

PM's Visit to Kuwait, Bahrain
~~and Pakistan~~ : Policy

MIDDLE
EAST

April 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
1-6-81							
17-6-81							
28-8-81							
5-10-81							
26-10-81							
9-11-81							
PREM 19/535							
CLOSED							



10 DOWNING STREET

From the Private Secretary

9 November 1981

I am replying on the Prime Minister's behalf to your letter to her of 5 November.

The messages which you enclosed, from the Crown Prince and Prime Minister and from the Minister of Health, have been placed before the Prime Minister.

M. O'D. B. ALEXANDER

His Excellency Mr. Ghazi M. A. Al-Rayes.

EMBASSY
OF
THE STATE OF KUWAIT
46 QUEEN'S GATE
LONDON S.W.7



سفارة دولة الكويت
لندن

Ref: KKA 183 /81.
5th November, 1981.

(4)

Prime Minister

Prime Minister,

2 letters

1/19

Amal 6/11

I have the honour to enclose a letter from
His Highness the Crown Prince and Prime Minister, Sheikh Saad
Al-Abdullah Al-Sabah, and another one from His Excellency Dr.
Abdul Rahman Al-Awadi, Kuwait Minister of Health, which I have
been requested to forward on to you.

With the assurance of my highest consideration,
I have the honour to be,

mk

G. al-Rayes

Ghazi Al-Rayes,
Ambassador.

The Right Honourable Mrs. Margaret Thatcher,
Her Majesty's Prime Minister,
10 Downing Street,
London, S.W.1.



Middle East.

10 DOWNING STREET

MR ALEXANDER

Kevin Passmore of MED, FCO has rung for the third time to say that he has still not received the records of the Kuwait and Bahrain visits. Can we please let him have them as soon as possible. The Private Office say they have never received them.

C.S.

4 November, 1981

Copies Sent to
Passmore +
R. Lyne 4.11.81
JOPhe

SUBJECT

c. E. Huxley
ops.



Ms. 1011 East
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 1498/81

(2)

Prime Minister

H. G. R. M.

26th October, 1981

M. S.

Dear Prime Minister,

It was a great pleasure to receive your letter of 29th September, and the kind sentiments expressed by you were very much appreciated.

Your visit to Bahrain was an historic and memorable occasion for us, and I am sure that it achieved its goal in bringing our countries yet closer together. I thoroughly enjoyed the opportunity of meeting and exchanging views with you and I hope that new avenues of co-operation have been opened up through the discussions held here during your stay.

I extend to you my very best wishes for inspiration and success in all your endeavours to achieve peace and prosperity in the World.

Yours sincerely,

Emu Bin S. S.

Isa bin Sulman Al-Khalifa
Amir of the State of Bahrain

The Rt. Hon. Margaret Thatcher, P.C., M.P.,
The Prime Minister,
10 Downing Street,
London, SW1.

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



STATE OF KUWAIT
MINISTRY OF PUBLIC HEALTH

MINISTER'S OFFICE

Ref R 23/1 - 9519

Date 25 /10/1981

Rt. Hon. Margaret Thatcher, M.P.
Prime Minister
10 Downing Street
UNITED KINGDOM

Dear Prime Minister,

I was immensely touched to receive your kind letter of 29th September, 1981, and I assure, your honour, that I felt I was carrying out a pleasant duty towards a highly respected guest.

I sincerely hope that the existing close relations between our two countries will continue to be maintained and we would be able to join efforts in bringing about peace and happiness to all mankind.

Yours sincerely

Dr. Abdul Rahman Al-Awadi
Minister of Public Health

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.148^c/81

سعادة السيدة مارغريت ثاتشر
رئيسة وزراء المملكة المتحدة

صاحبة السعادة :

أود أن أعرب عن عميق التقدير للمشاعر الطيبة
التي تضمنتها رسالتكم المؤرخة في ٢٩ سبتمبر ١٩٨١ بشأن زيارتكم
لدولة الكويت في الشهر الماضي.

لقد كان من دواعي السرور الكبير الترحيب بكم
والاجتماع معكم في الكويت. ان زيارتكم التي اسفنا لقصر مدتها، قد
أتاحت رغم ذلك فرصة طيبة لعقد محادثات بناءة معكم حول العلاقات
الثنائية ولتبادل وجهات النظر حول المسائل الاخرى ذات الاهتمام
المشترك. وانني على ثقة من ان هذه الزيارة العثمرة كانت اسهاما
كبيرا نحو تحقيق هدفنا المشترك في تعزيز العلاقات الوثيقة
القائمة على الصداقة والتعاون بين بلدينا.

مع اطيب تحياتي واسمى تقديرى،


سعد العبدالله السالم الصباح


الكويت في ٢٣ ذى الحجة ١٤٠١

الموافق ٢١ أكتوبر ١٩٨١

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.148 c/81

OFFICE OF
THE CROWN PRINCE AND PRIME MINISTER
STATE OF KUWAIT

21 October 1981.

Your Excellency,

I would like to convey my deep appreciation of the kind sentiments expressed in your message dated 29 September 1981 regarding your visit to the State of Kuwait last month.

It was a great pleasure to welcome and meet with you in Kuwait. Your visit, though regrettably so brief, did afford a good opportunity to hold constructive discussions with you on bilateral relations and to exchange views on other matters of mutual concern. I am sure that the fruitful visit has been a major contribution towards our common objective of further consolidating the close relations of friendship and cooperation between our two countries.

With my warmest regards and highest consideration.

Yours Sincerely,

Saad AlAbdullah AlSalim AlSabah



H.E. The Rt. Hon. Margaret Thatcher MP
Prime Minister of the United Kingdom.

Middle East

F I L E R H



10 DOWNING STREET

From the Private Secretary

5 October, 1981

I wanted to write and thank you most sincerely for everything you did to help us during our all too short visit to Kuwait. We all thoroughly enjoyed it and wished we could have stayed longer. You did so much to help our delegation and to see that everything ran smoothly.

With all best wishes and grateful thanks.

CS

Miss Khadija Bastaki

PRIORITY

FOMEL 068/01

PP UKDEL MELBOURNE

GRS 320

UNCLASSIFIED

FM FCO 011640Z OCT 81

TO PRIORITY UKDEL MELBOURNE

TELEGRAM NUMBER 123 OF 1 OCTOBER

Set dist
Ref para 6: action
taken by UK Del
Melbourne
RJE
2/10

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF DEPT
WAS RECEIVED FROM BAHRAIN/KUWAIT TELEGRAM NUMBER 10 OF 1 OCTOBER

FOR I COOLING ESQ

FCO FOR K PASSMORE ESQ, MED.

LOCAL PRESS REPORTING OF PRIME MINISTER'S VISIT.

1. THE PRIME MINISTER'S VISIT WAS FRONT PAGE LEAD IN BOTH THE ARABIC DAILY AKHBAR AL KHALEEJ AND THE ENGLISH LANGUAGE GULF DAILY NEWS. BOTH PAPERS ALSO HAD INSIDE PAGE COVERAGE AND AKHBAR AL KHALEEJ RAN A LEADER ON THE VISIT AND ON MITTERAND'S VISIT TO SAUDI ARABIA.
2. AKHBAR AL KHALEEJ PREDICTABLY EMPHASISED CALLS BY THE AMIR AND THE BAHRAINI PRIME MINISTER FOR BRITISH SUPPORT FOR A JUST SOLUTION TO ARAB/ISRAEL. REPORTING OF MRS THATCHER'S PRESS CONFERENCE INCLUDED: BRITISH SUPPORT FOR FAHD'S EIGHT PRINCIPLES, THE UK'S SPECIAL RELATIONSHIP WITH BAHRAIN AND HISTORIC TIES WITH THE GULF, TRADE AND THE AVAILABILITY OF ADVANCED BRITISH TECHNOLOGICAL EXPERTISE, BRITISH SUPPORT FOR THE GULF COOPERATION COUNCIL AND READINESS TO SUPPLY DEFENCE EQUIPMENT IF REQUESTD, DENIAL THAT AMERICAN NUCLEAR ARMS WERE BASED IN DIEGO GARCIA, BRITISH HOPRES THAT THE AWACS DEAL WOULD BE COMPLETED AND READINESS TO CONSIDER SUPPLYING NIMROD IF IT WAS NOT, THE NEED TO RECOGNISE AMERICAN SUPORT FOR AND INFLUENCE OVER ISRAEL AS A FACT OF LIFE.

3. INSIDE PAGE COVERAGE INCLUDED PHOTOGRAPHS AND DETAILS OF THE PRIME MINISTER'S PROGRAMME AND A STATEMENT BY SHAIKH HAMAD THAT HIS DISCUSSIONS WITH THE PRIME MINISTER HAD INCLUDED THE POSSIBILITY OF UK/BAHRAIN CO-OPERATION IN THE MANUFACTURE OF DEFENCE EQUIPMENT.

4. THE LEADER DESCRIBED THE PRIME MINISTER AND PRESIDENT MITTERAND AS RESPONSIBLE, WITH CHANCELLOR SCHMIDT, FOR THE MIDDLE EAST POLICY IN THE TEN. PRINCE FAHD'S PROPOSALS SHOWED THAT ARABS WERE NO LONGER DISUNITED ON ARAB/ISRAEL AND BOTH HAD HEARD THE SAME MESSAGE FROM ARAB LEADERS DURING THEIR VISIT TO THE GULF. EUROPEAN SUPPORT FOR FAHD'S PROPOSALS SHOULD NOW BE TRANSLATED INTO ACTION.

5. THE GULF DAILY NEWS CONCENTRATED ON THE PRIME MINISTER'S PRESS CONFERENCE WITH PARTICULAR ATTENTION TO: HOPES FOR IMPROVED TRADE, GENERAL SUPPORT FOR FAHD'S PLAN, AWACS. INSIDE PAGE COVERAGE WAS DEVOTED TO PHOTOGRAPHS OF THE VISIT TO THE SALMANIYA HOSPITAL AND OF HER MEETINGS WITH BAHRAINI LEADERS.

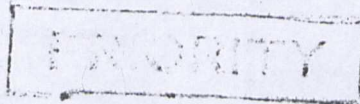
6. FOR KUWAIT. PLEASE PASS TO MR INGHAM AND MR KYDD.

CARRINGTON

NNNNN

012256

PP UKDEL MELBOURNE



GRS 350

UNCLASSIFIED

FM FCO 011640Z OCT 81

TO PRIORITY UKDEL MELBOURNE

TELEGRAM NUMBER 122 OF 1 OCTOBER

Set dist
RAB 2/10

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF DEPT WAS
RECEIVED FROM DAMASCUS TELEGRAM NO 308 OF 30 SEPTEMBER

PRIME MINISTERS PRESS CONFERENCE IN KUWAIT.

1. IN RESPONSE TO HIS REQUEST, I GAVE HEAD OF WESTERN EUROPEAN
DEPT OF MFA ON 28 SEPTEMBER THE TEXT OF THE EXTRACTS FROM THE
PRIME MINISTER'S PRESS CONFERENCE IN KUWAIT TELEGRAM NO. 398.
2. THERE HAS BEEN ADVERSE COMMENT IN THE PRESS HERE. THEY HAVE
FIXED IN THE REFERENCE TO DRIVING ISREAL INTO THE SEA AS BEING
"THE LANGUAGE OF ISRAELI LEUDERS" AND PRESENT THE REFERENCE TO
PLO LINKS WITH TERRORISM AS A CHALLENGE TO THE WHOLE ARAB WORLD.
THEY PORTRAY THE WHOLE TONE OF THE PRIME MINISTER'S REMARKS AS
SHOWING THAT THERE IS NOTHING FOR THE ARABS TO HOPE FOR FROM
EUROPE WHICH IS NOW CLEARLY SUBSERVIENT TO US POLICY. THEY
REPORT THAT THESE STATEMENTS AND PRESIDENT MITTECAND'S DECLARA-
TION IN SAUDI ARABIA CRYSTALLIZED THE ARAB DISAPPOINTMENT, AND THAT
THE PROPOSED MINISTERIAL MEETING OF THE EURO ARAB DIALOGUE WILL
NOT THEREFORE TAKE PPAGE IN NOVEMBERM

3. IN A PROMINENTLY REPORTED INTERVIEW WITH THE PRESS THE OFFICIAL SPOKESMAN OF THE PLO, ABU MAIZAR, SAID HERE ON 29 SEPTEMBER THAT THE PRIME MINISTER'S COMMENTS SHOWED THAT BRITAIN'S POLICY HAD NOT CHANGED SINCE IT CREATED THE ZIONIST PROJECT IN PALESTINE. HER REFERENCE TO THE PLO AS HAVING LINKS WITH TERRORISM DELIBERATELY IGNORED THE FACTS GUIDING THE PLO'S STRUGGLE. SHE HAD USED THE LANGUAGE OF BEGIN AND HIS MASTERS AS A PROVOCATION TO THE ARABS, THE MUSLIMS, THE NON ALIGNED MOVEMENT AND BRITISH AND WORLD PUBLIC OPINION. IF IT CONTINUED THIS HYPOCRITICAL BLACKMAILING POLICY, BRITAIN WOULD THREATEN SECURITY AND PEACE IN THE MIDDLE EAST. THE PLO WAS STRUGGLING BY ALL LEGITIMATE MEANS, INCLUDING THE USE OF ARMS.

