



10 DOWNING STREET

*From the Private Secretary*

7 May 1981

The Prime Minister has seen the Secretary of State for Trade's minute to her of 1 May about the follow-up to her trip to the Gulf.

The Prime Minister has made one general comment on the question of Ministerial visits overseas. In her view, such visits, including those in which she herself is involved, must be arranged with some particular objective in mind. Visits whose objective is mainly to generate goodwill achieve, in the Prime Minister's view, little if anything. It is firm agreements on policy issues and, above all, contracts that we should be pursuing.

To this end, the Prime Minister believes that more attention should be paid to the preparation of individual visits and to the concerting of series of visits. All the groundwork should be done in advance. Where contracts are at issue, all those aspects which are affected by Government decisions, e.g. ECGD terms; Industry Act aid; contractual conditions for which Government Departments are responsible, etc., need to be cleared up in advance. This will usually mean that serious and co-ordinated preparation for a Ministerial visit should begin many months before the visit takes place. (In this context, I assume that thought is already being given to the commercial aspects of the Prime Minister's forthcoming visits to Kuwait, Bahrain and Pakistan: my letter of today's date to Ian Ellison about a methanol plant project in Bahrain is relevant.) I understand that Sir Robert Armstrong is at present considering the establishment of machinery which might facilitate such co-ordination and, subsequently, follow-up.

On specific points in the Secretary of State's minute:

- (a) The Prime Minister is sceptical about the value of a further Ministerial visit to Kuwait immediately after her own visit there at the end of September;

/ (b)



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- 2 -

- (b) The Prime Minister does not wish to pursue the idea of giving a keynote speech to a CBI seminar on Gulf markets. She will be addressing the CBI in mid-June and will aim to include in her speech on that occasion a passage about trade with the Gulf - and with India;
  
- (c) The Prime Minister would in principle be prepared to entertain the participants in the FT/CBI seminar on Saudi Arabia. However, diary considerations may make it difficult to arrange this. We will be getting in touch with you.

I am sending copies of this letter to Francis Richards (Foreign and Commonwealth Office), David Wright (Cabinet Office) and Ian Ellison (Department of Industry).

M. O'D. B. ALEXANDER

John Rhodes, Esq.,  
Department of Trade.

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① No points in going to Kuwait in Oct. I am going in September

①

② We have to go with some particular objectives in mind for Prime Minister which all the groundwork has

This is not very imaginative.

PRIME MINISTER

General visit will achieve nothing. It is hard

Shall I pursue further?

And

I know that you wish to take full advantage of the favourable climate for trade created by your recent successful visit to the Gulf. It has clearly created considerable goodwill which I am anxious that we should capitalise upon.

Question we need to look at all

I myself have plans to go twice to the area in the coming months; including to Iraq and either Kuwait or Qatar in October, and to Saudi Arabia and the UAE in early 1982. Before that, Cecil Parkinson is leading a high level team of businessmen to Saudi Arabia in June.

contracts which are affected by govt. decisions. (E.C.C.)

Conditions in the Treasury Solicitor's etc.

The British Overseas Trade Board Committee on Middle East Trade (COMET) and the Middle East Association, the former under Lord Selsdon's chairmanship, are extremely active in promoting United Kingdom interests in the Gulf markets. In the period 1979-1981, the BOTB has sponsored 56 missions to the area involving 650 companies. In addition we will have sponsored 760 companies at 22 major exhibitions in the area during the same period.

See also over page.

In the reverse direction, we had an unprecedented number of senior Saudis in London at the Joint Commission meeting in February. We quickly followed this up in a joint seminar with the CBI which had a record attendance from British companies for such occasions. We are maintaining the momentum with a high level seminar which I am to address next month at which several important Saudi Ministers will be present.

Cecil Parkinson and I propose to meet Lord Selsdon very shortly to discuss further possible initiatives. Our Saudi Post has made it clear that COMET has lost no opportunity in organising initiatives to seize the area's undoubted market opportunities. The central task now is to ensure that individual companies make the most of the thorough groundwork and pursue business with the Gulf customers that have been identified. The right climate and official assistance is





essential, but there is ultimately no substitute for companies taking their own initiative to go out and sell.

In order to pursue this point and your own visit, may I suggest two forthcoming opportunities to follow up on your visit. As I say, I will be addressing the "Financial Times/CBI Seminar" on Saudi Arabia to be held on 1/2 June. It would be of immense value, both in arousing even greater interest amongst British firms and in flattering the Saudis, if you were able to give some entertainment for the Saudi delegates, headed by their Minister of Industry, Dr Gosaibi. *Attend not*  
I myself am giving him lunch, but I think that such a special reception would go down very well indeed. It would not, of course, be necessary for you to attend the whole of any such reception.

