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CONFIDENTIAL

DESKBY 111100Z

FM JEDDA 110850Z APR 85

TO IMMEDIATE F C O

TELEGRAM NUMBER 208 OF 11TH APRIL 1985

AND TO IMMEDIATE COLOMBO (FOR PM'S PARTY), AND WARSAW (FOR SECRETARY OF STATE'S PARTY)

INFO IMMEDIATE AMMAN

INFO PRIORITY WASHINGTON AND GULF POSTS.

PRIME MINISTER'S VISIT TO RIYADH 14 APRIL.

A. KING FAHD'S MAIN PRE-OCCUPATIONS.

ARAB-ISRAEL.

1. ALTHOUGH THEY HAVE NOT SAID SO PUBLICLY, THE SAUDIS SUPPORT THE JORDANIAN-PALESTINIAN AGREEMENT, AND KING FAHD INVESTED POLITICAL CAPITAL IN TRYING TO OBTAIN A FAVOURABLE US RESPONSE TO IT DURING HIS VISIT TO WASHINGTON IN FEBRUARY. PRIVATELY, THEY HAVE DOUBTS ABOUT WHETHER THE AMERICANS WILL EVER BE WILLING TO PRESS ISRAEL TO NEGOTIATE A SOLUTION, AND THEY ARE KEEPING THEIR LINES OPEN TO THE SYRIANS. BUT THE KING WILL CERTAINLY WISH TO EXCHANGE VIEWS ON HOW TO MAINTAIN THE MOMENTUM TOWARDS A PEACEFUL SETTLEMENT, AND ON HOW FAR PRESIDENT REAGAN CAN BE PERSUADED TO GIVE THE ARAB-ISRAEL QUESTION HIGH PRIORITY. THE SAUDIS WILL BE WATCHING MURPHY'S CURRENT TOUR CLOSELY.

IRAN-IRAQ.

2. THE SAUDIS REMAIN ACUTELY WORRIED THAT OVERSPILL FROM THE GULF WAR MAY DAMAGE THEIR VITAL INTERESTS, BUT SEE NO WAY OF PERSUADING IRAN TO GIVE UP WHILE KHOMENI LIVES. THE KING SAW THE UN SECRETARY-GENERAL BEFORE THE LATTER'S APPARENTLY INCONCLUSIVE VISITS TO TEHRAN AND BAGHDAD. HE WILL PROBABLY NOT RAISE DIRECTLY THE QUESTION OF DEFENCE SUPPLIES TO IRAN, BUT MAY ARGUE FOR A "MORAL LEAD" BY US TO DISSUADE OTHERS FROM HELPING IRAN.

SUDAN.

3. AT SAUDI REQUEST, WE GAVE THE KING'S OFFICE AN EARLY ASSESSMENT OF SAWAR AL DAHAB'S COUP, AND THE NEW DEPUTY LEADER HAS BEEN IN RIYADH THIS WEEK. THE SAUDIS HAVE GIVEN THE NEW REGIME A CAUTIOUS WELCOME, BUT THE KING MAY ASK FOR OUR LATEST ASSESSMENT OF THE PROSPECTS, AND IN PARTICULAR ANY SIGNS OF LIBYAN OR OTHER EXTREMIST INFLUENCE.

LEBANON.

4. THE SAUDIS ARE CONCERNED BY THE RESURGENCE OF TROUBLE IN LEBANON, WHICH THEY WILL BLAME ENTIRELY ON THE ISRAELIS. THEY APPEAR AT PRESENT TO HAVE WITHDRAWN FROM ACTIVE INVOLVEMENT IN THE SEARCH FOR A SETTLEMENT.

THE BUDGET, OIL PRICES AND PETROCHEMICALS.

