 OF 20 APRIL.

COPIES SENT TO
No. 10 DOWNING STREET

FOLLOWING FOR HEAD S A D FROM GRAHAM.

MY TELEGRAM FROM BOMBAY ABOUT INDIAN TRADING COMPLAINTS.

b | THE PRIME MINISTER WISHES A REPORT ON THE FOLLOW-UP ACTION
TO REACH HER ON HER RETURN ON 25 APRIL.

CRAIG

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OO ABU DHABI DESKBY 220500Z

OO MUSCAT

PP JEDDA

GRS 142

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DESKBY 220500Z

FM FCO 211615Z APRIL 81

TO IMMEDIATE ABU DHABI

TELEGRAM NUMBER 130 OF 21 APRIL

AND TO IMMEDIATE MUSCAT

INFO PRIORITY BONN AND JEDDA.

FOLLOWING FOR ALEXANDER, PM'S PARTY. FROM MED

CHANCELLOR SCHMIDT AND SAUDI ARABIA

1. EMBASSY BONN HAVE SUGGESTED THAT BEFORE DEPARTING FOR SAUDI ARABIA ON MONDAY, 27 APRIL, HERR SCHMIDT WOULD WELCOME A BRIEF MESSAGE FROM THE PRIME MINISTER CONTAINING PERSONAL IMPRESSIONS OF HER GULF VISIT: THIS IN ADDITION TO ANY REPORTS RELAYED BY THE SECRETARY OF STATE WHEN HE CALLS ON CHANCELLOR SCHMIDT ON THURSDAY (FCO TELNO 228 TO JEDDA). WED CONSIDER THAT THIS WOULD BE HELPFUL IN PREPARING THE GROUND FOR NEXT MONTH'S ANGLO-GERMAN SUMMIT.
2. A MESSAGE PREPARED AT THE END OF THE OMANI LEG (WHEN THE PM WILL BE SUMMARISING HER IMPRESSIONS FOR JOURNALISTS) COULD BE PASSED BY BONN TO THE CHANCELLOR'S OFFICE ON SUNDAY, 26 APRIL. CARRINGTON

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MR BULLARD

MR J MOBERLY

MR FERGUSSON

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SUBJECT

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND PRINCE FAHD,
DEPUTY PRIME MINISTER OF SAUDI ARABIA, IN RIYADH ON 20 APRIL 1981
at 1815

Present:

Prime Minister	HRH Prince Fahd
The Hon. Douglas Hurd, CBE, MP	HRH Prince Abdullah
HE Sir James Craig, KCMG	HRH Prince Sultan
Sir John Graham, KCMG	HE Shaikh Nasir bin Manqur
Mr. M.O'D.B. Alexander	HE Dr. Rashad Pharaon
	HE Shaikh Ma'moun al Qabbani
	HE Shaikh Abdurrahman Mansouri

Prince Fahd said that these days of the Prime Minister's visit were among the happiest during his time in the Government. He saw them as an opportunity to try to reshape the basis of the relationship between Saudi Arabia and the United Kingdom. If a new bilateral accord could be developed, it would have an effect on the international situation generally. The Prime Minister said that she was greatly enjoying her visit.

Yemen Arab Republic (YAR)

As regards the content of this second discussion with Prince Fahd, she wanted to touch briefly on some bilateral issues and to talk about the situation in the YAR and in the Sudan, in both of which countries there was the possibility of further Soviet expansion. Friendly countries must not stand back. If they did so, they would regret it. She knew of the Saudi Government's generosity towards the YAR. However, the Soviets were also giving aid. They had offered to build a naval base for the YAR Government. If they were allowed to do so, it would radically alter the balance of power in the region. Britain had carried out a study of the issues relating to the construction of a naval base. If there was to be such a base, Britain would like to be involved. We were conscious that one could not interfere in the YAR. But there would be a real reason for concern if the YAR went down the same path as the People's Democratic Republic of Yemen (PDRY).

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Prince Fahd said that he entirely agreed about the YAR. Happily the Government there was no longer inclining so strongly towards the Soviet Union. The Saudis had told them that it would be against their interests to pursue such a course. The Government of the YAR should study carefully what had happened in PDRY, where the people were suffering under a leftist government. As regards the naval base, the Saudi Government would welcome any step to help in the way suggested which was taken by a friendly country. If the Soviet Union were to do it, they would undoubtedly ensure that they became well established with both men and equipment. The Prime Minister said that the naval base study was a preliminary one and had not been costed in any detail. Nor was it easy to keep in touch with those responsible in the YAR. She was always on the watch for possible new victims of Soviet subversion. She hoped that it would be possible to strengthen those in the YAR who were opposed to communism. Prince Fahd asked the Prime Minister whether she was saying that if the Soviet Union built the base, they would benefit from it and that there would be consequent dangers to the area. The Prime Minister said that the construction of the base by the Soviet Union would be a very regrettable development. Prince Fahd said that he agreed that if the YAR became a Soviet satellite, there would be considerable new dangers. This would be true whether or not a naval base was built. The majority of the Yemenis were opposed to communism. But there was no reason for complacency.

Sudan

The Prime Minister said that anything that happened in a country in the region affected all the others. The Sudan appeared to be in deep trouble. President Nimeiri was not very well. There was concern lest the country should have more trouble internally and become de-stabilised. If this were to happen, it would create difficulties for Egypt and for the region in general. It was not for her to say what should be done, but she knew the Sudan Government was seeking additional training facilities, including ^{the} procurement of the Strikemaster aircraft. Anything that could be done to help the Sudan would be of considerable importance.

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Tornado

The Prime Minister said that when Chancellor Schmidt visited Riyadh shortly, he might well mention Tornado. She was well aware that Saudi Arabia did not need Tornado at present but Prince Fahd might find some background useful. The Tornado was a joint Anglo/German/Italian project. All three countries had to agree to any sale. There would be no difficulty with Italy about sales in the Gulf area. The Prime Minister said that she hoped and expected that an accommodation could be reached with the Federal Republic. There were aspects of the technology in Tornado which would be needed for the development of the next generation of aircraft. As for a sale of the present aircraft, the release of these aspects would also need the agreement of the German Government.

The Prime Minister said that Britain wished to develop a new generation of aircraft based on Tornado for use in the 1990s. We had had enquiries from friends in the Gulf about such an aircraft. It would be designed not only for the British market but also in consultation with our friends in order to meet their requirements. Hitherto we had developed weapons systems for our own use and then adapted them for sales overseas. Those days were gone. In future we would have to design, in conjunction with those interested, weapons systems for wider use. We were already considering a design based on Tornado. This would ^{include} the most advanced features of that aircraft, notably the engine. The Prime Minister was mentioning it now so that if any of our friends who were interested in the aircraft mentioned it to Prince Fahd, he would be familiar with the background. It might seem a long way ahead, but in designing aircraft one had to think up to 10 years ahead.

Hawk

In the meantime, the Prime Minister said she hoped that the Hawk aircraft might find favour with the Saudi Government. It was more advanced than the Strikemaster already used by the Saudi Armed Forces. Hawk was the most advanced training aircraft flying. It was being adapted for a ground attack role.

/ Arabsat

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Arabsat

The Prime Minister said that there was an Anglo/French bid in for the construction of Arabsat. She understood that the decision was to be made shortly. She only wished to make one point. The European countries were frequently told that they should not rely on the United States but should try to do things on their own. The Anglo/French tender for Arabsat met this requirement. It was a wholly European effort. The Prime Minister added that British industry was now in better shape than it had been for a long time. When British Aerospace had been de-nationalised recently, the shares on offer had been over-subscribed. She hoped that in future our bids for major contracts would be fully competitive. If anything was being done that was not right, she very much hoped that Prince Fahd would let her know.

YAR and PDRY

Prince Fahd said that the Saudi Government were following events in both countries closely. They hoped to be able to do the right thing vis a vis both of them. Their information was that the PDRY had more military equipment than it could use. There was also manpower present in the country from many communist states. Sometimes he wondered who all this was to be used against. It was well known that the PDRY was in part a base for the Soviet Union. The latter would not be accumulating weapons in the PDRY unless they intended to use those weapons to further their own interests, eg against states of the Gulf and against Sudan.

The Saudi Government was therefore considering the best way to make the PDRY less dependent on the Soviet Union. They were thinking of proposing to the PDRY Government development projects which would benefit the country's people, eg hospitals, schools, roads and the like. This would point up the contrast between what Saudi Arabia offered and what the Soviet Union offered. It would show who were the country's friends and who were its enemies. The Soviet Union of course was warning the PDRY against talks with neighbouring governments. The argument used was that if the PDRY took help from Saudi Arabia, the smaller country would become a satellite. But neither the Soviet Union nor the PDRY Government would in fact prevent the projects from being carried through.

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/ When Prince Fahd

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When Prince Fahd had seen the PDRY President, the latter had been friendly and encouraging. He would now have to give proof of his intentions. If he refused to agree to the projects, his friendliness would have been shown to be mere words. If, on the other hand, he agreed to allow the projects to go forward, it would be clear that he had realised the gains to be won from friendship with Saudi Arabia and the losses involved in associating with the Soviet Union. Prince Fahd stressed that the Saudi Government was approaching the problem with great care, watching the reactions of those involved.

As for the YAR, Saudi Arabia gave a great deal of help. The YAR Government knew that without this help, it could not achieve even a moderate standard of living. Up until recently, President Saleh had been suspicious of Saudi Arabia. He had been surrounded by advisers who accused the Saudi Government of trying to interfere. The Saudi Government had not denied the charge; they had preferred to let the facts speak for themselves. The President had indeed realised that the earlier accusations had been false. The activities of the Democratic Front, which was connected with the PDRY, had been exposed.

However, difficulties remained. Prince Fahd had met President Saleh in Taif in the previous summer. The President had assured him that the YAR would never become communist. He had said that he would have nothing more to do with the Soviet Union. Prince Fahd had advised him to get rid of his existing commitments to that country, his Soviet advisers, etc. and to turn to the West. Since Saudi Arabia had already bought and paid for arms and aircraft for the YAR from France and the United States, it seemed pointless to turn to the Soviet Union for arms for which the YAR would itself have to pay. In spite of his assurances, President Saleh had already bought and paid for \$250 million worth of arms from his own budget. The value of the whole deal would amount to \$640 million. All this suggested that, in spite of Saudi efforts, there were still elements close to President Saleh who were trying to fuel his suspicions. They were arguing that the Saudi Government expected something in return for what it had given. Nonetheless, the Saudi Government intended to continue with its explanations. There were signs that President Saleh had realised in recent months / that his

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that his troubles came from the PDRY. The Saudi Government intended to be consistent and to be cautious. They had had a similar experience in Somali where it was only after two years' effort that they had persuaded the Somali Government to distance themselves from the Soviet Union.

Sudan

The danger to the Arabs and to Africa from a collapse in the Sudan would be considerable. Saudi Arabia was giving the Sudanese Government substantial assistance. But the Sudan was a big country and the Government there was not, and had not been for some time, a stable one. Fortunately President Nimeiri was coming to realise that the Soviet Union was his principal enemy. His efforts to create friendly relations with Ethiopia, whose Government was of course pro-Soviet, seemed to have failed. It was very important that friendly Governments should assist President Nimeiri to ward off both the external and internal threats to his Government. He faced numerous problems. The economic situation in the country had deteriorated significantly, there had been a recent coup attempt, and there was the crisis with Libya.

Somali

Prince Fahd said that the Saudi Government had been trying to help Somalia both with project aid and with food. They had also been active in an attempt to achieve a rapprochement between Somalia and Kenya. If those problems could be cleared up, it would help to stabilise the situation in East Africa. The Presidents of the two countries had met in Taif last year at the invitation of the Saudi Arabian Government to discuss their differences. But the suspicions persisted. A member of the Somali Government had recently told Prince Fahd that it might help to bring the two Presidents together again. President Said Barre had said he would think about it. He had so far not refused. The Saudi Government still hoped that agreement between the two countries would be possible.

/ Tornado

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Tornado

Prince Fahd said he was grateful for the Prime Minister's briefing. If Chancellor Schmidt raised the question, he would be in the picture. It pleased him that the Gulf States were interested in buying Tornado. He preferred them to make their purchases from friendly countries. The Arabs lived in an area of turmoil but with the help of friends like the United Kingdom and the United States, he hoped that good solutions could be found.

Lebanon

Prince Fahd said that the situation in the Lebanon was very discouraging.

Pakistan

The problem of Pakistan was both large and complicated. It involved relationships with India, Afghanistan and the Soviet Union. The immediate problem was that posed by the Afghan refugees. The Saudi Government gave the Pakistan Government help in coping with them. Prince Fahd understood the United States was reviewing its policy towards Pakistan. He hoped they would adopt a better policy. If Pakistan was strong, it could withstand a sudden attack for a period until help arrived. A weak Pakistan would not be able to do this. Prince Fahd said that he was always surprised by the fact that India regarded Pakistan as a threat and an enemy. If there were attempts by India to divide Pakistan any further, there would be very serious problems.

North West Africa

Prince Fahd said that the attempt by the Libyans to create a union between Polisario groups and Mauritania would create new crises in North Africa and would result in a further deterioration in the situation there. The crisis which already existed as a result of Libyan action in Chad was not to be taken lightly. If Colonel Qadhafi got away with the intervention in Chad, he would try his hand elsewhere. Everything he did was done at the instigation of the Soviet Union.

