



MINISTRY OF DEFENCE
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MO 14/19

10th December 1980

Prime Minister (2)

Dear Clive,

SALES TO UAE

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

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

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

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

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

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

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

We shall keep you informed of developments.

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



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

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

Yours ever

(D B OMAND)