

10. DOWNING STREET.

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FM WASHINGTON 221906Z OCT 84

TO PRIORITY FCO

TELEGRAM 3147 OF 22 OCTOBER

INFO BAGHDAD TEHRAN GULF POSTS UKMIS NEW YORK

MY TELNO 3068: DEFENCE SALES TO IRAN.

SUMMARY

1. THE AMERICANS HAVE URGED US STRONGLY TO RECONSIDER OUR DECISION TO REFURBISH HOVERCRAFT AND SUPPLY FRIGATE ENGINES FOR THE IRANIAN NAVY.

DETAIL

2. ON SHULTZ'S INSTRUCTIONS, FAIRBANKS ASKED MINISTER TO CALL THIS MORNING TO FOLLOW UP THEIR CONVERSATION OF 12 OCTOBER (TELEGRAM UNDER REFERENCE) ABOUT DEFENCE SALES TO IRAN. HE HANDED OVER HIS SPEAKING NOTES (COPY BY BAG TO MED). THE US EMBASSY IN LONDON HAS BEEN INSTRUCTED TO MAKE A PARALLEL APPROACH TO THE DEPARTMENT.

3. FAIRBANKS SAID THAT THE AMERICANS VALUED THEIR CONSULTATIONS WITH US ON THIS ISSUE AND ENTIRELY AGREED THAT THEY SHOULD REMAIN CONFIDENTIAL. THEY WERE CONVINCED THAT THE HOVERCRAFT AND FRIGATES WERE OF SIGNIFICANT MILITARY VALUE TO IRAN. THEY COULD BE USED BY THE IRANIAN NAVY TO MAINTAIN SURVEILLANCE OVER SHIPPING IN THE GULF, TO SEARCH AND SEIZE SHIPS, OR TO FERRY COMMANDOS FOR RAIDS OR TERRORIST OPERATIONS. THE FRIGATES CLEARLY COULD NOT QUALIFY AS NON-COMBATANT VESSELS. JANE'S FIGHTING SHIPS SPECIFIED THAT THE HOVERCRAFT WERE CAPABLE OF CARRYING MACHINE GUNS AND COULD BE FITTED WITH SURFACE TO SURFACE MISSILES. THE AMERICANS WERE CONCERNED AT THE POTENTIAL CAPABILITY THEY AFFORDED IRAN, NOT ONLY IN THE GULF BUT IN THE MARSH AREAS OF THE SHATT AL ARAB. IT HAD BEEN AGREED IN OUR RECENT POL/MIL TALKS ON THE GULF THAT PROTECTION OF SHIPPING IN THE EVENT OF AN ESCALATION OF THE WAR WOULD BE DIFFICULT EVEN WITHOUT ANY CAPABILITY THE IRANIAN NAVY WAS ACQUIRING FROM THE WORK WE WERE DOING FOR THEM. THE AMERICANS THEREFORE STRONGLY URGED US TO RECONSIDER OUR DECISIONS.

4. FAIRBANKS ADDED THAT IF US ALLIES ALLOWED SOME MILITARY SUPPLIES TO IRAN THIS WOULD HAVE A DAMAGING EFFECT ON US EFFORTS TO INHIBIT SUCH SUPPLIES FROM OTHER COUNTRIES. HANNAY ARGUED THAT DELIVERIES FROM THE UK IN FULFILMENT OF LONG-STANDING CONTRACTS WERE CLEARLY DIFFERENT FROM NEW SALES FROM OTHER COUNTRIES WHICH WE AGREED WERE UNDESIRABLE. HE WENT OVER ONCE AGAIN THE ARGUMENTS IN FAVOUR OF THESE DEALS. HE UNDERTOOK TO REPORT FAIRBANK'S APPROACH AND TO LET HIM HAVE FURTHER COMMENTS IN DUE COURSE ONCE IT HAD BEEN CONSIDERED IN LONDON.

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5. FAIRBANKS DID NOT DISPUTE THAT THE FRIGATES AND HOVERCRAFT HAVE NOT SO FAR PLAYED AN ACTIVE ROLE IN THE GULF CONFLICT, THOUGH HE MAINTAINED THAT THE IRANIANS MIGHT MAKE MORE USE OF THEM IN FUTURE. HE ARGUED THAT THE HOVERCRAFT COULD BE OF CONSIDERABLE MILITARY VALUE TO THE IRANIANS IN THE MARSH AREAS. IT WOULD BE HELPFUL TO BE ABLE TO LET THE AMERICANS HAVE OUR CONSIDERED ASSESSMENT OF WHETHER THIS IS IN FACT THE CASE.

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