Secondly, I understand that the CBI intend inviting you to give a keynote speech at a high-powered seminar they are organising on the Gulf markets in general, probably at the end of May although I understand that they would be flexible enough to accommodate your diary constraints. If you were able to participate in part of this seminar it would seem a most effective and immediate way to take advantage of the interest which has been fuelled by your visit. If this could be arranged, I would like to share the platform with you.

*No - I am already speaking to CBI this June*

I am copying this minute to Peter Carrington.

*W J B*

Department of Trade  
1 Victoria Street  
London, SW1H 0ET

JB

1 May 1981

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PRIME MINISTER

*Kenia - Original on India: P. 2: Policy.*  
*plw Hs for meeting*  
*on Friday, 1/5.*

Follow-up to your trip to India & the Middle East:  
Sales Aspects

India

(a) Steel Plant: we await news of developments. Unfortunately the Indian High Commissioner who undertook to lobby vigorously on behalf of Davy is ill in bed and we do not know what, if anything, he achieved.

(b) Folkloric garments, etc: I attach a report from the Department of Trade. The recommendation is that Mr. <sup>Bilfen</sup> Pitman should write to his Indian opposite number.

Saudi Arabia

(a) Arabsat. Vigorous representations are being made in Jeddah in the light of ECGD's decision to adapt their terms in the light of exchange rate changes.

(b) SANGMED and SANGCOM. We now have a telegram from Jeddah setting out the details of other countries' practice on immunities. I have asked for a report on our response to this information by the end of the week.

(c) Tornado. No further action for the moment.

(d) Off-shore oil installations. We await further news of the Saudi team which Prince Naif said would probably be coming to this country.

Abu Dhabi

Detailed discussions on the Hawk are due to start next week.

Dubai

I have asked for a report on progress with the desalination plant contract by the end of this week.

/ Oman

Oman

The Foreign Office will be letting us have a comprehensive letter complete with recommendations by the end of this week. This will cover, inter alia, charges for Loan Service Personnel; the reduction in aid; ~~the~~ credit; the university.

Qatar

Rapier. I have asked for a report by the end of the week on follow up to statements made to you by the Emir and his son the Crown Prince.

The North West Dome. The Ambassador will, of course, be reporting your interest in the problems being encountered by Shell. I shall also be making the point to the Dept of Energy.

Power Station

Phil

27 April 1981



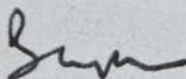
HOME MINISTER

I attach a short draft on the record statement which I would like to hand to the press at around noon today, subject to your approval.

I have sought to get over three main points:

- the warmth of the welcome;
- our renewed interest in an important region;
- our commercial interest in its development.

I would like to end with the phrase "a very happy and constructive tour" for headline purposes. The Sundays like to write about happiness!



25 April 1981



DRAFT STATEMENT BY THE PRIME MINISTER, THE RT. HON. MRS MARGARET THATCHER, MP,  
AT THE CONCLUSION OF HER VISIT TO THE GULF, TODAY (25 APRIL 1981)

I leave the Gulf for home today after a most instructive and stimulating visit - the first by a British Prime Minister to the area.

Wherever I have gone I have been welcomed with great warmth and kindness. I have also found a deep appreciation and satisfaction among the countries I have visited that Britain, an old friend of the area, is taking a closer interest in its affairs.

I believe my visit has achieved two main objectives:

- first, to demonstrate our continuing interest and concern in a part of the world which is of enormous strategic and political significance; and
- second, to get over to my hosts the contribution which British industry, commerce and technology can make to the development of the huge natural resources and potential of the Gulf States.

We can do much in partnership to benefit our own people and the world.

It has been a very happy and constructive tour indeed. And I look forward to returning to the Gulf in the autumn.

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GRS 88  
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FROM DELHI 170500Z APR  
TO PRIORITY FCO  
TELEGRAM NUMBER 421 OF 17 APRIL 1981  
AND TO PRIORITY JEDDA

FOLLOWING FROM ALEXANDER, PRIME MINISTER'S PARTY.  
YOUR TELNO 234: PRIME MINISTER'S VISIT TO SAUDI ARABIA

THE PRIME MINISTER WOULD PREFER TO AVOID A STATEMENT AT THE END  
OF HER VISIT TO SAUDI ARABIA IF POSSIBLE. IF THE SAUDIS ARE  
INSISTENT, THE PRIME MINISTER WOULD PREFER SEPARATE PRESS RELEASES  
TO A JOINT COMMUNIQUE.