4. ABU MAIZAR DESCRIBED PRESIDENT MITTERRAND'S PRESS CONFERENCE OF 24 SEPTEMBER AS "'NOT CONSTRUCTIVE"' ON THE MIDDLE EAST, BUT USED MUCH STRONGER LANGUAGE IN HIS CONDEMNATION OF THE PRIME MINISTER'S REMARKS.

CARRINGTON

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07 2815

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RESTRICTED

PRIORITY

RESTRICTED

FM FCO 011640Z OCT 81

TO PRIORITY UKDEL MELBOURNE

TELEGRAM NUMBER 130 OF 1 OCTOBER

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF DEPARTMENT
WAS RECEIVED FROM KUWAIT TELEGRAM NUM R 402 OF 29 SEPTEMBER

Set dit

MY TELNO MISC 50 TO CANBERRA (NOT REPEATED TO ALL):

RAT

REACTIONS IN KUWAIT TO THE PRIME MINISTER'S VISIT.

2/10

1. ABDUL AZIZ HUSSAIN, THE MINISTER OF STATE FOR CABINET AFFAIRS, ISSUED A STATEMENT YESTERDAY ABOUT THE VISIT. FULL TEXT BY BAG. IT TOOK ACCOUNT OF THE COMMENTS WE MADE ON THE DRAFT LATE ON SUNDAY NIGHT. ANSWERING QUESTIONS AFTERWARDS, HUSSAIN SAID THAT ALL THE BIG POWERS WERE AGREED ABOUT THE CONTINUING EXISTENCE OF THE STATE OF ISRAEL. BUT THERE WERE DIFFERENCES ABOUT THE FORM THIS SHOULD TAKE. ON THE OTHER HAND THERE WAS UNANIMITY IN FAVOUR OF SETTING UP A PALESTINIAN STATE, THOUGH NO AGREEMENT WHERE THIS STATE SHOULD BE. THE ARAB COUNTRIES AND THEIR FRIENDS AMONG THE NON-ALIGNED, WANTED TO SEE SUCH A STATE ON THE LAND OF PALESTINE. THE SAUDI EIGHT-POINT PROPOSAL WAS A FIRST ATTEMPT TO MAP OUT AN ARAB COURSE. BUT THE ARABS MUST SHELVE THEIR DIFFERENCES AND WORK FOR AN ARAB CONSENSUS. OTHERWISE THEY WOULD MERELY CONTINUE TO GO ROUND IN VICIOUS CIRCLES.

2. THE LOCAL PRESS TODAY ALSO CARRIES REPORTS ON AN INTERVIEW WITH BATTASH, THE DIRECTOR OF THE LOCAL PLO OFFICE. IT ROUNDLY CONDEMNS MRS THATCHER'S REMARKS, ON PREDICTABLE LINES, HE GOES ON TO SAY THAT THE PLO DOES NOT (NOT) NEED EITHER AMERICAN OR BRITISH RECOGNITION, AND THAT THE SOLE RESPONSE THE PALESTINIANS CAN MAKE IS THAT OF THE PALESTINIAN REVOLUTIONARIES WHO BELIEVE THAT THE ONLY WAY TO REGAIN THEIR LAND IS BY ARMED STRUGGLE.

COMMENT: BATTASH'S REMARKS WERE PROBABLY OFF-THE-CUFF AND NOT CLEARED BEFOREHAND WITH PLO HEADQUARTERS.

3. SEE MY IFT (NOT TO ALL).

CARRINGTON

RESTRICTED

PRIORITY

FM 0011640Z OCT 81

Set dist

TO PRIORITY UKDEL MELBOURNE

RAB
2/10

TELEGRAM NUMBER 126 OF 1 OCTOBER

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF DEPARTMENT
WAS RECEIVED FROM JERUSALEM TELNO 64 OF 29 SEPTEMBER.

MIPT (NOT TO ALL): HMG'S RELATIONS WITH PLO

1. THE REMARKS MADE BY THE PRIME MINISTER ABOUT THE PLO AT HER PRESS CONFERENCE IN KUWAIT ON 27 SEPTEMBER, AS REPORTED HERE, HAVE PROMPTED STRONG CRITICISM FROM RADICAL OPINION IN THE TERRITORIES.
2. THE TWO PRO-PLO ARABIC DAILY NEWSPAPERS, AL FAJR AND AS-SHA'AB, BOTH GIVE THE STORY THEIR FRONT PAGE LEAD TODAY, THE FORMER UNDER THE BANNER HEADLINE QUOTE THATCHER'S STATEMENT MET WITH ANGER IN THE OCCUPIED TERRITORIES UNQUOTE. BOTH PAPERS QUOTE MOST LEADING WEST BANK MAYORS AS REACTING CRITICALLY. THERE ARE NUMEROUS REFERENCES TO BRITAIN'S PRE-1948 ROLE IN PALESTINE (OF WHICH MEMORIES ARE NEVER FAR BELOW THE SURFACE HERE) AND TO HMG'S POLICIES IN NORTHERN IRELAND, IN WHICH MANY ARABS HERE PURPORT TO SEE PARALLELS WITH THE BRITISH ATTITUDE TOWARDS THE PLO (COMMENT ON LATTER POINT FOLLOWS BY BAG).
3. THE LEADING ARABIC DAILY AL QUDS (PRO-JORDANIAN) HAS SO FAR OMITTED ANY MENTION OF THE STORY.
4. BY CONTRAST, M. MITTERAND'S MEETING WITH MR PERES IN PARIS DURING THE RECENT MEETING THERE OF THE SOCIALIST INTERNATIONAL HAS CAUSED SCARCELY A RIPPLE OF CRITICISM HERE, ALTHOUGH ACCORDING TO LOCAL ARABIC PRESS REPORTS TODAY PERES WAS THE ONLY FOREIGN LEADER TO BE RECEIVED PRIVATELY BY THE PRESIDENT. THIS IS TYPICAL OF THE MUTED LOCAL REACTION SO FAR TO THE EVIDENT CHANGE IN DIRECTION IN THE MIDDLE EAST POLICY OF THE NEW FRENCH GOVERNMENT. RELATIVE EXPECTATIONS HERE OF OUR TWO COUNTRIES ARE STRONGLY INFLUENCED BY WHAT IS SEEN AS THE UK'S QUOTE HISTORIC RESPONSIBILITY UNQUOTE (SIC) FOR THE PALESTINIAN PROBLEM.

CARRINGTON

FOMELO32/01

PP UKDEL MELBOURNE

PRIORITY

GR355

UNCLASSIFIED

FM FCO 011540Z OCT 81

TO PRIORITY UKDEL MELBOURNE

TELEGRAM NUMBER 116 OF 1 OCT

17452/01
Set Dist
JMM 2/10
PS/308
for action

FOR PS/S OF S

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF PRIVATE OFFICE
WAS RECEIVED FROM DAMASCUS TELEGRAM NUMBER 308 OF 30 SEPTEMBER.

PRIME MINISTERS PRESS CONFERENCE IN KUWAIT.

1. IN RESPONSE TO HIS REQUEST, I GAVE HEAD OF WESTERN EUROPEAN
DEPT OF MFA ON 28 SEPTEMBER THE TEXT OF THE EXTRACTS FROM THE
PRIME MINISTERS'S PRESS CONFERENCE IN KUWAIT TELEGRAM NO.398.

2. THERE HAS BEEN ADVERSE COMMENT IN THE PRESS HERE. THEY HAVE
FIXED IN THE REFERENCE TO DRIVING ISRAEL INTO THE SEA AS BEING
QUOTE THE LANGUAGE OF ISRAELI LEADERS UNQUOTE AND PRESENT THE
REFERENCE TO PLO LINKS WITH TERRORISM AS A CHALLENGE TO THW HOLE ARAB
WORLD. THEY PORTRAY THE WHOLE TONE OF THE PRIME MINISTERS REMARKS
AS SHOWING THAT THERE IS NOTHING FOR THE ARABS TO HOPE FOR FROM
EUROPE WHICH IS NOW CLEARLY SUBSERVIENT TO US POLICY. THEY REPORT
THAT THESE STATEMENTS AND PRESIDENT MITTERAND'S DECLARATION IN
SAUDI ARABIA CRYSTALLIZED THE ARAB DISAPPOINTMENT, AND THAT THE
PROPOSED MINISTERIAL MEETING OF THE EURO ARAB DIALOGUE WILL NOT
THEREFORE TAKE PLACE IN NOVEMBER.

3. IN A PROMINENTLY REPORTED INTERVIEW WITH THE PRESS THE OFFICIAL SPOKESMAN OF THE PLO, ABU MAIZAR, SAID HERE ON 29 SEPTEMBER THAT THE PRIME MINISTER'S COMMENTS SHOWED THAT BRITAIN'S POLICY HAD NOT CHANGED SINCE IT CREATED THE ZIONIST PROJECT IN PALESTINE. HER REFERENCE TO THE PLO AS HAVING LINKS WITH TERRORISM DELIBERATELY IGNORED THE FACTS GUIDING THE PLO'S STRUGGLE. SHE HAD USED THE LANGUAGE OF BEGIN AND HIS MASTERS AS A PROVOCATION TO THE ARABS, THE MUSLIMS, THE NON ALIGNED MOVEMENT AND BRITISH AND WORLD PUBLIC OPINION. IF IT CONTINUED THIS HYPOCRITICAL BLACKMAILING POLICY, BRITAIN WOULD THREATEN SECURITY AND PEACE IN THE MIDDLE EAST. THE PLO WAS STRUGGLING BY ALL LEGITIMATE MEANS, INCLUDING THE USE OF ARMS.

4. ABU MAIZAR DESCRIBED PRESIDENT MITTERRAND'S PRESS CONFERENCE OF 24 SEPTEMBER AS QUOTE NOT CONSTRUCTIVE UNQUOTE ON THE MIDDLE EAST, BUT USED MUCH STRONGER LANGUAGE IN HIS CONDEMNATION OF THE PRIME MINISTER'S REMARKS.

CARRINGTON

NNNN

SUBJECT
GRS 1037
DEHOC
CONFIDENTIAL
PERSONAL

CONFIDENTIAL

Ps/No 10 D.S.

DESKBY 301600Z

FM UKDEL MELBOURNE 301500Z SEP 81

TO IMMEDIATE WASHINGTON

TELEGRAM NUMBER 1 OF 1 OCTOBER 1981

INFO IMMEDIATE F C O

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T.133/81**

MIDDLE EAST

PLEASE PASS FOLLOWING MESSAGE FROM PRIME MINISTER TO PRESIDENT
REAGAN.

BEGINS

QUOTE DEAR RON,

OVER THE PAST FORTNIGHT I HAVE HAD LONG TALKS, FIRST, WITH CROWN
PRINCE FAHD OF SAUDI ARABIA, WHO CALLED ON ME IN LONDON, AND
THEN, DURING VISITS TO BAHRAIN AND KUWAIT, WITH THE RULERS, PRIME
MINISTERS AND OTHER SENIOR FIGURES OF BOTH COUNTRIES. PETER
CARRINGTON HAS, OF COURSE, ALREADY GIVEN AL HAIG AN ACCOUNT OF OUR
TALKS WITH FAHD. BUT I WANTED IN ADDITION TO LET YOU HAVE MY
PERSONAL IMPRESSIONS OF THESE EXCHANGES, ESPECIALLY SINCE THE RULER
OF BAHRAIN IMplored ME TO DRAW YOUR ATTENTION TO THE EXTREME
IMPORTANCE OF A SUCCESSFUL OUTCOME TO THE AWACS PROBLEM.

I HAVE BEEN PROFOUNDLY IMPRESSED AND, I MUST ADMIT, DISTURBED
BY THE CURRENT MOOD OF THESE ARAB LEADERS - MEN, AS YOU KNOW, OF
CONSERVATIVE INSTINCTS, GOOD SENSE AND REAL MODERATION (AND I
INCLUDE IN THAT DEFINITION THE AMIR OF KUWAIT IN SPITE OF THE
SOMEWHAT OSTENTATIOUS NON-ALIGNMENT THAT HE FEELS IT POLITICALLY
NECESSARY TO FLAUNT). TWO POINTS PARTICULARLY STRUCK ME.

