

Prime Minister

15 X 10

MIDDLE EAST: ADVANCE COPIES

PS  
PS/MR HURD  
PS/PUS  
SIR J LEAHY  
MR EGERTON  
SIR J BULLARD  
ED/NENAD  
ED/MED  
ED/UND

NO 10 DOWNING STREET  
CABINET OFFICE D10

D/...  
D/CONSULAR DEPT

ADVANCE COPIES

IMMEDIATE

*We must take this  
advance into account  
mf*

*mf*

USD (2)  
NEWS D  
~~RESIDENT CLERK~~

GRS 1060  
CONFIDENTIAL  
FM JEDDA 060015Z JAN 83  
TO IMMEDIATE FCO  
TELNO 14 OF 06 JAN

INFO IMMEDIATE ABU DHABI, DOHA, MUSCAT, PRIORITY OTHER MIDDLE EAST  
POSTS AND ROUTINE WASHINGTON, UKNIS NEW YORK, PARIS, MOSCOW

YOUR TELNO 3: ARAB LEAGUE DELEGATION

1. I AM NOT ATTRACTED BY THE OPTION OF 'PLAYING THINGS LONG'  
SEMICLN I DO NOT THINK THERE IS ANY CHANCE THAT THE IDEA OF THE  
VISIT WILL FADE AWAY WITHOUT OUR BEING HELD RESPONSIBLE SEMICLN AND  
I FEAR THAT THERE WILL BE SUBSTANTIAL DAMAGE TO OUR INTERESTS IF WE  
ARE HELD SO RESPONSIBLE.

2. I CANNOT PRECISELY ASSESS THE RISKS OF DELAY, SINCE I HAVE NOT  
YET BEEN ABLE TO FIND OUT ENOUGH ABOUT KING FAHD'S STATE OF MIND ON  
THE LEAGUE DELEGATION ISSUE. I BELIEVE HE WAS ANGRY AND UPSET  
AT THE SUGGESTION WE MADE TO TRY TO RESOLVE THE ISSUE, INVOLVING THE  
REJECTION OF TERRORISM. HE PROBABLY FELT THAT, AFTER HE HAD INVES-  
TED SO MUCH EFFORT AND POLITICAL CAPITAL IN GETTING THE ARAB WORLD  
UNITED AROUND A MODERATE PLAN FOR PEACE AT THE EE7 SUMMIT. IT WAS A



~~THE SO MUCH EFFORT AND POLITICAL CAPITAL IN GETTING THE ARAB WORLD~~  
UNITED AROUND A MODERATE PLAN FOR PEACE AT THE FEZ SUMMIT, IT WAS A  
PERSONAL SLAP IN THE FACE FOR THE BRITISH TO TRIP UP THE IMPLEMENT-  
ATION OF THIS PLAN BY MAKING DIFFICULTIES ABOUT THE DELEGATION.  
(THE ARABS WERE, OF COURSE, FAR FROM BLAMELESS IN THEIR HANDLING OF  
THE QUESTION; BUT I AM SURE THAT FAHD'S PERCEPTION IS THAT WE WERE  
MORE TO BLAME THAN THEY.) THE REFERENCE TO 'TERRORISM' WITH ITS  
EMOTIVE CONNOTATIONS, MUST HAVE SEEMED TO HIM PARTICULARLY INSEN-  
SITIVE, AT A TIME WHEN IT WAS THE ISRAELIS WHO HAD BEEN WREAKING  
VIOLENCE ON THE PALESTINIANS AND LEBANESE, AND WHEN, DESPITE THIS,  
THE PLO WERE WILLING, PARTLY THROUGH SAUDI PERSUASION, TO CONTINUE  
ON THE PEACEFUL PATH TO A SOLUTION. I AM NOT YET CONVINCED THAT THE  
KING WAS SO ANGRY THAT HE TOOK THE INITIATIVE IN PERSUADING THE UAE  
AND QATAR TO POSTPONE YOUR VISITS THERE. ON THE EVIDENCE SO FAR  
AVAILABLE TO ME, AND PACE HM AMBASSADOR IN ABU DHABI, IT SEEMS RATHER

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MORE LIKELY THAT QATAR AND ABU DHABI, IN THE COURSE OF TAKING SOUND-  
INGS ON THE SAUDIS ABOUT THE VISIT, HEARD THAT THE KING WAS PERSON-  
ALLY ANGRY WITH THE BRITISH, AND DECIDED TO TAKE THE CRAVEN COURSE.