THOMSON

[COPIES SENT TO NO 10 DOWNING STREET]  
[THIS TELEGRAM WAS NOT ADVANCED]

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PS  
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PS/MR HURD  
PS/PUS  
SIR J GRAHAM  
MR J C MOBERLY

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FM JEDDAH 160903Z APR 81

TO IMMEDIATE FCO

TELNO 302 OF 16TH APRIL 1981

REPEATED IMMEDIATE NEW DELHI.

PRIME MINISTER'S VISIT TO SAUDI ARABIA

1. THE DEPUTY FOREIGN MINISTER TELLS ME HE HAS RECEIVED INSTRUCTIONS FROM PRINCE SAUD IN DELHI TO START DRAFTING A JOINT "STATEMENT" TO BE ISSUED AT THE END OF THE PRIME MINISTER'S VISIT. IN REPLY TO MY QUESTION HE SAID HE THOUGHT THIS MEANT A JOINT COMMUNIQUE.

2. I REPLIED THAT IT WAS NOT OUR CUSTOM TO HAVE JOINT COMMUNIQUE. BUT HE SAID THAT FOR A PRIME MINISTERIAL VISIT THE SAUDIS WOULD LIKE TO HAVE SOMETHING. THE HEAD OF WESTERN DEPARTMENT WHO WAS PRESENT RECALLED THAT DURING YOUR VISIT TO TAIF IN AUGUST THE TWO SIDES HAD JOINTLY DRAFTED SEPARATE PRESS RELEASES AND CLEARED THEM WITH EACH OTHER.

3. WOULD THIS SOLUTION BE ACCEPTABLE PROVIDED I CAN (AS I EXPECT) RIDE THE SAUDIS OFF THE IDEA OF A JOINT COMMUNIQUE?

GRAIG

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SIR J GRAHAM  
MR J MOBERLY

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OO DELHI

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FM FCO 161315Z APR 81

TO IMMEDIATE JEDDA

TELEGRAM NUMBER 234 OF 10 APRIL 1981

AND TO IMMEDIATE NEW DELHI

JEDDA TELNO 302: PRIME MINISTER'S VISIT TO SAUDI ARABIA

1. MINISTERS HERE RECOMMEND THAT WE SHOULD RESIST AGREEING TO ANY FORM OF SUBSTANTIVE STATEMENT AT THE END OF THE PRIME MINISTER'S VISIT. A JOINT COMMUNIQUE COULD WELL BE DIFFICULT TO AGREE AND IS LIKELY TO BE UNDULY TIME-CONSUMING TO NEGOTIATE, WITH THE RISK OF LEAVING A BAD TASTE.

SEPARATE PRESS RELEASES WOULD SERVE TO UNDERLINE ANY DIFFERENCES BETWEEN THE TWO SIDES,

SUBJECT TO THE PRIME MINISTER'S VIEWS, THEREFORE, WE RECOMMEND THAT HM AMBASSADOR SHOULD TRY TO RIDE THE SAUDIS OFF THIS PROPOSAL. IF THIS IS NOT POSSIBLE, THE MATTER CAN BE DISCUSSED FURTHER AFTER THE PRIME MINISTER AND MR HURD'S ARRIVAL IN RIYADH.

CARRINGTON

NNNN

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MED

NEWS DEPT

PS

PS/LPS

PS/MR HURD

PS/PUS

SIR J GRAHAM

MR J MOBERLY

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FM DELHI 210500Z APR 81

TO IMMEDIATE FCO  
TELEGRAM NUMBER 427 OF 21ST APRIL, 1981  
FOLLOWING FOR HEAD SAD FROM GRAHAM

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UK/INDIAN TRADE PROBLEMS

1. THE INDIAN MINISTER OF COMMERCE RAISED WITH THE PRIME MINISTER THE OLD PROBLEMS OF FOLKLORIC ITEMS, OPIUM AND TOBACCO (UK FIRMS NOT BUYING INDIAN OPIUM OR TOBACCO), SHIPPING (CONFERENCE LINES' RATES TOO HIGH BECAUSE THEY REFUSE TO MODERNISE METHODS. EG. CONTAINERS) AND AFLATOXIN.

