



Contact with paras. 4 & 7, subject to views of other members of OD?

A.T.C. 26/1

Yes mt.

FCS/82/16

SECRETARY OF STATE FOR DEFENCE

Defence Supplies to Iraq

1. On 2 December we agreed in OD that every opportunity should continue to be taken to exploit the potentialities of Iraq as a promising market for defence equipment.
2. On 22 January an Iraqi air force team arrived in the UK for a presentation on P110, discussion of pilot training and pursuit of Iraqi interest in airborne surveillance (AEW) aircraft. Before long we shall have to take decisions relating to our bid to sell Hawk in Iraq (a contract worth over £2000m): eg can we agree now to release Hawk ordnance to Iraq even if the war is still going on at the time of delivery, and to receive the large numbers of Iraqis who will need to come to the UK for training (perhaps 1400 at a time), with up to 500 UK nationals engaged on the project in Iraq?
3. We shall no doubt also come under strong pressure to release other lethal equipment going beyond our existing guidelines, and in general to show a more positive attitude towards Iraq if we are to have a chance of winning really lucrative orders (eg Hawk, tanks, P110 or AEW aircraft).
4. It is in my view right that we should now make a further move forward in our policy of supplying arms to Iraq. We should not sell Tornado (this was discussed in July - we can shelter behind the Germans), and we need to look very carefully at the implications of relying on Iraqi finance for the P110 (this has been taken up in separate correspondence). But we should go all out to get the Hawk contract; we should be ready in principle to release main battle tanks; and we should make a major effort to sell AEW aircraft, since this could prove very lucrative, and possibly pave the way for sales elsewhere.

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5. There will of course be penalties as well as advantages if we succeed in winning major contracts. At a time of widespread concern over the development and spread of weapons, we shall attract public, parliamentary and international criticism for taking sides, in effect, in a war that we are publicly pledged to want to stop. Other countries are getting away with this, but public opinion, both domestically and internationally, seems always to be disproportionately critical of such activity by the UK. Iran would be legally entitled to treat us as a cobelligerent of Iraq, though I view this as a theoretical rather than a practical danger. We run the risk that Iraq, and with it our equipment, may fall into hostile hands as the result of an internal upheaval. There is a danger in pushing Iran towards the Soviet Union and jeopardising our future prospects in this market that is potentially greater than Iraq's. But the potential there is not going to be realised again for some time (and we can try to keep our foot in the door by offering to release certain equipment at an appropriate moment, as agreed on 2 December). We shall also no doubt attract strong criticism from Israel and Syria which would in turn affect our ability to contribute to efforts to solve the Arab/Israel dispute.

6. On the whole, however, I consider these risks acceptable. There has been surprisingly little press and parliamentary interest so far in our stance over supplies of arms to Iraq. This is partly because of the unattractiveness of the Iranian regime. But I doubt if we should have unacceptable trouble if we moved forward in the way suggested in paragraph 4.

7. Nevertheless I believe it would be right to proceed cautiously. We should not assume any of the more controversial commitments (eg to supply Hawk ordnance) before we have to, and I should like to consider each case on its own merits as and when we come under the inevitable pressure from the Iraqis to go beyond our existing guidelines about not supplying lethal weapons while the war lasts. In addition we should maintain publicly that we are still neutral, maintain the ban on arms or ammunition



(with the special exception agreed for tank parts) for the time being, and refuse to disclose details of any negotiations on Hawk, new tanks, or other lethal equipment for Iraq. If it leaks that we are ready to commit ourselves to release lethal Hawk or other equipment in future even if hostilities are then continuing, we shall have to defend this as an exception, permitted on the ground that we expect the war to be over by the time of delivery and that we have to match our competitors on projects of exceptional importance.

8. I am sending copies of this minute to our colleagues in OD and to Sir Robert Armstrong.

C
(CARRINGTON)

Foreign and Commonwealth Office, SW1
25 January 1982

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