

CONFIDENTIAL

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HS

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4th September 1980

Your Royal Highness

Lord Carrington has told me of his meeting with Your Royal Highness on 27th August. I should very much like to call on Your Royal Highness myself when I visit the Kingdom, and I hope it might be possible for our staffs to make contact in due course through the British Embassy in Jeddah. In the meantime I am writing to Your Royal Highness about International Military Services (IMS) Ltd which is a company wholly owned by the United Kingdom Ministry of Defence.

IMS Ltd was formed to handle defence projects in the role of main contractor, and I am responsible for the operations of the Company. My Ministry has laid down guidelines for the conduct of IMS business which are designed to ensure that IMS Ltd will act in accordance with the policies of the United Kingdom government.

My particular interest in introducing IMS Ltd to Your Royal Highness is in respect of the supply of equipment and associated training services to the Saudi Arabian Coast-guard and Frontier Forces as well as to the Special Security Forces.

I understand that preliminary discussions have been held between IMS Ltd and representatives of these Forces and that interest has been shown in the services that IMS Ltd can offer.

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His Royal Highness Prince Naif Bin Abdul Aziz

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I hope that this might lead to requests for IMS Ltd to make formal offers to meet requirements for the supply of equipment and associated services for your Forces. If so the offers will be made on the established principles of transactions where there is close inter-Government involvement. The advantage of this arrangement is that certain commercial conditions such as the provision of bonds and other sureties can be dispensed with.

I should like to emphasise that my Ministry supervises the activities of IMS Ltd and to assure Your Royal Highness that I shall take a close personal interest in any projects resulting from the preliminary discussions which have already been held.

With warmest respect and regard

Yours very sincerely
Francis Pym

Francis Pym

MINISTRY OF DEFENCE WHITEHALL LONDON SW1A 2HB

TELEPHONE 01-218 8000
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3rd September 1980

Your Royal Highness,

Lord Carrington has told me of his meeting with Your Royal Highness on 27th August. I am most grateful to Your Royal Highness for your renewed invitation to visit the Kingdom and very much look forward to being able to do this. I hope that our staffs will be able to find a mutually convenient date in the future. In the meantime, I was delighted to hear that Your Ministry has concluded negotiations with International Military Services (IMS) Ltd for the supply of artillery surveillance and combat engineer equipment and associated support services and that Your Royal Highness was able to see some of this equipment at the recent Graduation in Taif. I am sure that contracts such as these will lead to much closer ties between our respective countries.

I have now been advised that the Royal Saudi Arabian Navy has a possible interest in procuring some at least of four logistic support ships which are currently under construction in the shipyard at Yarrow (Shipbuilders) Ltd in the United Kingdom. These vessels have become available for sale due to the frustration of an export contract and, as a result, can be offered at an attractive price, with early deliveries of the first two ships.

A formal offer is about to be submitted by IMS Ltd to the Commander of the Royal Saudi Arabian Navy. The offer

His Royal Highness Prince Sultan Bin Abdul Aziz

will be made on the established principles of transactions where there is close inter-Government involvement. The advantage of this arrangement is that, as was agreed for the present IMS contracts, certain commercial conditions, such as the provision of bonds and other sureties, can be dispensed with.

As Your Royal Highness will recall, IMS Ltd is wholly owned by the United Kingdom Ministry of Defence and I am responsible for the activities of the Company. My Ministry has laid down guidelines for the conduct of IMS business which are designed to ensure that IMS Ltd will act in accordance with the policies of the United Kingdom government.

I also understand that IMS Ltd have submitted three proposals to your Ministry for the supply of Explosive Ordnance Disposal equipment, Nuclear, Biological and Chemical defensive equipment, and Blowpipe missiles. IMS Ltd are available immediately to discuss these prospects. Further, I would ask Your Royal Highness to consider sending a team of Artillery officers to the United Kingdom to allow us to demonstrate the FH70 Gun system, which is a modern, mobile, fast-firing 155mm Howitzer that has been developed by the United Kingdom, Federal Republic of Germany and Italian governments for their armies. IMS Ltd have a world-wide role as the supply contractor for the system and I understand that a proposal for 100 systems will shortly be submitted by IMS Ltd to your Commander of the Land Forces for consideration.

I should like to emphasise that my Ministry supervises the activities of IMS Ltd and to assure Your Royal Highness that I shall take a close personal interest in any project resulting from these offers.

With warmest respect and regard

Yours very sincerely
Francis Pym

Francis Pym



Foreign and Commonwealth Office
London SW1

3 September 1980

Rt Hon Francis,

NRPA

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SAUDI ARABIA

As you know Peter Carrington's visit to Taif last week achieved its principal objective of setting the seal on reconciliation with the Saudi Government.

Prince Saud, the Foreign Minister, made it clear that his colleagues would now welcome visits by other British Ministers. In this context Peter and I regard a visit by yourself as being particularly important. We hope that such a visit will provide an opportunity for an exchange of views with Saudi Ministers on the important strategic issues resulting from the Soviet occupation of Afghanistan as well as our defence cooperation with Saudi Arabia, including defence sales.

I appreciate that your diary for the Autumn is already fairly full but hope that nonetheless an early visit by yourself will be possible. If you agree, the right course would be for our Ambassador in Jeddah to seek a renewal of Prince Sultan's invitation to you and to put some dates to them.

We also attach importance to tying in this visit if possible with one to Oman. As I recall your April tour was to include

/Muscat,

The Rt Hon Francis Pym MC MP
Secretary of State for Defence
Main Building
Whitehall

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Muscat, and I expect the Omanis would be disappointed if they were left out now. Our defence cooperation is closer since the Soviet move into Afghanistan and Oman's strategic importance is certainly comparable to that of Saudi Arabia.

I am copying this letter to the Prime Minister.

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