

SUBJECT

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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND SULTAN QABOOS OF OMAN IN SALALAH ON 23 APRIL 1981 AT NOON

Present:

Prime Minister	HM Qaboos Bin Said, Sultan of Oman
The Hon. Douglas Hurd	HE Qais Abdul Mun'im Al-Zawawi, MFA
HE The Hon. Ivor Lucas	Yusuf Alawi, U/Sec, MFA
Sir John Graham	Salim Abdullah Al Ghazzali, U/Sec, MOD
Sir Ronald Ellis	HE Malallah Babib, Ambassador in London
Mr. M.O'D.B. Alexander	

After an exchange of courtesies, the Prime Minister said that she was glad to have been able to come to Oman at this time. A dangerous period lay ahead and it would be very helpful to her to be able to talk about issues of mutual interest.

PDRY

In response to a question from the Prime Minister, Sultan Qaboos said that he had hoped at one stage that anti-Soviet sentiment was gaining ground in the PDRY. Since the assassination of the last President, the regime had appeared less hard-line. There had been more talks with neighbouring states and more visits. But in fact nothing had changed. The concentration of Soviet experts in the country and their influence, particularly on security matters, was increasing. The Soviet naval presence had been enlarged.

The new regime had recently begun to "hot things up" on the border with Oman. Omani troops and transport aircraft had been shot at with small arms. An Omani patrol had been fired on from a border fort. The Government of the PDRY had accused Oman in the Arab League of being the aggressors. The Government of Oman in reply had told the Arab League the facts and had underlined that they were restraining themselves.

The Government of Kuwait had sent a mission to attempt mediation. On its visit to the PDRY the mission had received nothing but complaints about Oman. The Omani Government on the other hand had said that any positive sign from the PDRY would meet with a similar response from Oman. Oman did not want war.

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It had been pursuing peace since 1970 but the PDRY had rejected all approaches. They preferred to back the so-called Liberation Front.

Sultan Qaboos said that he had suggested to Saudi Arabia that they should allow those South Yemenis who were opposed to the PDRY regime to have their heads. However the Saudi Arabians had refused to let the opposition do anything. As a result the PDRY felt secure. They were able to initiate trouble without any fear of retaliation. The Prime Minister commented that it was strange that the PDRY seemed able to get arms from the Soviet Union and money from other Gulf States. Sultan Qaboos confirmed that they were getting money from, among others, Kuwait and the UAE.

YAR

Sultan Qaboos commented that there was a dangerous situation in the YAR. The tribal situation there was not under control. The Prime Minister said that King Khalid thought the situation was more stable than a year or two ago. Nonetheless he had been worried by the recent decision of the Government of the YAR to purchase arms from the Soviet Union. The Minister of State explained the background to this decision and referred to the difficulties the American Government had anticipated in getting the necessary legislation to finance arms purchases by the YAR to the US Congress. Sultan Qaboos said that the problem was not the supply of arms but the ability to use them. In the YAR nothing worked and nothing was serviced. This did not prevent the YAR Government from complaining about Saudi Arabia. They claimed that the Saudi Government gave money to the tribes as well as to the central government. If they would restrict their money to the central government things would be much better. As it was the tribes had their own arms and their own customs' regimes. Five hundred Toyota cars had recently been exported from Oman to the YAR. Each had been full of cigarettes. They had however only paid tribal customs' duties of 5% as opposed to the central government's duties of 40%. The last three Presidents of the YAR had all felt that the Saudi Government oppressed them and did not deal with them on an equal footing. The Government

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of the YAR wanted to be able to talk with the United States and with other Western countries directly rather than through Saudi Arabia.

The Prime Minister said she was aware of the resentment described by Sultan Qaboos and thought it important that something should be done. The Minister of State said that he had been in the YAR a year previously and fully agreed with the analysis made by Sultan Qaboos. We were thinking of doing something to help in the naval field. (Sultan Qaboos said that he had recommended the YAR to turn to the British.) The Prime Minister said that she thought Yemeni resentment would always be an obstacle to rapprochement with the Saudis. Sultan Qaboos said, through intermediaries, had tried to get Crown Prince Fahd to change his position. The Crown Prince however had denied the existence of any problem. The Prime Minister said that she had had the impression during the talks in Riyadh that the Saudis did not really understand the problem in North Yemen. But did Sultan Qaboos think that Yemeni claims were justified? Sultan Qaboos said in respect they were. In the Saudi Government Prince Sultan rather than Prince Saud was responsible for relations with the YAR. The YAR found themselves dealing with several authorities rather than with one. The Minister of State commented that the YAR was not in fact treated by the Saudi Government as a foreign state.

