



MINISTER OF STATE FOR DEFENCE

WHITEHALL LONDON SW1A 2HB

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

D/MIN/TT/19/7

(4)

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

*Prime Minister*

*Ant*

*Dear Prime Minister*

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

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

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

/ be ...

The Rt Hon Margaret Thatcher MP

~~SECRET~~ SECRET

2

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

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

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

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

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

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

/ Plans ...

~~SECRET~~ SECRET

~~SECRET~~

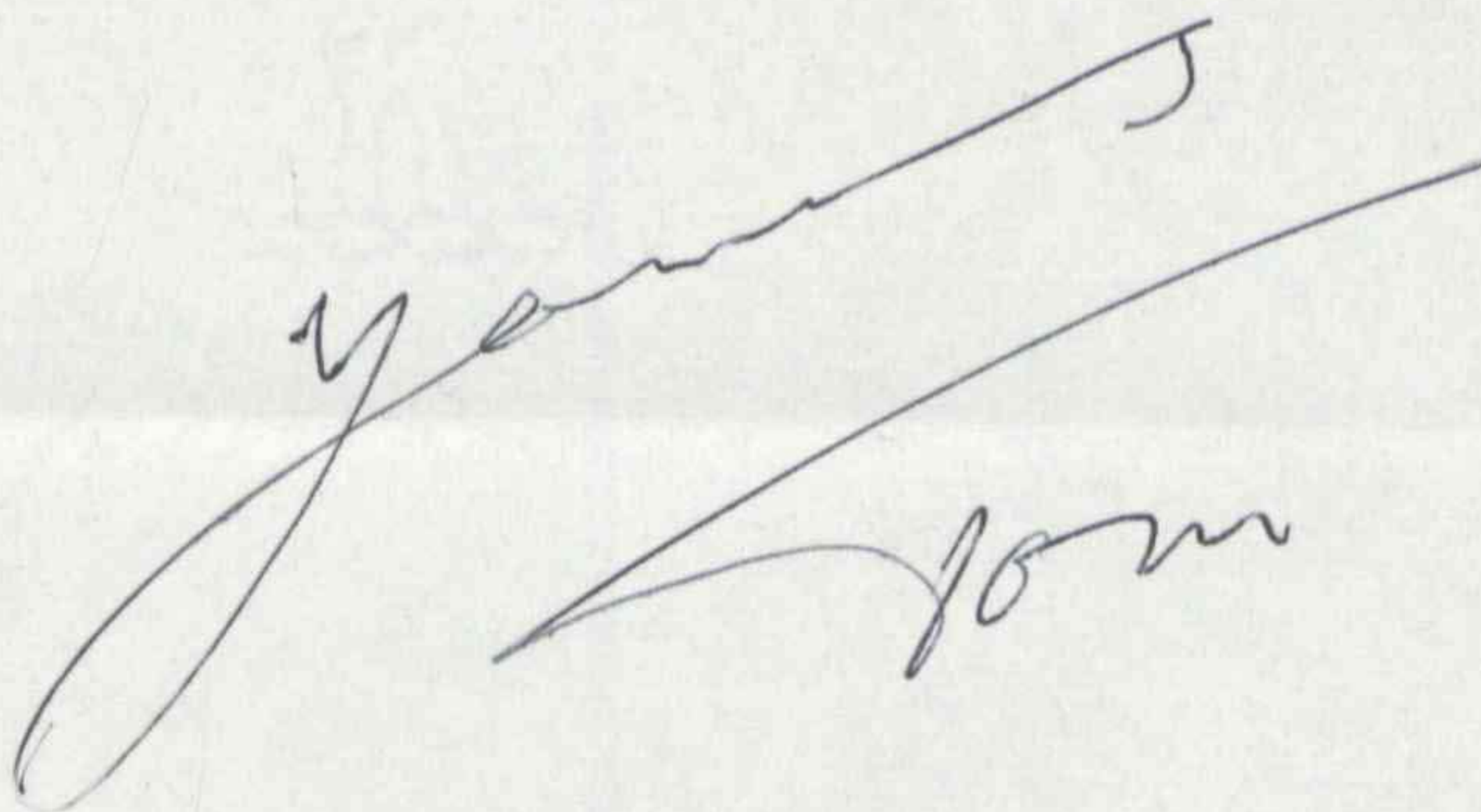
3

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

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

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

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



Lord Trenchard

~~SECRET~~

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

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

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

1. After the initial courtesies the President said that before they went on to discuss the main purpose of HDS's visit, which he well understood, he thought it was essential to get the politics right. We should realise that his people had thought badly of the British for reasons that we were well aware of - indeed they had been hostile. The Government was bound to take account of the people's views although it was not always the deciding factor and it had been his wish for some time to have good relationships with the UK. Indeed, he had told our Ambassador this in 1969 but doubted if the message had been understood. In those days perhaps Saddam Hussain was not as well known as he is today and not enough importance was attached to what he had said. However, that was now all behind us and he welcomed our visit. The President went on to say that the majority of opinion in the country was still against dealing with the US but that too could well change.

2. The proof of other country's intentions towards Iraq lay in the willingness to supply them with armaments. All countries wanted to take advantage of commercial trading relationships but one was not possible without the other. He desired to have good relations with European countries such as ourselves, France, Italy and Germany and once these had been established, for his part the links would be honoured and should be to the benefit of both parties. He quoted the example of France where he had allowed them to uplift oil at \$2 per barrel less than he could have got, but the French part of the bargain was to deliver the Mirage aircraft which they had on contract.

3. The President went on to say that although he wished to establish friendly relationships with other countries they had learnt from hard experience that these must be without prejudice to an independent Iraq, without alignment to any side.

4. He now welcomed the fact that UK Ministers took a favourable view towards Iraq and he very much hoped that when the conditions were right the Prime Minister and other Ministers would visit his country. Dr Hammadi, the Foreign Minister, was currently in UK having discussions. Turning to the purpose of HDS's visit he said that he understood that in the current circumstances the supply of certain arms could be politically embarrassing. He did not want to put any country in that position and he mentioned, as an example, a message he had just sent to President Giscard d'Estaing saying that if the continued supply of the Mirage aircraft was embarrassing during the French election campaign then Iraq would be prepared to wait. He confirmed that he was agreeable to using Jordan if necessary, if it was more convenient to arrange supply through that country, and he also

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

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

#### Comment

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