FIRST, THE DOMINANT STAND IN ALL THEY SAID TO ME WAS OF GRAVE DISAPPOINTMENT
WITH AND REPEAT AND THE ALIENATION FROM THE UNITED STATES. I FOUND
THIS MOST UPSETTING BUT FELT THAT I MUST LET YOU KNOW. I HAVE THE
FEELING THAT THESE MODERATE ARABS HESITATE TO EXPRESS THE STRENGTH
OF THEIR FEELINGS DIRECTLY TO YOU AND YOUR GOVERNMENT. YOU MAY,
THEREFORE, NOT HAVE THE WHOLE PICTURE.

THOSE TO WHOM I TALKED ARGUE THAT YOUR GOVERNMENT IS SO WHOLLY
COMMITTED TO ISRAEL THAT IT IGNORES THE RIGHTFUL CLAIMS OF THE
PALESTINIANS. IT THEREBY CREATES ACUTELY DIFFICULT PROBLEMS FOR
THE MODERATE ARAB LEADERS. THERE ARE LARGE NUMBERS OF PALESTINIANS
IN THEIR COUNTRIES. THE LONGER THE PALESTINIANS HAVE AN UNASSUAGED
GRIEVANCE AND NOWHERE TO GO, THE MORE TROUBLE THEY ARE GOING TO
CAUSE. THIS IS A CONSIDERATION WHICH WEIGHS PARTICULARLY HEAVILY
WITH THE YOUNGER ARAB LEADERS.

I NATURALLY EMPHASISED IN ALL MY DISCUSSIONS THE VERY
CONSIDERABLE EFFORTS YOU ARE MAKING TO GET AN ARAB-ISRAEL SETTLE-
MENT. NEVERTHELESS, THE FEELING STILL IS THAT THE UNITED STATES
IS UNREADY TO DISPLAY THE NECESSARY FAIRNESS IN ITS APPROACH.

CONFIDENTIAL

/SECONDLY,

CONFIDENTIAL

SECONDLY, I HESITATE TO UNDERLINE TO YOU THE CRUCIAL AND INDEED SYMBOLIC IMPORTANCE THAT A SUCCESSFUL CONCLUSION OF THE AWAC'S AFFAIR HAS ACQUIRED THROUGHOUT THE GULF AND MORE WIDELY. YOU HAVE SHOWN BY THE DETERMINED WAY YOU ARE HANDLING IT HOW WELL YOU UNDERSTAND THIS. BUT I FELT THAT IT WOULD STRENGTHEN YOUR OWN HAND IF I RELAYED TO YOU THE APPEAL I MENTIONED EARLIER BY THE BAHRAINIS, WHICH WAS IN EFFECT ENDORSED BY ALL THE OTHERS I SPOKE WITH. AS YOU MAY HAVE HEARD, I WAS INSISTENT BOTH IN MY PRIVATE TALKS WITH THE ARAB LEADERS AND IN PUBLIC AT MY PRESS CONFERENCES THAT WE WERE WHOLEHEARTEDLY IN FAVOUR OF THE AWAC'S DEAL GOING THROUGH AND BELIEVED IT WOULD. BUT THE ARABS ARE SCEPTICAL AND SUSPICIOUS AND THEIR PRIDE IS HURT. I FEAR THAT IF YOUR EFFORTS FAIL, REAL DAMAGE MAY RESULT FOR THE UNITED STATES' RELATIONS WITH THEM.

I AM AFRAID THIS IS RATHER A DISCOURAGING LETTER AND I WAS RELUCTANT TO WRITE. BUT I FELT I HAD TO PASS ON VIEWS WHICH SO IMPRESSED ME. AND I CAN AT LEAST END ON A SLIGHTLY MORE HEARTENING NOTE. IN ONE RESPECT I WAS REALLY ENCOURAGED BY MY VISIT. THIS IS OVER THE WAY THE GULF CO-OPERATION COUNCIL LOOKS LIKE DEVELOPING I FOUND A MUCH GREATER HEAD OF STEAM BEHIND IT THAN I HAD EXPECTED AND A REAL DESIRE TO GIVE IT A SECURITY AS WELL AS AN ECONOMIC AND POLITICAL CONTENT. THIS MUST BE A HELPFUL TREND AND ONE WE SHOULD DISCREETLY ENCOURAGE. OF COURSE, THERE HAVE BEEN MANY FALSE DAWNS BEFORE IN THE PROGRESS OF ARAB UNITY. BUT I THINK THAT IN THE GCC WE MAY BE WITNESSING THE BEGINNING OF A PROCESS - LIKE THAT OF ASEAN FURTHER TO THE EAST - WHICH COULD STRENGTHEN THE COHESION OF MODERATE FORCES IN THE AREA AND, IF ONLY A SETTLEMENT OF THE ARAB/ISRAEL DISPUTE CAN REASONABLY SOON BE FOUND, PROVE OF REAL LONG-TERM VALUE TO WESTERN AND FREE WORLD INTERESTS GENERALLY.

YOURS EVER,
MARGARET

UNQUOTE ENDS

FCO PASS WASHINGTON

CARRINGTON

[PASSED AS REQUESTED]

LIMITED

HD/NENAD

HD/MED

PS

PS/LPS

PS/MR HURD

PS/PUS

SIR J GRAHAM

MR MOBERLY

COPIES TO

PS/NO 10 DOWNING STREET ✓

UKDEL MELBOURNE OMITTED FROM ADDRESS

PRIORITY
RESTRICTED

RESTRICTED
FROM KUWAIT 290940Z SEPT 81
TO PRIORITY FCO
TELNO 403 OF 29/9/81,
INFO PRIORITY TEHRAN.

MY IPT (NOT TO TEHRAN): REACTIONS IN KUWAIT TO THE PRIME MINISTER'S VISIT.

MY IRANIAN COLLEAGUE CALLED A PRESS CONFERENCE YESTERDAY AT WHICH HE TOOK EXCEPTION TO THE PRIME MINISTER'S REMARKS IN HER PRESS CONFERENCE ABOUT IRAN. (THESE WERE NOT INCLUDED IN MY TELNO 398: THE PRIME MINISTER, REPLYING TO A QUESTION ABOUT THE IRAQ/IRAN WAR, MENTIONED THAT THE INTERNAL SITUATION IN IRAN MADE IT VERY DIFFICULT TO FIND A WAY OF ENDING THE IRAN/IRAQ CONFLICT: "IT WAS NOT VERY EASY TO KNOW WHO PRECISELY WAS IN COMMAND IN IRAN OR WHOM TO DEAL WITH". ARDEKANI SAID THAT MRS THATCHER'S REMARKS WERE "AN EYE-OPENER": THE FACT WAS THAT IRAN HAD A LEGITIMATE REVOLUTIONARY GOVERNMENT ELECTED BY ITS PEOPLE WHICH DID NOT CARE FOR EITHER OF THE SUPER POWERS OR THEIR ALLIES LIKE BRITAIN. HE DEMANDED AN APOLOGY FROM THE BRITISH GOVERNMENT FOR THE PRIME MINISTER'S REMARKS.

FCO PLEASE PASS PRIORITY TO UKDEL MELBOURNE.

CAMBRIDGE

SUBJECT



File 31
cc FW

cc Master
Ops

10 DOWNING STREET

THE PRIME MINISTER

29 September 1981

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 132AA/81

Y
Your Highness.

I write to say how deeply I appreciated the courtesy and kindness which you showed to me during my all too brief stay in Bahrain. As I am sure you realise, I very greatly enjoyed our discussions together both during our formal meeting and during the splendid meal which you were generous enough to give for me.

It is a source of enormous pleasure to me that relations between our two countries should be so close and so warm. I hope that my visit will have served to strengthen still further that long-established friendship.

Yours sincerely
Rajant Thakur

His Highness Shaikh Isa bin Sulman Al-Khalifa, GCMG.

SUBJECT

JS



File

character
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10 DOWNING STREET

THE PRIME MINISTER

29 September 1981

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T132AB/81

Your Highness

I should like to thank you very warmly for all the kindness and hospitality you showed to me when I was in your country earlier this week. You made me and all my party feel very welcome, not least by the close attention which you personally extended to us. I especially enjoyed the lunch you gave for me on Sunday: it was a very pleasant occasion.

Above all, I valued the exchange of views which we were able to have when you received me at the Sief Palace. I am grateful to you for explaining so clearly your approach to the great problems of the Middle East and East/West relations. I found our meeting very helpful, and I was particularly encouraged by the success of Kuwait's initiative over the creation of the Gulf Co-operation Council.

I am only sorry that my visit was so short. I should have liked to stay longer to see more of the very impressive achievements of your country. Kuwait has indeed made great progress since my last visit eight years ago. I hope that it will not be long before we meet again.

Yours sincerely

Margaret Thatcher

His Highness Shaikh Jaber Al Ahmed Al Sabah

812



file

10 DOWNING STREET

THE PRIME MINISTER

29 September 1981

My dear Prime Minister,

I should like to express my very warm gratitude to you for all your kindness to me when I was in Kuwait earlier this week. You made me feel very welcome indeed and it was a great pleasure to be with you.

I must particularly thank you for the wonderful Banquet you gave me on Sunday evening. I thought that the setting of the Dasman Palace was beautiful and the entertainment you provided most enjoyable.

I was, too, delighted with your gifts. They will be a constant reminder of your generosity and hospitality.

Perhaps most of all I valued the discussion I had with you and your colleagues when we met in your office at the Sief Palace. To exchange views in this way on the great issues facing the world today is, I find, most helpful, and I am grateful to you for explaining Kuwait's approach to these matters so clearly.

My only regret is that my visit was so brief, and I hope that we shall be able to meet again before long.

Yours sincerely
Nasrallah Mubarak

His Highness Shaikh Sa'ad Al Abdallah Al Sabah

51



file

10 DOWNING STREET

THE PRIME MINISTER

29 September 1981

My dear Ambassador,

I am most grateful to you and all your staff for doing so much to make my visit to Kuwait go so well.

I found my talks with the Amir, the Prime Minister, and other Kuwaiti Ministers very useful; and I hope that they on their side got something of value out of them, too. At least I am sure that we made our position on Arab/Israel and East/West relations absolutely clear to them.

I hope, too, that even though my visit was so short, it will have done something to strengthen Anglo/Kuwaiti relations and to make the invaluable work you are doing day in and day out a little easier. I should be particularly glad if you would pass on to your staff in the Embassy my thanks for all they did to provide support for my party. I know how much additional work even a short visit of this kind involves, and they responded splendidly.

Yours sincerely

Margaret Thatcher

His Excellency Mr. John Cambridge, CMG, CVO.



file

JS

10 DOWNING STREET

THE PRIME MINISTER

29 September 1981

Yours Excellency,

I am very grateful to you for looking after me so well when I was in Kuwait.

Your courtesy and helpfulness made a most valuable visit all the more enjoyable; and your kindness was typical of the generous hospitality which everyone showed me and my party.

I will be in touch with Mr Vaughan about the matters we discussed.

Yours sincerely
Raymond Thatcher

His Excellency Dr. Abdurrahman Al Awadhi

81c



file

10 DOWNING STREET

THE PRIME MINISTER

29 September 1981

Dear Mr. Shirawi,

As I am sure you realise, I greatly enjoyed my visit to Bahrain. That enjoyment was due in no small measure to the courtesy and helpfulness which you unfailingly showed towards me. I am most grateful.

I particularly enjoyed our talks on philosophy and prospects for the future

Yours sincerely

Ronald Reagan

Mr. Yusuf Ahmad Shirawi

8K



10 DOWNING STREET

THE PRIME MINISTER

29 September 1981

My dear Prime Minister,

I had, for a long time, greatly looked forward to visiting Bahrain as your guest. I knew how close was the understanding between our two countries. In the event, the warmth and friendliness of your reception far exceeded my expectations. I greatly enjoyed every moment of my stay. I only wish it could have been longer. I am deeply grateful to you personally and to all those of your colleagues who were associated with the visit.

Our discussions together gave me a new insight into the problems with which you are dealing. This will be of great value to me in the months ahead. I am confident that it will be possible to extend still further our already wide-ranging cooperation in the region.

Thank you, finally, for your most generous gifts. I shall always treasure them.