3. IF I AM RIGHT ABOUT WHAT FAHD IS THINKING OVER ALL THIS, I  
WOULD NOT EXPECT THE SAUDI GOVERNMENT ITSELF TO TAKE ANY FURTHER  
ACTION TO DAMAGE OUR INTERESTS (THOUGH SOMETIMES, UNFORTUNATELY,  
EVENTS PROVIDE THEIR OWN MOMENTUM): IT IS NOT THEREFORE A QUESTION  
OF TRYING TO JUDGE THE 'SEVERITY, DETERMINATION AND TIMESCALE WITH  
WHICH (THE SAUDI GOVERNMENT) MIGHT MAKE THEIR DISFAVOUR FELT' IN  
THE WORDS OF YOUR TUR. BUT IF THE ARAB LEAGUE DELEGATION QUESTION  
IS NOT RESOLVED - AND REASONABLY SOON - I WOULD EXPECT COOLNESS,  
EVEN SOURNESS, IN OUR RELATIONSHIP TO CONTINUE FOR SOME TIME. EVEN  
IN THE LONGER TERM, THE SNUB, AS THE SAUDIS SEE IT, TO THE ARABS  
OVER THE DELEGATION WILL BE REMEMBERED AND QUOTED AGAINST US AS ONE  
OF A LONG LINE OF BRITISH SINS AGAINST THE ARAB PEOPLE GOING BACK TO  
THE BALFOUR DECLARATION OF 1917, ETC ETC.

4. IN THIS CLIMATE, WE CAN EXPECT CONSIDERABLE DAMAGE TO OUR COMM-  
ERCIAL INTERESTS HERE, NOT BECAUSE THE GOVERNMENT WILL ISSUE ~~ADUCTION~~  
~~COO~~ INSTRUCTIONS THAT WE ARE TO BE DISCRIMINATED AGAINST, BUT BECAUSE  
INDIVIDUAL DECISION-MAKERS, IN THE PUBLIC AND PRIVATE SECTORS,  
GIVEN THE CHOICE BETWEEN DOING BUSINESS WITH THE BRITISH OR WITH OUR  
COMPETITORS, WILL CHOOSE THE LATTER COURSE, EITHER BECAUSE THEY  
PERSONALLY FEEL CROSS WITH US FOR TREATING THE ARABS BADLY, OR  
BECAUSE THEY THINK IT PRUDENT TO AVOID THE RISK OF OFFICIAL INTER-  
FERENCE IN THE EXECUTION OF THEIR BUSINESS LATER. THIS WAS THE  
PATTERN FOLLOWED DURING AND AFTER THE 'DEATH OF A PRINCESS' SAGA.

