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MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1  
Telephone 01-~~922022~~ 218 2111/3

MO 5/3/3

2nd April 1985

*Prime Minister  
I'm rather inclined  
to think that Sir James  
Blyth's presence might be  
too pointed: and that it's  
better not to include him.*

*Agree not to include him?  
Agree not*

*CDD  
2/4*

Dear Charles,

VISIT BY THE PRIME MINISTER TO SAUDI ARABIA: TORNADO

In your letter of 1st April to Len Appleyard, you asked for a brief on Tornado. This is attached. I have cleared the attachment with the Defence Secretary on his return from Paris and, because of this, I have slightly missed your deadline.

As I mentioned to you on the telephone, we would not propose that an expert from Defence Sales should travel on the Prime Minister's aircraft. Sir James Blyth was, however, intending to be in Saudi Arabia at around this time and could therefore be present during the Prime Minister's brief stopover. He has, of course, all the background at his fingertips. I should be grateful to know in due course whether you wish us to arrange this.\*

I am copying this letter and the attachment to Len Appleyard (FCO).

*I would not  
be appropriate on  
this occasion*

Yours etc,  
Richard Mottram  
(R C MOTTRAM)

\* We would also discreetly establish if there were any Saudi sensitivities over his presence, if the Prime Minister is herself content.

C Powell Esq  
10 Downing Street



MEETING WITH KING FAHD: TORNADO1. Our objective

To confirm King Fahd's personal commitment to proceed with purchase of Tornado (interdiction/strike) aircraft and Hawk training aircraft, and to establish when letter of intent will be handed over.

2. Arguments

a. Much valued our exchanges of messages in recent months and the opportunity to discuss issues arising with Prince Bandar.

b. Britain anxious to play a full part in affairs of the region and to develop our ties with our friends including in the field of defence.

c. Delighted to learn from Prince Bandar on 7th January that Your Majesty had decided to acquire Tornado for the Royal Saudi Air Force (RSAF). Tornado best aircraft of its kind in the world.

d. Understand the need to handle carefully timing of completion of purchase and for absolute confidentiality. Matter is of course one of keen interest in Britain. Hope we can finalise arrangements during my visit.



3. Tactical Arguments

a. RSAF has proved its defensive capability with F15 successes last June, shooting down at least 1 Iranian F4 over the Gulf. However, it must have ability to retaliate effectively if systematically attacked. Current examples in Iraq/Iran confrontation. Possession of a retaliatory capability itself a strong deterrent to enemy attack. The recent Bombing and Navigation Competition in US showed Tornado clearly superior in this role.

b. Hawk has shown its superior qualities with a number of air forces, and has now been selected by the US Navy.

c. Tornado is considerably cheaper than the American F15. The relative price fallen since agreed with Prince Sultan in May 1984 because of the relationship between the US Dollar and Sterling.

d. Britain can guarantee security of supply of spare parts etc under sole British control.

4. Saudi Objectives

These are not clear, but King Fahd could take the line that, while he is committed to the purchase, he cannot enter into a final commitment at this stage for budgetary reasons, and/or because of the need to handle matters delicately with Saudi Arabia's other friends (ie the US and France).

5. Your Response

a. Emphasise the main points of purchase agreed with Prince Sultan in May 1984 and matter now been subject to



exchanges at the highest level for some months.

b. We have carefully safeguarded confidentiality of exchanges over aircraft but mounting interest and speculation inevitable.

c. Offer to provide aircraft by diversion from RAF and fixed price set in May 1984 cannot be held open indefinitely.

6. Press Line

It is important to avoid, as far as possible, press comment, in view of past Saudi criticism of our apparent inability to maintain confidentiality.

7. Background

a. Offer is:

Supply 20 Tornado

Supply 24 Hawk

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RETAINED UNDER SECTION 3 (4)  
OF THE PUBLIC RECORDS ACT

Net total value of initial order:

b. Sir James Blyth agreed the prices at a. with Prince Sultan in May 1984.

c. The Prime Minister has been personally involved in exchanges since last November.





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10 DOWNING STREET

*From the Private Secretary*

4 April 1985

*Dear Qidad,*

Visit by the Prime Minister to Saudi Arabia: Tornado

Thank you for your letter of 2 April enclosing a brief on Tornado for the Prime Minister's visit to Saudi Arabia.

You also asked whether the Prime Minister would wish Sir James Blyth to be present at her meeting with King Fahd. The Prime Minister has said that she does not think that it would be appropriate on this occasion. She would not wish this to be pursued further.

*Yours sincerely*  
*Charles Powell*

Charles Powell

Richard Mottram Esq  
Ministry of Defence.

