

RESTRICTED



MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~2307922~~ 218 2111/3

MO 26/9/4

5th January 1983

Dear John,

Prime Minister

Agree to send a message to the
Crown Prince when the first payment has
been made.

A. J. C. $\frac{5}{1}$

The Prime Minister will no doubt be pleased to hear that, on 2nd January, after 18 months of technical and commercial negotiations and considerable last minute delay, Crown Prince Sheikh Khalifa finally signed the contract with British Aerospace for the supply of Hawk trainer aircraft to the United Arab Emirates Air Force. This is an important step for Hawk as it marks its selection by a second Gulf state (following Dubai) and the contract has been won against strong competition from the French with Alphajet. This contract should also help to further sales of Hawk over the next few years to other Arabian states within the Gulf Cooperation Council, notably Saudi Arabia, Kuwait and Oman.

In the event, the Abu Dhabians cut back on their original order of aircraft, finally taking 16 trainer Hawk at a value of £90M instead of 10 trainer and 16 enhanced ground attack aircraft at a value of £186M. However their requirement for the ground attack version remains although no doubt we shall face renewed French competition. The principal reason for the reduction in the size of the purchase is said to have been the United Arab Emirates' need, shared by other Gulf states at this time, to trim their defence budget. Nevertheless, the order for 16 aircraft remains a significant and valuable one, won against fierce opposition and there is no doubt that the Prime Minister's intervention in April 1981 played a decisive part. In these circumstances my Secretary of State believes it would be appropriate for the Prime Minister to send a short message to the Crown Prince when the first payment has been made and the contract ratified. We would, of course, supply a draft in due course if the Prime Minister is willing to do this.

I am copying this letter to John Holmes (Foreign and Commonwealth Office), to Jonathan Spencer (DOI) and to John Rhodes (Department of Trade).

Yours ever

John Ridley

(J E RIDLEY)(MISS)

A J Coles Esq

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