

SUBJECT

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SUMMARY NOTE OF A DISCUSSION BETWEEN THE PRIME MINISTER and PRINCE ABDULLAH, COMMANDER OF THE NATIONAL GUARD, IN RIYADH, ON 21 APRIL 1981 AT 1015.

After an exchange of courtesies, the Prime Minister said that she hoped the British Military Mission to the National Guard had been carrying out its task successfully. Prince Abdullah said that it had.

Prince Abdullah said that he had had a long list of issues that he had wished to discuss with the Prime Minister. But in the event these had mostly been dealt with the previous day. Clearly, the Prime Minister's presence in Riyadh had helped. It had enabled the Ambassador to move things forward. The Prime Minister asked whether there were any problems. Prince Abdullah said that all problems had been eliminated. If others had developed, he did not know of them.

The Prime Minister asked whether this meant that everything had been dealt with in the SANGMED negotiations. She knew it was near to completion. Prince Abdullah confirmed that this was the case. He had had it on his list before, but the difficulties had been taken care of.

On being pressed, however, Prince Abdullah said that there might be two small points. He summoned Shaikh Aziz who confirmed that there were no differences on principles. The Prime Minister asked whether the difficulties about jurisdiction had been cleared up. Shaikh Aziz said that there could be a difficulty here. The Prime Minister said she was aware of the problem, and would look into it when she got home. She asked when a reply was due. Shaikh Aziz said as soon as possible. The Prime Minister said that she attached great importance to the SANGMED contract, and would ensure that everything possible was done. Prince Abdullah said that those who committed crimes against Saudi law should not have immunity. In reply to a question from the Prime Minister, Sir Ronald Ellis said that only three team commanders would have full immunity. The remainder of the overseas employees would have a lesser degree of immunity.

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The Prime Minister said that the experts should sort that out, but we would want to stick to accepted international practice.

The Prime Minister asked about SANGCOM. Prince Abdullah said there were no more problems. Everything had been taken care of. The Saudi Government had considered the Prime Minister as their guest, and had therefore tried to eliminate all outstanding issues. The Prime Minister welcomed this, and agreed that she and Prince Abdullah should not now try to find problems.

The Prime Minister referred to the British presentation of tanks which would be taking place early the following week. She hoped that it would be successful. Prince Abdullah agreed.

The Prime Minister congratulated Prince Abdullah on the success of his mediation between Syria and Jordan. The British Government had been very worried about the growing tension between the two countries. They regretted the increase in Soviet influence in Syria, and had been disturbed by the fact that President Assad's position did not appear to be very secure. They were therefore grateful for what Prince Abdullah had done. Prince Abdullah said that he had done no more than his duty.

Prince Abdullah said that the principal danger to the security of the Middle East was not the Soviet threat, but Israel. Once the problems with Israel had been solved, the Communists would be deprived of the opportunity to cause trouble. If HMG were to recognise the PLO, this would have a considerable effect throughout the region.

The Prime Minister thanked Prince Abdullah for the clarity with which he had presented his points, and for the hospitality with which he had received her.

The meeting ended at 1040.

21 April, 1981.

Handwritten signature

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VISIT OF PRIME MINISTER TO SAUDI ARABIA, APRIL 1981

MEETING WITH PRINCE ABDULLAH, 21 APRIL 1981

MEDICAL SERVICES PROJECT (SANGMED)

SUPPLEMENTARY BRIEF

1. We understand from our private sources of information that Prince Abdullah has got agreement in principle from the Council of Ministers for a government-to-government arrangement for the provision of his medical services project. In addition we understand he has indicated to his officials that they should start final negotiations with the UK.
2. Over the last 12 months our negotiators have had many protracted discussions with the National Guard on their requirements. They thought they had reached general agreement on draft documents which would form the basis of the inter-governmental agreement. These discussions had thrown up a number of sticking points. Our position on each was set out last November during a meeting between HMA Jeddah and the Assistant Deputy Commander, Sheikh Abdul Aziz Al Tuwaijri (T1). Points not cleared at the meeting were the subject of a letter of 25 November 1980 from HMA (Annex) which set out our position on each point. Although there was no formal response, we understood that the National Guard was content with our answer as in December 1980 our negotiators were told by Sheikh Tuwaijri that the Guard intended to divide the project between two countries, one of which would be UK.
3. The UK team returned earlier this month at the invitation of the National Guard to start final negotiations but were surprised to find that the leader of the Guard's team, another Sheikh Tuwaijri (T2), took the line that the points raised at the November meeting were still issues between us and described our negotiators as inflexible

because they could only stand by what was agreed at the November meeting and by HMA's letter. The main points were:

- a. Jurisdiction by HMG over the MOD team to be established in Saudi Arabia to monitor the project. Our position was accepted by T1 at the November meeting.
- b. Confidentiality of contract between HMG and the prime contractor.

