



10 DOWNING STREET

THE PRIME MINISTER

23 August 1985

File SUBJECT
cc MASTER
ops. ECH
cc FCO
MOD
MEA

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 153/85

Your Majesty,

I was very pleased indeed to receive Your Majesty's letter of 17 August, and grateful for the trouble which H.R.H. Prince Bandar took in delivering it to me personally in Austria. Your Majesty's decision to start detailed discussions on the purchase of 48 Tornado and 30 Hawk aircraft is extremely important for Britain; it will be a boost for the economy as a whole and recognition of the excellence of the British aircraft industry. Furthermore, the Tornado is a singularly appropriate aircraft for the purposes which Your Majesty has in mind. It is demonstrably the best fighter aircraft of the new generation, and will provide a strong deterrent at a time when there are real threats to security in the Arabian Peninsula.

We have already been in touch with H.R.H. Prince Sultan about the visit of a specialist team from the Royal Saudi Air Force, who I am glad to say are already in Britain and are being given all facilities to deepen their knowledge of the two aircraft, and all matters concerned with their support. I am reminding His Royal Highness of Mr. Heseltine's hope that Prince Sultan will be able to take up his outstanding invitation to visit London soon. Perhaps he might consider coming to celebrate the successful conclusion of the Tornado/Hawk negotiations which we trust will be in a matter of weeks. I shall take a personal interest in the conduct and success of those negotiations.

88

On the specific points which Your Majesty raised, I see no difficulties. Let me take each of them in turn.

- (a) Your Majesty proposed that the contract agreement should be between our two governments. I warmly support this proposal which I see as offering the opportunity to develop still closer relations between our two countries at governmental level. It is personal contacts which count, and these will serve to clear up any misunderstandings between us.
- (b) I can assure Your Majesty that I quite understand your wish that both aircraft should be fitted with the latest ammunition, electronics and other equipment, and that the R.S.A.F. should benefit fully from future improvements as they are made to each aircraft. I also fully understand Your Majesty's desire to deal with the British Government on all matters connected with the Tornado partnership. Our government-to-government arrangements will ensure that the Tornado project is entirely handled by ourselves, and we shall make available to it all appropriate resources from the British Ministry of Defence and the Royal Air Force. As Your Majesty knows, the Hawk is a wholly British project. In sum, the British Government will be committed fully to supporting both projects throughout the life of the contract.

(c)

TEMPORARILY RETAINED

S. Gray
4/7/2014

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OF THE PUBLIC RECORDS ACT

I agreed with Prince Bandar that there should be no publicity whatever while discussions between us continue, and Your Majesty can be sure that there will be no leaks from official sources in this country. If the presence of R.S.A.F. study teams in Britain causes comment from the media, we shall simply say that it is a matter of continuing contacts between our two countries, which have long had links in matters of defence.

I also much appreciated Your Majesty's setting out so frankly your thoughts on ways of achieving peace in the Middle East. Your Majesty knows the importance which I attach to the need to make progress soon. I am convinced that we have an opportunity not to be missed for achieving a comprehensive peace which will satisfy the legitimate aspirations of the Palestinians while giving all states in the region the security they seek. I am therefore concerned that the courageous initiative of King Hussein is losing momentum and that time is running out for achieving the goal of a start of negotiations with Israel this year. President Reagan has assured me that he is convinced of King Hussein's utter seriousness: and that the King can rely on United States support as he continues to take risks for peace. But it looks as if a degree of misunderstanding of each other's goals has now developed between the Administrations in Washington and Amman. This has meant that, despite the endorsement given to the 11 February agreement by the recent summit meeting of the Arab League in Casablanca, it has still not proved possible to agree terms for a meeting between a US delegation and a joint Jordanian/Palestinian delegation, as the first step towards negotiations. It also seems that Mr. Peres' position within the Israeli Coalition has weakened somewhat, and that this has increased the ability of the Likud under Mr. Shamir to slow the pace of Israeli responses to Arab gestures almost to a stop. I entirely agree with Your Majesty that the Likud must not appear to have a power of veto. We must be able to see whether Mr. Peres - like King Hussein - is willing to take risks in order to keep the peace process alive. I continue to believe that the gradualist approach adopted by King Hussein remains the most realistic way of making progress, but also that he must be seen to be making progress. I intend to remain in close contact with President Reagan on this and other questions in the period leading up to his meeting with Mr. Gorbachev in November, and look forward to discussing during my visits to Egypt and Jordan next month ways in which we can help bring the parties closer together. Your Majesty's further views on

what should be done would be most welcome.