2. THE PM UNDERTOOK TO LOOK INTO ALL THESE ISSUES. ALL THESE ARE OLD PROBLEMS AND THE DOT WERE ACTIVE OVER THE FOLKLORIC ITEMS ON MAUNDY THURSDAY (SEE TWO U/N CRED TELS OF 16 APRIL TO DELHI). IN EACH AREA, NO DOUBT, EITHER THE INDIANS DO NOT HAVE A GOOD CASE, OR ACTION MUST PROPERLY BE WITH THEIR EXPORTERS (TO IMPROVE MARKETING QUALITY ETC) OR WITH OUR BUSINESS FIRMS (EG. SHIPPING). NEVERTHELESS WE NEED TO SHOW WILLING. OUR IDEA IS TO SET UP A SMALL WORKING PARTY TO GO INTO THESE QUESTIONS AND TO OFFER TO COME OUT TO DELHI SOON (ALTHOUGH THE OFFER TO VISIT ALONE MIGHT HELP IN THE CONTEXT OF THE STEEL MILL). IF, FOR EXAMPLE, WE COULD SAY TO THE INDIANS THAT, AS A RESULT OF THEIR REPRESENTATIONS TO MR BIFFEN, THE UK IMPORTERS OF "FOLKLORIC" ITEMS HAVE NOW CLEARED ALL THE GOODS (EITHER BY TRANSFER TO THE QUOTA OR RE-EXPORT), WITH THE EXCEPTION OF THREE (OR WHATEVER) WHOM WE ARE PROSECUTING FOR FRAUD, THAT WOULD BE SOMETHING. AS FOR TOBACCO AND OPIUM, I DOUBT IF THERE IS MUCH TO BE DONE IMMEDIATELY. BUT COULD WE OFFER UNDER OUR AID PROGRAMME TO PROVIDE CONSULTANTS IN THE PACKAGING AND MARKETING FIELDS, A MAJOR DEFECT IN INDIAN INDUSTRY AS A WHOLE SO FAR AS I CAN SEE? OR UNDERTAKE TO ENCOURAGE A FIRM OPERATING IN THAT AREA TO ENTER INTO A PARTNERSHIP WITH AN INDIAN FIRM? ON SHIPPING WE OUGHT AT LEAST TO TALK TO OUR SHIPPERS TO FIND OUT WHAT THE PROBLEM IS, FROM THEIR POINT OF VIEW. IT MAY BE THAT THE DOT HAVE DONE ALL THESE THINGS, BUT I HAVE NO EVIDENCE.

→ 3. THE PRIME MINISTER ATTACHES IMPORTANCE TO THE FOLLOW UP AND YOU MAY THINK IT RIGHT TO INFORM THE PUS AS WELL AS ALAN GOODISON. I SHOULD LIKE A REPORT ON 27 APRIL.  
THOMSON

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PSIPUS  
SIR E-YOUDE  
SIR J-GRAHAM  
MR GOODISON  
MR EVANS  
MR HAYES

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TO IMMEDIATE F C O

TELEGRAM NUMBER 8 OF 20 APRIL.

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FOLLOWING FOR HEAD S A D FROM GRAHAM.

MY TELEGRAM FROM BOMBAY ABOUT INDIAN TRADING COMPLAINTS.

b | THE PRIME MINISTER WISHES A REPORT ON THE FOLLOW-UP ACTION  
TO REACH HER ON HER RETURN ON 25 APRIL.

CRAIG

NNNN





DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB  
TELEPHONE DIRECT LINE 01-212 5902  
SWITCHBOARD 01-212 7676

From the  
Parliamentary Under Secretary of State's office

Tim Lankester Esq  
Private Secretary to the  
Prime Minister  
10 Downing Street  
LONDON SW1

13 April 1981

Dear Tim,

ARABSAT

In his minute of 6 April, Mr Marshall promised to relay from Washington any further information he could glean about BAe's Arabsat prospects.

Mr Marshall has now telephoned to say that he has talked to Dr Ali Mashat, the Direct General of the Arab Satellite Communications Organisation, who has advised us to ensure that BAe emphasise the television part of their bid. (BAe have been requested to do this).

Mr Marshall adds that this view fits in well with the line he adopted during his visit to Saudi Arabia when he explained how the UK could offer a total package including television and BBC expertise.

In Saudi Arabia, Prince Abdullah is said to be the Minister mainly concerned with this issue.

Yours

Barbara Rusta

1/p MRS FRANCES NIEDUSZYNSKA  
Private Secretary