T2 regards our position on these as an affront to Saudi sovereignty. There were several other points raised at the time, all of which are still an issue in his eyes.

4. It is characteristic of T2 to behave like this. He does not like taking decisions yet has strong personal views on the sticking points. We are worried that his reports to T1 and thus to Prince Abdullah will colour their views on our attitude to the project. Furthermore, this arid argument could continue for some time and lead to a deterioration in the atmosphere which up to now has been cordial and understanding.

5. Our negotiators were asked by T2 to return as soon as possible with a more flexible approach and complete authority, by which he means willingness to agree all his conditions. They returned on Sunday 19 April for a further meeting, but clearly this is unlikely to produce a satisfactory outcome, and the sooner the problems are brought to Abdullah's attention the better.

6. The Prime Minister is therefore recommended to raise this with Abdullah along the lines of the existing brief (PMVK(81)4) and to add:

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"Concerned to learn that some matters of policy we thought had been explained satisfactorily still seem to be an issue between our negotiators. Like to assure HRH that the proposals presented by our negotiators fully reflect HMG's policy in all respects after the most careful consideration."

The aim is to stimulate Abdullah to call for a report on the progress of the negotiations and to correct any impression that we are not being flexible.

Ministry of Defence

April 9181

CONFIDENTIAL



His Excellency
Shaikh Abdul Aziz al Tuwaijiri
Deputy Commander
Saudi Arabian National Guard

24 November 1980

Your Excellency,

At our recent meeting I promised that Her Majesty's Government would give further consideration to the differences which we were not able to resolve.

The first point was your desire to have access to the terms and conditions of the contract placed by Her Majesty's Government on the Contractor. As we have previously explained, it is Her Majesty's Government's long established practice to observe the confidentiality of the contracts it places on its contractors. Moreover, in considering the National Guard Medical Services Project we have taken great care over a period of time to select a group consisting of the most suitably qualified companies to undertake the requirements of the National Guard. Her Majesty's Government's proposals for participation in this project are, therefore, made on the basis of the employment of International Hospitals Group (IHG), and its approved sub-contractors. Her Majesty's Government understands the desire of the National Guard to participate in this work and to this end has already indicated its willingness to associate the National Guard with the selection of potential sub-contractors, to IHG and the approved sub-contractors.

In view of the special significance to both countries of this important project Her Majesty's Government have reviewed their policy carefully and believe that a way could be found without breaching it to provide after signature of the principal contract such details about the arrangements negotiated with the Contractor as may be needed by the National Guard to demonstrate that the provisions of the contract reflect the requirements placed on Her Majesty's Government by the MOU and LOAS, and thereby fully to protect the National Guard's interests.

You also asked me to consider Her Majesty's Government's position on the question of the possible withdrawal of the team in the event of danger at a time of hostilities in the light of the arrangements agreed for the communications project. I have looked at these arrangements and find that they are less helpful to the National Guard than the existing UK proposal. This proposal provides for the continued operation of the medical services by the Contractor. The question of the withdrawal of

the Team, which consists of UK Government military and civilian personnel, arises only if both governments, following consultation, consider that the danger to the Team is such as to require its withdrawal to a place of safety. My government confirms that this proposal is necessary because it cannot in advance require its officials to stay at their posts regardless of any danger involved. But I assure Your Excellency that the consultation proposed would be carried out in a spirit of understanding and desire by both governments to arrive at a mutual acceptable course of action.

You drew my attention to the wish of Her Majesty's Government to make a two percent charge of the total project costs to cover its administrative expenses. The British Government will be devoting considerable resources to the support of this project and is unable to waive this charge.