4. HOW MUCH HARM VO



HOW MUCH HARM WOULD IT

~~TO BE THE~~ CAUSE? AGAIN, IT IS IMPOSSIBLE TO BE EXACT. WE CANNOT EVEN NOW ASSESS RELIABLY THE AMOUNT OF BUSINESS WE LOST OVER 'DEATH OF A PRINCESS'. I MENTIONED SPECIFIC RISKS IN MY TELNO 629. BUT THE REAL ECONOMIC BENEFIT TO THE UK OF OUR RELATIONSHIP WITH SAUDI ARABIA LIES IN LARGE NUMBERS OF SMALL COMMERCIAL CONTRACTS FOR THE EXPORT OF GOODS AND SERVICES, AND IN THE MONEY TRANSMITTED ACROSS THE EXCHANGES BY THE 35,000 BRITONS WHO LIVE AND WORK HERE. THESE CONTRACTS, AND EMPLOYMENT AGREEMENTS, ARE CONSTANTLY COMING TO AN END AND BEING RENEWED OR REPLACED BY OTHERS. IF OUR POLITICAL RELATIONSHIP WITH SAUDI ARABIA REMAINED COOL, WE MIGHT LOSE HALF OF THE BUSINESS WE WOULD EXPECT TO DO OVER THE PERIOD CONCERNED. ON THE BASIS OF FIGURES FOR THE FIRST 10 MONTHS OF 1982, OUR EXPORTS TO SAUDI ARABIA IN 1983 WILL EXCEED £1,300 MILLION (SAUDI ARABIA IS OUR 9TH LARGEST EXPORT MARKET). WE MIGHT LOSE £650 MILLION OF THIS (WORTH, ON RECENT DEPARTMENT OF EMPLOYMENT ESTIMATES, MORE THAN 33,000 JOBS IN THE UK). OF THE APPROXIMATELY 35,000 BRITISH SUBJECTS LIVING IN SAUDI ARABIA, PROBABLY 16,000 ARE BREADWINNERS. THEIR AVERAGE LENGTH OF STAY HERE IS TWO YEARS. IF, THEREFORE, OVER A ONE YEAR PERIOD HALF OF THOSE WHOSE CONTRACTS WERE DUE FOR RENEWAL WERE REPLACED BY FOREIGNERS, WE WOULD NOT ONLY LOSE THE MONEY REMITTED BY 4,000 PEOPLE TO THE UK (AND MOST OF THEM ARE EARNING AROUND FOUR TIMES WHAT THEY WOULD EARN IN THE UK) BUT THEY THEMSELVES COULD JOIN THE COMPETITION FOR JOBS AT HOME.

5. I AM TRYING NOT TO EXAGGERATE THE HARM THAT COULD BE DONE TO OUR INTERESTS. BUT THE LESSON OF THE 'DEATH OF A PRINCESS' EPISODE IS THAT IN A COUNTRY LIKE THIS DAMAGE TO OUR ECONOMIC INTERESTS IN A CASE OF THIS KIND IS INSIDIOUS, CUMULATIVE AND SUBSTANTIAL. IF THE SAUDIS COULD BE PERSUADED TO ISSUE A STATEMENT OF THE SORT I PUT TO HANSOURI ON 5 JANUARY (MY TELNO 011 REFERS) THAT WOULD DO A GREAT DEAL TO STOP THE ROT. BUT I AM AFRAID THERE IS NOT MUCH LIKELIHOOD OF THAT. THE SAUDIS WILL HAVE FOUND IT GRATIFYING TO BE COMMENDED IN THE NEWSPAPERS OF SEVERAL ARAB COUNTRIES FOR TAKING A FIRM LINE AND TEACHING THE BRITISH A LESSON, AND THEY WILL FIND IT HARD TO MOVE IN THE OPPOSITE DIRECTION WITHOUT SOME MOVEMENT BY US ON THE MAIN ISSUE.

6. I HAVE ALSO, OF COURSE, CONSIDERED WHETHER WE OUGHT TO TAKE SOME RETALIATORY ACTION AGAINST THE SAUDIS, TO INDICATE TO THEM THAT WE ARE NO MORE DISPOSED THAN THEY TO CHANGE OUR VIEWS OR POLICIES AS A RESULT OF UNFRIENDLY GESTURES, OR AT LEAST TO SHOW THEM THAT A PERIOD OF COOLNESS IN OUR RELATIONS MIGHT INVOLVE PENALTIES FOR THEM TOO. THE TROUBLE IS THAT ALL THE ACTIONS OPEN TO US OF THIS KIND



PERIOD OF COOLNESS IN OUR RELATIONS MIGHT INVOLVE PENALTIES FOR THEM  
TOO. THE TROUBLE IS THAT ALL THE ACTIONS OPEN TO US OF THIS KIND  
WOULD VERY SOON HURT US MORE THAN THE SAUDIS. AND WE WOULD RISK  
STARTING A MORE GENERAL ARAB HUE AND CRY AGAINST US.

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CCNS:- 2ND PARA 4 TO READ 5 THEN PARAS 6 AND 7  
BRARA45LLNNE11....EBOBEDEBE CAUSED? ... ETC

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