/ Conclusion

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Conclusion

Prince Fahd said that all these matters were vital and important. He was always pleased to discuss them. He hoped that such discussions could continue in order that both countries would be, as the Prime Minister had said, aware of danger before it struck. The Prime Minister expressed her gratitude for the time that Prince Fahd had devoted to talks. She said that she agreed with much of what he had said.

The discussion ended at 1940 hours.

Fahd

21 April 1981

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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND PRINCE FAHD,
DEPUTY PRIME MINISTER OF SAUDI ARABIA, IN RIYADH AT 1215 ON 20 APRIL

Present:

Prime Minister

HRH Prince Fahd

Rt. Hon. Douglas Hurd

HRH Prince Abdullah

Sir James Craig

HRH Prince Sultan

Sir John Graham

HE Shaikh Nasir bin Manqur

Mr. M. Alexander

HE Dr. Rashad Pharaon

HE Shaikh Ma'moun al Qabbani

HE Shaikh Abdurrahman Mansouri

Prince Fahd welcomed the Prime Minister. The Saudi Government was pleased that her visit, the first by a British Prime Minister, was taking place. They knew the visit would be a friendly one; they hoped that it would be constructive. The Prime Minister thanked Prince Fahd. She was delighted with the cordial welcome which had been extended to her. She had been particularly pleased about her long discussions the previous evening with King Khalid.

The Prime Minister suggested that the discussion might start with a review of world affairs. It was possible that, since they had a different perspective, she and Prince Fahd would have slightly differing views on one or other issue. Part of her purpose in visiting Riyadh was to enable her to see problems as Prince Fahd would see them. She hoped in this way to obtain a deeper appreciation of any situation that might develop. She was confident that her views and those of Prince Fahd on the necessity of preventing further Soviet encroachment into the region would be the same.

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The Prime Minister said that she was happy that the new US Administration and her own were in general agreement on international matters. There was now a closer accord between the US and the UK than there had been for some time.

Rapid Deployment Force

The Prime Minister said that she understood that the Saudi Government had been concerned about remarks attributed to her relating to the Rapid Deployment Force (RDF). (Prince Fahd indicated assent.) A word of explanation might therefore be in order. For some time the British Government had recognised the need to create a national force available to operate anywhere in the world if a request for help was received. Such a force would have to consist of men instantly available and properly trained. A British force would, of course, have to be ^{on a} relatively small scale. The British Government had begun to make plans and commitments over a year ago.

Subsequently the US had had the idea of creating an RDF, on a larger scale, for use to respond to requests for assistance. An essential feature of the RDF would be that it should not be stationed anywhere. It would consist of units prepared and earmarked for rapid deployment. It was basically an aspect of contingency planning. The Prime Minister had told the Americans that if they decided to go ahead with the idea, Britain would like to make a modest contribution.

There was an impression that some in Saudi Arabia and the Gulf States had thought an RDF might be stationed in the Gulf or be intended for use only in the Gulf. This was not so. The situation was simply that if, when someone asked, if you had the means to respond, you could do so. If you did not have the means, you could not. In the modern world crises developed rapidly. Prince Fahd said that some newspapers had indeed distorted statements made about the RDF. But the Saudi Government had always been confident that the situation was as described by the Prime Minister.

/ He

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He accepted that there could be situations, in some parts of the world, which required the creation of a force such as that envisaged by the US and the UK. Statements, by Communist sympathisers and those unfriendly to the Gulf States and to the UK and the US, suggesting that the force would be stationed in the Gulf or would interfere there were mere propaganda. An emergency force, earmarked to make available help rapidly, only in response to a request and not to be stationed in the Gulf, would be acceptable and welcome. The Prime Minister added that there might be occasions when a small British force would be more acceptable than involvement of the US. The latter would constitute a much more powerful signal. The British Government were very conscious of the dangers of escalation and of super-power confrontation. Prince Fahd indicated that he had taken the point.

Arab/Israel Dispute

The Prime Minister asked Prince Fahd to describe how he saw the security situation in the area as a whole. Prince Fahd referred to the Arab Summits in Tunis and Amman, and to the Muslim Summit in Taif. None of the resolutions taken at the Summits had been directed at any one nation or group of nations. The main topic at the first two Summits had been how to recover for the Arabs their legitimate rights in the occupied territories held by Israel. The Camp David decisions were discussed. Although it was not the wish of any Arab that President Sadat's initiative should fail, it was the unified view of the Arab countries that the Camp David Agreements could not be approved. They neglected two points: Jerusalem, and the legitimate rights of the Palestinians to return to their homeland if they wished, to decide their own destiny, and to have Israel withdraw from all territories occupied in 1967. The Arab peoples were convinced that their position on both points was legitimate and not for negotiation. They did not believe any free country which respected justice would object to either. Israel should be pressed by the super-powers and by other major nations to accept them.

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The Saudi Government were convinced that a fair and just solution had to be found to the 30-year-old conflict. The longer it went without solution, the more crises it would give birth to, and the more difficult it would be to solve. It had given the Soviets a foothold in the region. It would enable them to spread their influence further if a solution was not found. Any attempt to solve the conflict on a basis which did not involve the return of the Palestinians, the withdrawal of the Israelis from the occupied territories, and an answer on Jerusalem - whether advocated by the Europeans, the UN or whoever - would be a waste of time.

The Saudi Government understood that Israel did not wish these issues discussed. It was as clear to the Saudi Government as it would be to the Prime Minister that Israel did exist. It was a fact which it was useless to deny. But Israel was not satisfied merely to exist as an independent state. It was following a policy of expansion and of occupying territory by force of arms. Israel did not want a Palestinian State, did not want to give up Jerusalem, and did not want to withdraw from the occupied territories. Israel would not be convinced that it was mistaken unless it was put under pressure by the international community. Failure by the international community to exercise such pressure would amount to acceptance of the doctrine that land could be acquired by force. This would lead to disaster.

The Prime Minister said that she agreed with the last point. She asked whether Mr. Haig had talked about the next steps during his visit to Riyadh. The fact was that the problem could not be solved without the US. There were still 3 or 4 months in which to develop ideas since nothing could be done until after the elections in Israel. (Prince Fahd indicated agreement.) Prince Fahd said that Mr. Haig had not outlined any future programme. Perhaps he wished to discuss the issues with President Reagan. The Prime Minister said that in the light of the assassination attempt on President Reagan, it might be a little time before new ideas were forthcoming.

Meanwhile, the Europeans were trying to analyse the problem in more detail. They were trying to look at the real issues involved in Jerusalem, etc. In fact, they had not yet got very far.

/ Prince

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Prince Fahd said that the Saudi Government considered the European endeavour as a step forward. It seemed to him that it was one which the US President and his Administration appreciated. It would make it easier for the President to deal with Congress. The positive American attitude represented a change from that during President Carter's period of office. It was only towards the end of his Administration that President Carter had recognised the European initiative as something which might strengthen his hand. The European initiative was logical and reasonable. It was not directed against Israel. It showed that the Europeans had recognised the need to give the Palestinians the right to determine their own future. It had unfortunately been clear ever since he took office that Mr. Begin would not withdraw from an inch of occupied territory unless he was put under pressure to do so. It was therefore to be hoped that the US and Europe would decide to follow an even-handed policy based on justice and according to the Palestinians their legitimate rights.

The Prime Minister asked whether there was any hope of securing a mutual and simultaneous recognition by the Palestinians and by Israel of each others rights. She herself had said many times in public, in relation to Israel, that no nation could hope for recognition of its own right to exist in security if it denied that right to others. The US could be relied upon to put the argument to Israel. Who would do so to the Palestinians?

Prince Fahd said that he could not talk for the Palestinians. But in his view, if the Palestinians were given freedom to return to their homeland, and to determine their own destiny; if Jerusalem were returned to its pre-1967 position; and if there were international guarantees of the settlement, the PLO would be ready and willing to recognise Israel's right to exist. The PLO were repeatedly asked to give this recognition, but it was not made clear what they were to be offered in return. If they made their major concession without compensation, their position would be much weakened. If, however, there was a possibility of meeting the requirements he had just summarised simultaneously, this would in his view provide a good basis for a solution. If this seemed feasible, the Saudi

/ Government

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Government would be prepared to discuss the matter with the Palestinians in advance.

Prince Fahd said that he had been over this ground with Lord Carrington during his visit last year, and had thanked him then for the endeavours of the Europeans. If the Europeans were prepared to accord the Palestinians their rights, this would be much appreciated by the Arabs. He assumed that the US and Europe wished to see the countries of the Middle East following policies similar to theirs. One way to make this possible, and to limit the scope for further Soviet encroachment, was to solve the crisis with Israel. It was extremely difficult to convince Arabs that they should wait until the problems of Soviet infiltration and of the occupation of Afghanistan had been solved. The Arabs wanted their own problem dealt with first. The adoption by the US and Europe of a policy which would lead to a sensible solution would result in early changes in the situation in Arab countries.

One important issue was the recognition of the PLO. Accepting and dealing with the Palestinian leaders as the responsible and moderate men they were would make them more so. Prince Fahd said that he personally wished, as did the Saudi Government, that HMG could take up with the other Europeans the need for recognition of the PLO. Arab feelings were hurt by the fact that European Governments accorded Israel respect which they did not accord to the Arabs and to the Palestinians. It would be better if both Israelis and Arabs were treated equally. The Saudi Government found in dealing with Arabs inclined to support the Soviet Union that they had no counter to the argument that the Soviet Government gave arms and recognised the rights of the Palestinians, while the Western Governments did nothing. Prince Fahd therefore wished to express, in the name of his Government, the hope that the UK would adopt a different stance on the major Arab problem. What was needed was a new look, characterised by even-handedness and recognisable as such.

The Prime Minister said that the Europeans would continue their work. It was difficult to carry forward specific ideas any further / unless

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unless one had a clear idea of how they might be implemented. Much remained to be done, but it would be done. On the PLO, she said that HMG did not recognise the Organisation because of the terrorist activities of its extreme wing, and because it advocated destruction of Israel. If the PLO could say that they would accept a negotiated settlement if Israel withdrew from the occupied territories, this would not undermine their negotiating position. Acceptance of the settlement would depend on fulfilment of the conditions. This sort of approach would provide a better basis for progress. The Prime Minister also noted that the UK and Pakistan alone had recognised the West Bank as belonging to Jordan.

At this point the discussion had to be broken off to enable the Prime Minister to keep another engagement. It was agreed that the discussion would be resumed later.

The meeting ended at 1330.

Print

20 April, 1981.

CONFIDENTIAL

Keep.

ABU DHABI

Zaid bin Sultan Bin NAWAYAN

~~HH Shaikh Khalifa bin Hamad Al Thani, Amir of Qatar, President of Abu Dhabi, OPA~~

~~HH Major General Shaikh Hamad bin Khalifa Al Thani, Minister of Defence.~~

Shaikh Khalifah bin Zaid Deputy Supreme Commander

Aircraft and Training Glad that team visited UK to look at RAF flying training methods. Is HH nearer to establishing future aircraft needs Hawk/Jaguar?

Air Defence Express pleasure at decision to seek UK help with joint operations centre. Any further advice willingly given. Commend Rapier to meet further missile requirements.

DUBAI

HH Shaikh Rashid bin Said Al
Maktoum, GCMG
Ruler of Dubai

Shaikh Muhammad bin Rashid bin
Said Al Maktoum

Hawk Delighted at interest.
UK ready to assist in meeting
Dubai's needs. — *through*

Fed. ROD.

QATAR

HH Shaikh Khalifa bin Hamad Al Thani, Amir of Qatar

HH Major General Shaikh Hamad bin Khalifa Al Thani, Minister of Defence and C in C

Air Defence Hope that General Perkins' study was helpful. UK ready to give further assistance as required.

Rapier Express confidence, as only proven low level air defence system which UK will operate into 21st Century. UK ready to negotiate; understand desire for MOD to check prices.

Believe Iraqis developed healthy respect for it in Kuwait war.
Radar Express pleasure at decision to award contracts to Plessey.

OMAN

HM Jaboos bin Said, Sultan of Oman

HH Sayyid Fahr bin Taimur Al Said, Deputy Prime Minister for Security and Defence

General Pleasure at HM's continued reliance on UK equipment. Indicates close and friendly relations.

Tornado Grateful for initiative taken by HM to introduce Tornado as option in Arab States' examination of future requirements. Hope HM's air force found flight interesting.

Armour Package Delighted at arrangements to lease tanks. Glad to help in formulating requirement for Chieftains.

HRH PRINCE SULTAN (Minister of
Defence and Aviation)

Air Defence Pleased negoti-
ations on extension of project
going well. Signature soon?

Flying Training Glad that
HRH has agreed visit by RAF
team to discuss requirements.
Hope this will be useful.
Valuable experience for both
sides.

Advanced Military Aircraft
Brochures on Tornado and
derivatives left with HRH
after Mr Nott's visit. Of
interest to HRH? Possibility
of joint development of
advanced aircraft/engine.
Officials to discuss?

HR PRINCE NAIF (Minister of
the Interior)

Offshore Installation Glad
to advise on security; UK
has experience. Eager to
follow up recent visit by RN
experts by focussing on parti-
cular aspects where UK can
advise.