Sultan Qaboos said that another problem was that the present President of the YAR had suspected the Saudis of trying to get rid of him. For the moment, however, he seemed more relaxed. More generally, it would obviously be very dangerous if Sana'a were to become a Communist capital alongside Aden. The Prime Minister agreed. This must not happen. She wondered whether the problem would be discussed at the Gulf Cooperation Summit. Sultan Qaboos indicated that he was doubtful.

In the course of a summary of regional problems, Sultan Qaboos mentioned the manufacture in Libya of rockets by the German

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company OTRAG. Sir John Graham described the background. The possibility of the introduction of nuclear weapons into the area was also referred to. Sultan Qaboos said that he thought there had been contact between Libya and Pakistan about this, and The Prime Minister expressed concern about nuclear proliferation. Sultan Qaboos said that the control of the supply of nuclear reactors by the West had been too lax. More and more small countries were getting a nuclear capability.

Iran/Iraq War

Sultan Qaboos said that the war between Iran and Iraq seemed to have reached a stalemate. Iraq would find it very difficult to give up the Shatt al Arab now. The war seemed to have been intensified in the last couple of days. According to newspaper reports, 300 troops had been killed.

The Prime Minister asked whether the summit conference on cooperation in the Gulf would deal with this question. Were they likely to make any progress in coordinating their response to the Soviet threat. Sultan Qaboos said he found it difficult to understand the complacency of some of his friends in the Gulf. He could not make out whether they believed their own propaganda, or did not want to think about the dangers. Some of them were inclined to argue that there was no threat, or that the United States were exploiting it for their own benefit. In any case, it was going to take some time to push through any agreement. But the Saudis had the right ideas. At times they got just as frustrated as he did about the lack of action. The Prime Minister said that she expected that there would be new purpose, direction and leadership from President Reagan's Administration. Moreover, she was confident they would consult with other countries in the Middle East: for example, about the Arab/Israel dispute (on which no progress could be expected before the Israeli elections).

The Prime Minister said she was concerned about the Tudeh Party in Iran. Sultan Qaboos said that as long as Khomeini was alive, nothing much would happen. President Bani Sadr was maintaining the support of the Army at present. In the event of a Communist takeover

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in Iran, it was to be expected that Iraq would seize Khuzistan. The Prime Minister, agreeing, said that the accumulation of problems made this period the most dangerous that she had known. It was important that countries should keep up their defences and remain close to their allies. It was also necessary to keep in mind the threat from subversion. Sultan Qaboos said that the Omani Government was very much on their guard against subversion. He thought it was quite wrong that subversion was treated as a domestic issue. It was usually externally stimulated, financed and armed. Thanks to the British Government, the Omani Government was better placed than most. But the external origin of most subversion should be more widely recognised.

The Prime Minister said that it was possible to be too pessimistic about the global situation. There had been positive developments. There was Poland. The developments there represented potentially the most serious situation that the Communist countries had ever faced. The Soviet intervention in Afghanistan, according to Mrs. Gandhi, had been stimulated by Soviet concern about the situation in the Central Asian Republics. China's hostility to the Soviet Union was well known. The Soviet Union had encountered a number of reverses in the Caribbean Islands in recent months. The Cubans were highly unpopular in Angola.

Arab/Israel

Sultan Qaboos said that the ^{Palestinians} Palestinian issue was a problem which had to be solved. The / right to determine their own future was incontrovertible. But the Arab/Israel dispute was not the only problem the region faced. Nor had the Arabs put enough pressure on the Palestinians. They were reluctant to accept that Israel was here to stay. The Palestinians must be persuaded to drop the reference to the elimination of Israel from their Covenant. In turn, the Israelis should agree to changes in Resolution 242. These two policy changes must happen at the same time. The West Bank should be returned to Jordan.