Yours sincerely
Rajiv Gandhi

His Excellency Shaikh Khalifa bin Sulman Al-Khalifa

81C



10 DOWNING STREET

THE PRIME MINISTER

29 September 1981

Dear Mr. Copson,

I know that official visits - particularly those of Prime Ministers - require a great deal of time-consuming organisation. In the case of your mission, the difficulties must have been greatly increased by Mr. Crawford's tragic death. I am therefore particularly grateful to you and your colleagues for arranging such a successful and smooth-running programme. Your efforts were well worth while and much appreciated.

I should be grateful if you could pass on my thanks to all those involved - and also to your wife for a most enjoyable meal on the evening of our arrival.

Yours sincerely
Margaret Thatcher

M.J. Copson, Esq.

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BK

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FM KUWAIT 280030Z SEP 81

TO IMMEDIATE FCO DESKBY 280800Z SEP 81

TELNO 399 OF 28 SEP 81

INFO PRIORITY WASHINGTON WELLINGTON M.E. POSTS UKMIS NEW YORK, PARIS, BONN, ROME AND UKREP BRUSSELS.

FOLLOWING FROM PUS.

PRIME MINISTER'S VISIT TO BAHRAIN/KUWAIT.

1. EVEN MAKING ALLOWANCES FOR THE TRADITION OF ARAB HOSPITALITY THE PRIME MINISTER HAS BEEN FORMIDABLY WELL RECEIVED. IN BOTH COUNTRIES SHE HAS HAD FULL HEAD OF STATE TREATMENT WITH LONG CONVERSATIONS WITH AND ENTERTAINMENT BY THE TWO AMIRS AS WELL AS WITH THE PRIME MINISTERS AND OTHER SENIOR MINISTERS. THERE HAVE BEEN CONSTANT AND OBVIOUSLY SINCERE REFERENCES TO THE STRENGTH OF THE CONTINUING RELATIONSHIP WITH BRITAIN. (THIS WAS DESCRIBED IN BAHRAIN AS A "SPECIAL RELATIONSHIP" AND SO IT WAS CERTAINLY MADE TO SEEM).
2. THE TONE OF THE PRIME MINISTER'S TALKS WAS UNIFORMLY URBANE AND FRIENDLY. BUT, ESPECIALLY IN KUWAIT, NO HOLDS WERE BARRED, WHETHER IN THE POLITICAL EXCHANGES EG ON ARAB/ISRAEL, OR IN THE TONE OF COMPLAINTS ABOUT THE INADEQUACY OF PAST PERFORMANCE BY BRITISH BUSINESS AND INDUSTRY. AND THROUGH ALL THE FRIENDLINESS AND COURTESY A SINGLE DOMINANT STRAND RAN VERY CLEARLY: ACUTE CONCERN AT THE CONTINUING FAILURE TO RESOLVE THE ARAB/ISRAEL DISPUTE AND SHARP DISAPPOINTMENT, NOT TO SAY INDIGNATION, AT CURRENT AMERICAN POLICY. THIS WAS EXPRESSED FAR MORE TARTLY IN KUWAIT THAN IN BAHRAIN, BUT THE ANXIETY AND CRITICISM THERE SEEMED ONLY marginally LESS. THERE WERE NUMEROUS REFERENCES TO THE "HUMILIATION" OF THE SAUDIS BY THE AMERICANS OVER AWACS, THE OBSESSION OF THE US ADMINISTRATION WITH STANDING UP TO THE USSR INSTEAD OF MAKING PROGRESS ON PALESTINE, AND, TO CAP IT ALL, AMERICAN PLANS FOR "STRATEGIC COOPERATION" WITH ISRAEL WHICH APPEARED TO HAVE BEEN THE SOLE AND DISASTROUS OUTCOME OF BEGIN'S JOURNEY TO WASHINGTON. THE PRIME MINISTER'S VISIT HAS TO BE VIEWED AGAINST THIS BACKGROUND. IT ATTRACTED SUBSTANTIAL AND FRIENDLY COVERAGE WITH FRONT PAGE HEADLINES AND PHOTOGRAPHS ON TELEVISION AND IN THE PRESS (AT LEAST IN THE ENGLISH LANGUAGE PAPERS): THE KUWAIT TIMES PRINTED A SPECIAL SUPPLEMENT.

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3. IN BOTH CAPITALS THE PRIME MINISTER'S HOSTS EMPHASISED THE NEED FOR BRITISH PRESSURE ON THE US ADMINISTRATION OVER ARAB/ISRAEL: AND BOTH ASKED HER TO STATE BRITISH POLICY ON THE FUTURE OF CAMP DAVID. THE KUWAITIS PRESSED HER ON JERUSALEM AND RECOGNITION OF THE PLO. BOTH EXPRESSED THEIR CONTINUING CONCERN AND THAT OF ALL THE GULF RULERS AT THE EXTENT TO WHICH THEY FACED CRITICISM FOR THEIR CONTINUING FRIENDSHIP WITH THE UNITED STATES WHEN THE LATTER'S POLICY SHOWED THAT THE US WAS NO FRIEND OF THE ARABS.
4. THE PRIME MINISTER RESPONDED IN THE SAME FIRM BUT FRIENDLY TONE AS HER HOSTS. SHE REMINDED THEM OF OUR CONTINUING SUPPORT FOR THE PRINCIPLES OF THE VENICE DECLARATION AND OF WHAT HAD BEEN AND WAS BEING DONE TO FOLLOW IT UP. SHE POINTED OUT REPEATEDLY - AND THEY BOTH ACQUIESCED - THAT IT WAS IDLE TO EXPECT REAL PROGRESS WITHOUT THE AMERICANS: BUT SHE ALSO UNDERTOOK TO URGE THE AMERICANS TO DEVELOP A POLICY FOR THE PERIOD AFTER THE RETURN OF SINAI, DURING THE TWO OPERATIONAL YEARS OF THE REAGAN PRESIDENCY BEFORE THE NEXT ELECTORAL CAMPAIGN BEGAN. SHE EMPHASISED THE NEED FOR A PRACTICAL STEP-BY-STEP APPROACH AND EXPLAINED OUR HOPES FOR THE CONDITIONAL RECOGNITION OF ISRAELI RIGHTS BY THE PLO, ARGUING THAT IT WAS UNACCEPTABLE FOR EITHER SIDE TO DEMAND THE RIGHT TO AN INDEPENDENT EXISTENCE WITHIN SECURE FRONTIERS WHILE REFUSING TO CONCEDE SIMILAR RIGHTS TO THE OTHER SIDE. IN BAHRAIN SHE UNDERTOOK TO DRAW PRESIDENT REAGAN'S ATTENTION TO CONCERN IN THE GULF AT THE DAMAGING CONSEQUENCES OF A FAILURE TO GET THE AWACS DEAL THROUGH CONGRESS (OR OF ATTACHING OFFENSIVE CONDITIONS TO IT). WITH THE AMIR OF KUWAIT, RECENTLY RETURNED FROM EASTERN EUROPE AND REPORTEDLY ADVOCATING THE ESTABLISHMENT OF RELATIONS BETWEEN THE SOVIET UNION AND KUWAIT'S GCC PARTNERS, SHE FIRMLY EXPLAINED OUR REASONS FOR RESISTING THE SOVIET THREAT TO WESTERN LIBERTY AND FOR OPPOSING SOVIET ENCROACHMENT ON THE FREEDOM OF CHOICE OF THIRD WORLD COUNTRIES (SHE CITED AFGHANISTAN). THE AMIR PROVED BOTH MORE RELAXED AND FRIENDLY AND CONSIDERABLY MORE ARTICULATE THAN WE HAD EXPECTED. BUT HIS SUBSTANTIAL EXCHANGE WITH THE PRIME MINISTER ABOUT ARAB/ISRAEL WAS BASICALLY A DIALOGUE OF THE DEAF.
5. ON THE OTHER HAND, THERE WERE ENCOURAGING AND VERY POSITIVE EXCHANGES WITH THE PRIME MINISTER IN BOTH CAPITALS ABOUT THE PROGRESS BEING MADE BY THE GULF COOPERATION COUNCIL (GCC): THE PRIME MINISTER WAS STRUCK, AS WE ALL WERE, BY THE EVIDENT DETERMINATION SHE FOUND TO DEVELOP THE GCC AND TO GIVE IT A SUBSTANTIAL PROGRAMME OF WORK. SHE WAS ALSO STRUCK BY THE READINESS, INCLUDING IN KUWAIT, TO BEGIN TO THINK IN TERMS OF A SECURITY ROLE FOR THE GCC. I THINK THIS IS BEGINNING TO TAKE OFF IN A REAL AND USEFUL WAY.

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6. THROUGHOUT HER DISCUSSIONS IN BOTH COUNTRIES THE PRIME MINISTER SPOKE LOUD AND CLEAR FOR BRITISH TRADE AND PARTICULARLY FOR THE SUPPLY BY BRITAIN OF DEFENCE EQUIPMENT WITH PARTICULAR REFERENCE TO THE TECHNICAL SUPERIORITY OF BRITISH EQUIPMENT (ELECTRONICS AND RADAR ABOVE ALL). SHE SUGGESTED THAT THE GCC SHOULD OBTAIN A BRITISH-SUPPLIED COMMUNICATIONS NETWORK, PUSHED THE RAPIER AND HAWK STRIKE TRAINER; PRESSED THE KUWAITIS TO OBTAIN THEIR COMMUNICATION/CONTROL PROJECT REQUIREMENTS FROM BRITAIN AND OFFERED TO MEET KUWAIT'S FUTURE TANK REQUIREMENTS. IN BAHRAIN SHE WAS ASKED FOR A BRITISH STUDY OF GULF AIR DEFENCE NEEDS (SEE SEPARATE TELEGRAM TO MODUK) AGAINST A BACKGROUND OF LIKELY AMERICAN PRESSURE FOR ACCEPTANCE OF A US SUPPLIED INTEGRATED SCHEME FOLLOWING THE AWACS DEAL.

SHE ALSO PUT IN A PLEA FOR CERTAIN BRITISH BIDS FOR CIVILIAN PROJECTS IN EACH COUNTRY. I THINK THE PRIME MINISTER'S DETERMINED SALESMANSHIP MADE A CONSIDERABLE IMPACT, DESPITE THE RESERVATIONS EXPRESSED ABOUT OUR PAST PERFORMANCE (SEE PARA 1 ABOVE).

ALL IN ALL A VERY WORTHWHILE VISIT AND ONE WHICH MADE A REAL IMPACT BOTH ON GOVERNMENTS AND ON THE PUBLIC. THE PRIME MINISTER HELD PRESS CONFERENCES IN BOTH CAPITALS. IN BAHRAIN THIS WAS A TAME AFFAIR AND SHE HAD LITTLE TO GET HER TEETH INTO. BUT KUWAIT WAS A DIFFERENT MATTER. HERE SHE CAME UNDER DETERMINED AND IN SOME CASES HOSTILE QUESTIONING ABOUT OUR ATTITUDE TO ARAB/ISRAEL. THE FULL TEXT WILL BE AVAILABLE TO YOU. THE ONLY DIFFICULTIES FOR SOME OF OUR POSTS MAY ARISE FROM THE PRIME MINISTER'S FORCEFUL STATEMENT OF HER VIEWS ON CERTAIN ASPECTS OF THE PALESTINIAN QUESTION IN TERMS WHICH WERE CERTAINLY JUSTIFIED BY THE TONE OF THE QUESTIONING BUT ARE LIABLE TO BE DISTORTED IN CRITICAL OR HOSTILE QUARTERS. THE TRANSCRIPT SHOWS CLEARLY THE CONTEXT IN WHICH THESE REPLIES WERE GIVEN. THE PRIME MINISTER BROUGHT OUT VERY PLAINLY OUR SEARCH FOR BALANCE, BASED ON THE VENICE PRINCIPLES, OUR REJECTION OF UNJUSTIFIED VIOLENCE ON EITHER SIDE (SHE EXPRESSED STRONG CONDEMNATION OF THE ISRAELI BOMBING OF THE IRAQI REACTOR AND MORE RECENTLY IN LEBANON) AND OUR ACCEPTANCE OF PALESTINIAN RIGHTS. BUT IN KUWAIT IN PARTICULAR THERE IS LITTLE DISPOSITION TO LOOK AT BOTH SIDES OF THE QUESTION. I DO NOT CONSIDER THAT THE ATTITUDES ON ARAB/ISRAEL EXPRESSED BOTH PUBLICLY AND PRIVATELY TO THE PRIME MINISTER IN KUWAIT DETRACT IN ANY SIGNIFICANT WAY FROM THE EVIDENT WARMTH OF HER RECEPTION, SUCCESS OF THE VISIT AND GENUINE SATISFACTION AT THE FACT THAT A BRITISH PRIME MINISTER IN OFFICE WAS VISITING THESE TWO COUNTRIES FOR THE FIRST TIME.