PRINCE FAHD (Crown Prince and
Deputy Prime Minister)

World Picture. Afghanistan and Soviet encroachment. UK/Saudi cooperation in Yemen and Sudan. Understand that Soviets have offered to build a naval base in Yemen: may be interested to hear that we have done study.

Gulf Security and Cooperation. Encouragement for regional efforts. Iraq/Iran war (Islamic Conference mediation: danger that collapse of Iran might give Soviets opportunity to establish themselves there)

Rapid Deployment Force. Re-assure.

/ Arab/Israel

Arab/Israel.

(US policy; (Fahd's impressions?);
EC efforts; Arab discussions -
need for PLO to give clear if
conditional acceptance of

/ negotiated settlement

It is worse than
Kannin / has ;

negotiated settlement with
secure borders for all)
Lebanon - Saudi influence
with Syria?

Energy: interdependence;
appreciation of Saudi
moderation. Opportunities
for British companies to buy
Saudi crude.

Industrial Collaboration:
especially on arms supply:
Tornado. (NB Jordan and Iraq
advocating, Saudis may be
hesitant).

ARABSAT: Euro-project -
technically first class and
good, competitive price.

Can I do anything
to hurry this along?

Should I come to the
Torrado or Abstract next

Measures to counter Soviet expansion by helping friends.

YAR: Need to bolster anti-Soviet forces in latter;

possibility of cooperation UK/Saudi Arabia/YAR e.g. on planned YAR naval base.

PDRY: possibility of weaning them through aid?

Sudan: Economy in trouble.

Support needed. Possibility of Saudi help for Sudan's Air Force (Strikemaster).

Turkey: economic support.

Welcome SIS cooperation with Saudi Security Service. *Perhaps it needs more urgency.*

CONFIDENTIAL

FM ABU DHABI 200930Z APR 81

TO IMMEDIATE JEDDA (FOR PS TO PRIME MINISTER)

TELNO 8 OF 20 APR 81

AND TO IMMEDIATE RIYADH

INFO IMMEDIATE DUBAI, FCO

FCO TELNO 113: PRIME MINISTER'S VISIT

1. I WENT THROUGH THE POINTS IN FCO TEL UNDER REF WITH SHAIKH ZAID AT KHAZNA THIS MORNING. I TOOK THEM IN THE ORDER A, C, B HOWEVER. I ALSO BEGAN BY SAYING THAT THE PRIME MINISTER WAS MAKING THE FIRST VISIT BY ANY BRITISH PRIME MINISTER TO THE EMIRATES AND THAT A PRIME OBJECT OF HER VISIT WOULD BE TO HEAR HIS VIEWS AND THOSE OF OTHER GULF LEADERS. (THIS SEEMED TO GO DOWN WELL). ZAID SAID NOTHING IN PARTICULAR. HE WAS OBVIOUSLY WAITING TO CONSULT AHMED SUWAIDI AND HIS OTHER ADVISERS.
2. I ASKED WHETHER HE HAD ANY SPECIFIC POINT ON WHICH I SHOULD GIVE THE PRIME MINISTER ADVANCE NOTICE AND HE DID NOT APPEAR TO HAVE ANY. WHEN SUWAIDI, SUROUR, SHARAF AND RASHID ABDULLA HOWEVER HAVE ALL BRIEFED HIM HE MAY WELL HAVE MORE TO SAY.
3. I DO NOT THINK THAT THE EUROPEAN COMMUNITY INITIATIVE IS A SUBJECT ON WHICH WE SHALL GET VERY MUCH IN THE WAY OF INFORMED COMMENT. ZAID LIKE MOST OF MY ARAB ACQUAINTANCES, FINDS IT RATHER NEBULOUS.

ROBERTS

NNNN

CONFIDENTIAL

MUSCAT 200900Z APRIL 1981

IMMEDIATE RIYADH

TELNO 2 OF 20 APRIL

INFO IMMEDIATE FCO (MED) DOT (AVIATION DIVISION) ABU DHABI

FOLLOWING FOR PRIVATE SECRETARY TO PRIME MINISTER:

BRITISH AEROSPACE

1. THE LOCAL REPRESENTATIVE OF BAE HAS APPROACHED ME ABOUT THE POSSIBILITY OF THE PRIME MINISTER SUPPORTING THE PROSPECTIVE SALE OF BAE 748 AIRCRAFT DURING HER VISIT TO OMAN.

2. BAE ARE IN COMPETITION WITH FOKKER TO REPLACE THE CURRENT FLEET OF FOKKER AND SKYVAN AIRCRAFT OPERATED INTERNALLY BY GULF AIR'S LIGHT AIRCRAFT DIVISION. THE PRINCIPAL USER OF THIS FLEET IS PETROLEUM DEVELOPMENT OMAN. BAE ARE HOPING TO SELL FOUR BAE 748 AIRCRAFT.

3. AN INITIAL RECOMMENDATION BY A TECHNICAL COMMITTEE THAT THE FOKKER OFFER SHOULD BE ACCEPTED MAY NOW BE UNDER REVIEW, BUT THE SITUATION IS VERY UNCLEAR, PARTICULARLY SINCE OMANI INTERESTS ARE CURRENTLY NEGOTIATING TO BUY OUT THE GULF AIR LIGHT AIRCRAFT DIVISION. THERE IS THUS NO CLEAR INDICATION OF WHO THE POTENTIAL PURCHASER OF NEW AIRCRAFT WILL BE, THOUGH A GROUP INCLUDING SENIOR GOVERNMENT MINISTERS WILL CERTAINLY BE INVOLVED.

4. IF THE FIRST ORDER IS SECURED A SALE OF TWO BAE 748 COASTGUARDER AIRCRAFT FOR MARITIME SURVEILLANCE MIGHT WELL FOLLOW. THERE ARE ALSO LONGER-TERM PROSPECTS FOR THE BAE 146 PASSENGER JET AND FOR BAE 125 AND JETSTREAM EXECUTIVE JETS. THE 748 SALE WOULD BE WORTH POUNDS STERLING 13.8 MILLION AND THE TOTAL POTENTIAL SALES SOME POUNDS STERLING 40 MILLION INCLUDING SPARES.

5. IN VIEW OF THE MANY UNCERTAINTIES ABOUT THE FUTURE OF INTERNAL CIVIL AVIATION ARRANGEMENTS HERE, I WOULD NOT RECOMMEND THAT THE PRIME MINISTER SHOULD MAKE A MAJOR SALES PITCH FOR THIS ORDER. IN MY VIEW BAE HAVE NOT PLAYED THEIR CARDS WELL TO DATE AND HAVE ALLOWED THE OPPOSITION TO MAKE THE RUNNING IN THE EARLY STAGES. HOWEVER IT WOULD DO NO HARM AND MIGHT WELL INFLUENCE MATTERS IF MRS THATCHER WERE TO MENTION MERELY THAT SHE UNDERSTOOD THERE WERE PROSPECTS FOR CIVIL AIRCRAFT SALES FOR BAE AND THAT SHE WELCOMED THIS. IF A SUITABLE OPPORTUNITY ARISES, THIS COULD MOST EFFECTIVELY BE DONE IN CONVERSATION WITH THE SULTAN OR THE MINISTER FOR PETROLEUM AND MINERALS. QAIS ZAWAWI IS THOUGHT AT PRESENT TO BE BACKING FOKKER.

LUCAS

RESTRICTED

GRS 88
RESTRICTED
FM DUBAI 200617Z APR 81
TO IMMEDIATE ABU DHABI
TELEGRAM NUMBER 013 OF 20 APRIL
AND TO IMMEDIATE RIYADH (FOR P.M.'S PARTY),
PRIORITY FCO.

FCO TELNO 68 TO ME: PRIME MINISTER'S VISIT: DUBAI ALUMINIUM
SMELTER INSURANCE.

1. I SAW LIVINGSTONE OF DUBAL TODAY. HE SAID THAT ALTHOUGH THE
LOSS ADJUSTERS WERE STILL EXAMINING THE CLAIM, HE WAS ENTIRELY
CONTENT WITH THE WAY IT WAS BEING HANDLED, AND HAD NO OBJECTION
TO SHAIKH RASHID BEING SO INFORMED.
2. IF, WHICH SEEMS MOST UNLIKELY, RASHID RAISES THIS WITH THE
PRIME MINISTER SHE COULD USE THE LINE SUGGESTED IN FCO TUR, ADDING
THAT SHE UNDERSTOOD THE COMPANY WERE HAPPY WITH THE INSURER'S
HANDLING OF THE CASE.

HASKELL
LIMITED
MED
PCD
PS
PS/LPS
PS/MR HURD
PS/PUS
SIR J. GRAHAM

MR. J. MOBERLY

COPIES TO:
CRES, DOT.
MR WRIGHT, CABINET OFFICE
D.O.I.

COPIES SENT TO
No. 70 DOWNING STREET

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ADVANCED

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LXE 818 / 20

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00 RIYADH (DESKBY 200830Z)

00 FCO

GRS 250

RESTRICTED

DESKBY 200830Z (ABU DHABI AND RIYADH ONLY)

FM DUBAI 200554Z APR 81

TO IMMEDIATE ABU DHABI

TELEGRAM NUMBER 012 OF 20 APRIL

AND TO IMMEDIATE RIYADH (FOR P.M.'S PARTY)

AND FCO.

Hd. MED (Ltr),

Hd. Pcb,

Hd. News 1,

Ps/LPS, 3

Ps/Mr. Hurd,

Ps/Pus,

Mr. J.C. Mobley,

R.c.

Ps/No. 10, Downing St.

(9x).

YOUR TELNOS 4, 5 AND 6 TO JEDDA: PRIME MINISTER'S VISIT.

1. FOLLOWING ADDITIONAL POINTS HAVE EMERGED HERE DURING PAST FEW DAYS:

- (A) SHAIKH RASHID IS DEFINITELY EXPECTED TO HOST THE LUNCH IN ABU DHABI ON 22 APRIL. WE HAVE POINTED OUT TO PROTOCOL DEPT. THAT ALTHOUGH OTHER GUESTS HAVE BEEN INVITED FOR 1300, PRIME MINISTER HERSELF WILL NOT ARRIVE UNTIL 1330.
- (B) SHAIKH HAMDAN BIN RASHID, MINISTER OF FINANCE AND INDUSTRY, WILL MEET THE PRIME MINISTER ON ARRIVAL AT DUBAI AIRPORT AND ESCORT HER AT THE TRADE CENTRE, CHAMBER OF COMMERCE RECEPTION AND DHOW TRIP. (SHAIKH MOHAMMED BIN RASHID LEFT FOR JAPAN AND USA ON 14 APRIL AND IS NOT NOW EXPECTED BACK BEFORE THE END OF THE MONTH).
- (C) IT IS VIRTUALLY CERTAIN THAT THE WEIR WESTGARTH CONTRACT WILL NOT REPEAT NOT BE READY FOR SIGNATURE ON THE 22ND.
- (D) ALL REPEAT ALL THE NO 10 OFFICIALS AND ALL THE ACCOMPANYING PRESSMEN HAVE BEEN INVITED TO SHAIKH RASHID'S DINNER ON THE EVENING OF THE 22ND. IT IS FOR CONSIDERATION, HOWEVER, WHETHER THE NUMBERS SHOULD NOT BE LIMITED, TO MINIMISE DELAYS

(D) ALL REPEAT ALL THE NO 10 OFFICIALS AND ALL THE ACCOMPANYING PRESSMEN HAVE BEEN INVITED TO SHAIKH RASHID'S DINNER ON THE EVENING OF THE 22ND. IT IS FOR CONSIDERATION, HOWEVER, WHETHER THE NUMBERS SHOULD NOT BE LIMITED, TO MINIMISE DELAYS WHEN THE WHOLE PARTY RETURN TO BOARD THEIR AIRCRAFT.

2. I SHALL TELEGRAPH SEPARATELY TO ABU DHABI ONLY GUIDANCE ON CAR ARRANGEMENTS FOR THE ARRIVAL IN DUBAI, DETAILS OF THE CHAMBER OF COMMERCE RECEPTION AND A LIST OF THE 20 BRITISH RESIDENTS INVITED TO MEET THE PRIME MINISTER AT MY HOUSE.

3. SINCE UK-BASED STAFF IN ABU DHABI WILL HAVE HAD A CHANCE TO MEET THE PRIME MINISTER AT THE QBP WHEREAS STAFF HERE WILL NOT, I HOPE I CAN BE ALLOWED FIVE MINUTES TO PRESENT THE UK-BASED STAFF AND WIVES (TOTALLING 12 PERSONS) IMMEDIATELY BEFORE THE BUSINESSMEN'S MEETING AT 1830.

