

PRIME MINISTERc.c. Mr. Alexander
Mr. LankesterTHE KHARG

The Lord Privy Seal held a meeting late this afternoon with representatives of Swan Hunter and others to consider what to do next about the Kharg. The ship is now ready for commissioning and all the Iranians have to do is pay the final £10 million to take it over, in law and in fact. mb

The Lord Privy Seal has concluded that we have no alternative but to tell the Iranians tomorrow morning that we will not permit them to commission the ship in the UK. He has also made it clear to Swan Hunter that we shall refuse an export licence. You will remember that an export licence would not be necessary if the ship had already been commissioned, so that it is necessary to follow both courses of action simultaneously.

The news is likely to be public quite soon, given that there has already been some interest in the fate of the Kharg. The FOO are working on an appropriate press line.

The Iranians have 200 sailors in this country already. It is possible that they might seek to take over the ship and sail it down the Tyne, but Swan Hunter's advice is that they would need both tugs and local pilots to do this successfully.

All of this looks likely to be very difficult, but the Lord Privy Seal feels that we have no choice but to go ahead along the lines I have described. |

9 April 1980 MS