5. THE LAST MONTH HAS SEEN THE PUBLICATION BOTH OF THE NEW SAUDI BUDGET AND OF THE NEXT FIVE-YEAR PLAN. BOTH SHOW THAT THE SAUDIS WILL HAVE TO UNDERGO SOME QUITE PAINFUL BELT-TIGHTENING IF THEY ARE TO BALANCE ESSENTIAL EXPENDITURE AGAINST AN INCOME FROM FALLING OIL PRODUCTION AT LOWER PRICES. AGAINST THIS BACKGROUND THE SAUDIS ARE LIKELY TO REFLECT CONTINUING ANXIETY ABOUT NORTH SEA PRICES AND ABOUT ACCESS TO EUROPEAN MARKETS FOR GULF

LETTER HAS SOFTENED NOTICEABLY THE PAST TWO WEEKS. THEY MAY WELL HAVE NOTED THE PRIME MINISTER'S REMARKS IN KUALA LUMPUR ABOUT PROTECTIONISM (ON WHICH THE SAUDI RECORD IS NOT BLAMELESS).

B. OBJECTIVES. **CONFIDENTIAL**

6. AGAINST THIS BACKGROUND, THE MAIN VALUE OF THIS BRIEF VISIT WILL BE TO RENEW THE RELATIONSHIP WHICH THE PRIME MINISTER AND THE THEN CROWN PRINCE FAHD ESTABLISHED DURING MRS THATCHER'S VISIT HERE ALMOST EXACTLY FOUR YEARS AGO. SPECIFIC POINTS I HOPE THE PRIME MINISTER WILL BE ABLE TO RAISE ARE AS FOLLOWS:

11 (A) TORNADO. IT IS IMPORTANT THAT THIS SHOULD NOT APPEAR TO THE KING TO TAKE PRECEDENCE IN DISCUSSION OVER THE QUESTIONS IN PARAS 2-5 ABOVE. IT WOULD BE PREFERABLE IF THE KING RAISED THIS FIRST, BUT THE PRIME MINISTER WILL OTHERWISE WISH TO SOUND HIM PRIVATELY ON CURRENT INTENTIONS AND TO REMIND HIM OF OUR REDINESS TO SUPPLY AS SOON AS HE IS IN A POSITION TO CONFIRM WITH A LETTER OF INTENT. I DO NOT YET KNOW WHETHER PRINCE BANDAR BIN SULTAN WILL BE PRESENT.

(B) BRITISH CALEDONIAN. I SENT A LETTER ON 10 APRIL TO THE PRESIDENT OF CIVIL AVIATION EXPRESSING OUR HOPE THAT BRITISH CALEDONIAN WILL BE ONE OF THOSE FOREIGN AIRLINES INVITED TO RUN DIRECT FLIGHTS TO AND FROM RIYADH, IN ADDITION TO THEIR NEW SERVICES TO JEDDA AND DHARAN. IT WOULD BE HELPFUL IF THE PRIME MINISTER COULD BRIEFLY ENDORSE THIS HOPE WITH THE KING (AND WITH PRINCE SULTAN, AS MINISTER RESPONSIBLE FOR AVIATION, IF HE IS PRESENT).

(C) CONSULAR CASES. I HAVE CONSULTED THE DEPARTMENT. WE ARE AGREED THAT NO CURRENT INDIVIDUAL CASES MERIT A MENTION BY THE PRIME MINISTER, BUT THAT IT WOULD BE USEFUL FOR THE PRIME MINISTER TO REFER TO THE QUESTION IN GENERAL TERMS, IN THE CONTEXT OF SOME 35,000 BRITISH CITIZENS WHO LIVE AND WORK IN THE KINGDOM WITHOUT SERIOUS PROBLEMS. SHE MIGHT NOTE THAT WHEN BRITISH SUBJECTS DO FALL FOUL OF THE AUTHORITIES HERE, THIS TENDS TO GIVE RISE TO DAMAGING AND DISPROPORTIONATE PUBLICITY IN THE UK SEMI COLON THAT THE GENEROUS AMNESTY DECLARED BY THE KING LAST RAMADAN WAS EXTREMELY HELPFUL IN DISPOSING OF A LARGE NUMBER OF THESE CASES SEMI COLON AND THAT SIMILAR GESTURES ON FUTURE OCCASIONS WOULD NATURALLY BE EXTREMELY WELCOME.