HASKELL

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RECEIVED
NOV 22 1971
DEPT OF STATE
STATE DEPARTMENT
NOV 22 1971
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NOV 22 1971
STATE DEPARTMENT

RECORD OF A MEETING BETWEEN THE MINISTER OF STATE AND THE SAUDI FOREIGN MINISTER IN RIYADH AT 1530 ON 19 APRIL 1981

Present:

The Hon. Douglas Hurd, CBE, MP

Sir John Graham, KCMG

Mr. J.W.D. Gray

Mr. C.T.W. Humfrey

Prince Saud

Sheikh Abdul Rahman Mansouri,
Deputy Foreign Minister for
Political AffairsSheikh Nasser Manqur, Saudi
Ambassador in LondonSheikh Ma'amoun Qabbani, Head
of Western Department, MFA

Prince Saud enquired about the Prime Minister's visit to India. Sir John Graham said that the Prime Minister had conveyed a message from President Zia saying that he wanted friendly relations with India. Mrs. Gandhi had replied that she too wanted friendly relations. But the Indians remained very suspicious of Pakistan and were concerned about it being armed. Mr. Rao was due to visit Pakistan the following month. And Mrs. Gandhi did say that she thought the Pakistanis might now want peace. But overall, we did not think that we had really made much headway in persuading the Indians to take a more relaxed view of Pakistani intentions. Prince Saud said that during his recent visit to India the Indians had likewise queried with him the need for a strong Pakistan. He had spoken of the Soviet threat to Pakistan and had pointed out the difference in strength between Pakistan and India which meant that Pakistan was no longer a threat to India. It was doubtful how far the Indians accepted these arguments. He had also told the Indians that other countries in the region did not understand their attitude to the Soviet Union since these countries all felt threatened by the Soviet intervention of Afghanistan. If India did not reflect this in her policy then these countries would inevitably be suspicious of India. Sir John Graham said that the Indians maintained that their objective was to secure a Soviet withdrawal from Afghanistan but held that military pressure to achieve this would be counter-productive. The Indians appeared to accept the Russian explanation for their invasion at face value.

/Prince Saud

Prince Saud said that India's relations with Bangladesh, Sri Lanka and Nepal, which he had also visited, were not good. The Indians were therefore feeling somewhat isolated and he hoped that Mrs Thatcher's talks would have had an influence on their thinking and led them to reassess their position. The Bangladeshis were suspicious that the Indians wanted to assist the return of the Awami League.

Prince Saud said that Mr. Haig, in his visit to Saudi Arabia, had maintained that he did not believe that the US should station troops in the region. The aim instead was to help their regional friends. The Saudis had told the Pakistanis that the US did not seem to be seeking commitments in return for its assistance, but the Pakistanis were still afraid of this. Sir John Graham noted that the US had given Pakistan just five days to make up its mind on US assistance in order to fit in to the Congressional timetable. This had proved impossible for the Pakistanis.

Asked about the Pakistani attitude to the Soviet Union over Afghanistan, Prince Saud confirmed that the Pakistanis wished to negotiate with the Russians. This was because they did not believe when the chips were down anyone else would come to assist them against the Russians. They thought they were in a period of maximum danger from the Russians and considered, with some past justification, that the Russians would use India to put pressure on them. They were therefore playing for time in the belief that the situation would improve in two or three years. The UK could help to comfort the Pakistanis through its commitment to Pakistan. Mr. Hurd said that we had tried to get closer to the Pakistanis and also encourage the US to win the Pakistanis' confidence. We thought that Pakistan, like the Gulf States, wanted a powerful US but did not want an American presence on their soil. Prince Saud said that Mr. Haig had stressed the US wish to strengthen its economical and military ties and to develop closer relations with Europe and its friends in the rest of the world. The threat to the Gulf was, however, different to that of Pakistan and the problem of cooperation with the US was also different because of the US relationship with Israel. Sir John Graham noted that the Pakistanis were also concerned by the US relationship with Israel and Prince Saud agreed that this was so since / they feared

they feared that the US wanted a strategic grouping including Israel, Egypt and Pakistan.

Sir John Graham noted that Mr. Haig had said firmly in London that the Palestinian problem and the Gulf security problem were inter-linked. We thought that the Americans realised the importance of the Palestinian issue. Mr. Hurd pointed out that they had nevertheless given us no idea of how they would tackle the problem. Prince Saud said that the US did not want to make any move before the Israeli election. When questioned, however, the Americans were not clear as to what they would ask of an Israeli Labour Government if it were elected. Sir John Graham said that there was a significant difference between Begin and Peres. Begin believed in Eretz Israel as a matter of principle whereas Peres did not but rather sought security assurances in relation to the West Bank. This difference allowed potential scope for negotiation with Peres. Moreover, Peres was concerned that Israel should not incorporate large numbers of Arabs and this implied favouring an Israeli withdrawal. Prince Saud said that it was true that the Israeli Labour Party wanted areas of Arab population not to be included in Israel, but they saw them becoming like South African Bantustans.

Mr. Hurd said that there were two possible ways forward that the Americans might take. The first was to try another round of Camp David talks, perhaps trying to agree something on Gaza first. This would not be a real step forward. The second way, which we were urging on them, was to move away and forward from Camp David so that the Palestinians and other Arabs could be brought into the peace process. In order to persuade the Americans to pursue the second path there needed to be some movement on the part of the Palestinians to accept Israel's existence, albeit conditionally. Our aim in the next few months should be to produce some PLO movement in this direction. Prince Saud said that the Palestinians were being offered too small a return for such a step. Why should they take it to achieve a headline in the New York Times? The important thing was to change US policy so that the US stated that a solution should be based on the 1967 borders

/and

and on Palestinian self-determination. It was necessary for the US to put pressure on Israel and for the Israelis to compromise. Mr. Hurd said that what we were asking of the Palestinians was a conditional move. Our problem, which had been illustrated recently in Questions in Parliament, was that the Israelis were able to point to, for example, a recent statement by Qaddumi that the PLO would never accept Israel's existence. Mr. Gray pointed to the importance of public opinion for US policy. Prince Saud disagreed that public opinion in the US was a problem. This was borne out by opinion polls which he had seen which showed a greater understanding of Middle East issues. Sir John Graham stressed that the PLO would not be making a major concession by making a conditional statement. But Prince Saud said that Palestinians could only accept such a step if the US was to say that if they did so then the US would bring about a settlement. The historical precedent was discouraging since Jordan had accepted a conditional statement in 1967 in Resolution 242 but that had brought about no movement. The only way to produce a movement in Israeli public opinion was through a change in US policy. Israeli public opinion had swung against the policy of settlements only after the US had made it clear that it was opposed to them. Israeli public opinion reacted when it saw that there was a price to be paid.

Mr. Hurd referred to the uncertain and deteriorating situation in the Lebanon and asked about Saudi views. Prince Saud said that the problem was the wide differences of view within Lebanon itself. There was no consensus which would provide a basis for a solution. Israel was a bad influence acting through the Christian extremists. These extremists were destroying the possibility of a solution by insisting on complete Syrian withdrawal. Given memories of the Christian attacks on the Muslim population in the past, the Syrians could not withdraw until there was an agreement between the Christians and the Muslims. The Phalangists were in a position to bring about such an agreement but were not prepared to do so. If there was a Lebanese consensus in favour of Syrian withdrawal then the Arabs would back it.

/Mr. Hurd

Mr. Hurd said that the Saudis had been very helpful in improving Syrian/Jordan relations. Prince Saud said that the reappearance of the missing Jordanian diplomat was a positive development on which he hoped more could be built. Mr. Hurd noted that when Mrs. Thatcher had seen King Hussein the King was still apprehensive and sore about Syrian propaganda. Prince Saud said that this soreness was justified. Recent developments were hopeful but progress depended on political will on both sides.

Mr. Hurd said that we were concerned about the finances of UNRWA. Despite both the UK and Saudi Arabia having increased their contributions to UNRWA its future seemed in jeopardy. He asked how much the Saudis valued the organisation and whether other Arabs could not do more to assist it. Prince Saud said that the Saudi position was based on the view that the Palestinian refugee problem was a result of the UN Resolution that created Israel and therefore those countries who voted for it should pay for the work of UNRWA. (It was noted that the UK had abstained on the vote!). UNRWA should get its money from the US, the Soviet Union and the other countries concerned. The Saudis were willing to contribute but wanted UNRWA to do more to make people in the countries concerned aware of the refugee problem and the causes of it. They were willing to increase their contribution to UNRWA further if this was done. He thought that the other Arab states had in fact made significant contributions. UNRWA should consider collecting money from the private sector in Western countries in the way that other UN agencies did through fund-raising activities. Mr. Hurd thought there might be something in this.

/Sir John Graham

Sir John Graham asked about the Non-Aligned Movement's activity in seeking a solution to the Iran/Iraq war. Prince Saud said that the NAM were trying to develop a working relationship with the Islamic countries. The Saudis and others, however, had strong reservations about this because of the Cuban role in the NAM. They constantly argued that Cuba should not be considered a non-aligned country and were concerned about the tendency to alignment in the NAM. The NAM would not achieve any breakthrough on the Iran/Iraq problem and they had not put any proposals to the two sides. In Iran itself the growth of Khomeini's support for Bani-Sadr was a new development but it remained to be seen whether this was a real change or whether Khomeini was supporting Bani-Sadr only to repudiate him later if he failed despite such support. Khomeini was clever at keeping people in check.

Mr. Hurd asked about the fighting. Prince Saud thought that the Iraqis were more capable than the Iranians of mounting a spring offensive. Mr. Hurd asked who had the best hope of finding a solution to the conflict. Prince Saud thought that it would be the Islamic countries working with Palme. They were able to talk more frankly to the Iranians than anyone else. Sir John Graham pointed to the danger that if the war dragged on the Russians might be brought in. Prince Saud agreed and said that was why the Islamic Committee had already presented a proposal to both sides. They had now received comments on this proposal. But they were still caught in the circle of which came first, the ceasefire and withdrawal, or negotiations. At least both sides were still in play.

Mr. Hurd asked about the situation in the Yemen and how concerned we should be about it. Prince Saud said it remained confused both in the north and the south. There were continuing problems in YAR/Saudi relations though the YAR were now more aware of the implications of purchasing arms from the Soviet Union - they had found that they did not necessarily need these arms and the terms on which they got them were worse than they had bargained for. In the PDRY, internal repression and the Soviet presence was continuing. Kuwaiti and UAE Ministers had just returned from trying to persuade the PDRY to normalise their relations with Oman.

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- 7 -

The outcome was not clear but publicly the PDRY appeared negative. Mr. Hurd referred to the recent fighting which had taken place inside the Omani border. The Omanis were concerned about this. Sultan Qaboos had suggested to him last February that any steps which countries might make towards the PDRY should be reciprocated before they were taken any further in each case. Prince Saud asked whether the UK was making any step and Mr. Hurd noted that we were making a very small contribution to flood relief in the PDRY. We would like to keep in touch with the Saudis about policy towards the PDRY.

Mr. Hurd said that in the YAR we had been discussing the building of a naval facility. The Yemenis still seemed uncertain whether they wanted such a facility but we had sent out a team who had prepared a report. We saw this as a way, perhaps with Saudi help, of avoiding the Soviet Union getting in on the act. Sir John Graham noted that the YAR naval commander whom he had met was not at all pro-Russian despite having been trained there. Prince Saud said that there had been contacts from our Ambassador to the Saudi Ambassador in Sanaa about this but there had been no direct contact from the Yemenis to the Saudis. Saudi Arabia would in principle naturally prefer that any such Yemeni cooperation should be with the UK rather than the Soviet Union.

Prince Saud asked about his friend Dr. Hammadi's visit to London. Mr. Hurd said that the talks had gone better than we or probably Hammadi had expected. There were no real bilateral problems now better the UK and Iraq apart from the case of one British businessman in prison. The Iraqis had inevitably had some queries about our interpretation of our neutrality obligations in the Iran/Iraq war as regards defence equipment. We were grateful for all that Prince Saud might have done behind the scenes to help forward this relationship. Prince Saud said it was good that the Iraqis wished to expand contacts. They were seeking the chairmanship of the Non-Aligned Movement and it was healthy that they were truly non-aligned in their policies. They would also be holding the meeting of Islamic countries in Baghdad soon and had sent an invitation from the Islamic Secretary General to Iran to participate.

/ Mr. Hurd asked

Mr. Hurd asked about Iraq and Gulf cooperation. Prince Saud said that the future depended on the Iraqis. But their party system was an obstacle to their involvement with the Gulf countries. The Saudis were pleased with the solid progress being made in Gulf cooperation.

Mr. Hurd said that he wished to raise one bilateral point. This related to the dissolution of the Arab Organisation for Industrialisation which had left one British company, Westlands, with a substantial remaining problem about which they were still disappointed. We had urged Westlands to look to the future and we believed that they accepted this. But it would be a great help if Prince Sultan would agree to see Lord Aldington, the Chairman of Westlands, as had been earlier requested. There had been no response to this request. Prince Saud undertook to talk to Prince Sultan about this. He knew that there was a problem for the Saudis in looking at any single issue involved before there was an overall settlement to the AOI question.

Prince Saud asked after Lord Carrington and said that he was looking forward to ^{Lord Carrington's} role in the Presidency of the EC. Mr. Hurd stressed that the Presidency itself, as with the Arab League, did not automatically confer any additional power. Prince Saud said that nevertheless he expected much of Lord Carrington. He joked that if he did not solve the Palestinian question as he had done the Rhodesian, this would be an act of racism! Mr. Hurd said that in this context and that of the Ministerial Meeting of the Euro/Arab dialogue, it was very important that the Palestinians and the other Arabs should associate themselves with a peace process even if this was not Camp David. This would give Lord Carrington the ammunition he needed to try and advance the process. Prince Saud stressed that to agree to such a movement the Palestinians would first need a commitment from the US about the direction of its policy. Without such a commitment they would not be prepared to make a gesture just to obtain newspaper headlines. Sir John Graham noted that the previous December Arafat had come close to making a conditional statement. Prince Saud said that this was so but that soon afterwards the US had made a number of strongly anti-PLO statements thereby disappointing the Palestinians. Mr. Hurd said that he entirely agreed on the need to encourage an evolution in US policy.