CAMBRIDGE.

[REPETITION TO SANA'A
REFERRED FOR DEPARTMENTAL DECISION
REPEATED AS REQUESTED TO OTHER POSTS]

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TO IMMEDIATE FCO TELNO 398 OF 7/9/81
AND TO IMMEDIATE CENTROFORM LONDON,
AND TO IMMEDIATE JEDDA, ABU DHABI, DUBAI, BAHRAIN, DOHA, MUSCAT,
BAGHDAD, DAMASCUS, BEIRUT, AMMAN, TEL AVIV, CAIRO, ALGIERS,
TRIPOLI, WASHINGTON, UKMIS NEWYORK, WELLINGTON, ADEN, SANA'A,
RABAT, KHARTOUM, TUNIS, AND EEC POSTS.

PRIME MINISTER'S VISIT TO BAHRAIN AND KUWAIT.
OUR TELNO 397 OF 27 SEP 81.

1. FOLLOWING ARE EXTRACTS FROM THE PRESS CONFERENCE GIVEN BY
THE PRIME MINISTER IN KUWAIT ON THE AFTERNOON OF 27 SEPT 81.

QUESTION.

VISIT OF PRINCE FAHAD OF SAUDI ARABIA TO BRITAIN. DID YOU REACH
ANY AGREEMENT WITH SAUDI ARABIA CONCERNING THE SALE OF NIMROD
AIRCRAFT?

PRIME MINISTER. CROWN PRINCE FAHAD CAME TO BRITAIN A FEW DAYS AGO,
WE WERE HAPPY TO RECEIVE HIM AND TALK ABOUT THINGS WHICH AFFECT
SAUDI ARABIA AND BRITAIN. WE STILL HOPE AND BELIEVE
THE AWACS SALE WILL GO AHEAD. WE ARE NOT COMPETING WITH THAT.
SAUDI ARABIA WISHES TO PURCHASE THE AWACS FOR HER COUNTRY. WE
HOPE AND WE SAY PUBLICLY WE HOPE THAT THIS SALE WILL GO THROUGH.
IF IT DOESN'T THEN OF COURSE WE HOPE THAT NIMRODS WILL BE CONSIDERED
IN LIEU OF THE AWACS.

QUESTION. THE BRITISH GOVERNMENT STILL MAINTAINS A VAGUE AND
HESITANT STAND WITH REGARDS TO THE SEARCH FOR A MIDDLE EAST
SETTLEMENT ESPECIALLY WITH REGARDS TO THE PLO. WHY WOULDN'T
BRITAIN PLAY A GREATER PART WITHIN THE EUROPEAN COMMUNITY TOWARDS
A POSSIBLE SOLUTION OF THE MIDDLE EAST PROBLEM?

PRIME MINISTER. THIS WAS SET OUT A GREAT DEAL IN THE VENICE
DECLARATION WHICH I HAVE WITH ME AND IF I MAY RESPECTFULLY SAY
SO, IT IS WORTH READING BECAUSE IT DOES COVER MOST ASPECTS OF
THE MIDDLE EAST QUESTION. SECONDLY, WITH REGARD TO THE BRITISH
GOVERNMENT'S ATTITUDE TOWARDS THE PLO WE QUITE RIGHTLY DO NOT

RECOGNISE

RECOGNISE THE PLO. WE DO NOT RECOGNISE ORGANISATIONS, ONLY COUNTRIES. BUT I DO NOT WISH TO REST ON THAT IN MY REPLY. THE REASON WE DO NOT GO FURTHER AND HAVE MINISTERIAL MEETINGS WITH THE PLO IS FIRST BECAUSE OF THEIR ASSOCIATION WITH TERRORISM AND SECONDLY BECAUSE OF THE STATEMENTS BY PARTS OF THE PLO THAT THEIR REAL OBJECTIVE IS TO DRIVE ISRAEL INTO THE SEA AND WIPE IT OFF THE FACE OF THE GLOBE AND YOU WILL BE FAMILIAR WITH SOME OF THE STATEMENTS WHICH HAVE BEEN MADE TO THAT EFFECT. THE OBJECT OF THE VENICE DECLARATION IS SO THAT EACH SIDE OF THE DISPUTE RECOGNISES THE RIGHTS OF THE OTHER. YOU HAVE HEARD ME SAY QUITE FREQUENTLY, IT IS IMPOSSIBLE TO ASK SOMETHING FOR YOURSELF - NAMELY SELF-DETERMINATION AND TO LIVE WITHIN SECURE BOUNDARIES - UNLESS YOU ARE PREPARED ALSO TO GRANT THAT SAME RIGHT TO OTHERS. TO THE ISRAELI PEOPLE WE SAY IF YOU WANT TO LIVE WITHIN SECURE BORDERS AS A COUNTRY YOURSELF YOU HAVE A RIGHT TO DO SO BUT YOU MUST RECOGNISE THE RIGHTS OF THE PALESTINIAN PEOPLE. TO THE PALESTINIAN PEOPLE WE SAY IF YOU WANT THE RIGHT OF SELF-DETERMINATION AND WE RECOGNISE THAT THE PALESTINIAN PROBLEM IS NO LONGER A REFUGEE PROBLEM BUT A PROBLEM OF NATIONAL IDENTITY, YOU TOO MUST RECOGNISE THE RIGHTS OF THE ISRAELIS TO LIVE IN PEACE BEHIND SECURE BORDERS. NOW OUR EFFORTS HAVE BEEN DIRECTED TOWARD TRYING TO GET THOSE TWO THINGS RECOGNISED SIMULTANEOUSLY. SO FAR WE HAVE NOT SUCCEEDED BUT WE HAVE NOT GIVEN UP. IF EACH WOULD RECOGNISE THE RIGHTS OF THE OTHER THERE WOULD BE A BASIS TO GO AHEAD.

QUESTION BRITAIN, HAD PREVIOUSLY EXPRESSED SUPPORT FOR THE RAPID DEPLOYMENT FORCE AND EXPRESSED HER WILLINGNESS TO CONTRIBUTE TROOPS TO THAT FORCE AND SHE HAS ALSO SAID THAT THE DEFENCE OF THE GULF IS THE AFFAIR OF ITS STATES. DOES THAT MEAN THAT THE BRITISH GOVERNMENT IS GOING BACK ON ITS FIRST STATEMENT?

PRIME MINISTER. THERE IS NO INCONSISTENCY BETWEEN THE TWO. OBVIOUSLY THE DEFENCE OF ANY COUNTRY IS PRIMARILY THE RESPONSIBILITY OF THAT COUNTRY. V WE NORMALLY HAVE TO FORM REGIONAL ASSOCIATIONS OF ALLIES THE BETTER TO BE ABLE TO DEFEND ONE'S POSITION. IN THAT CONNECTION WE ARE VERY HAPPY FIRSTLY AT THE FORMATION OF THE GULF COOPERATION COUNCIL RECENTLY AND SECONDLY TO CONSIDER DEFENCE AND SECURITY AS PART OF ITS DUTIES. IT IS FIRST THE DUTY OF THE COUNTRIES OF THE AREA TO DEFEND THEMSELVES. IF THEY SEEK HELP FROM OUTSIDE, AS THEY MAY WELL SEEK HELP FROM OUTSIDE IF ANY UNFORSEEN EVENT ARISES, ONE COULD NOT POSSIBLY BE IN A POSITION TO GIVE THAT HELP. UNLESS ONE HAD A RAPID DEPLOYMENT FORCE TO MOVE QUICKLY. SO THE POINT IS TO HAVE A RAPID DEPLOYMENT FORCE AND IF THE UNITED STATES THINKS OF FORMING ONE WE WOULD LIKE TO CONTRIBUTE SO THAT IF CALLED IT COULD BE MOVED QUICKLY. IT IS NOT THE INTENTION TO MOVE TO PROVIDE HELP FOR AN AREA WITHOUT A REQUEST FROM THAT AREA. THE TWO ARE NOT INCONSISTENT IN ANY WAY.

QUESTION

IT IS REPORTED THAT YOUR GOVERNMENT HAS INVITED THE PLO CHAIRMAN, YASSIR ARAFAT, TO VISIT GREAT BRITAIN PROVIDING HE PROMISES TO RECOGNISE ISRAEL. WOULD YOU CARE TO COMMENT ON THAT?

PRIME MINISTER. I THINK THE POSITION IS THIS: WE ARE PRESIDENT OF THE EUROPEAN COMMUNITY AT THE MOMENT. LORD CARRINGTON IN HIS CAPACITY AS PRESIDENT OF THE EUROPEAN COMMUNITY HAS BEEN TRYING TO PERSUADE THOSE WHO HAVE INFLUENCE ON THE PLO TO GET THEM CONDITIONALLY TO SAY THEY WOULD RECOGNISE ISRAEL'S RIGHT TO EXIST AS A NATION BEHIND SECURE BORDERS WHICH CAN BE DEFENDED, PROVIDED THAT ISRAEL RECOGNISED THE RIGHTS OF THE PALESTINIAN PEOPLE. IF THAT CONDITIONAL RECOGNITION WERE TO COME IT WOULD MAKE A VERY BIG DIFFERENCE TO THE WILLINGNESS OF LORD CARRINGTON TO SEE YASSIR ARAFAT AT ANY RATE IN HIS CAPACITY OF PRESIDENT OF EUROPE. PREVIOUS PRESIDENTS OF EUROPE HAVE SEEN MR ARAFAT IT MAY BE THAT LORD CARRINGTON WOULD HAVE TO CONTINUE THAT. IT WOULD MAKE IT A GREAT DEAL EASIER AND A STEP IN THE DIRECTION TOWARDS SOLVING THE PROBLEM IF ONE CAN GET THAT CONDITIONAL RECOGNITION. "WE WILL RECOGNISE YOUR RIGHT TO EXIST IF YOU WILL RECOGNISE OURS".

QUESTION. HOW DOES THE BRITISH GOVERNMENT VIEW KUWAIT'S ATTEMPT TO TAKE A BALANCED STAND BETWEEN EAST AND WEST AND KUWAIT'S INVITATION TO OTHER COUNTRIES TO FOLLOW HER EXAMPLE?

PRIME MINISTER. IT IS A MATTER FOR THE AMIR OF KUWAIT TO DECIDE HIMSELF WHICH COUNTRIES HE VISITS. WITH REGARD TO DIPLOMATIC REPRESENTATIONS FOR THOSE COUNTRIES ON THE GULF, IT IS FOR EACH AND EVERY COUNTRY IN THE GULF TO DECIDE ITSELF. IT IS NOT FOR ME TO SAY FOR THEM, THEY ARE WHOLLY INDEPENDENT TO DECIDE FOR THEMSELVES. WITH REGARD TO ANY INTERPRETATION WHICH IS PUT ON ANYTHING THE AMIR IS ALLEGED TO HAVE SAID YOU MUST ASK THE KUWAITI GOVERNMENT AND NOT ME.

QUESTION. WHAT ARE YOUR VIEWS ON THE RECENT STRATEGIC COOPERATION REACHED BETWEEN THE REAGAN ADMINISTRATION AND THE ISRAELI GOVERNMENT. DON'T YOU THINK THAT THIS COOPERATION WILL BE A FURTHER THREAT TO PEACE IN THE MIDDLE EAST?

PRIME MINISTER. NO I DON'T REALLY THINK THAT IT IS VERY DIFFERENT TO THAT RELATIONSHIP WHICH EXISTS NOW AND I THINK THAT PERHAPS TOO MUCH INTERPRETATION IS DRAWN FROM COMPARATIVELY SMALL WORDS. AS YOU KNOW THE UNITED STATES DOES SUPPLY FAIRLY CONSIDERABLE ARMS TO ISRAEL AND SHE DOES INDEED GIVE CERTAIN GUARANTEES ABOUT HER OIL SUPPLIES, SO I DON'T THINK THE RECENT DECLARATION MAKES THE SITUATION DIFFERENT. I THINK IT UNDERLINES WHAT WE HAVE BEEN SAYING FOR SOME TIME THAT THE COUNTRY WHICH CAN BRING MOST INFLUENCE TO BEAR ON THE SOLUTION OF THE ISRAEL/ARAB PROBLEM IS THE UNITED STATES.

