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TO PRIORITY FCO TELNO 352 OF 30 APR

MIPT: ANGLO/SAUDI RELATIONS

1. MIPT ARGUES THAT IT MAY NOT BE TOO LATE TO PREVENT THE SERIOUS DAMAGE WHICH THE SAUDIS ARE THREATENING TO OUR ECONOMIC RELATIONS WITH THEIR COUNTRY: BUT THAT THE SOLUTION LIES, THEY BELIEVE, IN OUR HANDS ALONE.

2. WHEN MY HEAD OF CHANCERY SAW THE DEPUTY MINISTER OF FOREIGN AFFAIRS, MANSOURI ON 29 APRIL (MYTELNO 349) THEY DISCUSSED, ON A PERSONAL BASIS, THE SORT OF INTENSIFIED DIALOGUE BETWEEN GOVERNMENT AND MEDIA WHICH MIGHT BE POSSIBLE WITHIN THE FRAMEWORK OF BRITISH LAWS AND CUSTOMS, STOPPING WELL SHORT OF CENSORSHIP. MANSOURI THOUGHT THAT MEASURES OF THIS KIND WOULD BE HELPFUL IN RESTORING GOOD RELATIONS. HE ALSO SPOKE OF GREATER COOPERATION BETWEEN THE TWO GOVERNMENTS IN THE INFORMATION FIELD, INCLUDING PERHAPS ADVICE FROM US ON HOW THE SAUDIS SHOULD HANDLE THE BRITISH MEDIA. I SUGGEST THAT WE SHOULD EXAMINE THESE IDEAS VERY CAREFULLY: WE MIGHT EVEN FIND THAT THEY WERE OF WIDER UTILITY.

3. AMONG THE IDEAS WE MIGHT CONSIDER ARE THE FOLLOWING:

A. YOU, SIR, MIGHT TAKE SOME SUITABLE OPPORTUNITY TO CRITICISE DEFINITELY THE FILM "DEATH OF A PRINCESS" BOTH FOR ITS CONTENT AND FOR THE RECKLESSNESS WITH WHICH IT PREJUDICED WIDER BRITISH INTERESTS:

B. WE SHOULD MAKE A CONSCIOUS EFFORT TO SNIFF OUT JOURNALISTS AND TV MEN INTENDING TO PRODUCE MATERIAL ON SAUDI ARABIA, AND SEEK TO BRIEF THEM ON THE POSITIVE ASPECTS OF SAUDI LIFE AND OF BRITISH-SAUDI RELATIONS, AND ADVISE THEM ON THE CONSEQUENCES FOR THE BRITISH ECONOMY AND BRITISH INTERESTS IN GULF STABILITY OF OFFENSIVE MATERIAL ABOUT SAUDI ARABIA:

C. WE MIGHT SEEK THE RIGHT OF REPLY TO ANY MEDIA MATERIAL ON SAUDI ARABIA THAT WE CONSIDER TENDENTIOUS, MISLEADING OR NEEDLESSLY PREJUDICIAL TO BRITISH INTERESTS: AND USE PARLIAMENT AND THE PRESS TO MAKE THE SAME POINTS:

D. WE SHOULD CONSIDER WITH THE SAUDIS HOW WE MIGHT HELP THEM IMPROVE THEIR OWN INFORMATION EFFORT IN THE UK EG BY EXPLORING THE POSSIBILITY OF PROVIDING AN INFORMATION ADVISOR AS SUGGESTED BY THE DEPUTY MINISTER OF INFORMATION (MY LETTER OF 22 APRIL TO MIERS):

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E. WE SHOULD CONSIDER URGENTLY THE IDEA RAISED BY PRINCE TURKI AL FAISAL WITH MY FIRST SECRETARY OF A "COOPERATIVE COMMITTEE" ON MEDIA AFFAIRS (SAME LETTER AS IN (D)):

F. WE SHOULD STEP UP PRODUCTION AND DISTRIBUTION TO SAUDI ARABIA OF COI FILMS AND OTHER MATERIAL PUBLICISING OUR OWN TOLERANT ATTITUDE TO MUSLIMS LIVING IN UK.

4. ONCE WE HAVE AGREED WHICH OF THESE AND OTHER MEASURES WE COULD UNDERTAKE, WE COULD PRESENT THEM AS A PACKAGE TO THE SAUDIS AS OUR CONTRIBUTION TOWARDS FINDING A SOLUTION. IF THIS COULD BE NEGOTIATED AT A LOWER LEVEL THERE WOULD NEED TO BE, I THINK, AS A FINAL RECONCILIATION, A MEETING SOMEWHERE AT A CAREFULLY JUDGED MOMENT, BETWEEN SENIOR MINISTERS FROM BOTH SIDES.