/ Sultan

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Sultan Qaboos said that he was by no means convinced that all Palestinians wanted to have the PLO as their sole representatives. In his view, the Palestinian people as a whole should have more say in who represented them. He also doubted whether all the Palestinians in fact wanted the dispute settled. Many Palestinians who had settled in other countries and done well there had no desire to return to the West Bank "to dig the ground". The Prime Minister said she had tackled her interlocutors earlier in her tour on the same question. She had encountered a reluctance to face up to it. She also wondered whether an organisation that had indulged in terrorism would find it easy to give/^{it}up. HMG did not and would not recognise the PLO, although we had some low level contacts with it. Sultan Qaboos said that his Government would not recognise the PLO either.

The Prime Minister said that the object of the work being done by the Europeans was to set out to investigate the issues. Should the views of the inhabitants of the West Bank be established by a referendum or in some other way? Who should vote and what on? In response to the latter point, Sultan Qaboos said that all Palestinians wherever they are, should vote. His own view was similar to Egypt's. One objective should be taken at a time. The important thing was to start down the road.

Referring to the Sultan's comment that the Arabs had not put enough pressure on the Palestinians, the Minister of State asked whether it was realistic to expect such pressure to be exercised in the future. Sultan Qaboos said that he did not think it likely. The only people in a position to put pressure on the PLO were the Syrians. They did not at present seem likely to do so. There was not much hope of action from other Arab Governments. The Prime Minister said that she had attempted to argue the case during discussions earlier in her tour. She had argued, for example, in Riyadh that the Palestinians had to be brought to accept Israel's right to exist. Prince Sultan had replied that they had already done so by implication, for example, in asking for a return to the pre-1967 boundaries. This meant that the 1967 boundaries were accepted. The Prime Minister said that she had also argued that there could be no Ministerial

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contacts with the PLO because of their terrorist activity. Her hosts in Riyadh had replied that they did not recognise the terrorist aspects of the PLO's activities, but only their political aspects. Sultan Qaboos said the PLO would never be recognised in Oman. The Palestinians were a source of danger to the Gulf States. They were present in great numbers and growing. The Prime Minister said she had the impression from some of the younger people she had met in the UAE that the Palestinian problem was of great concern to them.

Musandam

The Prime Minister asked about the situation in Musandam. Sultan Qaboos said that the Shihu had their ups and downs. They were, however, reasonably content for the moment, although not altogether happy with the border settlement recently negotiated with Ras al Khaimah. The development prospects for the area were good. There was bound to be occasional trouble with the tribes, but this would be nothing serious.

Omani Command Structure

Sultan Qaboos said there was one thing he wished to raise with the Prime Minister. He was reorganising the Services Command structure in Oman. He attached importance to having General Creasey come to work in Oman. General Creasey had asked him to mention the matter to the Prime Minister. The Prime Minister said that if the Sultan wished to have General Creasey, he could be sure that the General would be made available.

Arms Supplies

The Prime Minister thanked the Sultan for his help with fellow Arab leaders over Tornado. It was a very good aircraft. It was important to keep the option of its purchase open. Sultan Qaboos said that he had been worried about the tendency to give everything to the French. No one country should have a monopoly of supply in this part of the world. Moreover, there was a language problem in that aircraft manuals were all in English, and pilots had been trained in English.

/ Sultan Qaboos

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Sultan Qaboos said that he had a general word of advice to offer. People were inclined to think that the British were slow in commercial matters, and took a long time. The French on the other hand were very good at attracting people (the Sultan made it clear that he was thinking, inter alia, that the French were good at buying favour). Britain must be prepared to react quickly, to deploy better publicity and propaganda, to improve delivery times, to offer good terms of credit, and in general to pay attention to the smaller points. The Prime Minister said that she thought that things were getting better. The Sultan would find that British firms were increasingly competitive.

The meeting ended at 1350.

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24 April 1981

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OMAN

HM Jaboos bin Said, Sultan of Oman

HH Sayyid Fahr bin Taimur Al Said, Deputy Prime Minister for Security and Defence

General Pleasure at HM's continued reliance on UK equipment. Indicates close and friendly relations.

Tornado Grateful for initiative taken by HM to introduce Tornado as option in Arab States' examination of future requirements. Hope HM's air force found flight interesting.

Armour Package Delighted at arrangements to lease tanks. Glad to help in formulating requirement for Chieftains.

24/4/87

File No.
 Department
 Drafted by *C.F.W. HUMFREY*
 (Block Capitals)
 Tel. Extn.

