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SECRETARY OF STATE FOR DEFENCE

Algeria: Defence Sales

1. At the end of my visit to Algeria on 26-28 May I called on Colonel Belloucif, Secretary-General at the Ministry of Defence (Colonel is the highest rank in the Algerian forces, and there is no minister). He spoke very positively about the prospects for increased military cooperation between us, saying that it had been inadequate in the past (though he referred to some training of Algerian personnel which had taken place in the UK, and to the Army's use of British communications equipment). He said that the right conditions for increased cooperation now existed, referring to the cordiality of our political relations, of which the atmosphere during my own visit was certainly evidence. Algeria was interested both in more training in the UK and in buying more defence equipment from us. Their interest was particularly strong in the navy, and he spoke of the development of naval training and requirements for 'intelligence gathering vessels' and landing craft, though there was also interest on the army and air side and he mentioned their current interest in Hawk and Fox, as well as the possibility of assembling Landrovers in Algeria.

2. I told him that this Algerian interest was welcome to us, and said that the best way for us to respond to what he had said might be for the Head of

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Defence Sales to pay a visit to Algiers. Colonel Belloucif at once said that he would be happy to issue an open invitation for us to send a representative at whatever level we thought right; he would like to get discussion onto a more concrete level without delay.

3. I see every advantage in responding to this. Politically, we want to encourage Algeria's gradual shift towards a genuine non-alignment and diversification from excessive military dependence on the Soviet Bloc. Militarily, it is only reasonable that they should wish to strengthen their armed forces especially in view of the accumulation of arms in Libya and the unpredictability of Qadhafi. Financially, they can afford very substantial purchases indeed. Algeria is an enormous market. It has the reputation of being a difficult one and the performance of our exporters there is not satisfactory. A success on the defence side could be immensely valuable.

4. Our Embassy will be reporting what they have been able to learn to amplify the above. I know that the Defence (Sales) organisation and some British firms are already active in Algeria, but I think it is important that we should respond soon to Colonel Belloucif. If you agree, I think that an early visit by Sir R Ellis would be an excellent first step? In the slightly longer term we should perhaps be thinking in terms of a Defence Attache in Algiers to maintain contact between visits.

5. I am sending a copy of this minute to the Prime Minister.

(CARRINGTON)

Foreign and Commonwealth Office

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