QUESTION

YOU HAVE SAID MANY TIMES THAT ANY EUROPEAN INITIATIVE SHOULD NOT BE COMPARED WITH THE CAMP DAVID ACCORDS. BUT IN THE LIGHT OF THE NEW STRATEGIC COOPERATION REACHED BETWEEN RONALD REAGAN AND MENACHIM BEGIN DO YOU THINK THAT THAT THE UNITED STATES WILL EVER ASSERT ANY ORESSURE ON ISRAEL.

PRIME MINISTER. NOW CAN I TAKE THAT ONE AT A TIME. WHAT WE HAVE SAID IN EUROPE WAS THAT OUR VENICE DECLARATION WAS MEANT TO BE COMPLEMENTARY TO THE UNITED STATES EFFORTS AT CAMP DAVID NOT IN COMPETITION WITH IT. BUT MEANT AS A HELP IN ITSELF TO THE WHOLE ARAB/ISRAELI PEACE PROCESS. AND THAT OF COURSE IS WHY WE MADE THE DECLARATION. INSOFAR AS YOU CALL IT CAMP DAVID, THE PROCESS AS YET TO BE COMPLETED BY THE TRANSFER OF THE SINAI LAND FROM ISRAEL TO EGYPT. THAT FACT IS THE FIRST PRACTICAL TRANSFER OF LAND BACK FROM ISRAEL TO AN ARAB COUNTRY SINCE THE HOSTILITIES WHICH WERE THE SUBJECT OF A UNITED NATIONS RESOLUTION. THAT TRANSFER WILL BE COMPLETED IN APRIL/MAY NEXT YEAR. I THINK THAT WE ALL REFER NOW NOT SO MUCH TO CAMP DAVID AS TO THE PEACE-MAKING PROCESS. I AM CERTAIN THAT THE UNITED STATES WILL WISH TO CONTINUE AND THAT IT IS CONSIDERING AT PRESENT HOW BEST TO CONTINUE - BUT WHETHER A UNITED STATES OR WHETHER A EUROPEAN INITIATIVE, WE ARE ALL AWARE OF THE URGENCY OF THIS PROBLEM AND HOW MUCH WE NEED TO MAKE FURTHER PROGRESS ON THIS PARTICULARLY IN THE COMING TWO YEARS. WE STILL CONTINUE TRYING TO PUT OUR VENICE DECLARATION INTO EFFECT. AS I SAID THE FIRST STEP IS TO GET RECOGNITION BY EACH SIDE OF THE RIGHTS OF THE OTHER AS A CONDITION FOR SETTLEMENT. IT IS NOT A COMPETITION-WE ARE ALL TRYING TO HELP IN THE SAME PROCESS, EACH DOING THE BEST THING WE CAN TO HELP IT FORWARD.

QUESTION. REGARDING THE PLO AND MR ARAFAT IN PARTICULAR, YOU DON'T RECOGNISE THE PLO BECAUSE IT IS RELATED TO TERRORISTS. I WONDER WHETHER YOU CONSIDER THE ATTACKS AND ISRAEL RAIDS ON THE SOUTH OF LEBANON, ON THE IRAQI NUCLEAR PLANT, ON BEIRUT, ON THE REFUGEE CAMPS, ACTS OF TERRORISM. SECOND, I WOULD LIKE TO KNOW THE DEFINITION OF TERRORISM IN THE POINT OF VIEW OF YOUR EXCELENCY BECAUSE MR BEGIN WAS SENTENCED ACCORDING TO THE BRITISH LAWS FOR KILLING TWO BRITISH OFFICERS IN PALESTINE. THE THIRD POINT, YOU ARE NOT THE FIRST PRIME MINISTER OR RESPONSIBLE EUROPEAN WHO SAYS THAT THE PALESTINIANS WOULD LIKE TO THROW THE ISRAELIS INTO THE SEA. I DO CHALLENGE ANY EUROPEAN OR AMERICAN OR ISRAELI SOURCE TO TELL US FROM WHERE HE GETS THIS SENTENCE.

PRIME MINISTER. WITH REGARD TO YOUR LATTER POINT, IT WAS AT ONE OF THE CONFERENCES OF EITHER A PART OF THE PLO ORGANISATION OR THE WHOLE. WITH REGARD TO TERRORISM AND MR BEGIN YOU HAVE MADE YOUR POINT. IT IS ONE THAT IS NOT LOST ON ANY OF US. AS YOU SAY HE IS PRIME MINISTER OF ISRAEL, AND I MUST EQUALLY TELL YOU THAT THERE HAVE BEEN PRIME MINISTERS OF NATIONS IN THE BRITISH COMMONWEALTH

L

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WHO IN FACT MAYBE HAVE PREVIOUSLY BEEN PUT IN PRISON BY THE BRITISH FOR THE PART THEY PLAYED IN TERRORIST ACTIVITIES. WHEN THEY BECAME PRIME MINISTER ONE HAS TO DEAL WITH THEM AS PRIME MINISTER OF A COUNTRY. THEY HAVE AFTER ALL BEEN ELECTED AS PRIME MINISTER OF A COUNTRY AND THAT IS A DEMOCRATIC RIGHT OF A COUNTRY. WITH REGARD TO YOUR FIRST POINT, I ENTIRELY AGREE WITH YOU ABOUT THE BOMBING BY ISRAEL OF THE NUCLEAR RESEARCH CENTRL IN IRAQ. INDEED I WAS ONE OF THE FIRST TO GET UP IN THE HOUSE OF COMMONS AND SAY THIS IS TOTALLY WRONG, AN UNPROVOKED ATTACK, AND MUST BE TOTALL CONDEMNED. WE CONDEMNED IT NO LESS THAN YOU CONDEMNED IT. IT WAS A VIOLATION OF SOMEONE ELSE'S TERRITORY. IT SHOULD NEVER HAVE HAPPENED WE CONDEMNED IT TOTALLY AND UTTERLY. WITH REGARD TO THE ATTACKS ON BEIRUT IN THE LEBANON, SIMILARLY, WE CONDEMNED THOSE AND I WAS VERY, VERY GLAD THAT MR HABIB MANAGED TO SECURE A CEASE-FIRE THERE BECAUSE I THINK THE SITUATION WAS EXTREMELY DANGEROUS. I AM GLAD FOR THE EFFORTS OF MR HABIB OF THE UNITED STATES. FRONT OF COURSE ALSO IN THEIR EARNESTNESS AND ACTIVITIES TO GET A SETTLEMENT WAS SAUDI ARABIA, AND BOTH OF THE EFFORTS WERE SUCCESSFUL IN PREVENTING WHAT COULD HAVE BEEN A VERY UGLY SITUATION.

QUESTION. CAN I ASK ABOUT THE SAUDI PROPOSAL FOR PEACE IN THE MIDDLE EAST.

PRIME MINISTER. WE WERE DELIGHTED THAT CROWN PRINCE FAH'D TOOK THE INITIATIVE WITH HIS 8 PRINCIPLES, AND WE HOPE THAT IT WOULD BE PURSUED. YOU WOULD NOT EXPECT M ME TO AGREE WITH EVERYONE IN EVERY PARTICULAR DETAIL, BUT IN GENERAL THE GENERAL THRUST AND MOVEMENT OF THEM WAS RIGHT AND WE HOPE THAT THEY TOO WILL EARNESTLY BE PURSUED. WE TOLD HIM HOW PLEASED WE WERE THAT HE MADE THAT INITIATIVE.

QUESTION. IS IT RIGHT THE IDEA THAT BRITAIN IS THINKING OF COMING BACK INTO THE GULF?

PRIME MINISTER. YOU CAN NEVER, NEVER GO BACK. YOU ALWAYS HAVE TO START FROM THE PRESENT. WE HAVE IN THE GULF COUNTRIES A TREMENDOUS FEELING OF FREINDSHIP FOR THOSE COUNTRIES AND WE KNOW THAT THAT IS REFLECTED HERE. WE THEREFORE WISH TO BE HERE MORE TO DEMONSTRATE OUR SUPPORT FOR THE GULF COOPERATION COUNCIL TO HAVE CLOSER TRADING LINKS, AND IN GENERAL TO BE EVEN CLOSER FRIENDS. BUT IT IS NOT A QUESTION OF SAYING WHETHER WE THOUGHT WHAT HAPPENED WITH THE WITHDRAWAL 10 YEARS AGO WAS RIGHT OR WRONG, IT HAPPENED. THERE IS NO POINT IN DISCUSSING IT. WE START FROM WHERE WE ARE NOW.

ENDS.

CAMBRIDGE
FCO/WHITEHALL
HED



10 DOWNING STREET

From the Principal Private Secretary

27 September 1981

Dear Mr Williams,

The Prime Minister has asked me to thank you for your letter about the Rev. David Pawson.

She is grateful to you for taking the trouble to write.

Yours sincerely,

Shirley Williams.

Kevin Williams Esq

c/o INTERMARKETS,
P.O. BOX 5047,
MANAMA,
BAHRAIN.

Dear Mrs. Thatcher,

May I introduce myself to you as a trainee Lay-Reader, from St. Christopher's Anglican Church here in Bahrain.

I am well acquainted with the writings and the ministry of the Rev. David Pawson of the Baptist Church in Guilford, Surrey.

You probably remember that when you were elected to power, that Rev. Pawson wrote to congratulate you: I believe from Israel where he was leading a church party at the time.

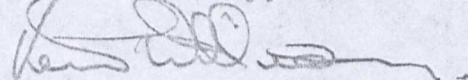
In his letter I believe that he told you that he felt that God had given the result to you, and that he felt that you should hold fast to the principles of your father who was a preacher. He also suggested that you establish an early and lasting relationship with the State of Israel, bearing in mind how many British leaders have fallen swiftly from power when they have refused to help Israel - notably Churchill in 1945, Alec Douglas Home, George Brown, Ted Heath, and most recently Jim Callaghan who was voted out of office three days after he decided against supplying North-Sea Oil to Israel.

The Rev. Pawson feels very strongly, along with many other Christians, that the root cause of the malaise of Britain is that the nation has no knowledge or sense of God anymore. You may know that Dr. Billy Graham is planning another U. K. crusade, although he is very doubtful of the results because of how "god-less" Britain has become. For this reason, Rev. Pawson and many other Christians have been praying for a new awareness of God among the people of Britain, and specifically for time on T.V. in 1981 for God to be heard throughout the land.

I feel that God is wanting a leading Christian to speak on the Dibleby Lectures on B.B.C. Television; and it may well be that he wants Rev. David Pawson himself to speak - he is eminently well qualified, and an excellent speaker. I am about to write to share these thoughts with him. It may be that he would be interested or he may suggest somebody else. However I think that this may be a cause close to your own heart, and whilst I do not know how much influence you have in this matter, I would be grateful if you will treat this letter seriously.

Thankyou for giving your time and attention to this letter.

Yours faithfully,



Kevin Williams

CONFIDENTIAL

cc Master

SUBJECT
RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND SHAIKH SALIM AL SABAH,
MINISTER OF DEFENCE OF KUWAIT IN KUWAIT ON 27 SEPTEMBER AT 1900 HRS

Present:

Prime Minister

Shaikh Salim Al Sabah

Sir Michael Palliser

Colonel Awhadi

Mr Peter Jeffs

Mr Michael Alexander

After an exchange of courtesies, the Prime Minister said that she was delighted with the establishment, on Kuwaiti initiative, of the Gulf Cooperation Council. She thought it was wise that the Council was now considering taking up security matters. She hoped that there could be talks in the future about how the United Kingdom could help and support the work of the Council in this area. As an example of the kind of help we could give, the Prime Minister referred to the number of British loan service personnel in Kuwait. This was a demonstration of the closeness of the relationship between the two countries. Shaikh Salim said that he had been telling friends for some time that defence had not been forgotten in the discussions of Gulf Cooperation. Consideration of it had merely been postponed because the participants did not wish to give a wrong impression. Cooperation in the Gulf was intended to form the basis of future union. It was, therefore, necessary to give priority to economic and political problems. Defence cooperation was in everybody's mind, but it was not a subject to take up at the outset. One should not give the impression that one was only interested in fighting wars. However, the Chiefs of Staff had now met in Saudi Arabia and had come up with a number of recommendations for defence collaboration. The recommendations were mainly concerned with equipment. They might be discussed at the Summit Meeting in November or at a special meeting earlier. The Prime Minister said that acquiring a defensive capability was not the same thing as fighting wars. The aim of a defence policy was to deter war. The Government in the Gulf should make clear that their objective was not war-mongering but peace-mongering. Shaikh Salim said that he very much agreed.

UK/Kuwait Defence Cooperation

Shaikh Salim said that he was very pleased with the British loan service personnel. They were making great efforts to train the Kuwaiti Forces and to transmit their experience to them. There was nothing strange in this. Relations between Kuwait and the United Kingdom were not of recent origin.