OUTWARD

TELEGRAM

Security Classification
CONFIDENTIAL
Precedence
IMMEDIATE
DESKBY Z

FOR COMMS. DEPT. USE	Despatched (Date) Z	POSTBY Z
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PREAMBLE

(Time of Origin) Z (G.M.T.) (Restrictive Prefix)
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AND SAVING TO *ZAWAWI*
 REPEATED TO (for info) ROUTINE: *ABU DHABI*

SAVING TO (for info)

Distribution:-

[TEXT]

Following from Humfrey, PS/Mr. Hurd.

Prime Minister's Visit: UK/Oman Relations

1. At a separate meeting with Mr. Hurd on 23 April, the Omani Minister of State for Foreign Affairs formally proposed that a joint UK/Oman Economic Commission should be established. Zawawi suggested that this should be comparable to the UK/UAE Joint Committee. But when he developed the idea it was clear that the Omanis envisaged a Commission more like that which they now have with the US aimed at assisting Oman with its economic development.
2. Mr. Hurd said that there was a limit to the amount of technical cooperation which the UK could provide. He agreed, nevertheless, to give the idea favourable consideration and after consulting the Prime Minister the Omanis have been told that we can agree to the idea in principle.
3. Mr. Hurd has undertaken that we will ~~be~~ draft / possible

Copies to:-

possible terms of reference for such a Commission. We have deliberately left the details vague but suggested that there might be a main Ministerial Committee which could have smaller sub groups that met more often, and that as far as the terms of reference were concerned these might be wider than the Omanis had appeared to suggest and could include a defence dimension. (The defence dimension was seen as providing a forum in which potential bilateral problems, for example Omani concerns about credit and LSP, could be ~~covered~~ ^{aired} at an early opportunity.)

Meeting annually

[AIRED]

4. The British press have been briefed as follows - that the Omanis had raised with us the desirability of holding annual meetings mainly for economic collaboration and that the Prime Minister had agreed to this.

[Handwritten scribbles]

[Handwritten signature]
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MESSAGE ENDS

NOTHING TO BE WRITTEN IN THIS MARGIN

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FM SALALAH 240600Z APRIL 81
TO PRIORITY F C O
TELEGRAM NUMBER 3 OF 24 APRIL
AND TO PRIORITY ABU DHABI BONN
INFO WASHINGTON.

PRIME MINISTER'S VISIT TO OMAN.

THE PRIME MINISTER HAD A MEETING WITH THE SULTAN ON 23 APRIL LASTING ABOUT ONE AND THREE QUARTER HOURS. QAIS ZAWAWI, YUSU ALAWI, SALIM GHAZZALI AND THE OMANI AMBASSADOR IN LONDON WERE PRESENT.

2. THE DISCUSSION RANGED WIDELY. IT TOUCHED ON NUMEROUS REGIONAL PROBLEMS, THE ARAB/ISRAEL DISPUTE, TORNADO AND THE RE-ORGANISATION OF COMMAND IN THE OMANI ARMED FORCES.

3. SPEAKING OF THE PDRY, THE SULTAN SAID THAT EARLIER SIGNS THAT THE POLICY OF THE REGIME WAS MODERATING HAD NOT BEEN BORNE OUT. THE POLICY OF THE PRESENT REGIME WAS IF ANYTHING MORE HARD LINE THAN THAT OF ITS PREDECESSOR. THE RECENT KUWAITI ATTEMPT TO MEDIATE OVER THE BORDER DISPUTE BETWEEN OMAN AND THE PDRY HAD GOT NOWHERE. THE SITUATION IN THE YAR WAS ALSO A CAUSE FOR CONCERN. RELATIONS BETWEEN THE YAR AND THE SAUDI GOVERNMENT WERE UNSATISFACTORY. THE TRIBAL SITUATION WAS NOT UNDER CONTROL.

4. RANGING FURTHER AFIELD, THE SULTAN COMMENTED ON THE POSSIBILITY THAT PAKISTAN AND LIBYA WOULD BECOME NUCLEAR POWERS. HE SAID THAT OTRAG WERE TESTING ROCKETS IN LIBYA WHICH WOULD GIVE THE LIBYAN GOVERNMENT THE ABILITY TO STRIKE AT, EG KHARTOUM. THE PRIME MINISTER AND THE SULTAN AGREED THAT THE IRAN/IRAQ WAR SEEMED TO BE IN STALEMATE. THE DANGER WAS THAT IF THINGS WENT BADLY FOR IRAN, THE SOVIET UNION COULD PROFIT THROUGH THE TUDEH PARTY.