In conveying my warmest respects and regards to Your Majesty on the occasion of Id al-Adha, may I again remind you of my hope that we may be able to meet again before long, so that we may take further our discussions on the many questions which concern both our governments at this critical time.

Yours sincerely
Nargant Khalifa

His Majesty King Fahd Bin Abdulaziz Al Saud

SECRET DEYOU

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SECRET
DD 250600Z JEDDA
FM FCOLN TO JEDDA
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SECRET
DEYOU
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TO DESKBY 250600Z JEDDA
TELNO 375
OF 241437Z AUGUST 85

MIPT: TORNADO AND HAWK

1. FOLLOWING IS TEXT OF LETTER FROM THE PRIME MINISTER TO THE KING.

BEGINS. YOUR MAJESTY, I WAS VERY PLEASED INDEED TO RECEIVE YOUR MAJESTY'S LETTER OF 17 AUGUST, AND GRATEFUL FOR THE TROUBLE WHICH HRH PRINCE BANDAR TOOK IN DELIVERING IT TO ME PERSONALLY IN AUSTRIA. YOUR MAJESTY'S DECISION TO START DETAILED DISCUSSIONS ON THE PURCHASE OF 48 TORNADO AND 30 HAWK AIRCRAFT IS EXTREMELY IMPORTANT FOR BRITAIN SEMI-COLON IT WILL BE A BOOST FOR THE ECONOMY AS A WHOLE AND RECOGNITION OF THE EXCELLENCE OF THE BRITISH AIRCRAFT INDUSTRY. FURTHERMORE, THE TORNADO IS A SINGULARLY APPROPRIATE AIRCRAFT FOR THE PURPOSES WHICH YOUR MAJESTY HAS IN MIND. IT IS DEMONSTRABLY THE BEST FIGHTER AIRCRAFT OF THE NEW GENERATION, AND WILL PROVIDE A STRONG DETERRENT AT A TIME WHEN THERE ARE REAL THREATS TO SECURITY IN THE ARABIAN PENINSULA.

WE HAVE ALREADY BEEN IN TOUCH WITH HRH PRINCE SULTAN ABOUT THE VISIT OF A SPECIALIST TEAM FROM THE ROYAL SAUDI AIR FORCE, WHO I AM GLAD TO SAY ARE ALREADY IN BRITAIN AND ARE BEING GIVEN ALL FACILITIES TO DEEPEN THEIR KNOWLEDGE OF THE TWO AIRCRAFT, AND ALL MATTERS CONCERNED WITH THEIR SUPPORT.

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SECRET DEYOU

1 AM

TEMPORARILY RETAINED J. Gray 8/7/2014

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SECRET DEYOU

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4233 - 1

I AM REMINDING HIS ROYAL HIGHNESS OF MR HESELTINE'S HOPE THAT PRINCE SULTAN WILL BE ABLE TO TAKE UP HIS OUTSTANDING INVITATION TO VISIT LONDON SOON. PERHAPS HE MIGHT CONSIDER COMING TO CELEBRATE THE SUCCESSFUL CONCLUSION OF THE TORNADO/HAWK NEGOTIATIONS WHICH WE TRUST WILL BE IN A MATTER OF WEEKS. I SHALL TAKE A PERSONAL INTEREST IN THE CONDUCT AND SUCCESS OF THOSE NEGOTIATIONS.

ON THE SPECIFIC POINTS WHICH YOUR MAJESTY RAISED, I SEE NO DIFFICULTIES. LET ME TAKE EACH OF THEM IN TURN.