(D) COMMERCIAL RELATIONS. THERE ARE NO BILATERAL PROBLEMS AND THE VOLUME OF TRADE IS VERY SIGNIFICANT (THOUGH OUR MARKET SHARE COULD BE IMPROVED). THE PRIME MINISTER MAY WISH TO REFER TO THE INCREASED EMPHASIS WHICH HMG AND BRITISH INDUSTRY HAVE BEEN PLACING OVER THE PAST YEAR ON JOINT VENTURES WITH SAUDI COMPANIES AND TO OUR WILLINGNESS TO TRANSFER MODERN TECHNOLOGY AS PART OF THE SAUDI ECONOMIC DIVERSIFICATION PROGRAMME. SPECIFIC EXAMPLES OF CONTRACTS UNDER DISCUSSION: GEC/MARCONI IN ELECTRONICS (POSSIBLY AS PART OF THE OFFSET PROGRAMME), RTZ IN UNDERGROUND STORAGE OF PETROLEUM PRODUCTS, STANDARD TELEPHONES AND CABLES (IAL) IN AIR TRAFFIC CONTROL, IHG IN HOSPITAL MANAGEMENT, W-S ATKINS IN ROADS SYSTEMS MANAGEMENT, BAE IN X-RAY SURVEILLANCE EQUIPMENT FOR CARGO. THE SAUDI GOVERNMENT IS THE POTENTIAL CUSTOMER IN ALL THESE CASES, BUT MOST OF THEM (EXCEPT POSSIBLY UNDERGROUND STORAGE) ARE UNLIKELY TO HAVE COME TO THE KING'S ATTENTION, AND NONE IS YET AT A STAGE WHEN IN MY VIEW, THE PRIME MINISTER NEED INTERVENE.

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(E) VISITS. AS THE PRIME MINISTER KNOWS, THE KING HAS RESPONDED TO HER PRIVATE INVITATION TO HIM BY SAYING THAT IT WILL NOT BE POSSIBLE FOR HIM TO VISIT LONDON FOR SEVERAL MONTHS. THE EXISTENCE OF THIS INVITATION IS NOT OFFICIALLY KNOWN OUTSIDE THE PALACE SEMI COLON BUT THE PRIME MINISTER WILL NO DOUBT WISH TO RENEW IT IN PRIVATE, IF OPPORTUNITY OFFERS.

(F) DIPLOMATIC MOVE TO RIYADH. THE KING MAY WELL MENTION THE CURRENT MOVE OF EMBASSIES FROM JEDDA TO RIYADH. THE PRIME MINISTER SHOULD KNOW THAT IT IS OUR INTENTION TO MOVE DIRECTLY TO OUR NEW BUILDINGS IN THE DIPLOMATIC QUARTER IN THE LATE SUMMER. WE HAVE NOT YET EXPLICITLY REVEALED TO THE SAUDIS THAT WE ARE UNLIKELY TO BE IN OUR NEW BUILDINGS BY THE SAUDI DEADLINE OF LATE AUGUST SEMI COLON BUT WE HOPE TO BE, IF VERY SHORTLY THEREAFTER.

7. FINALLY, THE PRIME MINISTER SHOULD KNOW THAT THERE WILL BE IN RIYADH, AT THE TIME OF HER VISIT, A GROUP OF MPS AND OTHERS LED BY SIR ANTHONY RUTTING, WHO HAVE BEEN INVITED TO SAUDI ARABIA FOR ONE WEEK UNDER THE AUSPICES OF THE COUNCIL FOR THE ADVANCEMENT OF ARAB-BRITISH UNDERSTANDING (CAABU).