5. SPEAKING OF GULF COOPERATION, THE SULTAN SAID THAT MANY OF OMAN'S ARAB PARTNERS, IN PARTICULAR THE KUWAITIS, SEEMED NOT TO TAKE THE SOVIET THREAT SERIOUSLY. HE COULD NOT UNDERSTAND WHETHER THEY REALLY BELIEVED THAT THERE WAS NO THREAT OR WHETHER THEY SIMPLY PREFERRED NOT TO THINK ABOUT IT. THE SAUDIS TOOK A DIFFERENT VIEW, AND, WHATEVER THEY MIGHT SAY IN PUBLIC, REGRETTED THE LACK OF ACTION BY THE UNITED STATES AND EUROPE. THE PRIME MINISTER SAID SHE THOUGHT THE NEW U S ADMINISTRATION WOULD CHANGE THINGS IN THIS RESPECT.

6. THE PRIME MINISTER ARGUED THAT OVERALL, ONE SHOULD NOT BE TOO PESSIMISTIC. THE SOVIET UNION HAD REASONS OF ITS OWN FOR CONCERN, EG POLAND, AFGHANISTAN AND CHINA. MRS GANDHI HAD ARGUED THAT THE RUSSIANS HAD GONE INTO AFGHANISTAN BECAUSE OF CONCERN ABOUT THE MUSLIM POPULATION IN THUER OWN CENTRAL ASIAN REPUBLICS.

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7. ON THE ARAB/ISRAEL DISPUTE, THE SULTAN SAID THAT OMAN CONSIDERED THE PROBLEM IMPORTANT. IT HAD TO BE SOLVED, BUT IT WAS NOT THE KEY TO THE SOLUTION OF ALL THE OTHER PROBLEMS IN THE AREA. HE AGREED WITH THE PRIME MINISTER THAT IT COULD NOT BE SOLVED WITHOUT THE INFLUENCE OF THE UNITED STATES. BUT HE ALSO BELIEVED THAT THE ARABS HAD NOT BEEN PUTTING ENOUGH PRESSURE ON THE PALESTINIANS. HE DOUBTED WHETHER THE PALESTINIANS AS A WHOLE REALLY WANTED THE PLO AS THEIR SOLE REPRESENTATIVES OR INDEED WHETHER THE PALESTINIANS AS A WHOLE REALLY WANTED A SOLUTION TO THE PROBLEM AT ALL. MANY PALESTINIANS WOULD BE RELUCTANT TO LEAVE THEIR PRESENT POSITIONS FOR THE HARDSHIPS OF THE WEST BANK. THE PRIME MINISTER NOTED THAT THE PLO'S TERRORIST RECORD WAS A OBSTACLE TO DEALING WITH THEM. THE SULTAN AGREED AND SAID THAT THERE WAS NO PLO OFFICE IN OMAN.

8. THE SULTAN SAID THAT HE WAS WORRIED BY THE SITUATION IN THE UAE WHERE THERE WERE SO MANY FOREIGNERS INCLUDING PALESTINIANS. ASKED ABOUT MUSANDAM, HE SAID THAT THE SHIHU HAD THEIR UPS AND DOWNS. BUT THEY WERE REASONABLY ALRIGHT, FOR THE MOMENT, ALTHOUGH UNHAPPY ABOUT THE BORDER SETTLEMENT WITH RAS AL KHAIMAH.

9. THE SULTAN SAID THAT HE WAS REORGANISING THE SERVICES COMMAND STRUCTURE, AND HE WOULD LIKE GENERAL CREASEY TO TAKE CHARGE. THE PRIME MINISTER SAID THAT IF THE SULTAN WISHED GENERAL CREASEY TO SERVE HIM, OUR CONSENT WOULD BE FORTHCOMING.

10. THE PRIME MINISTER THANKED THE SULTAN FOR HIS HELP WITH HIS FELLOW ARAB LEADERS OVER THE TORNADO. THE SULTAN SAID THAT HE HAD BEEN GETTING WORRIED ABOUT THE TREND OF GIVING EVERYTHING TO THE FRENCH. HE BELIEVED IN NOT BECOMING DEPENDENT ON ONE SUPPLIER, MOREOVER WITH AIRCRAFT THERE WAS ALSO A LANGUAGE PROBLEM. SOME PEOPLE SAID THAT THE BRITISH WERE SLOW IN COMMERCIAL MATTERS : THIS HAD BEEN TRUE, BUT HE DID NOT BELIEVE IT WAS TRUE NOW. WHAT WAS NEEDED, HOWEVER, WAS A QUICK REACTION AND GOOD TERMS OF PAYMENT.