Finally as regards the arrangements for the continuation of medical services in the unlikely event of one of the governments terminating the MOU I am pleased to confirm that we accept your suggestion of an 18 month period of notice.

I take this opportunity to renew to Your Excellency my continued respect and co-operation.

Sign of HMA

M. 25/11

JAMES CRAIG
HBM Ambassador

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TO IMMEDIATE NEW DELHI

TELEGRAM NUMBER ALLAY 8 OF 15 APRIL

AND TO IMMEDIATE JEDDA

TO HMA FROM MR C GRAHAM IED/DHSS

SUPPLEMENTARY BRIEFING TO PMUK(81)6 BY DHSS FOR PM'S VISIT TO SAUDI AND THE GULF:

GRATEFUL IF THE FOLLOWING COULD BE INCLUDED IN DHSS PART OF PM'S BRIEF.

PMVK(81)6

COPY NO.

14 APRIL 1981

PRIME MINISTER'S VISIT TO SAUDI ARABIA AND
THE GULF: 19TH - 25TH APRIL 1981.

HEALTH CARE CO-OPERATION AND EXPORTS

SUPPLEMENTARY BRIEF BY DEPARTMENT OF HEALTH AND SOCIAL SECURITY
POINTS TO MAKE

1. THE PRIME MINISTER MAY BE PRESSED TO DEMONSTRATE THAT THE HEALTH CARE EXPORTS PARTNERSHIP IS LIKELY TO LEAD TO ACTION RATHER THAN JUST MORE TALKS. IN RESPONSE THE PRIME MINISTER WILL WISH TO EMPHASISE THAT THE RECENT FURTHER TALKS IN SAUDI AND OTHER GULF STATES, INVOLVING BOTH GOVERNMENT AND INDUSTRY, WERE DESIGNED TO BRING HOME DIRECTLY TO BRITISH BUSINESSMEN THE VIEWS OF SAUDI AND GULF LEADERS. THESE REQUIRE UK EXPORTERS TO ADJUST THEIR THINKING AND PRODUCT TO THE EXPRESSED NEEDS OF THE SAUDI AND GULF STATES CLIENTS, AND NOT SIMPLY OFFER THE PREVIOUSLY DEVELOPED UK HEALTH CARE SOLUTION EACH TIME. THEY ALSO MEAN THAT UK HEALTH CARE EXPORTERS MUST ESTABLISH AND SUSTAIN A CONTINUING PRESENCE IN THE SAUDI AND GULF STATES MARKET PLACE AND SOCIETY. UK EXPORTERS MUST TAKE AS LONG A VIEW AS THE SAUDI AND GULF STATES PLANNING PROCESSES REQUIRE TO EMBED THEMSELVES IN SAUDI AND GULF STATES BUSINESS AND SOCIETY, INCLUDING JOINT VENTURES WITH SAUDI AND GULF STATES INTERESTS. DESPITE THIS FURTHER TALKING, SPECIFIC PROJECTS ARE BEING CONSIDERED AS DETAILED BELOW.
2. THE PRIME MINISTER MAY ALSO WISH TO REGISTER THE POINT, IF PRESSED, THAT SOME UK HEALTH CARE EXPORTERS, WHO HAVE UNDERTAKEN RECENT BUSINESS VENTURES IN SAUDI, HAVE REPORTED TO THEIR COLLEAGUES SOME DIFFICULTY IN OBTAINING PAYMENT IN ACCORDANCE WITH THEIR CONTRACTS. SUCH STATEMENTS, EVEN IF ONLY PARTLY TRUE, CAN EASILY DISSUADE UK HEALTH CARE EXPORTERS FROM VENTURING INTO SAUDI AND THE GULF. THE PARTNERSHIP WILL PURSUE THE DETAIL.