5. MEANWHILE WE CAN HELP TO IMPROVE THE ATMOSPHERE BY :

A. GETTING OUR FRIENDS AND THEIRS TO INTERVENE WITH THE SAUDIS TO ARGUE THAT THEY ARE CUTTING OFF THEIR NOSE TO SPITE THEIR FACE - KING HUSSEIN, KING JUAN CARLOS, THE AMERICANS, THE GULF RULERS, EUROPEAN AND COMMONWEALTH GOVERNMENTS IN GOOD STANDING HERE, FRIENDLY MUSLIM STATES LIKE TURKEY AND MOROCCO:

B. ASSIDUOUS CULTIVATION OF INFLUENTIAL SAUDIS WHENEVER AND WHEREEVER POSSIBLE EG SAUDI MINISTERS AND OFFICIALS VISITING LONDON OR ATTENDING MULTILATERAL CONFERENCES:

C. TAKING EVERY OPPORTUNITY TO STRESS AREAS WHERE WE HAVE SOMETHING SPECIAL TO OFFER THEM - DEFENCE TRAINING, SECURITY LIAISON, THE "EUROPEAN INITIATIVE", OIL MATTERS.

6. IN THE LAST RESORT, AND IF NO PROGRESS TOWARDS NORMALITY IS EVIDENT AFTER TWO OR THREE MONTHS, OR IF COMMERCIAL RELATIONS TURN SOUR, WE MAY HAVE TO REMIND THE SAUDIS THAT OUR RELATIONSHIP IS NOT ONE-WAY, BUT OUR WEAPONS ARE WEAKER THAN THEIRS AND WE SHOULD NOT CONTEMPLATE REPRISALS UNLESS ALL ELSE FAILS.

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TO PRIORITY FCO

TELNO 351 OF 30TH APRIL 1980.

Read in full (2 cels)

MY TELNO 347: **ANGLO-SAUDI RELATIONS**

1. IN PARA 5 OF TUR I PROMISED MY ASSESSMENT OF WHERE WE ARE NOW AND WHAT ACTION WE MIGHT TAKE TO RESTORE NORMAL RELATIONS. THIS TELEGRAM COVERS THE FIRST OF THOSE POINTS SEMI COLON MIFT THE SECOND.

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2. THE ROYAL INVITATION HAS BEEN DECLINED. THE VISITS BY THE SECRETARIES OF STATE FOR DEFENCE AND HEALTH HAVE BEEN POSTPONED INDEFINITELY; THE PARLIAMENTARY SELCT COMMITTEE HAS BEEN REJECTED SEMI COLON AN RN SHIP'S VISIT HAS BEEN CANCELLED. BUT OUR CONTACTS WITH GOVERNMENT DEPARTMENTS SEEM SO FAR TO HAVE BEEN UNAFFECTED EXCEPT FOR PRINCE SAUD'S REFUSAL TO SEE ME ON MONDAY. FROM DEPUTY MINISTER DOWN RELATIONS APPEAR NORMAL, EVEN FRIENDLY, IN TONE THOUGH NOT ALWAYS IN CONTENT. SIMILARLY, DESPITE A NUMBER OF RUMOURS AMONG THE COMMUNITY THERE SEEM TO BE NO SUBSTANTIATED CASES OF MORE THAN NORMAL DIFFICULTIES TO BRITISH RESIDENTS HERE, OR TO THOSE SEEKING VISAS IN LONDON. NOR DOES THERE SEEM TO BE ANY RESENTMENT AGAINST THE BRITISH, OUTSIDE THE RATHER ARTIFICIAL CAMPAIGN IN THE PRESS: INDEED, MOST OF OUR (ADMITTEDLY SOPHISTICATED) PRIVATE SAUDI CONTACTS, AND EVEN OFFICIALS, CRITICISE THEIR OWN AUTHORITIES FOR OVER-REACTING MORE THAN THEY CRITICISE THE FILM.