11. THE PRIME MINISTER WILL BE HAVING A FURTHER DISCUSSION WITH THE SULTAN TO-DAY.

FCO PLEASE PASS TO ALL.

(REPEATED AS REQUESTED)

LUCAS

FCO/WHITFIELD
TED

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THIS MESSAGE
IS UNCLASSIFIED
DATE 11/11/01 BY 1043

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SUBJECT

POINTS RAISED IN A TETE-A-TETE DISCUSSION BETWEEN THE PRIME MINISTER AND SULTAN QABOOS OF OMAN ON 24 APRIL 1981

The following points came up in the Prime Minister's discussion with Sultan Qaboos and will need to be followed up:-

- (a) Charges for Loan Service Personnel. The Sultan argued, and the Prime Minister agreed, that these charges are excessive and that some way should be found to reduce them.
- (b) Aid for Oman. The Sultan argued, and the Prime Minister agreed, that the reduction in our aid to Oman indicated a lack of confidence in the country. The Prime Minister would wish the reduction to be reviewed.
- (c) Oman University. The Sultan is anxious that the new university should be oriented to producing students with practical skills. He believes it should concentrate on science and technology. The Prime Minister considers that those advising the Omanis should bear in mind examples such as Cranfield, the School of Mines at Durham and Herriot Watt, rather than Oxford or Cambridge.
- (d) Credit. The Prime Minister wishes the question of the establishment of a new line of credit with Oman to be followed up. The Sultan attaches importance to this.

Amr

27 April 1981

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SUMMARY RECORD OF AN INFORMAL TALK BETWEEN MR. HURD AND QAIS ZAWAWI,
OMANI MINISTER OF STATE FOR FOREIGN AFFAIRS IN SALALAH ON THE
EVENING OF 23 APRIL 1981

Over a quiet drink in Brigadier Landon's house in Salalah at which Sir Ronald Ellis and Brigadier Landon were also present, Zawawi told Mr. Hurd informally more details of Oman's relations with the other states of the Gulf Cooperation Council. He said that at the recent Gulf Foreign Ministers Conference in Muscat, the Kuwaitis had put pressure on Oman to reduce its cooperation with the US and to join the Arab Front against Camp David. Zawawi had told the Kuwaitis that this was absurd at a time when the PDRY was becoming a Soviet base and was deeply hostile to Oman. The Kuwaitis then said that they were willing to put economic and political pressure on the PDRY to normalise its relations with Oman and asked whether if they did so Oman would comply with their two requests above. Zawawi had said that at that stage Oman would consult its friends, including the US but that the first priority was to get the PDRY to change its ways. Prince Saud had interjected helpfully at this point to say that the Arabs had been slow to recognise Oman's difficulties and should show greater sympathy for its position. It had been agreed that the Kuwaiti Foreign Minister and Rashid Abdullah, UAE Minister of State for Foreign Affairs, should carry out a mission to the PDRY (this has now taken place) and that Oman would prepare a paper for the next Gulf Cooperation meeting of Foreign Ministers analysing the threat from the PDRY.

On Palestine, Zawawi said that he had received a message from Prince Saud urging him to put pressure on the UK about this question during Mrs Thatcher's visit. But the Sultan was not willing to do this because he had a different analysis of the Palestinian problem, as he had explained to Mrs Thatcher. Zawawi was gloomy about the prospects for progress on the Arab/Israel dispute because of the Syrian veto on the PLO and because Saudi Arabia would not use its financial muscle to put pressure on the extremists.

Mr. Hurd asked Zawawi about his attempt to bring about a reconciliation between Egypt and Saudi Arabia which he had described during Mr. Hurd's visit to Oman in February. Zawawi said that this was in cold storage. President Sadat had forbidden Egyptian Ministers to talk to the Saudis and was insisting that the Saudis had to make the first move towards any reconciliation. President Sadat believed that although there was room for differences over tactics, the strategy which he was following was one that all the moderate Arabs had agreed before his visit to Jerusalem. But the Saudis were not inclined to make the first public move towards Egypt. Some of them,

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including Prince Sultan, indeed felt a good deal of personal rancour towards President Sadat.