- (A) YOUR MAJESTY PROPOSED THAT THE CONTRACT AGREEMENT SHOULD BE BETWEEN OUR TWO GOVERNMENTS. I WARMLY SUPPORT THIS PROPOSAL WHICH I SEE AS OFFERING THE OPPORTUNITY TO DEVELOP STILL CLOSER RELATIONS BETWEEN OUR TWO COUNTRIES AT GOVERNMENTAL LEVEL. IT IS PERSONAL CONTACTS WHICH COUNT, AND THESE WILL SERVE TO CLEAR UP ANY MISUNDERSTANDINGS BETWEEN US.
- (B) I CAN ASSURE YOUR MAJESTY THAT I QUITE UNDERSTAND YOUR WISH THAT BOTH AIRCRAFT SHOULD BE FITTED WITH THE LATEST AMMUNITION, ELECTRONICS AND OTHER EQUIPMENT, AND THAT THE RSAF SHOULD BENEFIT FULLY FROM FUTURE IMPROVEMENTS AS THEY ARE MADE TO EACH AIRCRAFT. I ALSO FULLY UNDERSTAND YOUR MAJESTY'S DESIRE TO DEAL WITH THE BRITISH GOVERNMENT ON ALL MATTERS CONNECTED WITH THE TORNADO PARTNERSHIP. OUR GOVERNMENT-TO-GOVERNMENT ARRANGEMENTS WILL ENSURE THAT THE TORNADO PROJECT IS ENTIRELY HANDLED BY OURSELVES, AND WE SHALL MAKE AVAILABLE TO IT ALL APPROPRIATE RESOURCES FROM THE BRITISH MINISTRY OF DEFENCE AND THE ROYAL AIR FORCE. AS YOUR MAJESTY KNOWS, THE HAWK IS A WHOLLY BRITISH PROJECT. IN SUM, THE BRITISH GOVERNMENT WILL BE COMMITTED FULLY TO SUPPORTING BOTH PROJECTS THROUGHOUT THE LIFE OF THE CONTRACT.

(C)

I AGREE WITH PRINCE BANDAR THAT THERE SHOULD BE NO PUBLICITY WHATEVER WHILE DISCUSSIONS BETWEEN US CONTINUE, AND YOUR MAJESTY CAN BE SURE THAT THERE WILL BE NO LEAKS FROM

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SECRET DEYOU

OFFICIAL

OFFICIAL SOURCES IN THIS COUNTRY. IF THE PRESENCE OF RSAF STUDY TEAMS IN BRITAIN CAUSES COMMENT FROM THE MEDIA, WE SHALL SIMPLY SAY THAT IT IS A MATTER OF CONTINUING CONTACTS BETWEEN OUR TWO COUNTRIES, WHICH HAVE LONG HAD LINKS IN MATTERS OF DEFENCE.

I ALSO MUCH APPRECIATED YOUR MAJESTY'S SETTING OUT SO FRANKLY YOUR THOUGHTS ON WAYS OF ACHIEVING PEACE IN THE MIDDLE EAST. YOUR MAJESTY KNOWS THE IMPORTANCE WHICH I ATTACH TO THE NEED TO MAKE PROGRESS SOON. I AM CONVINCED THAT WE HAVE AN OPPORTUNITY NOT TO BE MISSED FOR ACHIEVING A COMPREHENSIVE PEACE WHICH WILL SATISFY THE LEGITIMATE ASPIRATIONS OF THE PALESTINIANS WHILE GIVING ALL STATES IN THE REGION THE SECURITY THEY SEEK. I AM THEREFORE CONCERNED THAT THE COURAGEOUS INITIATIVE OF KING HUSSEIN IS LOSING MOMENTUM AND THAT TIME IS RUNNING OUT FOR ACHIEVING THE GOAL OF A START OF NEGOTIATIONS WITH ISRAEL THIS YEAR. PRESIDENT REAGAN HAS ASSURED ME THAT HE IS CONVINCED OF KING HUSSEIN'S UTTER SERIOUSNESS: AND THAT THE KING CAN RELY ON UNITED STATES SUPPORT AS HE CONTINUES TO TAKE RISKS FOR PEACE. BUT IT LOOKS AS IF A DEGREE OF MISUNDERSTANDING OF EACH OTHER'S GOALS HAS NOW DEVELOPED BETWEEN THE ADMINISTRATIONS IN WASHINGTON AND AMMAN. THIS HAS MEANT THAT, DESPITE THE ENDORSEMENT GIVEN TO THE 11 FEBRUARY AGREEMENT BY THE RECENT SUMMIT MEETING OF THE ARAB LEAGUE IN CASABLANCA, IT HAS STILL NOT PROVED POSSIBLE TO AGREE TERMS FOR A MEETING BETWEEN A US DELEGATION AND A JOINT JORDANIAN/ PALESTINIAN DELEGATION, AS THE FIRST STEP TOWARDS NEGOTIATIONS. IT ALSO SEEMS THAT MR PERES' POSITION WITHIN THE ISRAELI COALITION HAS WEAKENED SOMEWHAT, AND THAT THIS HAS INCREASED THE ABILITY OF THE LIKUD UNDER MR SHAMIR TO SLOW THE PACE OF ISRAELI RESPONSES TO ARAB GESTURES ALMOST TO A STOP. I ENTIRELY AGREE WITH YOUR MAJESTY THAT THE LIKUD MUST NOT APPEAR TO HAVE A POWER OF VETO. WE MUST BE ABLE TO SEE WHETHER MR PERES - LIKE KING HUSSEIN - IS WILLING TO TAKE RISKS IN ORDER TO KEEP THE PEACE PROCESS ALIVE. I CONTINUE TO BELIEVE THAT THE GRADUALIST APPROACH ADOPTED BY KING HUSSEIN REMAINS THE MOST REALISTIC WAY OF MAKING PROGRESS, BUT ALSO

