

PRIME MINISTER

The Resident Clerk at the Foreign Office telephoned with the following message about your conversation with Mr. Ian Lloyd, M.P.

H.M. Embassy, Jedda, have advised that the Gulf Co-ordination Council Secretariat have confirmed to them three days ago that the problem was political rather than technical. The Iranians want guarantees that the Iraqis will not attack while repairs are being made and refuse to make any linkage between this issue and the wider one of the ceasefire.. The wells are in Iranian waters and Iran is confident that it can manage technically either through its own resources or by hiring. The Iraqis will not give an undertaking to stop attacking the Iranian oil fields without some assurance that Iran will refrain from attacks on other ports of Iraq. Iraq has offered a safe conduct on condition that Iran submit to UN supervision for the period of the repair - a condition which Iraq knows Iran will reject.

The Gulf Co-ordination Council Secretariat have told the Embassy that the problem of stopping the spillage and clearing it up can only be tackled once there is a political agreement. If such an agreement is reached the countries concerned will be able to choose among a number of technical offers, and the Embassy advise that there is little doubt that they would be prepared to pay for assistance received. British companies are well to the fore. BP/Powell-Dufferin have been trying to set up a pollution control contract with the Saudis, and BP independently have representatives in Saudi Arabia, Abu Dhabi and Qatar who can offer help if facilities are threatened (a small BP team has been sent to Qatar to talk to officials and have indicated their ability to mount a much larger offer to protect Qatari facilities if necessary). Other British companies have also offered help.

An expert from the Department of Trade spent two weeks in the Gulf in April as part of UN Environment Programme/International Maritime team to give technical advice to officials from Gulf countries on the oil slick. His impression was that the Gulf States were at that time not very interested in the numerous offers of assistance that they had received.

/ The Secretary



The Secretary of State for Energy arrives in Riyadh on 2 May, for talks with the Saudi Minister of Petroleum, Sheik Yamani, and will no doubt be able to take a further opportunity of mentioning the British offers of assistance with the clean-up. Michael Scholar is contacting the Secretary of State's Private Office to make sure that Mr. Lawson knows about this and will raise it as he judges appropriate in Riyadh.

The Embassy are in touch with Mark Lloyd who is Private Secretary to the President of the Saudi Ports Authority.

Hilary

30 April 1983

Michael Scholar rang to say that he has been in touch with the FCO and with John Coles and they think this is the best way to handle the problem as Mr. Lawson will be going to Riyadh next week.