3. THE MAIN PROBLEM IS IN COMMERCIAL RELATIONS. THE SAUDI STATEMENT COVERING MY RETURN SPOKE OF A CABINET REVIEW OF ECONOMIC RELATIONS AND A DISCUSSION OF THE POSITION OF BRITISH FIRMS. THIS VAGUE BUT OMINOUS-SOUNDING ANNOUNCEMENT HAS NATURALLY HEIGHTENED THE SENSITIVITIES OF BRITISH BUSINESSMEN TO ANY APPARENT SIGN OF DISCRIMINATION AGAINST THEM. AMONG THE STORIES WE HAVE HEARD FROM USUALLY RELIABLE SOURCES ARE:

(A)24 AT PRINCE SULTAN, MINISTER OF DEFENCE, HAS SENT OUT A LETTER TO ALL DEPARTMENTS UNDER HIS CONTROL DIRECTING THEM NOT TO CONCLUDE CONTRACTS WITH BRITISH COMPANIES UNLESS THERE ARE OVER-RIDING REASONS FOR DOING SO:

(B) THAT THE ROYAL COMMISSION FOR JUBAIL AND YANBU HAS ISSUED INSTRUCTIONS THAT ALL BRITISH COMPANIES BE REMOVED FROM LISTS OF TENDERERS:

(C) THAT SABIC, SAUDI AIRLINES AND THE PORTS AUTHORITY HAVE ALL INDICATED TO BRITISH FIRMS THAT THIS IS NOT A GOOD TIME FOR THEM TO BE DOING BUSINESS IN SAUDI ARABIA:

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(D) THAT THE DEPUTY MINISTER FOR MINERAL RESOURCES HAS PUT ASIDE, AT LEAST FOR THE TIME BEING, A CONTRACT FOR ST 200 MILLION WHICH HE WAS ABOUT TO SIGN WITH SELECTION TRUST.

MY ASSISTANT DEFENCE ATTACHE REPORTS SETBACKS IN NEGOTIATIONS FOR SOME MINISTRY OF DEFENCE TRAINING AND EQUIPMENT CONTRACTS WHICH UNTIL NOW HAD LOOKED VERY PROMISING. ON THE OTHER HAND CERTAIN NEGOTIATIONS WITH THE NATIONAL GUARD AND THE MINISTRY OF THE INTERIOR ARE CONTINUING. NO EXISTING CONTRACTS HAVE BEEN SUSPENDED THAT WE KNOW OF; NOR, WITH ONE OR TWO EXCEPTIONS, HAVE WE FIRM EVIDENCE OF CONTRACT NEGOTIATIONS BEING SUSPENDED.

4. A POSSIBLE EXPLANATION OF THE PRESENT CONFUSION LIES WITH THE CONVERSATION WHICH MY HEAD OF CHANCERY HAD WITH DEPUTY MINISTER MANSOURI OF THE MFA ON 29 APRIL (MY TELNO 349). MANSOURI, WHEN CHALLENGED ON THE RUMOURS OF ECONOMIC RETALIATION, SAID THAT A STUDY HAD BEEN ORDERED TO ESTABLISH WHAT CONTRACTS UK FIRMS HAD AND HOW EASILY THEY COULD BE REPLACED; BUT NO SUBSEQUENT ACTION HAD YET BEEN DECIDED UPON. THE NEXT STEP WOULD DEPEND ON HOW WE REACTED TO DEVELOPMENTS SO FAR. I WAS INTERESTED TO LEARN THAT REINHOLD, THE EXPERIENCED SECRETARY OF THE MIDDLE EAST ASSOCIATION, WHO IS IN SAUDI ARABIA NOW, HAS REACHED A BROADLY SIMILAR VIEW FROM HIS TALKS HERE; I.E. THAT THE REQUEST FOR MY RETURN REFLECTED SAUDI DISAPPOINTMENT AT OUR INITIAL RESPONSE TO THE FILM; AND THAT CONTINUED DISAPPOINTMENT COULD LEAD TO ECONOMIC MEASURE AGAINST US.

5. IT MAY BE, TOO, THAT SOME OF THE MEASURES LISTED IN PARAGRAPH 3 ABOVE ARE PRIVATE INITIATIVES BY DIRECTORS OF ORGANISATIONS WHO ARE EXPECTING INSTRUCTIONS IN THE NEAR FUTURE TO BREAK OFF RELATIONS WITH US AND ARE ANXIOUS NOT TO COMMIT THEMSELVES TO US IN THE MEANTIME. IF SUCH A FEELING EXISTS IT COULD GENERATE ITS OWN MOMENTUM AND SPREAD.

6. THE SITUATION IS THUS GRAVE ON THE COMMERCIAL FRONT, BUT NOT YET IRRETRIEVABLE. IT MAY, HOWEVER, RAPIDLY BECOME SO IF THE SAUDI GOVERNMENT TAKES SPECIFIC DECISIONS AGAINST US. ONCE THAT HAPPENS THEY MAY NEED SOME VISIBLE AND POSSIBLY HUMILIATING MOVE FROM US WHICH THEY CAN PRESENT TO PUBLIC OPINION AS AN EXCUSE FOR CHANGING THEIR MIND.

7. PLEASE SEE MIFT.

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