In general Zawawi said that he would go on emphasising Oman's right to pursue her own policies despite her membership of the Gulf Cooperation. He did not think there would be any Gulf pact soon formalising cooperation in foreign policy or defence. Probably they would negotiate a series of bilateral agreements with each other in this field. (He is obviously influenced by what he has heard from the Indonesians about ASEAN, which he believes took a long time to develop but is now robust and useful.)

Grilo

24 April 1981

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MUSCAT 200900Z APRIL 1981

IMMEDIATE RIYADH

TELNO 2 OF 20 APRIL

INFO IMMEDIATE FCO (MED) DOT (AVIATION DIVISION) ABU DHABI

FOLLOWING FOR PRIVATE SECRETARY TO PRIME MINISTER:

BRITISH AEROSPACE

1. THE LOCAL REPRESENTATIVE OF BAE HAS APPROACHED ME ABOUT THE POSSIBILITY OF THE PRIME MINISTER SUPPORTING THE PROSPECTIVE SALE OF BAE 748 AIRCRAFT DURING HER VISIT TO OMAN.

2. BAE ARE IN COMPETITION WITH FOKKER TO REPLACE THE CURRENT FLEET OF FOKKER AND SKYVAN AIRCRAFT OPERATED INTERNALLY BY GULF AIR'S LIGHT AIRCRAFT DIVISION. THE PRINCIPAL USER OF THIS FLEET IS PETROLEUM DEVELOPMENT OMAN. BAE ARE HOPING TO SELL FOUR BAE 748 AIRCRAFT.

3. AN INITIAL RECOMMENDATION BY A TECHNICAL COMMITTEE THAT THE FOKKER OFFER SHOULD BE ACCEPTED MAY NOW BE UNDER REVIEW, BUT THE SITUATION IS VERY UNCLEAR, PARTICULARLY SINCE OMANI INTERESTS ARE CURRENTLY NEGOTIATING TO BUY OUT THE GULF AIR LIGHT AIRCRAFT DIVISION. THERE IS THUS NO CLEAR INDICATION OF WHO THE POTENTIAL PURCHASER OF NEW AIRCRAFT WILL BE, THOUGH A GROUP INCLUDING SENIOR GOVERNMENT MINISTERS WILL CERTAINLY BE INVOLVED.

4. IF THE FIRST ORDER IS SECURED A SALE OF TWO BAE 748 COASTGUARDER AIRCRAFT FOR MARITIME SURVEILLANCE MIGHT WELL FOLLOW. THERE ARE ALSO LONGER-TERM PROSPECTS FOR THE BAE 146 PASSENGER JET AND FOR BAE 125 AND JETSTREAM EXECUTIVE JETS. THE 748 SALE WOULD BE WORTH POUNDS STERLING 13.8 MILLION AND THE TOTAL POTENTIAL SALES SOME POUNDS STERLING 40 MILLION INCLUDING SPARES.

5. IN VIEW OF THE MANY UNCERTAINTIES ABOUT THE FUTURE OF INTERNAL CIVIL AVIATION ARRANGEMENTS HERE, I WOULD NOT RECOMMEND THAT THE PRIME MINISTER SHOULD MAKE A MAJOR SALES PITCH FOR THIS ORDER. IN MY VIEW BAE HAVE NOT PLAYED THEIR CARDS WELL TO DATE AND HAVE ALLOWED THE OPPOSITION TO MAKE THE RUNNING IN THE EARLY STAGES. HOWEVER IT WOULD DO NO HARM AND MIGHT WELL INFLUENCE MATTERS IF MRS THATCHER WERE TO MENTION MERELY THAT SHE UNDERSTOOD THERE WERE PROSPECTS FOR CIVIL AIRCRAFT SALES FOR BAE AND THAT SHE WELCOMED THIS. IF A SUITABLE OPPORTUNITY ARISES, THIS COULD MOST EFFECTIVELY BE DONE IN CONVERSATION WITH THE SULTAN OR THE MINISTER FOR PETROLEUM AND MINERALS. QAIS ZAWAWI IS THOUGHT AT PRESENT TO BE BACKING FOKKER.

LUCAS

FILE

VLB

CF to file!

28 April 1981

I am writing, further to my letter of 7 April, to say that I raised your case while I was in Oman with the Prime Minister last week. The Embassy will be doing what they can to push matters forward.

MICHAEL ALEXANDER

Mrs. Jo Harrison

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