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4233 - 1

THAT HE MUST BE SEEN TO BE MAKING PROGRESS. I INTEND TO REMAIN IN CLOSE CONTACT WITH PRESIDENT REAGAN ON THIS AND OTHER QUESTIONS IN THE PERIOD LEADING UP TO HIS MEETING WITH MR GORBACHEV IN NOVEMBER, AND LOOK FORWARD TO DISCUSSING DURING MY VISITS TO EGYPT AND JORDAN NEXT MONTH WAYS IN WHICH WE CAN HELP BRING THE PARTIES CLOSER TOGETHER. YOUR MAJESTY'S FURTHER VIEWS ON WHAT SHOULD BE DONE WOULD BE MOST WELCOME.

IN CONVEYING MY WARMEST RESPECTS AND REGARDS TO YOUR MAJESTY ON THE OCCASION OF ID AL-ADHA, MAY I AGAIN REMIND YOU OF MY HOPE THAT WE MAY BE ABLE TO MEET AGAIN BEFORE LONG, SO THAT WE MAY TAKE FURTHER OUR DISCUSSIONS ON THE MANY QUESTIONS WHICH CONCERN BOTH OUR GOVERNMENTS AT THIS CRITICAL TIME. YOURS SINCERELY MARGARET THATCHER. ENDS.

YOUNG

LIMITED

HS/MED

PS

MR EGERTON

COPIES TO:

PS 110 DOWNING ST.

HEAD OF DEFENCE SALES, MOD.

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SECRET DEYOU



Foreign and Commonwealth Office

London SW1A 2AH

23 August 1985

*Dear Mark,*Tornado/Hawk for Saudi Arabia

As directed by the Prime Minister at her meeting this morning, we have recast the two draft letters to King Fahd and the Saudi Minister of Defence. Fresh versions of these, agreed carefully with the Head of Defence Sales (HDS), are attached, and are I think self-explanatory.

We now understand that Concorde, on which Prince Bandar is travelling, will not reach Heathrow until 2200 this evening at the earliest. HDS plans to see the Prince tomorrow for talks with him and the head of the RSAF study mission. That might be an occasion for the signed copies of the two letters to be handed over to the Prince, unless the Prime Minister wishes to do this herself (? at Chequers) later in the day. Our Resident Clerk will have by him a "trigger" telegram so that copies of the messages, as approved, can be sent to our Charge d'Affaires for delivery as soon as possible to the Saudi principals. We think this is an important double-check in case Prince Bandar is delayed again en route.

I am copying this letter and enclosures to Denis Brennan at the Ministry of Defence, and to Head of Defence Sales.

