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PRIME MINISTER

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Further to my minute of earlier today about the Middle East, I thought it worth reporting to you separately on my visit to Oman. This is both because of your own impending visit and because Oman is, in terms of its strategic importance and its defence relationship with us, unique.

2. Taking the broader picture first, the Omanis are keen to make clear that they have little sympathy with other Arab countries on the Arab/Israel issue, and little patience with the Palestinian cause. This attitude is directly reflected in their view of the Soviet threat to the area, which they put first, and to potential United States involvement e.g. through the Rapid Deployment Force (RDF), which they support. It shows also in their approach to recent cautious moves towards Gulf co-operation. Here they are pressing, against what they admit to be considerable reluctance on the part of some of their Gulf partners, for that co-operation to cover security and defence. This is not to say that they do not recognise the sensitivities of their fellow Arabs over the Palestinian question or their own need not to get too evidently far out of line. Thus their support for US involvement in the area extends to providing facilities but not, and clearly not, to the acceptance of what could be seen as United States bases in their country (they were quite clear that the US would only have access to stores and equipment on the ground with the explicit permission of Oman and that any logistic bases would be jointly manned).

3. Secondly, the Omanis' historical association with us and the major part we now play in the development of their armed services face us with special opportunities and responsibilities. The opportunities lie to some extent in influencing the Sultan's policy, though it is important not to over-estimate our capacity to achieve this. They also clearly lie in the scope for defence sales. We have recently sold them Jaguar, Rapier and fast patrol boats and are well forward in plans to meet their new requirements for main battle tanks and armoured personnel carriers. (They have, in fact, agreed to lease 12 Chieftains pending a decision on a possible purchase of 30 Chieftains).



The Omanis raised with me the question of better credit arrangements for future defence sales and I am looking at this before your visit. We must, of course, guard against the risk that the Sultan devotes too high a proportion of his resources to military expenditure, thus storing up trouble for him and us in the longer term. At the same time we must recognise that if we do not sell when the Sultan wants to buy he will almost certainly go elsewhere, particularly to the Americans who are looking for an entree into this valuable market. Several of his Ministers are, for personal financial reasons, pushing the American cause and we must fend them off.

4. In terms of responsibilities it was made clear to me that the Omanis expect our continuing involvement in providing Loan Service Personnel (LSP). Acquisition of new equipment will increase this need. I have said that we will look at their proposals as sympathetically as we can, given our own needs and resource problems and the longer term requirement to maintain the momentum towards "Omanisation". I have also suggested the need both for regular discussions with them and for a degree of forward planning to be communicated to us, so that we can take their future requirements into account both for LSP and for places on training courses in this country. I think this will improve matters.

5. Perhaps more fundamentally the Omanis are anxious to have some specific commitment from us about what we would do if they were attacked. I expect they will press you on this. We need to be careful here. I have made clear to them that while our major defence commitment is in the NATO area, we do have forces that we can use flexibly elsewhere if the need arises. We might want to do so with our friends, such as the United States, in areas where our help is sought. But we cannot commit ourselves to precise contingency plans in advance. Meanwhile we shall continue our assistance in the way of training and the provision of LSP, and seize the opportunities offered for the peacetime deployment of ships, soldiers and aircraft on training missions.

6. Finally, you will be warmly received in Oman. There is great sympathy for us here and we preserve a good deal of influence. As you know the Sultan has asked for a named officer to fill the new post of Chief of the Defence Staff. I am not convinced that the particular proposal is a wise one but we are hardly in a position to refuse, if the officer wishes to take it. We shall have to watch particularly carefully the way in which American influence in the country develops, and so to ensure that it does not conflict with ours. We shall encourage, on responsible terms, the defence sales opportunities available to

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us, and make use of every Omani offer to persuade their Gulf partners to "standardize" on our equipment.

7. I am sending copies of this minute to the Foreign and Commonwealth Secretary; the other members of OD; the Secretary of State for Industry; and Sir Robert Armstrong.

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Ministry of Defence

2nd April 1981