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DESKBY FCO 160900Z

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FM JEDDA 160525Z DEC 84

TO IMMEDIATE F.C.O.

TELEGRAM NUMBER 610 OF 16TH DECEMBER 1984.

INFO IMMEDIATE MODUK (FOR RMD1).

INFO SAVING RIYADH (FOR MUIR).

FOLLOWING FOR EGERTON:

CALL BY PRINCE BANDAR BIN SULTAN ON THE PRIME MINISTER.

1. I UNDERSTAND FROM DEFENCE SALES THAT THE PRIME MINISTER HAS AGREED TO SEE PRINCE BANDAR BIN SULTAN ON THE MORNING OF 17 DECEMBER. WITHOUT KNOWING PRECISELY HOW THIS MEETING WAS SET UP, OR WHAT PRINCE BANDAR IS LIKELY TO EXPECT FROM IT, I FIND IT DIFFICULT TO GIVE USEFUL ADVICE. SINCE, HOWEVER, HE WILL BE REPORTING BACK ON THIS MEETING TO KING FAHD, I THINK I SHOULD UNDERLINE THE IMPORTANCE WHICH WIDER POLICY QUESTIONS WILL HOLD FOR THE KING, IN CONSIDERING THE WAY FORWARD ON TORNADO.

2. WHEN HE TELEPHONED ME FROM RIYADH ON 14 DECEMBER, I ASKED BANDAR WHETHER HE WOULD BE BRINGING 'GOOD NEWS' (I.E. ON TORNADO). BANDAR REPLIED THAT THE KING HAD ASKED TO SEE MRS THATCHER, FOR WHOM HE HAD HIGH REGARD AND WITH WHOM HE WAS ANXIOUS TO SHARE HIS THOUGHTS. THE KING WAS ALSO KEEN TO SEE HOW OUR RESPECTIVE POLICIES COULD BE 'SYNCHRONISED' AND TO ENCOURAGE MORE BILATERAL CONTACT BETWEEN US. THIS REFLECTS SOME OF THE WORDING IN THE KING'S RECENT MESSAGE TO THE PRIME MINISTER (MY TELNO 580 OF 28 NOVEMBER).

3. WHATEVER THE ORIGIN OF THIS MEETING OR BANDAR'S EXPECTATIONS, IT COULD PLAY A CRUCIAL ROLE IN RECOVERING OUR CHANCES ON TORNADO. I HOPE THAT THE PRIME MINISTER CAN SHOW BANDAR, AND THROUGH HIM THE KING, THAT WE RECOGNIZE THAT THE MAIN SAUDI EXTERNAL PREOCCUPATION AT PRESENT IS TO MAKE PROGRESS ON THE ARAB-ISRAEL PROBLEM. BANDAR WILL NOT ONLY HOPE TO HEAR FROM THE PRIME MINISTER HOW WE SEE THE CURRENT SITUATION, IN THE LIGHT OF OUR RECENT TALKS WITH THE AMERICANS, JORDANIANS AND OTHERS SEMI CLM BUT MOST OF ALL, HE WILL BE LOOKING FOR SIGNS OF A CLEAR COMMITMENT ON OUR PART TO WORK ACTIVELY, BOTH NATIONALLY AND IN THE COMMUNITY CONTEXT, FOR PROGRESS ON THE PALESTINIAN PROBLEM. THE KING HAS, ON SEVERAL OCCASIONS, REVERTED TO THE NEED FOR THE EUROPEAN COMMUNITY TO WORK ON THE AMERICANS, AND HE HAS PARTICULAR HOPES, IN THIS CONNEXION, OF THE PRIME MINISTER'S PERSONAL RELATIONSHIP WITH PRESIDENT REAGAN.

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4. THE PRIME MINISTER'S MEETING WITH BANDAR PROVIDES US WITH AN OPPORTUNITY TO CONVINCING KING FAHD THAT WE ARE GENUINELY PREPARED TO DEEPEN OUR RELATIONSHIP WITH THE SAUDIS IN THE POLITICAL, ECONOMIC AND SECURITY FIELDS. I DOUBT WHETHER THE KING SEPARATES, IN HIS MIND, THE VARIOUS ASPECTS OF OUR BILATERAL RELATIONSHIP AS WE ARE SOMETIMES INCLINED TO DO. IT WILL, IN PARTICULAR, BE IMPORTANT TO PUT THE SALE OF TORNADO, AND INDEED OUR OVERALL DEFENCE RELATIONSHIP WITH THE SAUDI ARMED FORCES AND THE NATIONAL GUARD, IN THE CONTEXT OF OUR WISH TO COOPERATE AND CONSULT WITH THE SAUDI GOVERNMENT AS FULL AS POSSIBLE ACROSS THE BOARD.

5. ECONOMICALLY, THE MEETING COMES AT A AWKWARD MOMENT, WHEN THE SAUDIS ARE SHOWING CONSIDERABLE PREOCCUPATION WITH NORTH SEA OIL PRODUCTION AND PRICES, AND ARE NERVOUSLY WATCHING PRESS AND OTHER SPECULATION ABOUT A NEW BASIS FOR BNO'S PRICING MECHANISM SEMI CLM THEY ARE ALSO INCREASINGLY PRESENTING THE QUESTION OF ACCESS TO EUROPE FOR THEIR PETROCHEMICAL PRODUCTS AS A POLITICAL ISSUE. I AM SURE THAT WE ARE RIGHT TO ARGUE THAT THE LATTER QUESTION MUST BE PURSUED THROUGH THE COMMISSION. BUT THE MORE WE CAN PRESENT OUR RESPECTIVE AND IN SOME RESPECTS COMPLEMENTARY, PROBLEMS AS DIFFICULTIES OR OPPORTUNITIES TO BE TACKLED IN A SPIRIT OF COOPERATION AND PARTNERSHIP BETWEEN THE UNITED KINGDOM AND SAUDI ARABIA, THE MORE LIKELY WE ARE TO EVOKE A POSITIVE RESPONSE, AND THEREBY TO PROMOTE OUR VERY CONSIDERABLE COMMERCIAL AND DEFENCE SALES INTERESTS IN THE KINGDOM.

6. INCIDENTALLY, EVANS OF BAC, WHO HAS SEEN PRINCE BANDAR IN THE LAST FEW DAYS, HAS TOLD MUIR IN RIYADH THAT HE THINKS BANDAR WOULD WELCOME A SUGGESTION THAT HE MIGHT HAVE A TETE-A-TETE WITH MR HESELTINE AFTER HIS MEETING WITH THE PRIME MINISTER, IF THAT COULD BE ARRANGED.

7. RESIDENT CLERK PLEASE CONSULT EGERTON ABOUT FURTHER DISTRIBUTION.

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2
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