*Yours Sincerely,
Colin Budd*

(C R Budd)
Private Secretary

Mark Addison Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

Reference

The Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

~~Top Secret~~

Secret

~~Confidential~~

Restricted

~~Unclassified~~

His Majesty
King Fahd bin Abdulaziz
Jedda

Copies to:

AML

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

I was very pleased indeed to receive Your Majesty's letter of 17 August, and grateful for the trouble which HRH Prince Bandar took in delivering it to me personally in Austria. Your Majesty's decision to start detailed discussions on the purchase of 48 Tornado and 30 Hawk aircraft is extremely important for Britain; it will be a boost for the economy as a whole and recognition of the excellence of the British aircraft industry. Furthermore, the Tornado is a singularly appropriate aircraft for the purposes which Your Majesty has in mind. It is demonstrably the best fighter aircraft of the new generation, and will provide a strong deterrent at a time when there are real threats to security in the Arabian Peninsula.

We have already been in touch with HRH Prince Sultan about the visit of a specialist team from the Royal Saudi Air Force, who I am glad to say are already in Britain and are being given all facilities to deepen their knowledge of the two aircraft, and all matters concerned with their support. I am reminding His Royal Highness of Mr Heseltine's hope that Prince Sultan will be able to take up his outstanding invitation to visit London soon, if God wills, to celebrate the successful conclusion of the Tornado/Hawk negotiations which we hope will be in a matter of weeks. I shall

Enclosures—flag(s).....

/take

As I have explained in a separate letter to His Majesty, I am not aware of any obstacles in the way of bringing these negotiations to a quick and successful conclusion. I think we should aim to finalise our discussions in a matter of weeks, so that contracts may be signed by the end of September at the latest.

On the specific points which His Majesty raised in his letter to me, I have the following comments.

- (a) His Majesty proposed that the contract agreement should be between our two governments. I warmly support this proposal which I see as offering the opportunity to develop still closer relations between our two countries at governmental level. It is personal contacts which count, and these will serve to clear up any misunderstandings between us.
- (b) I can assure Your Royal Highness ^{Highness} that I quite understand His Majesty's ^{wish} that both aircraft should be fitted with the latest ammunition, electronics and other equipment, and that the RSAF should benefit fully from future improvements as they are made to each aircraft. I also fully understand ^{His Majesty's} that we desire not to be dependent on the other two members of the Tornado partnership. Our government to government arrangements will ensure that the Tornado project is entirely handled by ourselves, and we shall make available to it all appropriate resources from the British Ministry of Defence and the Royal Air Force. As Your Royal Highness knows, the Hawk is a British project anyhow. In sum, the British Government will be committed fully to supporting both projects throughout the life of the contract.

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S E C R E T

contacts between our two countries, which have long had links in matters of defence.

I also much appreciated Your Majesty's setting out so frankly your thoughts on ways of achieving peace in the Middle East. Your Majesty knows the importance which I attach to the need to make progress soon. I am convinced that we have an opportunity not to be missed for achieving a comprehensive peace which will satisfy the legitimate aspirations of the Palestinians while giving all states in the ^{region} the security they seek. I am therefore concerned that the courageous initiative of King Hussein is losing momentum and that time is running out for achieving the goal of a start of negotiations with Israel this year. President Reagan has assured me that he is convinced of King Hussein's utter seriousness: and that the King can rely on United States support as he continues to take risks for peace. But it looks as if a degree of misunderstanding of each other's goals has now developed between the Administrations in Washington and Amman. This has meant that, despite the endorsement given to the 11 February agreement by the recent summit meeting of the Arab League in Casablanca, it has still not proved possible to agree terms for a meeting between a US delegation and a joint Jordanian/Palestinian delegation, as the first step towards negotiations. It also seems that Mr Peres' position within the Israeli Coalition has weakened somewhat, and that this has increased the ability of the Likud under Mr Shamir to slow the pace of Israeli responses to Arab gestures almost to a stop. I entirely agree with Your Majesty that the Likud must not appear to have a power of veto. We must be able to see whether Mr Peres ^{— like King Hussein —} is willing to take risks in order to keep the peace process alive. I continue to believe that the gradualist approach adopted by King Hussein remains the most realistic

/way

S E C R E T

way of making progress, but also that he must be seen to be making progress. I intend to remain in close contact with President Reagan on this and other questions in the period leading up to his meeting with Mr Gorbachev in November, and look forward to discussing during my visits to Egypt and Jordan next month, ways in which we can help bring the parties closer together. Your Majesty's further views on what should be done would be most welcome.

