



MINISTRY OF DEFENCE
 MAIN BUILDING WHITEHALL LONDON SW1
 Telephone 01-~~830 7022~~ 218 2111/3

MO 5/3/3

16th May 1984

Prime Minister.

A. & C. 17/5

Dear Peter,

SALE OF TORNADO TO SAUDI ARABIA

When we talked today about the proposed sale of Tornado to Saudi Arabia I mentioned the need for maintaining the confidentiality of our negotiations with the Saudi Minister of Defence. Although we have reached agreement in principle over the price of the equipment, the deal has not yet been agreed by the Saudi Council of Ministers. The Saudis are still formally in negotiation with the French and, if news of the proposed sale were to leak out, they would be severely embarrassed and the whole deal would be at risk. There is the further point that, once agreement has been given by the Saudi Government, much of the deal, for example the support package, spares and training still remains to be negotiated. Also we have not yet obtained the agreement of the German Government to the proposed sale. A number of hurdles therefore remain to be surmounted and it would be very damaging to our sales prospects and our relations with Saudi Arabia if the informal and preliminary agreement were to leak. I am sure that you are aware of these points but it would be useful if you could draw them to the attention of those concerned in the FCO.

I am copying this letter to John Coles.

Yours ever

Nick Evans

(N H R EVANS)

Peter Ricketts Esq

CONFIDENTIAL

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FM JEDDA 080716Z MAY 84

TO IMMEDIATE F.C.O.

TELEGRAM NUMBER 232 OF 8TH MAY 1984.

INFO ROUTINE ALL GULF POSTS.

AIRCRAFT SALES TO SAUDI ARABIA

1. THE HEAD OF DEFENCE SALES AND I HAD ANOTHER MEETING WITH PRINCE SULTAN, THE MINISTER OF DEFENCE, YESTERDAY IN RIYADH. AGREEMENT WAS REACHED ON THE SALE TO SAUDI ARABIA OF 20 TORNADOS AND 24 HAWKS. WE ARE TO BUY BACK SOME LIGHTNINGS AND STRIKEMASTERS. THE DEAL IS WORTH SOMETHING OVER £400 MILLION (BLYTH, WHO WILL BE BACK IN LONDON TODAY, HAS THE DETAILS). IT MAY ALSO LEAD TO FURTHER SALES AND WILL CERTAINLY INVOLVE THE EXTENSION, ON AN ENLARGED SCALE, OF THE CURRENT MOU BY WHICH BAE PROVIDE TRAINING AND MAINTENANCE SERVICES TO THE RSAF.

2. THE AGREEMENT IS SUBJECT TO THE APPROVAL OF THE KING AND COUNCIL OF MINISTERS. BUT SINCE THE KING HAS BEEN KEPT INFORMED BY HIS BROTHER SULTAN DURING THE NEGOTIATIONS I DO NOT EXPECT HIS APPROVAL TO BE WITHHELD, THOUGH THERE MAY BE SOME DIFFICULT NEGOTIATIONS OVER THE SCHEDULE OF PAYMENTS.

3. THE CONTRACT IS NOT CONCLUDED YET AND EVEN WHEN IT IS, THE SAUDIS WILL BE VERY SENSITIVE ABOUT PUBLICITY. IT IS ESSENTIAL THEREFORE THAT THE NEWS SHOULD BE HELD VERY CLOSE UNTIL SUCH TIMES AS THE SAUDIS AGREE TO ITS RELEASE.

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