

Saudi Arabia

Foreign and Commonwealth Office

London SW1A 2AH

20 March 1980

Dear Caroline,

/ As requested in your letter of 14 March I attach a brief for the Prime Minister's dinner with the Speaker on 24 March when she will meet Shaikh Yamani.

NB. 1 There is little chance that Yamani will speak frankly on the future of Saudi Arabia (and of the Royal Family) in front of an audience, but if the Prime Minister has the opportunity to speak to him alone his views would be of particular interest.

One of our main concerns in Saudi Arabia, as in other Gulf regimes, is corruption. But we have not included this in the brief as it is a particularly sensitive subject: the Royal Family are deeply involved and Yamani's own hands are not clean.

*Yours Ever,**Malcolm Adams.*

(M C Adams)
Private Secretary

Miss Caroline Stephens
10 Downing Street
LONDON

20 MAR 1960





SPEAKER'S DINNER MONDAY 24 MARCH (SHAIKH YAMANI: BRIEF FOR THE PRIME MINISTER)

POINTS TO MAKE

- Hope King better. Look forward to his State Visit in June.
- How is internal scene? Is Moslem criticism of Royal Family a danger?
- Welcome Saudi Arabia's robust stand on Afghanistan. How can West help its friends in Arabia? How can Gulf States resist Soviet expansion without Western support - does this mean bases?
- Oil. Encouraged by continued moderate pricing policy and level of production.
- Davos remarks interesting. What improvements in opportunities for OPEC investments in the West? Will transfer of technology be prominent in Saudi's next five year plan? What chances of OPEC/OECD arrangements for LDCs?

ESSENTIAL FACTS

1. Some anxiety over King Khalid's health last month (he has had both heart and hip surgery since 1970), but latest reports are sanguine. He has accepted an invitation for a State Visit to London from 10 - 13 June.
2. Domestic opposition (the Mecca affair, Shi'a disturbances in the East) has worried West but Royal Family are cohesive and determined. Internal security is under review, a consultative assembly has been promised, and the 1980 - 85 economic plan should be announced as expected.
3. Saudis reacted strongly to the Soviet intervention in Afghanistan. They quickly announced a boycott of the Moscow Games (and attended the Geneva Meeting last week). They were instrumental in securing anti-Soviet resolutions at Islamabad (22 - 27 January) and they have privately welcomed our neutrality proposals. However, Saudi Arabia is wary of any permanent US presence on the Arabian Peninsula.
4. Relations with Iran are troubled by anti-Saudi propaganda on Tehran Radio. Their dealings with North Yemen are confused but seem to be improving - aid resumed, better contacts with Sana'a leaders. Camp David and Sadat's speeches hinder relations with Egypt, but no recent deterioration despite Egypt/Israel normalisation (26 February). Saudi Arabia will be prominent in any cooperation among Gulf States.

OIL

5. (a) Current Saudi production running at 9.5 mbd. Optimum production levels 8.5 mbd. Saudi Arabia expected to maintain current levels to the end of the second quarter to ensure market stability.

(b) Total OPEC production has fallen from over 31 mbd (November) to 29.5 mbd (January), the main fall being in Iran. Other producers have indicated an intention to cut production further to avoid a mini-glut (e.g. Kuwait, Venezuela and Libya).

/(c)



(c) Saudi Arabia influenced mainly by political considerations and commitment to support of Western economy but recent speech by Yamani (Davos Management Forum) stressed:

- (i) need for technology transfer;
- (ii) warning that Saudi Arabia cannot go on purchasing more oil than it can absorb economically; therefore
- (iii) need for alternative investments for oil producers.

6. A Personality Note is attached.

HE SHAIKH AHMAD ZAKI YAMANI

Minister of Petroleum and Mineral Resources of Saudi Arabia

Born 1930 in Mecca of a prominent local family. Educated in Mecca by religious teachers; in Cairo (law degree 1951); in New York (Master's 1955); and at Harvard (doctorate 1955-56).

In 1956 he established one of the first private legal practices in Saudi Arabia. Appointed Minister of Petroleum and Mineral Resources in 1962.

Yamani was a protege of King Faisal (and he was present at the assassination) but his relations with Crown Prince Fahd, in particular, seem good.

Although Fahd decides oil policy, Yamani's intelligence and experience give him an important voice.

In December 1975 he was abducted by 'Carlos' with other OPEC oil Ministers.

Suave, shrewd, accomplished, efficient and determined. Rich, and probably has a finger in a number of pies, but is very discreet. He has three children by his first wife and the eldest daughter studied at Cambridge. In May 1975 he took a young second wife.

Yamani is a frequent (usually unpublicised) visitor to Britain. He has a house in Windlesham and is having problems with planning permission for extensions.

DINNER IN HONOUR OF H.E. SHEIKH YAMANI

MONDAY 24TH MARCH

8.00 for 8.30 P.M.

Guests accepted & 'Don't Knows'

The Rt. Hon Margaret Thatcher, MP and Mr. Denis Thatcher

The Rt. Hon. James Callaghan, MP and Mrs Callaghan

The Rt. Hon. David Howell, MP and Mrs Howell

The Rt. Hon. Gordon Richardson and Mrs Richardson (Bank of England)

Sir Julian and Lady Hodge

The Rt. Hon. Earl of Bessborough and Countess of Bessborough

Sir David and Lady Steel (Chairman of BP)

Mr and Mrs J.M. Paisman (Chairman of Shell UK Ltd)

The Rt. Hon. Peter Shore, MP and Dr. Elizabeth Shore

The Rt. Hon. the Chairman of the GLC and Mrs Vigars

Lord and Lady Denning

Rt. Hon. John Peyton MP and Mrs Peyton

Mr and Mrs Edgar Buck (Solicitor - Cardiff)

Sir Noel and Lady Short

The Rt Hon Lord McAlpine of Moffat and Lady McAlpine

Mr. and Mrs. R. B Smith (Chairman of Wimpeys)

14 March 1980

The Prime Minister is dining with the Speaker on Monday 24 March when he will be entertaining Sheikh Yamani. Could we please have a brief to reach us by close of play on Friday 21 March?

CAROLINE STEPHENS

Malcolm Adams, Esq.,
Foreign and Commonwealth Office.

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