One way to achieve this was to point out to the Americans that they could not get the strategic position which they wanted in the Middle East while the Arab/Israel problem festered. A second way was to persuade the US that the PLO was not committed to the destruction of Israel. We accepted that the Arabs could argue the reverse in relation to the Israeli Constitution but our aim should be to change the positions of both sides. We were afraid of missing what might be an opportunity to do this. Prince Saud said that all that it needed was for the US to take the Palestinians into their confidence. Mr. Gray wondered whether the US might not make a conditional statement. Prince Saud replied that the US had so far gone no further than saying that if the PLO renounced terrorism it would be willing to talk to them - but this did not amount to a commitment to a change in US policy.

Sir John Graham asked whether the PLO might not make a conditional commitment simply to a negotiated settlement. Prince Saud said that this was still putting the cart before the horse. The UK should get Arafat to come to London. Sir John Graham asked whether in this case Arafat would say what we wanted him to. Prince Saud asked why we did not try this out with Arafat.

The meeting finished at 1645.

20 April 1981

Distribution: Mr. Alexander
Sir John Graham
Sir James Craig

SECURITY CLASSIFICATION

PRIORITY MARKINGS

Top Secret
Secret
Confidential
Restricted
Unclassified

Flash }
Immediate }
Priority }
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(Date)

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FOR INGHAM, PRIME MINISTER'S PARTY, BOMBAY, FROM
LIZ DRUMMOND, NO. 10 DOWNING STREET.

1. COI Press Summary omits to say that the story
of the British woman in jail in Dubai is the Sun's
front page splash.

2. The Summary also omits to say that all the papers
carry the fact that three Republican MPs have been
given permission to visit Sands. This is causing
considerable interest.

L.P. Rhodes.

18 April 1981

p.p. Liz Drummond

NOTHING TO BE WRITTEN IN THIS MARGIN

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669/18

IMMEDIATE

LUK 24/18

FDW G 007/18

O BOMBAY

OO JEDDA

RR ANKARA

GR 140

CONFIDENTIAL

FM FCO 181220Z APR 81

TO IMMEDIATE BOMBAY

TELEGRAM NUMBER 85 OF 18 APRIL

INFO IMMEDIATE JEDDA WASHINGTON ROUTINE ANKARA

FOLLOWING FOR PRIME MINISTERS' PARTY

1. THE U S EMBASSY HAVE ASKED US TO PASS THE FOLLOWING MESSAGE TO YOU FROM THE STATE DEPARTMENT:

QUOTE

ON APRIL 1, FOREIGN MINISTER TURKMEN ASKED THE SECRETARY TO RAISE ASSISTANCE TO TURKEY DURING HIS VISIT TO SAUDI ARABIA. IN HIS DISCUSSION WITH CROWN PRINCE FAHD ON APRIL 8, SECRETARY HAIG URGED THE SAG TO PROVIDE SUBSTANTIAL ASSISTANCE FOR TURKEY AGAIN IN 1981. FHAD'S RESPONSE WAS NON-COMMITTAL.

IN 1980 SAG BALANCE-OF-PAYMENTS ASSISTANCE FOR TURKEY TOTALED 250 MILLION DOLLARS. TURKEY'S NEEDS FOR EXTERNAL ECONOMIC AID ARE AT LEAST AS GREAT IN 1981 AS IN 1980. IT WILL NOT BE POSSIBLE FOR SOME OECD DONORS TO PROVIDE AS MUCH ASSISTANCE THIS YEAR, THUS, AID FROM OTHER DONORS TAKES ON ADDED IMPORTANCE. WE BELIEVE IT WOULD BE HELPFUL IF PRIME MINISTER THATCHER AND CHANCELLOR SCHMIDT WOULD ALSO ASK THE SAG TO PROVIDE AID TO TURKEY AGAIN IN 1981. UNQUOTE.

CARRINGTON

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GRS 88
CONFIDENTIAL
FROM DELHI 170500Z APR
TO PRIORITY FCO
TELEGRAM NUMBER 421 OF 17 APRIL 1981
AND TO PRIORITY JEDDA

FOLLOWING FROM ALEXANDER, PRIME MINISTER'S PARTY.
YOUR TELNO 234: PRIME MINISTER'S VISIT TO SAUDI ARABIA

THE PRIME MINISTER WOULD PREFER TO AVOID A STATEMENT AT THE END
OF HER VISIT TO SAUDI ARABIA IF POSSIBLE. IF THE SAUDIS ARE
INSISTENT, THE PRIME MINISTER WOULD PREFER SEPARATE PRESS RELEASES
TO A JOINT COMMUNIQUE.

THOMSON

[COPIES SENT TO NO 10 DOWNING STREET]
[THIS TELEGRAM WAS NOT ADVANCED]

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PS
PS/LPS
PS/MR HURD
PS/PUS
SIR J GRAHAM
MR J C MOBERLY

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Telephoned to Naito.

MR. PATTISON

(dam Cloral)

The Prime Minister is content with the draft
letter about Tornado sales to Arab countries.

T.P.L.

16 April 1981

*Approved letter*PRIME MINISTERTornado Sales to Arab Countries

Lord Carrington has seen a copy of Dawson's letter to me of 10 April with the enclosed annexes on the Tornado 'family' and revised briefs for the Prime Minister's visit to the Gulf States. These papers indicate that our main objective now is the sale to Arab customers of a completely new aircraft (the P110) available towards the end of the decade, specifically designed for the Middle East and incorporating modern technology developed during the AST 403 studies combined with major components of the Tornado. The Tornado itself in its IDS or ADV versions, would be supplied to Arab customers in three or four days time to fill the gap.

Your message of 16 February to Chancellor Schmidt referred solely to the question of sales of the two existing versions of the Tornado itself. In light of latest developments, and of Herr Schmidt's own visit to Jeddah a few days after the Prime Minister's, Lord Carrington believes it important that we should give the Federal Chancellor's Office an up-to-date and comprehensive account of the way our thinking is progressing. He sees a risk that, unless we do so, the Germans may feel that we have been less than wholly frank and consistent in what we have said to them.

When Sir Jock Taylor paid his introductory call on Chancellor Schmidt, the latter expressed scepticism about the seriousness of our proposal to sell Tornado to the Arabs; he said he thought our proposals were merely a political gesture. Sir Jock put matters straight. But, because the interview had to be cut short, Herr Schmidt invited him to write to the Chancellery on any further points he wished to cover. Lord Carrington considers that this provides a useful opportunity to keep the Chancellor informed of the latest developments on Tornado and the P110 as well as to deal with the security question which the Chancellor mentioned.

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- 2 -

I attach a draft text which the Secretary of State wishes to instruct Sir J. Taylor to include in his letter to the Chancellor's Office. This takes account of comments from the Embassy in Bonn on an earlier MOD draft.

In addition, Lord Carrington believes it would be helpful if further word could be sent to the Chancellor about any talks on Torpedo which you may have in Jedda, before Herr Schmidt leaves Bonn on 27 April.

RM

15 ^{April} March, 1981

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret
Secret
Confidential
Restricted
Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

DRAFT TEXT OF LETTER FROM HM AMBASSADOR BONN TO THE
FEDERAL CHANCELLOR'S OFFICE

STATEMENT.....

1. In the course of my discussion with the Chancellor on 7 April, I undertook to provide further information on the security implications of selling Tornado in the Middle East. I would, however, like also to take this opportunity of bringing you up to date with the latest developments in our discussions with Arab countries and of filling in some background detail to the Prime Minister's message of 17 February.

2. In her message, the Prime Minister stressed the political importance of strengthening the Arab states by encouraging them to stand on their own feet in military terms. It is for this reason, and because of the importance which HMG attach to the industrial and technological arguments, that we have been so anxious to ensure that the option of a purchase of Tornado, and of a derivative of this aircraft, was kept fully open while the Arab countries considered their future requirement for an advanced technology fighter. We therefore regard the prospect of Tornado

Enclosures—flag(s).....

/sales

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sales as much more than a political gesture and believe it important to encourage any interest which the Arab states show in the aircraft.

3. At present the degree of interest varies from state to state. Different countries have different aircraft requirements in different timescales. Jordan, which has the most effective Arab airforce in the Middle East, appears to be taking the lead in advising a number of other Arab states on a joint purchase of some 300 advanced combat aircraft. Once the Jordanian evaluation is complete it will be discussed with other Arab nations at a technical conference. The United Kingdom first learnt of this intention at the time of the Amman Summit in the autumn. Just before the Taif Summit in February we discovered that King Hussein was on the point of putting a recommendation to his colleagues. We were told that Tornado had not been considered because of doubts about its availability for the Middle East. We judged that a decision in favour of an alternative aircraft would cause long term damage to the advanced aircraft industry in the three partner countries. ~~It was for this reason, as much as for political reasons,~~ ^{accordingly} that the Prime Minister sent a personal message to King Hussein asking that the Tornado should also be considered. This message appears to have averted an immediate decision in favour of an alternative aircraft. The Omanis also expressed an interest in Tornado but it appears that the Saudis have taken no firm position at this stage.

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we have continued to make

4. ~~in the light of our subsequent~~ soundings among potential Arab customers, ~~and with our own industry,~~ although the situation is still fluid, our thinking has, ~~however,~~ developed a good deal since the Prime Minister's message. You may find it helpful if I were to set out the position in detail. There are some indications It is now clear ^{may be mainly} ~~are looking~~ interested in for an advanced air superiority fighter aircraft, available towards the end of the 1980s. There would be an obvious attraction for them if this new aircraft could be the latest in a "family" of aircraft, earlier generations of which might be available for them in the mid 1980s. We are therefore now ^{beginning to} ~~thinking~~ of a new design, based on Tornado technology and using Tornado components, which would be specifically developed in the United Kingdom for the Arabs as a partnership venture involving Arab funding. We hope that a longer-term project of this nature will not give rise to serious political difficulties in the Federal Republic. Nevertheless, in the shorter term the Arab countries may want to procure some of the existing IDS and ADV versions of the existing Tornado in order to fill the gap before the new aircraft is available. HMG consider that a proposal of this nature has considerable appeal to potential Arab customers and offers the possibility of significant benefits to the industries of the three partner countries by building on our achievement, and safeguarding our future capability in this area of high technology.

5. We therefore believe it important to counter the reservations which the Arabs continue to express about

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our reliability as a secure source of supply, and have taken certain measures to sustain Arab interest. King Hussein has asked to fly an RAF Tornado in the course of a private visit which he is currently making to the United Kingdom and we have made arrangements for him to do so. This will be followed by a similar flight for an Omani pilot and a similar invitation has been offered to Saudi Arabia. I hope these measures, which the United Kingdom has taken on its own responsibility, indicate the importance we attach to maintaining Arab interest. I should stress, however, that discussions are still at a very early stage and we do not yet know whether the Arabs will decide in favour of Tornado and, if so, what configuration of aircraft they will choose and in what timescale.

6. Finally, I should like to deal with the important problem of security which the Chancellor mentioned to me. The United Kingdom is just as concerned as the FRG that the essential characteristics of our main front line aircraft should not be compromised. If the Arabs decide on an entirely new advanced combat

aircraft ^{this should overcome our} ~~we do not anticipate any security difficulties~~ ^{about security.}

We have, however, discussed the security ^{problem} ~~difficulties~~ on the current IDS Tornado with officials at the Federal Ministry of Defence. It was agreed that there are only four areas of particular sensitivity and these could be safeguarded in the following ways:

- a) the nuclear weapons panel - this would be deleted from any aircraft sold to the Middle East;
- b) the characteristics of the terrain-following radar - these could be altered by design changes;

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- c) electronic warfare equipment - this is always re-designed for export aircraft;
- d) the weapons fit - no commitments have been made to the Arab states on weapons.

Apart from these four areas, where safeguards can be devised, we do not expect that any part of the existing aircraft will need to be classified above confidential. The United Kingdom would take similar steps on the air defence variant. We would of course wish to hold further discussions on security with the appropriate German authorities once we know what sort of aircraft the Arabs wish to purchase.

7. In the meantime the immediate problem is to convince the Arabs that we are serious and that both political and security problems can be overcome. Mr Nott took every opportunity to make this point, without prejudicing the position of our partners, in the course of his recent visit to the Middle East and the Prime Minister will follow this up during her own visit. If any ^{useful} further information which becomes available, ^{himself} will be fed back to you before the Chancellor leaves for Saudi Arabia, ~~on 27 April~~. Thereafter we anticipate that a ^{an} ~~very~~ early decision in principle will be required to continue the dialogue with the Arabs, ~~that has already begun~~.

during the Prime Minister's visit, we will try to arrange for it to

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FM JEDDAH 160903Z APR 81

TO IMMEDIATE FCO

TELNO 302 OF 16TH APRIL 1981

REPEATED IMMEDIATE NEW DELHI.