In conveying my warmest respects and regards to Your Majesty on the occasion of Id al-Adha, may I again remind you of my hope that we may be able to meet again before long, so that we may take further our discussions on the many question which concern both our governments at this critical time.

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

The Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

SRWATTO

Your Reference

~~Top Secret~~

Secret

~~Confidential~~

Restricted

~~Unclassified~~

His Royal Highness
Prince Sultan bin Abdulaziz
Second Deputy Prime Minister and
Minister of Defence
Jedda

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

I am delighted to have this opportunity to write to Your Royal Highness. HRH Prince Bandar called on me in Austria on 17 August / to deliver a letter from His Majesty King Fahd, confirming the wish of the Saudi authorities to start detailed negotiations on the purchase of 48 Tornado and 30 Hawk aircraft. I am most grateful in response to our invitation and that, in consequence of Your Royal Highness' instructions, an RSAF study team is already with us in London. We are giving them full access to all facilities, so that they may successfully and speedily complete their mission.

We consider this an extremely important order for Britain, both for the British economy as a whole, and as an acknowledgment of the excellence of our aircraft industry. I also believe that the Tornado purchase is particularly appropriate and a wise choice by the Saudi authorities. It is militarily and technically the proven best, and will provide a strong deterrent at the present time when there are real threats to security in the Arabian Peninsula. I shall be taking a personal interest in the conduct and success of these negotiations.

/As

Enclosures—flag(s).....

As I have explained in a separate letter to His Majesty, I am not aware of any obstacles in the way of bringing these negotiations to a quick and successful conclusion. I think we should aim to finalise our discussions in a matter of weeks, so that contracts may be signed by the end of September at the latest.

On the specific points which His Majesty raised in his letter to me, I have the following comments.

- (a) His Majesty proposed that the contract agreement should be between our two governments. I warmly support this proposal which I see as offering the opportunity to develop still closer relations between our two countries at governmental level. It is personal contacts which count, and these will serve to clear up any misunderstandings between us.
- (b) I can assure Your Royal ^{Highness} that I quite understand His Majesty's ^{wish} that both aircraft should be fitted with the latest ammunition, electronics and other equipment, and that the RSAF should benefit fully from future improvements as they are made to each aircraft. I also fully understand ^{His Majesty's} that desire not to be dependent on the other two members of the Tornado partnership. Our government to government arrangements will ensure that the Tornado project is entirely handled by ourselves, and we shall make available to it all appropriate resources from the British Ministry of Defence and the Royal Air Force. As Your Royal Highness knows, the Hawk is a British project anyhow. In sum, the British Government will be committed fully to supporting both projects throughout the life of the contract.

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S E C R E T

TEMPORARILY RETAINED. J. Gray. 8/7/2014

It is vital that there should be no publicity whatsoever while discussions between us continue, and Your Royal Highness can be sure there will be no leaks from official sources in this country. If the presence of RSAF study teams in Britain causes comment from the media, we shall simply say that it is a matter of continuing contacts between our two countries, which have long had links in matters of defence.

This contract is one to which I attach the greatest importance, as it marks the opening of a new chapter in the development of the United Kingdom's relations with the Kingdom of Saudi Arabia. I very much hope therefore that, once the negotiations are completed, Your Royal Highness will be able to accept Mr Heseltine's outstanding invitation to you to visit London, so that you may be able to sign the agreement and attend a dinner which I should like to give in your honour.

In conclusion, may I convey to Your Royal Highness my best wishes on the occasion of Id al-Adha and the expression of my respect and regard.