/They went

They went back a long way. The present generation were benefiting from friendships established by the last generation. Hopefully, the next generation would benefit from those being established now. Shaikh Salim said that this was a consideration constantly in his mind. It should be borne in mind by other people when they raised questions about Kuwait's relations with third countries. The Prime Minister said that the relationship was also of great value to the United Kingdom. She knew that Shaikh Salim was personally responsible for many of the purchases made by the armed forces of Kuwait and that much equipment had been bought from the United Kingdom. Recalling her recent conversation in London with Prince Fahd, the Prime Minister said that the Chief of Defence Staff had mentioned then the need for a common communications system in the Gulf. Perhaps this was something about the need for which the Kuwaiti Chiefs of Staff would also agree. Shaikh Salim indicated assent. The Prime Minister said that the next step would be a radar system. Shaikh Salim again indicated his agreement. The Prime Minister said that the United Kingdom had developed excellent communications equipment, had invented radar, and was making excellent progress with the sales of Rapier to e.g. the United States and Switzerland, and a number of Gulf countries. (Shaikh Salim said that he knew which countries the Prime Minister had in mind.) If Kuwait decided to go down this path, either in cooperation with other Gulf countries or on an ad hoc basis, she hoped the United Kingdom would have a chance to show what it had to offer. She, of course, believed in open competition. She hoped that it would be borne in mind that while our systems might not be the cheapest, they would certainly be good value for money. She knew that there had been problems over delivery times in the past. However, there had been changes recently in the United Kingdom. There had been improvements both on the industrial side and on price. Much defence equipment was now being delivered ahead of time.

Shaikh Salim said that he fully agreed with the Prime Minister about the desirability of international competition. Other countries also regarded the equipment the United Kingdom had on offer as very good. However, when a choice had to be ^{made} between equipments, e.g. in the field of radar, whose performance was more or less the same, there was no doubt that the existence of a traditional relationship would help. The difficulty was that sometimes the equipment being offered by one's friends was either not as good as that being offered by other countries or not as good as Kuwait needed. Kuwait's particular requirements imposed the need for adaptations in equipment and training. There had in the past

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been delays. Mr Jeffs and the Ambassador had undertook to look into the causes of these delays and to ensure that there would be no repetition. The Kuwaiti Government was not inclined to argue about delivery dates. If the British Government said that something would be delivered in 18 months, the Kuwaiti Government would accept this. Unfortunately, it happened that the undertaking was not kept. Shaikh Salim said he did not want to harp on the point. But these things had happened.

Shaikh Salim then referred to his Government's interest in the Chieftain Tank. Colonel Awhadi had looked into the matter. The 4030/2 Tank had already been sold in the area. A Kuwaiti team which had recently visited the United Kingdom had asked to see the 4030/3 Tank but had been told it would not be available until later. Shaikh Salim said that he hoped that the team could see the newer tank. Mr Jeffs said that they would be able to see the proto-type before the end of the year. He would be happy to arrange the details of the team's visit to the United Kingdom. Shaikh Salim said that the team would certainly go. He hoped they would be given enough time with the tank.

A team would also be going to examine the Tornado. They would let the British Government have the questions in which they were interested before their arrival. He pointed out that France had allowed Kuwaiti pilots to drive the Mirage 2000 along the runway. Mr Jeffs said that the Kuwaitis would be allowed to fly Tornado. Shaikh Salim said that this would be premature. His concern at present was merely to avoid wasting time.

Shaikh Salim said that the Kuwaiti Government would shortly be ordering ammunition for the Chieftain tanks. The Ambassador would be receiving a letter within 10 days. It was to be hoped that delivery would be on time. Some allowance could be made for strikes and similar eventualities, but that allowance had to be limited. The Prime Minister said this was, of course, right. If the British were at fault, they would accept the blame. Shaikh Salim said that he was pleased to have the opportunity to talk the matter out frankly. It was the fact that his officers tended to say "acquiring Chieftains means delay".

Turning to Rapier, Shaikh Salim said that his people had recently met a team from British Aerospace. The answers they had received to their questions, e.g. about the performance of the system in foggy, dusty or humid conditions and

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about its accuracy were honest but less than satisfactory. Mr Jeffs said that he was unaware of this exchange and was a little surprised to learn of it. He wondered whether there had been a proper presentation. Mr Cambridge enquired whether Shaikh Salim was referring to a recent meeting with Mr Cawston. Shaikh Salim said that he was. Mr Jeffs said that it would be essential to arrange a proper presentation, including a test-firing, in the United Kingdom. The missile had been fired over 4,000 times with a 70% hit rate. It was the only missile system of its kind that had been declared operational by SACEUR. If there were problems with heat and dust, it was puzzling that they had not been raised by other customers in the region. Shaikh Salim agreed about the need for a proper presentation. There could be further discussions about the precise timing.

The Prime Minister asked whether Shaikh Salim was aware of any other problems. It was essential that he should be frank. Shaikh Salim said that the delays had been the principal concern. Soldiers did not like being short of ammunition. Mr Jeffs pointed out that the number of outstanding items was falling rapidly. The delays were the subject of great attention at home. Shaikh Salim said that he was still awaiting a reply to a question

he had put to Mr Jeffs about the supply of ships. Mr Jeffs said that the relevant brochures had been sent to the Kuwaiti Military Attache in London only two days after his conversation with Shaikh Salim.

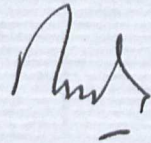
The Prime Minister said that much discussion of defence sales inevitably had to take place on a government to government basis. The supplier's reputation was, after all, at stake. However, she hoped that it would be acceptable to the Kuwaiti Government if we used IMS as an intermediary when the sale of equipment from the Royal Ordnance factories was under discussion. IMS was wholly government owned. Shaikh Salim said that he only dealt with the British Government. The Kuwaiti Government's policy of dealing only on a government to government basis had been laid down by the present Amir when he was Crown Prince and would not be changed. Dealing with agents could give rise to problems. His parliament, like the British Parliament, asked awkward questions. The use of the IMS would result in additional charges being raised from which the Kuwaiti Government would not benefit. Mr Jeffs said that this was not the case. There would always be a government to government understanding. IMS would be responsible for things like shipping, arranging payments, the calling forward of equipment and so on. It was a useful device for relieving the load on the Ministry of Defence. This enabled the Ministry of Defence to abate the normal administration charge. There was, therefore,

no net increase in the cost to Kuwait. Shaikh Salim indicated that he would prefer to pay an administration charge to the Ministry of Defence. Mr Jeffs pointed out that if the Ministry of Defence did everything, the charges would be the same. Moreover, since the IMS was a company, they could hire and fire employees as business fluctuated. They could obtain the benefit of ECGD credit. The Ministry of Defence could do neither of these. In this way, Kuwait benefited from the use of IMS. The Prime Minister said that its use would not cost Kuwait "a penny piece extra." Shaikh Salim said that what the British Government did in Britain was its own business. But he wanted nothing to do with agents. They took money and did nothing. He wished to operate on a government to government basis. Mr Jeffs repeated that he would always have a government to government contract. The Chieftain deal had been done on a government to government basis. HMG had used IMS and the arrangements had worked well. We would like to continue the practice. Shaikh Salim indicated that he did not dissent but that his preference remained for dealing direct with the Ministry of Defence and to avoid having anything to do with agents.

Shaikh Salim said that he hoped the Prime Minister would not blame him if on occasion other countries produced better equipment. It remained the case that when the merits of equipments were similar, Britain would have the advantage. Kuwait had never stopped buying things from Britain. He had followed the development of the Prime Minister's policy with interest. He hoped that Britain was in the process of recovering some of its old reputation. The international market was open and competitive, but other peoples' technologies were advanced and they were trying hard. But Kuwait knew the British.

The Prime Minister said that she would ensure that her conversation with Shaikh Salim was followed up. She intended to keep in close touch with developments. She would wish to be told when the next Kuwaiti military team was in Britain. (She enquired whether Mr Nott had yet visited Kuwait. Mr Jeffs said that he had not.) She asked whether there was any chance of Shaikh Salim visiting the United Kingdom. Shaikh Salim said that once "his neighbours had settled down" he hoped to be able to do some travelling. He had caused Prince Sultan of Saudi Arabia some irritation by his repeated refusals of invitations to visit Riyadh.

The discussion ended at 1935 hrs.



27 September, 1981

SUBJECT

CONFIDENTIAL

Master

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND HH SHAIKH SA'AD AL ABDULLAH AL SABAH, CROWN PRINCE AND PRIME MINISTER OF KUWAIT, AT THE SALAAM PALACE AT 1030 HOURS

Present

Prime Minister
HM Ambassador at Kuwait
Sir Michael Palliser
Mr. Ian Gow
Mr. Clive Whitmore
Mr. Michael Alexander
Mr. Bernard Ingham
Mr. Peter Jeffs
Mr. David Miers
Mr. Prentice

HH Shaikh Sa'ad al Abdullah Al Sabah
HE Sayyid Abdul Aziz Hussain
HE Sayyid Jassim Khalid al Marzouq
HE Dr. Abdul Rahman al Awadi
HE Sayyid Ghazi al Rayes
HE Sayyid Rashid Abdul Aziz al Rashid
Abdul Latif al Bahr
Ali Abu Asi

* * * * *

The Prime Minister said that close links between Britain and Kuwait were very welcome to us: the 140 British service personnel seconded to the Kuwait Forces were evidence of this. She then recapitulated the main points she had earlier made to the Amir covering the Gulf Cooperation Council, Palestine and Soviet policy.

Gulf Cooperation Council

Shaikh Sa'ad said that the Gulf Cooperation Council was a first step towards realizing a dream. The November Summit would consider numerous resolutions and momentum would be maintained. It had been agreed that the Chiefs of Staff would meet to discuss /^{and} coordinate cooperation in military affairs. (In answer to a question from the Prime Minister he confirmed that the Chiefs of Staff had in fact already met the previous week.) The GCC was not directed against anyone: the affairs of the Gulf, including its security, must be left to the littoral states. The Prime Minister said that in the modern world states could not defend themselves alone. It was necessary to group together. She hoped that the Gulf grouping would have links outside. If the grouping was to undertake its own defence it would need to be able to do this against attacks from any direction. Britain and Kuwait might perhaps have different ideas about the direction of the / threat.

threat. She hoped that the Council and the Chiefs of Staff would make early progress. Meanwhile, Britain was glad to be able to help. We had loan service personnel in Kuwait as in Oman. We could supply equipment of the highest quality. Radar and the Jet engine had both been invented in Britain. Our electronic technology was the most advanced in the world. This could be of assistance to the Gulf countries in the establishment of an efficient communications system for rapid consultation on defence questions. Britain could also offer radar which was essential for early warning of attack. We could also offer the incomparable Rapier ground to air missile. If the United Kingdom had been tardy over the delivery of equipment in the past, this had been corrected in the last 2½ years. Suppliers of defence equipment were now delivering early in the UK. We therefore hoped to renew our business with Kuwait and to put forward acceptable tenders in this field where our products were pre-eminent. Shaikh Sa'ad said that it had long been Kuwait's policy to contact Britain as soon as specifications had been decided. But sometimes Kuwait had been advised that the weapons needed were not available in the UK.

Iran/Iraq

The Prime Minister said that the Iran/Iraq war had aroused grave fears, especially in the early days when it had looked like spreading. She supposed that Kuwait would be worried by the alarming situation in Iran and also perhaps by other threats such as subversion. Shaikh Sa'ad said that Kuwait's proximity to the war was a constant worry. The war's continuance risked involving other parties. None of the efforts to stop it had been successful, chiefly because of the absence of firm leadership in Iran capable of deciding to end it. Iraq had offered to settle and had even offered a unilateral ceasefire. But this had not been reciprocated by Iran. At the moment, Kuwait's relations with Iran were good and there was a Kuwait Ambassador in Tehran. But Iran had accused Kuwait of helping Iraq and when the Kuwaitis had explained that they were bound by their transit agreement with Iraq, the Iranians had replied that their accusations had not been made by responsible officials. The war was likely to go on since Bani Sadr had now been replaced by the Mullahs. As for subversion, Kuwait had been publicly attacked by important Iranian personalities and there had been hostile broadcasts. Iranian planes had twice attacked Kuwait's border post at Abdali. The Iranians had apologised and said that they had intended to attack the Iraqi post at Safwan. More recently, the Iranian Foreign Minister had indicated

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to Kuwait's Ambassador that Iran wanted better relations with Kuwait. Some food and consumer goods continued to be shipped from Kuwait to Bandar Abbas. The Prime Minister confirmed that ordinary civil trade was continuing with both Iraq and Iran as far as Britain was concerned.