PRIME MINISTER'S VISIT TO SAUDI ARABIA

1. THE DEPUTY FOREIGN MINISTER TELLS ME HE HAS RECEIVED INSTRUCTIONS FROM PRINCE SAUD IN DELHI TO START DRAFTING A JOINT "STATEMENT" TO BE ISSUED AT THE END OF THE PRIME MINISTER'S VISIT. IN REPLY TO MY QUESTION HE SAID HE THOUGHT THIS MEANT A JOINT COMMUNIQUE.

2. I REPLIED THAT IT WAS NOT OUR CUSTOM TO HAVE JOINT COMMUNIQUE. BUT HE SAID THAT FOR A PRIME MINISTERIAL VISIT THE SAUDIS WOULD LIKE TO HAVE SOMETHING. THE HEAD OF WESTERN DEPARTMENT WHO WAS PRESENT RECALLED THAT DURING YOUR VISIT TO TAIF IN AUGUST THE TWO SIDES HAD JOINTLY DRAFTED SEPARATE PRESS RELEASES AND CLEARED THEM WITH EACH OTHER.

3. WOULD THIS SOLUTION BE ACCEPTABLE PROVIDED I CAN (AS I EXPECT) RIDE THE SAUDIS OFF THE IDEA OF A JOINT COMMUNIQUE?

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PS/MR HURD
PS/PUS
SIR J GRAHAM
MR J MOBERLY

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OO JEDDA
OO DELHI

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FM FCO 161315Z APR 81

TO IMMEDIATE JEDDA

TELEGRAM NUMBER 234 OF 10 APRIL 1981

AND TO IMMEDIATE NEW DELHI

JEDDA TELNO 302: PRIME MINISTER'S VISIT TO SAUDI ARABIA

1. MINISTERS HERE RECOMMEND THAT WE SHOULD RESIST AGREEING TO ANY FORM OF SUBSTANTIVE STATEMENT AT THE END OF THE PRIME MINISTER'S VISIT. A JOINT COMMUNIQUE COULD WELL BE DIFFICULT TO AGREE AND IS LIKELY TO BE UNDULY TIME-CONSUMING TO NEGOTIATE, WITH THE RISK OF LEAVING A BAD TASTE.

SEPARATE PRESS RELEASES WOULD SERVE TO UNDERLINE ANY DIFFERENCES BETWEEN THE TWO SIDES,

SUBJECT TO THE PRIME MINISTER'S VIEWS, THEREFORE, WE RECOMMEND THAT HM AMBASSADOR SHOULD TRY TO RIDE THE SAUDIS OFF THIS PROPOSAL. IF THIS IS NOT POSSIBLE, THE MATTER CAN BE DISCUSSED FURTHER AFTER THE PRIME MINISTER AND MR HURD'S ARRIVAL IN RIYADH.

CARRINGTON

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PS/MR HURD

PS/PUS

SIR J GRAHAM

MR J MOBERLY

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OO DUBAI
OO ABU DHABI
OO DELHI

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FM FCO 161400Z APRIL

TO IMMEDIATE DUBAI

TELEGRAM NUMBER 68 OF 16 APRIL 1981

INFO IMMEDIATE ABU DHABI, NEW DELHI

PRIME MINISTER'S VISIT : DUBAI ALUMINIUM SMELTER INSURANCE

1. THE BRITISH INSURANCE ASSOCIATION HAVE WRITTEN TO THE SECRETARY OF THE CABINET TO SUGGEST THAT THE PRIME MINISTER SHOULD BE MADE AWARE THAT SHAIKH RASHID MIGHT RAISE WITH HER THE QUESTION OF THE SUBSTANTIAL INSURANCE CLAIM OUTSTANDING FOLLOWING THE DAMAGE TO THE ALUMINIUM SMELTER.

2. WE THINK IT UNLIKELY THAT RASHID WILL DO SO. BUT IN CASE THE PRIME MINISTER NEEDS A DEFENSIVE BRIEF, WE SUGGEST THE FOLLOWING : QUOTE CONCERNED TO HEAR OF THE DAMAGE TO THE SMELTER. BRITISH INSURERS HAVE LONG TRADITION OF MEETING ALL LEGITIMATE CLAIMS AGAINST THEM, NO MATTER HOW LARGE. NOTION OF THEIR NOT HONOURING THEIR LEGAL LIABILITIES ARISING OUT OF DUBAI INCIDENT. AM SURE THE INSURERS ARE DEALING AS QUICKLY AS THEY CAN WITH THE CLAIM UNQUOTE.

3. YOU MAY WISH TO EXPLAIN THE CIRCUMSTANCES OF THE DAMAGE TO THE SMELTER TO THE PRIME MINISTER'S PARTY EITHER ON ARRIVAL IN DUBAI OR ELSE (PREFERABLY) VIA ABU DHABI WHERE THERE WILL BE A LITTLE MORE TIME.

CARRINGTON

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No. 10 DOWNING STREET

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H. J. HOBELLY*

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MR WRIGHT CABINET OFFICE

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FM FCO 161205Z APR 1981
TO IMMEDIATE WASHINGTON
TELEGRAM NUMBER 588 OF 16 APRIL
INFO BIS NEW YORK

FROM NO 10 PRESS OFFICE.

1. YOUR TEL 1116 OF 3 APRIL ABOUT REQUEST BY PETER OSNOS, WASHINGTON POST, FOR RADIO INTERVIEW WITH PRIME MINISTER ON 18 OR 22 JUNE.
2. REGRET IMMEDIATE ANSWER NOT POSSIBLE. CONSIDERATION MUST AWAIT PRIME MINISTER'S RETURN (26 APRIL) FROM INDIA/GULF TOUR.
3. PLEASE TELL OSNOS HIS REQUEST WILL RECEIVE EARLIEST POSSIBLE ATTENTION. GRATEFUL TO KNOW - WITHOUT COMMITMENT - IF OTHER DATES POSSIBLE. SUGGESTED DATES MAY BE INCONVENIENT EVEN IF PRIME MINISTER AGREES IN PRINCIPLE.


CARRINGTON

[COPIES SENT TO NO 10 DOWNING STREET]

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010
Foreign Policy
File in India



FCS/81/46

SECRETARY OF STATE FOR DEFENCE

to [unclear] [unclear]
Prime Minister

We must keep up
the pressure on their
[unclear]

Training Charges

1. The letter of 6 April from Number 10 to your Private Secretary refers to the damage to British interests in Saudi Arabia as a result of the over-zealous recovery of charges for SAS training. This, I think, highlights a wider problem over the impact of MOD training charges on our interests abroad which has concerned me for some time.

2. When colleagues considered the MISC 42 reports, it was accepted that full costs (as defined by the Treasury) or as near full costs as the market would bear, should continue to be the basis of charging policy. I understand that, in endorsing subsequently the scale of charges to be made for training in the UK, you directed that there should be some flexibility; especially where there is a direct defence policy interest (including defences sales). This is a welcome move. No doubt your officials will now be considering how to implement your directions. You may therefore like to have a note of how we here see the problem.

3. Clearly problems exist. My attention has been drawn to a number of instances where our charging arrangements may be having an adverse effect on our national interests. One in particular, on which our officials have been in touch, is the charge we make for Canadian work-up training and the possible reciprocal (and costly) effect on what the Canadians may charge us for our use of /their



their facilities. We have also had recent indications from the Ambassador in Oslo that the Norwegians may be turning elsewhere, perhaps to the Dutch, for training because our costs are too high. The latest indications we have of dissatisfaction with the level of our charges come from a report by the leader of the Red Arrows team to the Middle East. You may have seen his signal of 24 March, reporting on representations made to him on the high cost of British training. These and other examples, coming as they do on top of the evidence last year that third world countries like Ghana, Kenya and Malaysia had to reduce the amount of training they could buy from us, are worrying. Not only does this prompt such countries to look to us to provide an increasing level of subsidised help under the UKMTAS (the level of which is not increasing in real terms), but there is surely a risk of pricing ourselves out of the market. Worse, are we in some instances, eg that of Canada, in danger of cutting off our nose to spite our face?

4. The examples, to which I have referred, relate only to past experience. I understand however that a further very substantial rise in charges is envisaged for 1981/82. This increase will make our problems worse.

5. I entirely understand the difficulties which you face with the Defence Budget. Clearly any revenue you can generate is helpful. But in the longer term we may be in danger of reducing revenue in real terms, since demand cannot be infinitely elastic. I am sure that your initiative in relation to charges will be implemented in a way which meets our general need to maintain, by training and sales, good defence relations with friendly

/foreign



friendly foreign states as well as satisfying your particular need to recoup as large a proportion as possible of your costs. My officials would be glad to give whatever help they can to yours in working out details of a more flexible approach.

6. The letter from Number 10 to which I referred also touched on the related question of the allocation of training places. I agree that this can sometimes present difficulties, particularly with Staff Colleges where competition is fierce. One factor is the demand; another is the ability of friendly countries to provide suitable candidates. Clearly we do need to give careful thought about which countries should be offered slots and in what numbers. Our officials are in touch on this. I believe that it is in our interests to do all we can to identify and meet the effective demand.

7. I am copying this minute to the Prime Minister, the Chancellor of the Exchequer and to Sir Robert Armstrong.

A handwritten signature in dark ink, consisting of a large, stylized letter 'C' with a horizontal stroke at the bottom.

(CARRINGTON)

Foreign and Commonwealth Office
15 April 1981

'6 APR 1981



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FM F C O 151919Z APR 81
TO IMMEDIATE NEW DELHI
TELEGRAM NUMBER 363 OF 15 APRIL

FOLLOWING FOR ALEXANDER , PRIME MINISTER'S PARTY, FROM SANDERS,
10 DOWNING STREET.

BEGINS:

TONY MARLOW HAS PUT DOWN A PRIORITY WRITTEN QUESTION TO THE
PRIME MINISTER, WHICH WILL HAVE TO BE ANSWERED ON 16 APRIL.
FOLLOWING IS THE QUESTION AND DRAFT ANSWER:

''WHETHER , IN HER FORTHCOMING VISIT TO THE MIDDLE EAST, SHE WILL
TAKE ADVANTAGE OF ANY OPPORTUNITY TO MEET WITH MODERATE REPRESENT-
ATIVES OF THE PALESTINE PEOPLE.

MR.WHITELAW: I HAVE BEEN ASKED TO REPLY. THE PURPOSE OF MY RIGHT
HON. FRIEND'S VISIT TO SAUDI ARABIA, OMAN, THE UNITED ARAB EMIRATES
AND QATAR IS TO DISCUSS QUESTIONS OF BILATERAL INTEREST. SHE HAS NO
PLANS TO MEET PALESTINIAN REPRESENTATIVES.''

WE SHALL GIVE THIS ANSWER AT 0930Z UNLESS WE HEAR FROM YOU.
ENDS

CARRINGTON

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CLASSIFIED**IMMEDIATE**

OO NEW DELHI

OO JEDDA

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FM F.C.O. 151230Z APR 81

TO IMMEDIATE NEW DELHI

TELEGRAM NUMBER ALLAY 8 OF 15 APRIL

AND TO IMMEDIATE JEDDA

TO HMA FROM MR C GRAHAM IED/DHSS

SUPPLEMENTARY BRIEFING TO PMUK(81)6 BY DHSS FOR PM'S VISIT TO SAUDI AND THE GULF:

GRATEFUL IF THE FOLLOWING COULD BE INCLUDED IN DHSS PART OF PM'S BRIEF.

PMVK(81)6

COPY NO.

14 APRIL 1981

PRIME MINISTER'S VISIT TO SAUDI ARABIA AND
THE GULF: 19TH - 25TH APRIL 1981.HEALTH CARE CO-OPERATION AND EXPORTS
SUPPLEMENTARY BRIEF BY DEPARTMENT OF HEALTH AND SOCIAL SECURITY
POINTS TO MAKE

1. THE PRIME MINISTER MAY BE PRESSED TO DEMONSTRATE THAT THE HEALTH CARE EXPORTS PARTNERSHIP IS LIKELY TO LEAD TO ACTION RATHER THAN JUST MORE TALKS. IN RESPONSE THE PRIME MINISTER WILL WISH TO EMPHASISE THAT THE RECENT FURTHER TALKS IN SAUDI AND OTHER GULF STATES, INVOLVING BOTH GOVERNMENT AND INDUSTRY, WERE DESIGNED TO BRING HOME DIRECTLY TO BRITISH BUSINESSMEN THE VIEWS OF SAUDI AND GULF LEADERS. THESE REQUIRE UK EXPORTERS TO ADJUST THEIR THINKING AND PRODUCT TO THE EXPRESSED NEEDS OF THE SAUDI AND GULF STATES CLIENTS, AND NOT SIMPLY OFFER THE PREVIOUSLY DEVELOPED UK HEALTH CARE SOLUTION EACH TIME.
THEY ALSO MEAN THAT UK HEALTH CARE EXPORTERS MUST ESTABLISH AND SUSTAIN A CONTINUING PRESENCE IN THE SAUDI AND GULF STATES MARKET PLACE AND SOCIETY. UK EXPORTERS MUST TAKE AS LONG A VIEW AS THE SAUDI AND GULF STATES PLANNING PROCESSES REQUIRE TO EMBED THEMSELVES IN SAUDI AND GULF STATES BUSINESS AND SOCIETY, INCLUDING JOINT VENTURES WITH SAUDI AND GULF STATES INTERESTS. DESPITE THIS FURTHER TALKING, SPECIFIC PROJECTS ARE BEING CONSIDERED AS DETAILED BELOW.
2. THE PRIME MINISTER MAY ALSO WISH TO REGISTER THE POINT, IF PRESSED, THAT SOME UK HEALTH CARE EXPORTERS, WHO HAVE UNDERTAKEN RECENT BUSINESS VENTURES IN SAUDI, HAVE REPORTED TO THEIR COLLEAGUES SOME DIFFICULTY IN OBTAINING PAYMENT IN ACCORDANCE WITH THEIR CONTRACTS. SUCH STATEMENTS, EVEN IF ONLY PARTLY TRUE, CAN EASILY DISSUADE UK HEALTH CARE EXPORTERS FROM VENTURING INTO SAUDI AND THE GULF. THE PARTNERSHIP WILL PURSUE THE DETAIL.