Foreign and Commonwealth Office

London SW1A 2AH

22 August 1985

Dear Tim,

// During her meeting with Prince Bandar in Salzburg on 18 August, the Prime Minister agreed to write to Prince Sultan and to reply to the letter from King Fahd which Prince Bandar handed to her. Drafts of both letters, which have been seen by Sir P Wright, are enclosed. Mr Colin Chandler, Head of Defence Sales, has not himself seen either draft and may comment to you direct.

The Charge d'Affaires in Jedda has spoken to the Saudi Defence Minister. Prince Sultan confirmed that the decision to buy Tornado and Hawk had been taken (without specifying numbers), and that only the details needed to be worked out. It is not therefore necessary for the Prime Minister in her reply to the King to go into detail on the specific points that he raises, particularly on the means and method of payment, though of course we have covered His Majesty's points in general terms.

TEMPORARILY RETAINED. J. Gray. 8/7/2014

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As to wider Middle East matters, the latest visit to the region by US Assistant Secretary of State, Mr Richard Murphy (13-18 August), did not produce any progress towards resolution of the issues blocking a meeting between the Americans and a joint Jordanian/Palestinian delegation. Mr Murphy made clear both to the Israelis and the Jordanians that he would only hold a meeting with a joint delegation if that led to direct negotiations involving Israel. King Hussein adhered firmly to the original Jordanian step by step scenario, making it clear that Jordan could not accept any arrangement involving direct contacts with the Israelis prior to the involvement in some way of the PLO, and to the holding of an international conference. The Americans told us

.../that



that they have not modified their conditions for engaging in a substantive dialogue with the PLO, and that they are still reviewing the list of seven Palestinian nominees for the joint delegation put forward by King Hussein. (Five of them have direct or indirect connection with the PLO.)

The Americans apparently believe that King Hussein understands their need for direct linkage between any meeting with a joint delegation and negotiations involving Israel. Nevertheless, they do not expect him to come up with any new ideas to break the impasse. In other words, they realise that the ball is in their court, and are now reviewing their options.

We do not yet have from Mr Coles a full account of King Hussein's reactions. But the Egyptians have told us that President Mubarak was very disappointed by what Mr Murphy told him about his talks in Jordan. The Egyptians have the impression that the Americans have "upped the ante" and that they have no intention of agreeing to meet the PLO.

In view of the lack of progress on King Hussein's initiative since the Prime Minister's message on 7 June to King Fahd, the Prime Minister may wish on this occasion to confine her remarks on Arab/Israel to general support for King Hussein's initiative and a reference to her continuing close contacts with President Reagan. It would also be appropriate to commend the endorsement by the Arab League Summit (7-9 August) of King Hussein's initiative. The Summit communique noted that the detailed explanation given by King Hussein and Arafat of the Jordanian/Palestinian plan was in conformity with the Fez plan of 1982.

When we have King Hussein's considered reaction to the present impasse, we may recommend that the Prime Minister send a further message to President Reagan. But it is clear that the Americans do not want all momentum to go out of the follow-up to the 11 February agreement, and may soon decide on a further initiative.

I am copying this letter and enclosure to Denis Brennan in the Ministry of Defence.

*Yours Sincerely,
Colin Budd*

(C R Budd)
Private Secretary

T Flesher Esq
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: The Prime Minister

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S. Gindy
8/7/2014

Reference

DEPARTMENT:

TEL. NO:

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SECURITY CLASSIFICATION

TO:

Abdul Aziz Al Saud

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

His Royal Highness
Prince Sultan bin Abdulaziz
Second Deputy Prime Minister and
Minister of Defence
JEDDA

Copies to:

PRIVACY MARKING

SUBJECT:

Actual language ASD

.....In Confidence

I was delighted to learn from HRH Prince Bandar, when he called on me in Austria to deliver a letter from His Majesty King Fahd, that you have decided to start detailed negotiations over the purchase of 48 Tornado and 30 Hawk aircraft. I understand that the RSAF study team is already in London, and we are giving them every facility to study further the two aircraft and matters concerned with their support; and, if they wish, to fly the aeroplanes.

CAVEAT.....

As I have explained in a separate letter to His Majesty, there do not seem any major obstacles in the way of bringing these negotiations to a quick and successful conclusion. We fully accept the Saudi wishes that the agreement should be between governments without agents or commissions, and that we should provide support for both aircraft after delivery. I also told His Majesty that I understand your wishes that both aircraft should be fitted with the latest ammunition, electronics and other equipment, and that the Royal Saudi Air Force should benefit fully from future improvements.

