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TO ROUTINE CERTAIN MISSIONS AND DEPENDENT TERRITORIES
GUIDANCE TELEGRAM NUMBER 1 OF 4 JANUARY 1980

IMPOUNDING OF PRIME MINISTER OF THE YEMEN REPUBLIC'S AIRCRAFT

1. THE YEMENI AIRWAYS AIRCRAFT WHICH CAME TO COLLECT MR ABDUL GHANI, PRIME MINISTER OF THE YEMEN ARAB REPUBLIC, AT THE END OF HIS VISIT TO BRITAIN (21-30 NOVEMBER) REMAINS STRANDED AT HEATHROW AIRPORT UNDER A HIGH COURT INJUNCTION TAKEN OUT BY BRITISH MIDLAND AIRWAYS (BMA).

LINE TO TAKE

2. HMG DEEPLY REGRETS THIS INCIDENT WHICH CAME AT THE END OF A VERY SUCCESSFUL OFFICIAL VISIT BY MR ABDUL GHANI. MRS THATCHER WROTE TO THE PRIME MINISTER APOLOGISING FOR THE EMBARRASSMENT AND INCONVENIENCE CAUSED AND THE LORD PRIVY SEAL SPOKE TO MR ABDUL GHANI ON THE EVENING OF THE INCIDENT. MR HURD ALSO EXPRESSED OUR DEEP REGRET IN TWO MEETINGS WITH THE YAR AMBASSADOR.

3. (IF ASKED) HMG SOUGHT AND OBTAINED AN ASSURANCE (ORAL) FROM BMA THAT NO ACTION WOULD BE TAKEN AGAINST THE AIRCRAFT. IN THE EVENT, DESPITE THIS ASSURANCE, AN INJUNCTION WAS OBTAINED BY BMA.

FOR YOUR OWN INFORMATION

4. YEMENI AIRWAYS' SOLICITORS IN LONDON STILL HOPE TO OVERTURN THE INJUNCTION ON THE GROUNDS THAT BMA ISSUED A FRAUDULENT ASSURANCE. WE ARE PROVIDING AFFIDAVITS RELATING TO THE ASSURANCE.

5. MINISTERS ARE NOW CONSIDERING A YEMENI PROPOSAL THAT HMG PROVIDE A FINANCIAL GUARANTEE TO THE COURT TO EFFECT RELEASE OF THE AIRCRAFT. IN RETURN THE YAR GOVERNMENT WOULD EXCHANGE NOTES INDEMNIFYING HMG AGAINST ANY FINANCIAL LOSS.

/BACKGROUND

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6. THE INCIDENT HAS SOURED UK/YAR RELATIONS AND UNDERMINED MUCH OF THE GOODWILL GENERATED BY THE PRIME MINISTER'S VISIT. THE YAR GOVERNMENT HAVE RECALLED THEIR AMBASSADOR AND STATED THAT THEY LOOK TO HMG TO SECURE THE RELEASE OF THE AIRCRAFT SINCE WE HAD CONVEYED THE ASSURANCE THAT NO ACTION WOULD BE TAKEN AGAINST IT. BMA CLAIM THAT THE ASSURANCE WAS ONLY GIVEN ON CONDITION THAT THEIR DISPUTE WITH YEMENI AIRWAYS FOR TWO MILLION POUNDS COMPENSATION FOLLOWING CANCELLATION IN FEBRUARY 1978 OF A LEASING CONTRACT WOULD BE RAISED IN THE OFFICIAL TALKS. NO SUCH UNDERTAKING WAS GIVEN.

7. FEELING IN THE YAR CONTINUES TO RUN HIGH AND THERE HAVE BEEN SUGGESTIONS THAT THE ISSUE MIGHT BE MADE A 'GENERAL ARAB' ONE. IT ALSO APPEARS THAT YEMEN IS NOW REFUSING SOME IMPORT LICENCES FOR BRITISH GOODS.

CARRINGTON

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