BACKGROUND.
SAUDI ARABIA

3. THE HEALTH CARE EXPORTS PARTNERSHIP IS TAKING A VERY CRITICAL LOOK AT THE UK HEALTH CARE PERFORMANCE IN SAUDI OVER THE LAST 7 - 8 YEARS AND IDENTIFYING, BY SPECIFIC REFERENCE TO ALL THE RECENT VISITS AND MEETINGS DETAILED IN THE MAIN BRIEF, WHAT UK INDUSTRY NEEDS TO DO TO IMPROVE ITS PERFORMANCE. THIS INCLUDES:

- 3.1 AN URGENT RESPONSE TO THE SAUDI MINISTRY OF HEALTH OFFER FOR THE UK TO COMMISSION AND MANAGE THREE HOSPITALS AT TO-PAK, HAIL AND NAJIRAN. IF WE CANNOT GET AGREEMENT TO A COMPREHENSIVE COMMERCIALY BASED PACKAGE, WE WILL CONSIDER A GOVERNMENT TO GOVERNMENT ARRANGEMENT ALONG THE LINES OF A RECENT SAUDI AGREEMENT WITH DENMARK;
- 3.2 THE COMPLETION AND EXPANSION OF THE IMMEDIATE BUSINESS GENERATED BY THE INDIVIDUAL FIRMS ON THE BRITISH HEALTH CARE EXPORT COUNCIL'S TRADE MISSION TO SAUDI IN MARCH. THE CHAIRMAN OF BHEC TELLS US THAT THE TRADE GENERATED WAS WELL ABOVE PAR FOR THIS TYPE OF MISSION;
- 3.3 THE IMMEDIATE PURSUIT OF MAJOR HEALTH CARE OPPORTUNITIES IDENTIFIED IN SAUDI PLANS, WHICH THE UK NEEDS TO ACT ON NOW IF THEY ARE TO COME TO FRUITION OVER A 3-5 YEAR PERIOD: FOR EXAMPLE THE PROPOSED UNIVERSITY HOSPITALS AT DAMMAN AND AND JEDDAH WHERE, PARTICULARLY AT DAMMAN, AN IMMEDIATE FOLLOW UP TO ASSIST THE DEAN WITH HIS MEDICAL STAFFING PROBLEMS COULD WELL PROVIDE THE FIRST STEP ON THE LONG ROAD TO A MAJOR CONTRACT IN A FEW YEARS TIME - DETAILS NOT TO BE RELEASED;
- 3.4 THE IMPLEMENTATION OF THE SANGMED CONTRACT FOR THE MINISTRY OF DEFENCE - SEE DEFENCE SALES BRIEF NO. 4.

UNITED ARAB EMIRATES

4. WE ARE EXPLORING WAYS OF RESPONDING TO UAE REQUESTS FOR TWINNING HOSPITALS, EXCHANGING STAFF, ESTABLISHING MEDICAL EDUCATION LINKS AND USING UK PRIVATE FACILITIES BY PATIENTS FROM THE UAE. UK EXPORTERS ARE ALSO PURSUING THE EQUIPMENT OF CENTRES FOR THE HANDICAPPED.

OMAN

5. AT THE REQUEST OF THE OMAN GOVERNMENT, THE DHSS IS CONSIDERING ENTERING INTO A HEALTH CARE TECHNICAL CO-OPERATION AGREEMENT WITH THE MINISTRY OF HEALTH IN OMAN. THIS MIGHT INCLUDE DESIGN WORK IN RELATION TO THE QABOOS UNIVERSITY PROJECT: LINKING THE FACULTY OF MEDICINE TO THE DHSS DESIGN PROPOSALS FOR A MASTER DEVELOPMENT PLAN FOR CURATIVE MEDICINE FACILITIES AND A PREVENTIVE MEDICINE PROGRAMME.

6. THE DHSS HAS ALSO MADE PROPOSALS TO THE OMAN GOVERNMENT FOR THE IMPLEMENTATION OF SPECIFIC HEALTH CARE FACILITY ASPECTS CONTAINED IN THE UK MOD REPORT ON MEDICAL SERVICES FOR THE SULTAN OF OMAN'S LAND FORCES.

QATAR

7. UK COMPANIES HAVE BEEN INVITED TO SUBMIT OFFERS FOR THE EQUIPPING AND COMMISSIONING OF THE HAMAD GENERAL HOSPITAL, WHICH THE DHSS HOPE WILL LEAD TO OTHER SIMILAR OFFERS TO UK EXPORTERS. THE DHSS ARE ALSO CONSIDERING ASSISTING THE DEVELOPMENT OF PUBLIC HEALTH AND MEDICAL EDUCATION.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
14 APRIL 1981.

CARRINGTON

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With the Compliments
of the
Private Secretary
to the
Secretary of the Cabinet

M. A. Pattison, Esq

Cabinet Office,
London, S.W.1.



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

Ref: A04732

15th April 1981

Prime Minister's Visit to The Gulf:
Dubai Aluminium Plant

I enclose a copy of a letter which Sir Robert Armstrong has received from the British Insurance Association, indicating that the Dubai authorities have a substantial insurance claim against British insurers over damage to the aluminium smelter at Dubai. The British Insurance Association think there is a possibility that this insurance claim might be raised with the Prime Minister.

Brief PMVK(81) 12 for the Prime Minister's visit to The Gulf deals with bilateral political and economic issues for the Prime Minister's visit to the UAE. Paragraph 4 contains a reference to the aluminium smelter but does not mention the possibility of an insurance claim. I imagine that the FCO and the Department of Trade officials will wish to ensure that the Prime Minister is furnished with a line to take on this insurance claim point should it be raised with her. Such a line to take will have to be telegraphed out to the Prime Minister's party. I should be grateful if you could make arrangements for this to be done and if you could also send No. 10 and ourselves a copy of the outgoing telegram.

I am sending copies of this letter and of the enclosure to Jonathan Phillips, Department of Trade, John Neve, Department of Industry and Mike Pattison, No. 10.

D. J. WRIGHT

(D. J. Wright)

Miss Barbara Hay



BRITISH INSURANCE ASSOCIATION

CHAIRMAN: J. F. G. EMMS · DEPUTY CHAIRMEN: P. R. DUGDALE · P. W. SHARMAN
SECRETARY GENERAL R. C. W. BARDELL

TELEGRAMS:
BRINASSOC, LONDON - E.C. 4

ALDERMARY HOUSE,
QUEEN STREET, LONDON, EC4N 1TU

TELEPHONE:
01-248 4477

BY HAND

15th April 1981

Sir Robert Armstrong, KCB, CVO.,
Secretary of the Cabinet,
Cabinet Office,
Whitehall, SW1A 2AS.



Sir Robert

Dubai Aluminium Plant: Insurance Claim

It may be that I am bothering you unnecessarily but I do think that Mrs. Thatcher ought to be aware that there is a possibility if she visits Dubai that the authorities there may raise with her the question of a substantial insurance claim which is currently outstanding.

Briefly there was an incident on 19th February 1981 as a consequence of which the aluminium smelter at Dubai ceased to operate with the result that solidification occurred. I don't think you will be very worried about the technical details: what matters is that the claim is estimated to be above £20 million.

Pressure is already being exerted by the authorities in Dubai on British insurers (two of our major members lead on this risk but there are over 40 insurers involved in all). Those concerned are doing the best they can to see this matter through to a conclusion and there is no question but that British insurers will honour their legal liabilities.

I understand that the brokers have had it confirmed that the local authorities accept there will be a delay of a couple of weeks. We are expecting to reach a conclusion on or around Friday, 24th April.

Sorry to bother you with all this. It just occurred to us here that the matter might be raised by the Ruler or one of his people because 80% of the smelter is owned by the Dubai Government. The Ruler is, I believe, taking a personal interest in the progress of the claim. Obviously, if you or any of your colleagues want more information it can be provided.

I think all we would ask is that reassuring noises are made if questions arise.

I am not sure if you are accompanying Mrs. Thatcher: if so, no doubt one of your colleagues will make sure the contents of this letter reach you quickly.

John Sumner

Roger Sandys

TRK

CONFIDENTIAL

Mr Moberly

Private Secretary

cc PS/PUS
Sir A Acland
Sir J Graham
Mr J Moberly

Mr Fergusson
MED
NENAD
WED

TORNADO SALES TO ARAB COUNTRIES

Problem

1. When Sir J Taylor paid his introductory call on Chancellor Schmidt, the latter displayed great scepticism about the seriousness of our proposal to sell Tornado in the Arab world. The Chancellor said that he thought our efforts were merely a political gesture. The Ambassador explained that this was not so. But his conversation with the Chancellor was cut short and Herr Schmidt invited him to put any further points to the Kanzleramt in writing. Should we take this proffered opportunity to stress to the Chancellor the seriousness of our sales effort with the Arabs and also to give him an up-to-date account of our thinking?

Recommendation

2. I recommend that, subject to clearance with No 10, we should instruct Sir J Taylor to do so. I submit a draft text for inclusion in a letter from Sir J Taylor and a draft covering letter to No 10. If it is not possible to get these to No 10 before the Prime Minister's departure this afternoon for India, I recommend that we should send the drafts telegraphically.

Background

A 3. The background to our first contacts on Tornado with the Arabs
and the Germans is set out in my submission of 26 March. Since then,
the Prime Minister has replied to King Hussein's message following
B the Taif Summit (text in FCO telno 113 to Amman). This, for the
first time, referred to "a new aircraft based on Tornado technology"
adapted to Arab requirements available by the late 1980's. The
message also mentioned the possible supply of Tornados as a "gap-
filler" available in 3/4 years' time.

4. Our original understanding was that this "new" aircraft would
in fact be very similar to Tornado, but with adaptations (and
/perhaps

perhaps an Arab name) as a 'selling point' to make it look like a special development for the Arab customers. We learnt, however, only on Friday that the MOD are thinking of a more radical solution.

C The attachment to Mr Dawson's letter of 10 April to No 10 (sent at the Prime Minister's request following a meeting with Mr Nott and the CDS at which she had apparently been somewhat confused by what the MOD was proposing) refers to a new aircraft (the P110) of 'completely new design incorporating the latest technology combined with major components of the Tornado' developed to meet Middle East requirements. The Annex makes clear that this would be undertaken with Arab participation in the development and the funding.

5. In the light of this, we asked the Embassy in Bonn for their views on an MOD draft of a text of the letter from Sir J Taylor to the Kanzleramt (FCO telnos 132 and 133). Bonn's reply suggested changes in the MOD draft making it clearer that we were now thinking of a new UK/Arab aircraft, a point which had not been made at all in the Prime Minister's original message of 16 February to the Chancellor.

Argument

6. These recent changes in what the MOD are proposing have complicated the position with the Germans. It is not surprising that Dr Apel expressed astonishment when Mr Nott told him on 8 April that we were not now thinking of an 'immediate sale of the current version of Tornado' (Mr Norbury's minute of 8 April). Indeed, this is in contradiction with the MOD note of 10 April (see paragraph 4 above) which, while emphasizing that the long-term objective is to sell the new aircraft, says specifically that existing versions of the Tornado would be supplied to fill the gap in the meanwhile.

7. There is a further inconsistency between, on the one hand, the points, heavily stressed in the MOD draft for Sir J Taylor's letter, that the industries of the three partner countries badly need to make overseas sales of Tornado, and, on the other hand, the argument, again referred to by Mr Nott in his talk with Herr Apel and taken up in the MOD draft of the letter to the Kanzleramt, that we are aiming at a new aircraft 'specifically developed in the UK'. It is not clear what the Germans could expect to gain from the export

/of such

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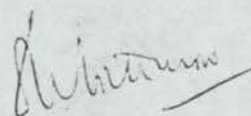
of such an aircraft. They might be involved in the construction of certain components; but the more they are involved the more politically difficult it becomes for them to agree to exports to the Middle East.

8. There are two further potential problems:

a. we have seen worrying indications that, while the Saudis may not be particularly interested in a new aircraft or in Tornado, the Iraqis probably are. Indeed it may be the Iraqis who are stimulating King Hussein. If the Germans have difficulties over supply to Saudi Arabia, it is a fair guess that the problems with Iraq would be even greater. I do not believe that we can tell the Germans much about this aspect now, if only because the picture is not clear. But we must come clean with them as soon as we are in a position to do so;

b. the MOD's note referred to in paragraph 4 hints (but does not say specifically) that there may be some RAF interest in procuring a version of the P110, whose technology will be based in part on AST 403, the now moribund Anglo/German/French project for an advanced fighter. If the RAF are interested, it is far from clear whether there is any possibility of using Saudi money to develop the aircraft or whether the necessary budgetary input in the UK side has been properly examined in the context of the current/^{MOD} review of programme and budget.

