Prince Minister ATC CLERY

Foreign and Commonwealth Office

London SW1A 2AH

4 March 1981

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Dear Michael.

## Arms Sales to Iraq

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

Flag B

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

/refused



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

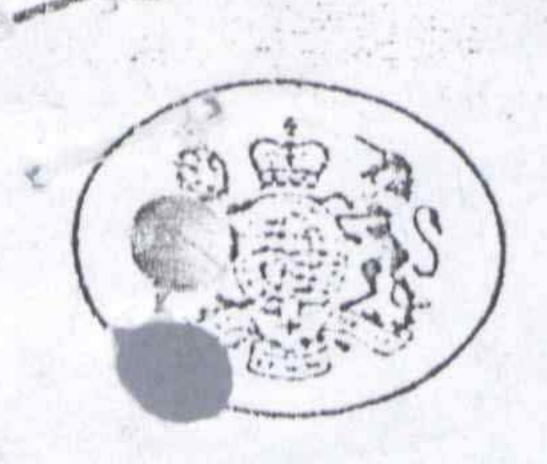
I am copying this letter to the Private Secretaries to members of OD and to David Wright (Cabinet Office).

(F N Richards)
Private Secretary

cc: PS/Members of OD

M O'D B Alexander Esq 10 Downing St

CONFIDENTIAL



PS/LPS B PS/LPS B PS/My Hund Si J. Grahand My J. Advise Dept Planning Steff

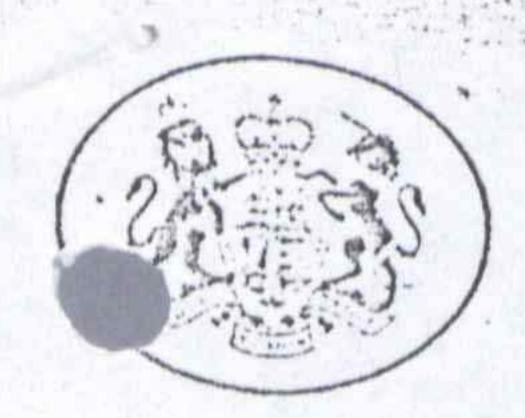
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SECRETARY OF STATE FOR DEFENCE

## Arms Supplies to Iraq

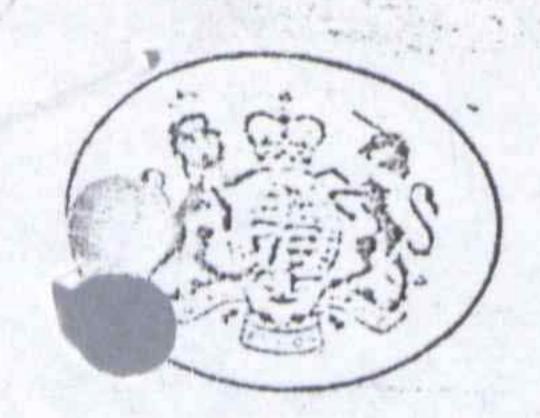
- 1. My officials have been in touch with yours about a number of items of defence equipment for possible supply to Iraq. The details are attached.
- 2. I have minuted separately about our general policy towards Iraq and Iran if and when the US hostages are released. In respect of supplies to Iraq I think that we should honour existing commitments ie supply items for which orders were placed before the war. Otherwise we should agree to supply non-lethal equipment but not weapons and ammunition. As for long term contracts which are unlikely to involve the supply of equipment during the time we can reasonably expect hostilities to continue, I see no reason why negotiations should not proceed as normal. I have particularly in mind the indication we have had via King Hussein of Jordan of Iraqi interest in acquiring Chieftain tanks.
- 3. I believe that this is a position we as a non-belligerent can defend politically in diplomatic discussions with the parties involved and if necessary in public. But I foresee serious difficulties if we agree to allow even small

/quantities



quantities of arms and ammunition to go to Iraq. I know that you are concerned about the effect a refusal by us to licence would have on Britain's credibility as a supplier but the reasons for our not doing so are in my view overriding. First, impartiality. As a neutral state we are not obliged to prevent the export of arms or ammunition, but if we choose to restrict the supply we are obliged to apply these restrictions impartially to both belligerents. At present we are barred from supplying Iran by sanctions. But if the hostages are released and sanctions are lifted in principle we could reasonably be expected to supply to Iran what we have agreed to supply to Iraq. In practice we should keep for ourselves the maximum liberty of action since much may depend on other factors eg the treatment of British citizens held in the two countries. Secondly the Iranians are likely to ask us to supply arms and ammunition in quantities which could affect the balance of strength of the two sides. We are already holding £18 million pounds' worth of spares for Chieftain tanks which the Iranians own and have paid for. The Iraqi President has let it be known to us (through an intermediary - Lord George Brown - which is his way of doing things) that a decision to supply Iran with defence equipment would seriously jeopardize our relations with Iraq and indeed with the rest of the Arab world. I think this warning needs to be taken seriously. Undoubtedly our relations with Iraq, including our position as a supplier of defence equipment after the war, would be jeopardized and I am sure that Saddam Hussein would use what influence he has with other Arab countries against us.

Against this background I agree that we should in /principle



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

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

(CARRINGTON)

Foreign and Commonwealth Office

13.11.80

ANNEX

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

- 1. SCAMMELL RECOVERY VEHICLES: 10 ton wheeled vehicles for recovery/transporting tanks heavy lorries etc. Quantity: 200; value: £30m (approx). Delivery of first vehicles scheduled for 4 months from date of contract. (Some models available for immediate delivery).
- 2. SPARES FOR SOVIET BUILT TANKS: wide range of automotive spares which Lucas have been producing for Egypt's T54 and T55 tanks.

  Value: approx £3m but would represent the first order outside the Egyptian market and thus offering potential for further business.

  Delivery of some items 'off the shelf'. Any that required adaptation for the particular Iraqi range of tanks would require 3-4 months' delivery.
- 3. AMMUNITION FOR ADEN 30MM MACHINE GUN
  Guns are fitted to Iraqi Air Force's four remaining Hawker Hunters
  supplied before 1967. Approx 45,000 rounds required. Value £1.5m.
  The guns are antiquated and ammunition is available from other
  suppliers eg France.
- 4. HAWK: VISIT BY IRAQI EVALUATION TEAM
  General Janab, Assistant CGS and Chief of military procurement wishes
  to lead a mission starting 6 November to evaluate Hawk and look at
  other arms supply issues. British Aerospace would act as host
  but the visitors would expect to call on Head of MOD Defence Sales
  and perhaps the Vice Chief of the General Staff.
  - 5. NAVAL BASE

IMS Limited have good prospects of obtaining the initial consultancy for this new project. It might be worth £500m.