



Prime Minister

To note.

A.J.C. 13/7

MO 26/9/15

FOREIGN AND COMMONWEALTH SECRETARYDEFENCE SALES TO IRAN

I was grateful for your reply to my minute of 16th June and for the replies from No 10, the Lord Chancellor's office and the Secretary of State for Trade. I believe there is now broad agreement between us on the overall policy to be adopted towards Iran.

2. We have now heard from Tehran that the Iranians intend to send a delegation to London to commence discussion on our claims on 15th July. A similar visit was made this time last year when the discussions proved abortive because the Iranians had not brought the necessary legal and technical experts with them. However, there are grounds for hoping that they mean business this time. The delegation they propose is a good deal larger and they seem prepared to stay for a period of two months.

3. If the Iranians show themselves ready to embark on serious negotiations, we must clearly make the most of this opportunity not only to resolve the longstanding claims on defence business but also to move forward towards a resumption of closer political and commercial relations.

4. This argues for a cautious but flexible approach in the negotiations next week. Since we know little of the likely Iranian objectives, I doubt whether we can give officials any more precise instructions than those arising from our earlier correspondence. Once the initial discussion have taken place



and we have a better feel for the Iranian position, it may be necessary for us to take stock in order to determine the way ahead. I shall therefore be asking those concerned to report to Ministers at the appropriate stage.

5. I am sending copies of this minute to the Prime Minister, other members of OD, the Secretary of State for Industry and Sir Robert Armstrong.

SW

13th July 1982
Ministry of Defence

1. 3. JULI 1982