BACKGROUND.
SAUDI ARABIA

3. THE HEALTH CARE EXPORTS PARTNERSHIP IS TAKING A VERY CRITICAL LOOK AT THE UK HEALTH CARE PERFORMANCE IN SAUDI OVER THE LAST 7 - 8 YEARS AND IDENTIFYING, BY SPECIFIC REFERENCE TO ALL THE RECENT VISITS AND MEETINGS DETAILED IN THE MAIN BRIEF, WHAT UK INDUSTRY NEEDS TO DO TO IMPROVE ITS PERFORMANCE. THIS INCLUDES:

- 3.1 AN URGENT RESPONSE TO THE SAUDI MINISTRY OF HEALTH OFFER FOR THE UK TO COMMISSION AND MANAGE THREE HOSPITALS AT TO-PAK, HAIL AND NAJIRAN. IF WE CANNOT GET AGREEMENT TO A COMPREHENSIVE COMMERCIALY BASED PACKAGE, WE WILL CONSIDER A GOVERNMENT TO GOVERNMENT ARRANGEMENT ALONG THE LINES OF A RECENT SAUDI AGREEMENT WITH DENMARK;
- 3.2 THE COMPLETION AND EXPANSION OF THE IMMEDIATE BUSINESS GENERATED BY THE INDIVIDUAL FIRMS ON THE BRITISH HEALTH CARE EXPORT COUNCIL'S TRADE MISSION TO SAUDI IN MARCH. THE CHAIRMAN OF BHEC TELLS US THAT THE TRADE GENERATED WAS WELL ABOVE PAR FOR THIS TYPE OF MISSION;
- 3.3 THE IMMEDIATE PURSUIT OF MAJOR HEALTH CARE OPPORTUNITIES IDENTIFIED IN SAUDI PLANS, WHICH THE UK NEEDS TO ACT ON NOW IF THEY ARE TO COME TO FRUITION OVER A 3-5 YEAR PERIOD: FOR EXAMPLE THE PROPOSED UNIVERSITY HOSPITALS AT DAMMAN AND AND JEDDAH WHERE, PARTICULARLY AT DAMMAN, AN IMMEDIATE FOLLOW UP TO ASSIST THE DEAN WITH HIS MEDICAL STAFFING PROBLEMS COULD WELL PROVIDE THE FIRST STEP ON THE LONG ROAD TO A MAJOR CONTRACT IN A FEW YEARS TIME - DETAILS NOT TO BE RELEASED;
- 3.4 THE IMPLEMENTATION OF THE SANGMED CONTRACT FOR THE MINISTRY OF DEFENCE - SEE DEFENCE SALES BRIEF NO. 4.

UNITED ARAB EMIRATES

4. WE ARE EXPLORING WAYS OF RESPONDING TO UAE REQUESTS FOR TWINNING HOSPITALS, EXCHANGING STAFF, ESTABLISHING MEDICAL EDUCATION LINKS AND USING UK PRIVATE FACILITIES BY PATIENTS FROM THE UAE. UK EXPORTERS ARE ALSO PURSUING THE EQUIPMENT OF CENTRES FOR THE HANDICAPPED.

OMAN

5. AT THE REQUEST OF THE OMAN GOVERNMENT, THE DHSS IS CONSIDERING ENTERING INTO A HEALTH CARE TECHNICAL CO-OPERATION AGREEMENT WITH THE MINISTRY OF HEALTH IN OMAN. THIS MIGHT INCLUDE DESIGN WORK IN RELATION TO THE QABOOS UNIVERSITY PROJECT: LINKING THE FACULTY OF MEDICINE TO THE DHSS DESIGN PROPOSALS FOR A MASTER DEVELOPMENT PLAN FOR CURATIVE MEDICINE FACILITIES AND A PREVENTIVE MEDICINE PROGRAMME.

6. THE DHSS HAS ALSO MADE PROPOSALS TO THE OMAN GOVERNMENT FOR THE IMPLEMENTATION OF SPECIFIC HEALTH CARE FACILITY ASPECTS CONTAINED IN THE UK MOD REPORT ON MEDICAL SERVICES FOR THE SULTAN OF OMAN'S LAND FORCES.

QATAR

7. UK COMPANIES HAVE BEEN INVITED TO SUBMIT OFFERS FOR THE EQUIPPING AND COMMISSIONING OF THE HAMAD GENERAL HOSPITAL, WHICH THE DHSS HOPE WILL LEAD TO OTHER SIMILAR OFFERS TO UK EXPORTERS. THE DHSS ARE ALSO CONSIDERING ASSISTING THE DEVELOPMENT OF PUBLIC HEALTH AND MEDICAL EDUCATION.

DEPARTMENT OF HEALTH AND SOCIAL SECURITY
14 APRIL 1981.

CARRINGTON

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