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MO 26/9/22

22nd June 1981

Don Michael,

VISIT OF MR HASSAN ALI

My Secretary of State has asked me to write to you to let you know, in advance of the Prime Minister's meeting with Mr Hassan Ali tomorrow, of a number of points which arose at his meeting this afternoon.

Mr Hassan Ali, in a *tete-a-tete* discussion, first said that Iraq wished to purchase, as soon as possible, 200 tanks and 500 FH 70 155 mm Howitzers. He was not clear about the standard of tank required, but asked for our "very latest". This request is no surprise to us, and is a repeat of one given to Defence Sales and IMS representatives last month. It does, however, pre-empt an OD paper, currently in draft, which is being prepared to bring Ministers up to date on the position on defence sales to Iraq, and to seek their agreement to start negotiations on tanks and FH 70, on the condition that supply would not take place until after the war with Iran had ended.

My Secretary of State considered it vital to respond positively to the Iraqi Minister's request and confirmed that we would be prepared to supply but subject to the ending of the hostilities by the time of delivery. In the case of the tanks, this would be in any case, no earlier than two years from order (for a standard Chieftain) and three years for a more advanced version; for the FH 70 delivery time could be no earlier than 2½ years. Mr Nott also mentioned, in connection with the FH 70, the difficulty at present of obtaining the endorsement of the sale to the Federal Republic of Germany.

The Prime Minister should be aware that there would probably be serious security difficulties over selling to the Iraqis even the standard of Khalid tank which we are supplying to the Jordanians; and there could be problems over production capacity on both the tank, and also the FH 70. Nevertheless, my Secretary of State considers it essential in terms of our developing relations with Iraq to respond encouragingly to a further Iraqi request, to indicate that we are willing to

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co-operate with Iraq as far as possible given the constraints of the current hostilities (which President Saddam Hussein agreed with Sir Ron Ellis) and also of delivery schedules. In responding to further Iraqi interest, the Prime Minister may wish:-

- a. to recall the visit of Sir Ron Ellis in March 1981, and his very worthwhile discussions with President Saddam Hussein and the Minister of Defence (Air Chief Marshal Adnan);
- b. refer to the developing relationship between the two countries, in both civil and potential defence trade;
- c. mention the current visit by IMS to Baghdad to inspect and categorise the 130 Chieftain tanks captured from Iran, and the arrangements to re-furbish them through Jordan. (I understand that this mission is making good progress.) This, together with the supply of armoured recovery vehicles are positive examples of a pragmatic relationship that we wish to foster, with full understanding on both sides.

Mr Hassan Ali also referred to certain electronic equipment about which he was unclear, although details will be forwarded to us. There could well be security constraints if these are electronic warfare equipments but clearly we shall have to wait to hear more. The Secretary of State referred to potential for the Hawk and the P110 but Mr Hassan Ali was not briefed on these and made no substantive response.

I am copying this letter to Francis Richards (FCO), Nicholas McInnes (DOT) and David Wright (Cabinet Office).

*Yours sincerely*  
*Jonathan Dawson*

(J D S DAWSON)