WRIGHT

END

SENT 11120Z JN



Y. A. Al-Shirawi

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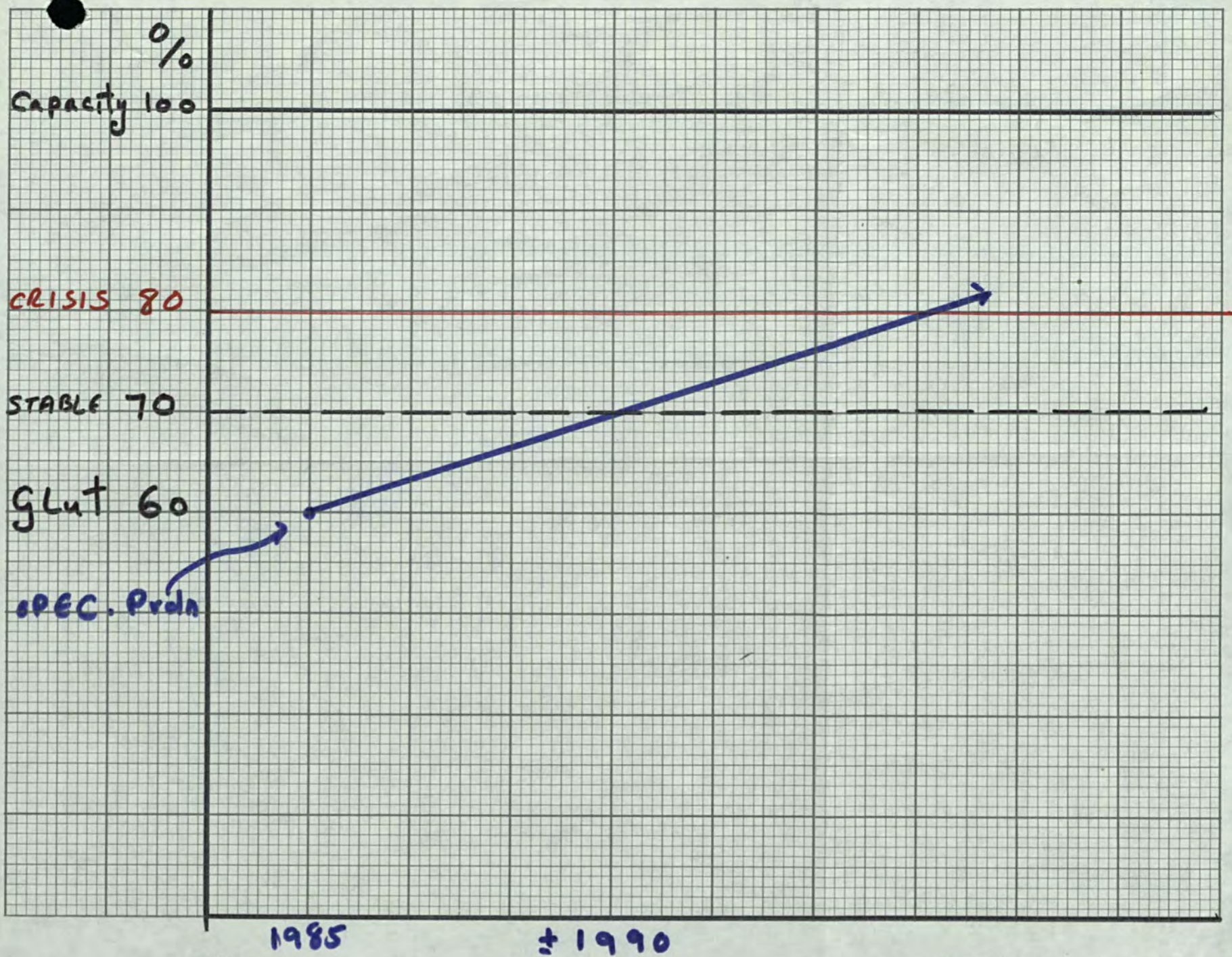
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ص.ب. : ١٤٣٥
دولة البحرين

كيفية: المكتب
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Available Capacity	(32-35) MM / day.
Comfortable Production	24 MM.
Present Production	20
CRISIS Production	26-27