9. This is an unsatisfactory situation in which to have to take quick decisions. Nonetheless I believe that we cannot leave matters as they stand with the Germans. It will clearly be important for the Prime Minister to send a report to the Chancellor in the short period after her visit to SAudi Arabia and his own visit(21-27April). In the meantime however I see no alternative but to instruct Sir J Taylor to write to the Kanzleramt on the lines of the attached draft. We owe it to the Germans to be as frank as we can. As things stand at present I fear they might with some justification feel that we were not being entirely open (let alone consistent).



D H Gillmore
Defence Department

14 April 1981

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1. There has been a shift in MOD thinking since the idea of selling Tornado to the Arabs was first agreed. It is important to explain to the Federal Chancellor how matters now stand, not least because of Herr Schmidt's own visit to Jedda a few days after the Prime Minister.
2. Mr Gillmore rightly calls attention to potential inconsistencies in the line we have been taking. Although the suggested message to the Chancellor's office deals skilfully with these, we shall need to continue keeping a very close eye on the way in which the Tornado sales campaign is developed.
3. MOD officials are content that the letter to No 10 with the draft letter from Sir J Taylor should go forward.

P H Moberly

14 April 1981

c.c.

PS/Lord Privy Seal
PS/Mr Hurd

11. (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: PS

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

TO: Private Secretary
Number 10

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT: TORNADO SALES TO ARAB COUNTRIES

Lord Carrington has seen a copy of Dawson's letter
to me of 10 April
~~of 10 April to No 10~~, with the enclosed annexes on the
 Tornado 'family' and revised briefs for the Prime
 Minister's visit to the Gulf States. These papers
 indicate that our main objective now is the sale to
 Arab customers of a completely new aircraft (the P110)
 available towards the end of the decade, specifically
 designed for the Middle East and incorporating modern
 technology developed during the AST 403 studies
 combined with major components of the Tornado. The
 Tornado itself in its IDS or ADV versions, would be
 supplied to Arab customers in three or four years time
 to fill the gap.

*and of Hen Schmidt's
 own visit to Jordan a
 few days after the
 Prime Minister's*

You
 The Prime Minister's message of 16 February /referred
 solely to the question of sales of the two existing
 versions of the Tornado itself. In light of latest
 developments, Lord Carrington believes it important that
 we should give the Federal Chancellor's office an up-to-
 date and comprehensive account of the way our thinking
 is progressing. He sees a risk that, unless we do so,
 the Germans may feel that we have been less than wholly

to Chancellor Schmidt

/ frank

Enclosures - flag(s).....

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frank and consistent in what we have said to them.

When ~~our Ambassador in Bonn~~ ^{Sir Soule Taylor} paid his introductory call on Chancellor Schmidt, the latter expressed scepticism about the seriousness of our proposal to sell Tornado to the Arabs; he said he thought our proposals were merely a political gesture. Sir ~~J Taylor~~ ^{Soule} put matters straight. But, because the interview had to be cut short, Herr Schmidt invited him to write to the Chancellery on any further points he wished to cover. Lord Carrington considers that this provides a useful opportunity to keep the Chancellor informed of the latest developments on Tornado and the P116 as well as to deal with the security question which the Chancellor mentioned.

I attach a draft text which, ~~subject to the Prime Minister's views~~, the Secretary of State wishes to instruct Sir J Taylor to include in his letter to the Chancellor's office. This takes account of comments from the Embassy in Bonn on an earlier MOD draft.

In addition, Lord Carrington believes it would be helpful if further word could be sent to the Chancellor about any talks on Tornado which ~~the Prime Minister~~ ^{you} may have in Jedda, before Herr Schmidt leaves Bonn on 27 April.

I am ~~sending~~ a copy of this letter to Brian Norbury.

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DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 5902
SWITCHBOARD 01-212 7676

From the
Parliamentary Under Secretary of State's office

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON SW1

13 April 1981

Dear Tim,

ARABSAT

In his minute of 6 April, Mr Marshall promised to relay from Washington any further information he could glean about BAe's Arabsat prospects.

Mr Marshall has now telephoned to say that he has talked to Dr Ali Mashat, the Direct General of the Arab Satellite Communications Organisation, who has advised us to ensure that BAe emphasise the television part of their bid. (BAe have been requested to do this).

Mr Marshall adds that this view fits in well with the line he adopted during his visit to Saudi Arabia when he explained how the UK could offer a total package including television and BBC expertise.

In Saudi Arabia, Prince Abdullah is said to be the Minister mainly concerned with this issue.

Yours

Barbara Rusta

1/p MRS FRANCES NIEDUSZYNSKA
Private Secretary



HOUSE OF COMMONS
LONDON SW1A 0AA

13th April 1981

Dear Prime Minister,

I feel I should write to you before your visit to the Gulf about a matter of considerable importance affecting British interests which has come to my attention.

I was recently in Abu Dhabi where over the years I have established several top-level personal contacts. My visit coincided almost exactly with that of John Nott, who I saw and spoke to there.

The information I have since received from unimpeachable sources in Abu Dhabi is that while both Hawk and Rapier are still strong runners it will need your personal backing clearly expressed during your talks if we are to win through. The slightly oblique approach which we have so far adopted has not been fully understood and compares unfavourably with the hard-sell line of our principal competitors. As an indication of the style and firmness of their approach, on the morning after John Nott's departure the French Ambassador asked for a meeting with Sheikh Khalifa Bin Zayed and handed to him a personal note from the French Government. The purport of the message was to urge the case for Alpha Jet and Crotal, the direct rivals of Hawk and Rapier. It spoke glowingly of past French support, both political and military, and emphasised the direct interest being taken in this particular matter by President Giscard personally.



13th April 1981

The delivery of this message caused the following naive but revealing comment to be made "We may seriously offend the French if we do not purchase this equipment, the British do not seem to mind too much about theirs".

I am convinced that if we are to sell Rapier and Hawk to them it is essential to counter the impression inherent in that remark and at this stage your intervention alone could do that.

Yours ever,
Denis Dalton -

The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister,
10 Downing Street,
London S.W. 1.



Foreign and Commonwealth Office
London SW1A 2AH

Telephone 01- 233-3671

Michael Alexander Esq
No 10 Downing Street

Your reference

Our reference

Date 13 April 1981

Sir Michael,

PRIME MINISTER'S VISIT TO SAUDI ARABIA AND THE GULF

1. As agreed between yourself and David Miers on 10 April, I am sending to you direct a check list of the subjects which the Prime Minister expects to raise in her talks. I hope that this will enable you to make up the necessary 'reminder' cards.

Yours ever,

Richard Palmer,

R E Palmer
Middle East Department

cc: PS/Mr Hurd
Sir J Graham

~~UAE~~

H.H. Shaikh Zaid bin Sultan Nayayan (Amir of Abu Dhabi, President of UAE)
(with Zaid)

1. Regional Questions: Arab/Israel, Afghanistan, Iran/Iraq, Lebanon.
2. Gulf cooperation: stability. Can Britain help?
3. Defence cooperation: Hawk.
4. Americans: prepare for 'moan' by Zaid. RDF.
5. Bilateral Relations: renewal of Treaty: support British projects. (automatic unless either party terminates)

Shaikh Khalifa bin Zaid (Deputy Supreme Commander of UAE)

1. Defence cooperation: our Gulf record to date (LSP and training).
2. Equipment_ reliable supplier; air defence.
3. Hawk (but: beware 'consolation prize' of Jaguar (Robur))

H.H. Shaikh Rashid bin Saïb al Nahyan (Ruler of Dubai)

1. Industrial development: admire achievements.
2. British involvement in same: hope for increase.
3. Regional cooperation: important for stability. Hawk - Delights to assist in meeting Dubai's needs through ~~FED~~ Federal M.O.D.)



~~Handwritten~~ H.M. Qaboos bin Said (Sultan of Oman)

1. Regional issues: Afghanistan; Iraq/Iran; PDRY.

2. Gulf cooperation: contribution to stability.

3. RDF (US and UK positions). *Grateful for cooperation of Omani forces with RN - possibility of increased use of facilities, $\frac{3}{4}$ funded?*

4. LSP and training: flexibility and need to consult.

5. Tanks, Tornado and Hawk. *Grateful for HMI's initiative on Tornado. Delighted at arrangements to lease tanks. Glad to help on Chieftain.*

6. (Tête-a-tête only: balance between civil and military expenditure).

7. British interest in new projects (Qaboos University, hospitals?)

QATAR

H.H. Shaikh
(~~With Amir~~ Khalifa) Bin Hamad al Thani (Amir of Qatar)

1. Personal exchanges important. Iran-Iraq. Danger of Soviet expansion (Afghanistan). ~~highlighted by~~ Dissensions in Arab world. Arab-Israel.
2. Regional issues: Russian encroachment.
3. Regional cooperation: how can Britain help?
4. Rapier.
5. Development: admire achievements; stress British participation.
6. Spending programme: NW Gas Dome; hope for major British stake.

H.H. Major General Shaikh

~~Major General~~ Hamdan bin Khalifa Al Thani (Minister of Defence of Qatar & C.I.C.)

1. Rapid Deployment Force: re-assure.
2. Armed Forces expansion: Perkins report: ~~like~~ it was ~~so~~ useful; ready to give further assistance.)
3. Equipment: Rapier.



Prince Abdullah (2nd Deputy P.M. & Commander, National Guard)

1. Bilateral collaboration: British military Mission to the National Guard.

2. Gulf cooperation.

3. Rapid Deployment Force: re-assure.

4. SANGMED. (National Guard Medical ~~Scheme~~ Services Project)
Hope HRH can accept UK proposals.

5. SANGCOM. National Guard Communications scheme

6. Tanks. Glad HRH accepts offer by Mr Nott of loan
~~to~~ to make foundation on UK tank - due 25 April.

Regional

7. Syria, Jordan, Lebanon. [Abdullah acted as mediator
between Syria & Jordan last Dec.]

Prince Sultan (Minister of Defense and Aviation)

1. Encouragement for Gulf cooperation.

2. Rapid Deployment Force - re-assure.

3. Air Defence: SADAP. Air Defence Project. Negotiations
on extension going well. Signature soon?

4. Flying training: RAF team to visit in May. Believe our
flying training system best in world.

5. Tornado & derivatives. Brochures left with HRH after
Mr Nott's visit. Of interest? Possibility of joint development.

6. Yemens and Sudan: help their defences.

Prince Naif (Minister of Interior)

1. Bilateral collaboration: police and customs training.

2. Gulf cooperation: encourage regional efforts.

3. IMS as potential supplier to Coastguard, Frontier Force and Special Security Force.

4. Offshore installation security. Eager to follow recent visit by RN experts.

Consular

5. Consular cases: Clynton Reed; Messrs Hanley and Clark (in 5 months Stewart Christie (prevented from leaving country in context of a murder of another Br. Subject) in custody without charge)

6. Complaints of ill-treatment - rare but helpful to sustain adverse publicity if investigations can be speedy. (NB Saudi Naif may ~~enter with~~ complain of recent ~~other~~ incident involving police and a Saudi ~~dipl~~ cadet at Oxford: police officer suspended).

~~SAUDI ARABIA~~

~~Mr~~ For Plenary and with Prince Fahd ^{Deputy}, Crown Prince of Saudi Arabia

1. World Picture. Afghanistan and Soviet encroachment. UK/Saudi cooperation in Yemen and Sudan.

2. Gulf Security and Cooperation: encouragement for regional efforts.

Iraq - Iran war (Islamic Conference mediation: danger that collapse of Iran might give Soviets opportunity to establish themselves there)

3. Rapid Deployment Force: re-assure.

4. Arab/Israel (EC effort: US policy (Fahd's impressions?); EC efforts: need for PLO to give clear if conditional acceptance of negotiated Arab disengagement settlement with secure borders for all) Lebanon - Saudi influence with Syria?

5. Energy: interdependence; appreciation of Saudi moderation. Opportunities for British companies to buy Saudi crude.

6. Industrial Collaboration: especially on arms supply: Tornado. (N.B. Jordan and Iraq advocating, Saudis may be hesitant)

7. ARABSAT: Euro-project. - Technically first class and good, competitive price.

8. ✓

9. ~~Project~~ : welcome SIS cooperation with Saudi Security Service

Measures to counter Soviet expansion by helping friends
Sudan ~~YAR~~ YAR; Need to bolster anti-Soviet forces in latter: possibility of cooperation UK/Saudi Ar. / YAR on planned YAR naval base. ~~france~~
PDRY - possibility of wearing them through aid?
Sudan. Economy in trouble. Support needed.
Poss of Saudi help for Sudan's Air Force (Strike master)

Turkey - ~~and~~ economic support.

PART 1 ends:-

Prime Minister to Michael Brown M.P.
John Browne M.P. to RMA 13/4/81

PART 2 begins:-

Palmer (Mid-East Dept) FCO to MODRA 13/4/81