*SP*



10 DOWNING STREET

Prime Minister

Patrick Wright

has now also  
said that he thinks

the Landis would

find it too

'pointed' for James

Blyth is he

present.

CDP  
3/4





Michael

*With Compliments*

Could you very kindly  
see that the P.M. sees this  
before her Asian tour? It wd.  
be most helpful.

With all good wishes to  
you & Sylvia have a very  
Happy Easter. *Johnny*

HOUSE OF COMMONS  
LONDON, SW1A 0AA

P.S. Internal due to Asian Dispute.

JOHN WILKINSON, MP



Rt. Hon. Mrs. M. Reider, M.P.

HOUSE OF COMMONS  
LONDON SW1A 0AA

Prime Minister,

10 Downing Street,

London S.W.1.

2nd. April, 1985

Dear Prime Minister,

In view of your important forthcoming visit to S.E. Asia I thought that you might welcome this very short background note on the role of Toronto within A.S.E.A.N.

As you know the production line is due to run down towards the end of this decade and effort orders are badly needed. For this reason since in the brief paper attached there would be interest in Indonesia, Malaysia and Singapore which would be encouraged by high level political support. With all good wishes for Easter and a successful visit.

Yours ever

John [CHAN-AVIATION CTEE]



BRIEFING PAPER FOR THE PRIME MINISTER



## Singapore

Singapore has been considering how best to improve its forces for a number of years. PANAIA has regularly visited Singapore over the past five years and maintained close contact with the Republic of Singapore Air Force (RSAF). Nevertheless, the RSAF has shown a preference for the American F-16/100. Initially, the United States Government declined to permit Singapore to purchase the F-16/100 and Singapore has been forced to lower its sights and ask for the less powerful F-16/79. However, no official announcement has been made and, therefore, it is concluded that no formal contract has been signed. If neither aircraft is made available Singapore may have to look at aircraft such as TORNADO.

Recently PANAIA gave presentations to the head of the Air Force and his senior staff which resulted in a request by the RSAF to conduct a flight evaluation. The head of the RSAF has also asked to fly in the aircraft when he visits Europe for the Paris Air Show.

During this visit it would most useful if TORNADO could be raised in discussions with Mr. Lee Kwan Yew and the point made that not only is this aircraft ideally suited to Singapore's military requirements, it would also strengthen the bonds between United Kingdom and Singapore. If Singapore decided to license manufacture some or all of these aircraft, valuable jobs will also be created and it would gain access to advanced technology.



## Malaysia

PANAVIA has kept a close watch on developments in Kuala Lumpur. Several visits have been made and a number of presentations have been given. However, the Royal Malaysian Air Force (RMAF) has always made it clear that its new aircraft requirements would not firm-up until 1986 or 1987.

It would help a great deal if TORNADO could be brought to the attention of senior members of the government. For example, a part-license manufacture of TORNADO would be an ideal project for the recently formed Aviation Industries of Malaysia (AIM).



## Indonesia

Like Singapore, Indonesia has expressed a clear preference for the F-16/100. However, the United States has so far declined to provide this aircraft. During a recent visit by PANAIA to Jakarta a senior air force officer explained that, if the F-16/100 is not made available, then the IAF would be looking for a suitable alternative which could be TORNADO.

Indonesia's rapidly developing aviation industry is short of work and technical assistance. Through the medium of a TORNADO purchase, considerable work could be made available to this fledgling industry and at the same time give the Indonesian Air Force a significant increase in capability. It would be of great assistance to PANAIA if these aspects could be brought to the attention of ministers.



## Summary

The ASEAN group is a rapidly developing economic community, whose joint defence interests have yet to be formally established in a defence pact. Nevertheless, there is a degree of commonality developing within the group to the extent that most countries have an in-built preference for the F-16/100. The United States has recognised this fact and considered the advantages and disadvantages of supplying this aircraft to one or more of these nations. They have for example noted that, should they supply the F-16/100 to one country, then the others will have a strong case for acquiring it too. But although the Americans may be prepared to supply the aircraft to a front line country like Thailand, it might not wish to supply it to a more volatile country such as the Philippines. It would appear therefore that, in the short term, the United States has decided to decline all ASEAN requests for the F-16/100. Against this background, PANAVIA has attempted to interest these countries in TORNADO as a possible alternative. Although individually the numbers under consideration are small (Singapore - 8 aircraft, Malaysia - 20, and Indonesia - 24), collectively a TORNADO order would be significant.

If PANAVIA was able to penetrate this market by succeeding in one country, then undoubtedly the other countries would also wish to purchase the aircraft.

Traditional marketing techniques with high value equipment such as TORNADO will not be successful unless considerable political assistance is available. A mention of TORNADO during the South East Asia visit would achieve more than PANAVIA can hope to achieve by itself.