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Enclosures—flag(s).....

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OF THE PUBLIC RECORDS ACT

This contract is one to which I attach great importance, marking as it does the opening of a new chapter in the development of the United Kingdom's relations with the Kingdom of Saudi Arabia. I very much hope therefore that, once the negotiations are completed, Your Royal Highness will be able to accept Mr Heseltine's outstanding invitation to you to visit London, so that Your Royal Highness may be able to sign the agreement and attend a dinner which I should like to give in your honour.

In conclusion, may I convey to Your Royal Highness my best wishes on the occasion of Id al-Adha and the expression of my respect and regard.

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DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM

Reference

The Prime Minister

DEPARTMENT:

TEL. NO:

saudi

SECURITY CLASSIFICATION

TO:

Abdul Aziz Al

Your Reference

His Majesty King Fahd bin Abdulaziz

Jedda

Copies to:

Your Majesty

~~Top Secret~~

Secret

~~Confidential~~

Restricted

~~Unclassified~~

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....E.....

my planned release
 I was ~~most grateful~~ to receive Your Majesty's letter
 last week, and *grateful* for the trouble which *H.R.H.* Prince Bandar took
 in delivering it to me personally in Austria. As I told
 Prince Bandar, I am delighted that you have decided to
 start detailed discussions on the purchase of 48 Tornado
 and 30 Hawk aircraft. *negative to UK available, and a request for assistance*
 We have already been in touch
 with *HRH* Prince Sultan about the visit of a specialist team
 from the Royal Saudi Air Force, who I am glad to say have
 already reached Britain, and are being given all
 facilities to deepen their knowledge of the two aircraft
 and matters concerned with their support. *shall remind* I ~~have reminded~~
 His Royal Highness of Mr Heseltine's hope that Prince
 Sultan will be able to take up his outstanding invitation
 to visit London soon, perhaps *in the context* of an early
 and successful conclusion of the Tornado/Hawk
 negotiations, *perhaps visit we welcome with helicopter and staff of military*

Enclosures—flag(s).....

On the specific points which Your Majesty raised,
 I see no serious difficulties. Your Majesty has proposed
 /that

*Report
para
each*

that the contract agreement should be between our two governments. I warmly support this proposal which I see *as* offering the opportunity to develop still closer relations between our two countries at a governmental level. It will also, I believe, enable us to reach agreement quickly on all aspects of the contract, including the means and method of payments.

I can also assure you that I quite understand Your Majesty's wish that both aircraft should be fitted with the latest ammunition, electronics and other equipment, and that the Royal Saudi Air Force should benefit fully from future improvements. This is a matter which we can work on together as part of the support to which we shall be committing the British Government throughout the life of the contract.

I agreed with Prince Bandar that there should be no publicity whatever while discussions between us continue, and Your Majesty can be sure that there will be no leaks from official sources in this country.

I also much appreciated Your Majesty setting out so East. As I told Prince Bandar, I am concerned that the courageous initiative of King Hussein is losing momentum and that time is running out for achieving the goal of a start of negotiations with Israel this year. It is deeply disappointing that, despite the endorsement given to the

/11 February

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11 February agreement by the recent summit meeting of the Arab League in Casablanca, it has still not proved possible to agree terms for a meeting between a United States delegation and a joint Jordanian/Palestinian delegation as the first step towards negotiations for a comprehensive peace. Despite the difficulties which have arisen, I continue to believe that the gradualist approach adopted by King Hussein is the most realistic way of making progress. I intend to remain in close contact with President Reagan on this and other questions in the period leading up to his meeting with Mr Gorbachev in November, and look forward to discussing during my visits to Egypt and Jordan next month ways in which we can help bring the parties closer together. Your Majesty's further views on what should be done would be most welcome.

In conveying my warmest respects and regards to Your Majesty on the occasion of Id al-Adha, may I again remind you of my hope that we may be able to meet again before long, so that we may take further our discussions on the many questions which concern both our Governments at this critical time.