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NOTE OF A MEETING BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF SPAIN, HELD AT THE SPANISH AMBASSADOR'S RESIDENCE, BELGRADE, AT 2015 HOURS ON 7 MAY 1980

<u>Present:</u>	Prime Minister Mr. C. A. Whitmore	His Excellency Senor Don Adolfo Suarez Gonzalez The Spanish Ambassador to Yugoslavia
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European Community

After the Prime Minister had said that she was very pleased that the British and Spanish Governments were now trying to settle the problem of Gibraltar, she asked Senor Suarez how the negotiations for Spanish accession to the European Community were going.

Senor Suarez said that there were no major problems and the negotiations were proceeding as expected. There were, however, one or two political problems with France and he did not expect to see these resolved until after the French Presidential elections in 1981. He thought that the vote of ratification by the Spanish Parliament would take place in 1982 and that Spain would be a Member of the Community by the beginning of 1983.

The Middle East

Senor Suarez said that he had just finished a tour of Middle Eastern countries. He had been to Syria, Iraq and Jordan and had left Saudi Arabia only that morning. For historic reasons Spain had a special relationship with the Arab world and felt that she had something to contribute on the problem of the Middle East. Before he had left Madrid on his tour the British Embassy there had asked him to see whether he could do anything about the deterioration in relations between the United Kingdom and Saudi Arabia which had resulted from the production of the film "Death of a Princess". He had raised this matter with Prince Fahd and had explained to him that the British Government could stop neither the making of the film nor its showing. He had asked him to think over the position

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which Saudi Arabia had adopted towards Britain because of the film. In response, Prince Fahd had told him that he understood that the British Government was unable to stop the showing of the film, but the difficulty for Saudi Arabia was that the very fact of the showing had offended against Islamic law. Moreover, the British Government had offered no excuse for the transmission of the film. It seemed that the Saudi Arabians were in particular put out by a statement made by a Foreign Office Minister in the House of Commons that the British Government had not expressed regret about the film to Saudi Arabia. Nonetheless, Prince Fahd, who knew that he, Senor Suarez, would be seeing the Prime Minister in Belgrade, had told him that he wanted to be friendly with the United Kingdom again and would study how and when relations might be put on a better keel again. He would let Senor Suarez know what he proposed to do, and Senor Suarez would in turn let the British Government know. Senor Suarez added that his feeling was that Prince Fahd wanted a few weeks to prepare his tactics.

The Prime Minister said that she was very grateful to Senor Suarez for the action he had taken with Prince Fahd. The Government was very concerned about the deterioration in our relations with Saudi Arabia. We had, for example, lost contracts in Saudi Arabia which we would otherwise have gained. We had asked the TV company not to show the film but we had no means of preventing them from doing so and they had gone ahead and shown it. Ministers had made clear in the House of Commons that we were sorry that the film had given offence to our friends in Saudi Arabia. As soon as Prince Fahd indicated that he was ready to establish better relationships again, Britain would respond immediately.

Senor Suarez said that his visit to the Middle East had brought home to him very clearly the lack of confidence in the United States on the part of the Arab countries, and the total absence of U.S. prestige in the area. American actions had been such that if the Soviet Union had not made such a colossal mistake over Afghanistan, moderate Arab nations would have been put in a very difficult position and could not have avoided coming

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Saudi Arabia

H. Munt,

The Commercial Counsellor in Jeddah has told us that he is now taking the following line with commercial enquiries:

"The Embassy have been told by a senior Government source that the Saudi authorities are still studying the whole range of Anglo/Saudi commercial and economic relations and that no decisions have yet been taken. We are nevertheless hearing stories of discrimination against British companies, particularly those involved with the Government sector. It may be that certain individuals are taking personal initiatives in the expectation of decisions which have not been, and may never be taken. In these circumstances, we can only repeat our advice that British companies active in the Kingdom should continue to demonstrate the competence and courtesy for which they have a justifiably high reputation. British firms seeking new business should continue to do so with energy and enterprise."

Middle East Department

2 May 1980



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