Palestine

Shaikh Sa'ad said that his last meeting with the Prime Minister had occurred on the eve of her departure for Venice. The Venice Declaration contained many constructive and positive elements. But some of the European countries had since shown hesitation, claiming that it was impossible to move without American agreement. The Prime Minister said that since the Declaration, the Presidency had consulted the countries concerned in the region. But no progress had been made on obtaining mutual recognition of each other by the two parties. Mr. Begin had lunched with her but it had not been a "progressive" meeting. She had complained to him about Israeli settlement policy and their refusal to recognise Palestinian rights. He had countered with Israel's biblical right to Judea and Samaria. Britain did not necessarily accept even that Begin was correct historically. Later she had met Israeli Opposition leaders who had appeared more constructive. She had been amazed that Begin had been successfully able to win the Israeli election by using violent tactics which were not in the long-term interests of the Israeli people. The Americans were now better seized of the Palestinian dimension. Not so long ago President Carter had not been able to get on with King Hussein, but this had improved. Britain was urging the Americans, and hoped to persuade them, to consider practical steps for progress. If a conditional recognition of Israel by the PLO could be obtained, it would be easier to urge progress on the Americans. President Mitterrand had suggested that it would be necessary to move step by step towards a comprehensive settlement. It was recognised by all that the Palestinian problem lay at the heart of a solution and that this must be solved.

Shaikh Sa'ad said that the United States was indeed the country most able to contribute to a solution. But the only result of Begin's visit to America was the agreement on US/Israel strategic cooperation which seemed likely to make Israel into a store of military equipment for the United States. Europe and Britain, in our capacity as President, must press harder. The Prime Minister said that during the recent crisis over the SAM missiles in Lebanon,

/ the United

the United States had made an important contribution, in close cooperation with, and strongly supported by, Saudi Arabia, towards the imposition of restraint on Israel. An ugly situation had been averted and a ceasefire between Israel and the Palestinians achieved. During Begin's visit to Washington the Americans had perhaps concentrated ^{on} recent friction resulting from Lebanon and the bombing of the Iraqi reactor and had not got down to fundamentals on Palestine. She was optimistic, however, that the Americans would play a constructive role in the next two years and Britain would certainly urge them to do this. Shaikh Sa'ad said that the Americans had perhaps been obliged to intervene effectively in Lebanon because of the clear Arab stand in favour of Syria and the clear Soviet commitment to back Syria.

He then asked the Prime Minister for the British Government's view on recognition of the PLO as the sole representative of the Palestinian people. The Prime Minister said that our official position was that we did not recognise organisations, only countries. More frankly, our problem was with the terrorist activities for which the PLO acted as an umbrella. PLO statements asserted a wish to drive Israel into the sea. She had asked Prince Fahd to press the PLO to make a conditional recognition of Israel's right to exist. If they could do this it would make a substantial difference. But at present, because of the two reasons cited, Britain had no Ministerial contact with the PLO. (The Prime Minister then explained how courtesy had required her to be introduced to Yasser Arafat at Tito's funeral.) Our position was, both with the Arabs and with Israel, that if you demanded the right to live within secure boundaries (more or less but not wholly defined as in the UN resolution) you could not deny this to the other side. Shaikh Sa'ad said that only some Palestinians practised terrorism; and the present PLO leadership had not made sweeping statements about driving Israel into the sea. The Prime Minister undertook to send Shaikh Sa'ad a copy of the PLO statement which the Israelis exploited with such damaging effect. Shaikh Sa'ad pointed out that Arafat had prevailed upon minor extremist Palestinian organisations to accept the Lebanese ceasefire despite their initial opposition to it: a useful demonstration of the Palestinian leadership's responsibility. The Prime Minister said that President Sadat had also drawn attention to the importance of the ceasefire as an agreement between Israel and the PLO.

/ Shaikh Sa'ad

Shaikh Sa'ad asked about the UK position on Jerusalem. The Prime Minister said that Jerusalem was the most difficult problem of all, harder than the West Bank or the Golan Heights. It would be essential to provide for access by all three religions. But the heart of the matter was the West Bank and Gaza, even though the Arabs would say that Jerusalem was part of this. But it was impossible to solve everything at once. There were so many practical steps to be addressed, e.g. would the West Bank and Gaza be a single state with access guaranteed between them? What would happen to the refugees in the camps? How would the transitional period be organised? Would the UN have a role? The best way forward was to seek progress on these practical steps in order to flesh out the statements of principle. Shaikh Sa'ad agreed on the necessity of proceeding step by step, but said that this must not permit the Israelis to do what they wanted on the West Bank and in Jerusalem. The Prime Minister said that the Europeans had been very firm on this. None had recognised acts in East Jerusalem which prejudiced its final status. There was language in the Venice Declaration to that effect.

Soviet/Gulf Relations

The Prime Minister asked what reply she should give to a question expected at her press conference later in the day about the reported Kuwait suggestion that diplomatic relations should be established between the Soviet Union and the other Gulf countries. Subject to Kuwaiti views she proposed to take the line that this was a matter for each Gulf country but that if she was in a Gulf country she would consider carefully what advantages the proposal would bring and remain mindful of Britain's experience over the need to expel 104 Russian diplomats a few years ago. Only recently it had been necessary to expel another Russian from London. Once in, it was hard to get them out. Shaikh Sa'ad said that during the Amir's Balkan tour his hosts had expressed a wish to establish relations with other Gulf countries. He had agreed to convey their message to Kuwait's Gulf Cooperation Council partners. After a short discussion, in which the Kuwaitis asked the Prime Minister not to attribute any view to the Amir in her answer, it was agreed that she would take the line that the matter was one for the Gulf countries concerned, and the countries seeking relations with them, and that any further questions about the Amir's alleged views should be referred to Kuwait.

/ Bilateral Questions

Bilateral Questions

Jassim Al Marzouq said that Britain was Kuwait's third trading partner, with West Germany, after the United States and Japan. Kuwait's free market attracted competition. The lower value of the pound should boost our trade. There were no problems in the economic field or in commercial relations between Kuwait and Britain. He welcomed British industrial representatives whether visiting Kuwait on their own account or to organise exhibitions. Kuwait was also interested in Kuwaitis visiting Britain as tourists. Some problems had arisen but these were mostly due to cultural differences between the British and the Kuwaiti visitors. Kuwait had been launching a number of constructive projects: he had been surprised that British industry was not competing. The Prime Minister said that British consultants were active even if our construction companies had been inhibited by the recent high level of sterling. British companies should thrive on competition. She hoped that Davy McKee would be successful in their bid for the methanol plant in Bahrain, in which Kuwait had a share. The company had just won an order for an important steel mill in India and was extremely experienced in the construction of methanol plants. Jassim Al Marzouq said that while sterling had been high it had been difficult for British companies to compete with those employing cheaper labour e.g. from India or Korea. The Prime Minister then mentioned the railway project from Baghdad to Kuwait for which Transmark were the consultants and said that she hoped that a British firm would get the eventual construction contract. She also mentioned the waterfront project for which Brian Colquhoun were the consultants. She said that if British bidders were successful this would help her in the Government's domestic policies in the United Kingdom. Shaikh Sa'ad thanked her for her cordiality and frankness during the discussions.

Ans.

27 September 1981

SUBJECT

cc master

CONFIDENTIAL

RECORD OF A MEETING HELD AT SIEF PALACE ON SUNDAY 27 SEPTEMBER AT 0940 HOURS

Present

Prime Minister
Sir Michael Palliser
Mr. John Cambridge
Mr. Clive Whitmore
Mr. David Miers

The Amir of the State of Kuwait
Dr. Awadhi, Minister of Health
Shaikh Khalid al Ahmed, Head of the
Amir's Division
Sayyed Ghazi Rais, Kuwait Ambassador
in London
Sayyed Tawfiq Nasser, Interpreter

Welcome

The Amir said that it was a great pleasure to welcome the Prime Minister to Kuwait. It was an occasion to recall the deep-rooted tradition of good relations between the two countries. He still remembered vividly and with great pleasure the visit of Her Majesty The Queen. He had no doubt that the Prime Minister's own visit would give impetus to the present relationship which was based on the mutual interests of our two countries. He would be grateful to learn how the Prime Minister saw the major international topics of the moment.

The Prime Minister thanked the Amir for his kind welcome. She wanted to renew the historic ties between Kuwait and the United Kingdom. She thought these links were strong now and should be stronger still in the future. She too remembered the wonderful welcome which Kuwait had extended to The Queen who she knew had greatly enjoyed her visit. She agreed that a full and frank discussion of international matters of concern to Kuwait and to Britain would be of value to both countries.

Gulf Cooperation

The Prime Minister continued that she was very pleased about the Kuwaiti initiative that had led to the formation of the Gulf Cooperation Council. A number of countries throughout the world were members of regional organisations. The United Kingdom, for example, belonged to the European Community: this was a very strong regional organisation which formed the biggest trading community in the world. She believed firmly in the value of regions forming their own local

/ organisations.

organisations. No country in the world today could live alone: we all had to live in peace and in active cooperation with our neighbours. She understood that the GCC proposed to extend its scope to include security matters. She thought that this was wise. Every government had a duty to provide for the defence of its people. But this could not be done alone, and so alliances between nations were necessary. That was why she welcomed the GCC.

Arab/Israel

The Prime Minister said that she had seen Prince Fahd in London last week. The British Government welcomed the initiative he had taken in putting forward the eight principles. Even though we might not be able to agree with all of the principles in every detail, we were very pleased with their main thrust and hoped that they would bear fruit. The European Community was pursuing its own initiative stemming from the Venice Declaration. There had been extensive talks between the Presidency of the Community and the States in the Middle East immediately concerned with the Arab/Israel dispute. But the fact was that the only people who could bring influence to bear on Israel were the Americans. She hoped that before long the United States would decide in how they should further the peace process. Time was short. It was only the middle two years of a typical American presidency that the United States had an active foreign policy. The first year was largely spent getting to grips with problems: President Reagan's first year, for example, was going to be taken up largely with economic matters. The last year was almost invariably spent looking forward to the forthcoming Presidential Election. We were now approaching the critical middle period. She hoped the opportunity would not be missed. She believed that the Americans, like everybody else, were aware of the urgency of the Arab/Israel problem. It created great uncertainty and instability in the region, and so long as it lasted, it presented an opportunity for mischief makers to cause even more instability. It would be to the advantage not only of the region but the whole world if progress could be made towards solving the Palestinian problem. If there was no solution in sight, the region would never be stable.

The United Kingdom tried to approach the problem by persuading each side to recognise the rights of others. No country could demand for itself what it denied to others. We had tried to persuade Israel to recognise the right of the Palestinian people to self-determination and the Palestinians to accept the right of Israel to exist behind secure borders. But neither side was prepared

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to take such a step be/ the other for fear of losing a tactical advantage. So we should all try to persuade both sides to move simultaneously. This was where we were bringing our efforts to bear, but she made no secret that Britain did not find Mr. Begin easy to deal with, and we had to look to the Americans to take the lead with Israel.

Britain had condemned the Israeli raid on the Iraqi nuclear establishment. We had also been very disturbed by the air attack on Beirut which had caused so much loss of life. But she believed that Mr. Begin's views were not shared by all his people, and there might be some who were much more ready than he to negotiate.

The Amir asked whether the United Kingdom thought that the Camp David Agreement was still an active process which we hoped would succeed or whether we thought it was dead.

The Prime Minister said that she believed that the rest of Sinai would be returned to Egypt next year. This was significant for it was the first time Israel had returned territory to an Arab country. She thought it unlikely that the Camp David process itself would go much further. It was interesting that the Americans were talking now not so much of the Camp David process but of the peace-making process. She believed that the Americans must use the time between now and the return of the rest of Sinai in the Spring of next year to launch a new initiative.

The Amir said that it was Kuwait's firm belief that most of the troubles now facing the Middle East stem/^{med}from the Palestinian problem and Israel's occupation of Arab land. He also thought that, in the wake of the Palestinian problem, the two super powers had been brought into the area and had taken sides. This had polarised the situation and this in turn had led to most of the present problems in the area. If this development had been forestalled a few years ago none, or, at worse, only a few of the difficulties facing us in the Middle East today would exist. He agreed that the Americans had great influence, possibly the greatest influence, in the efforts being made to solve the Arab/Israel problem. But he believed that the Europeans could still play an active and constructive role. He would like to see them looking at the issue objectively; not taking sides; but speaking up loudly and clearly and acting as judges. It was in their own best interests that they should have this kind of approach. It was because of the polarisation of power between the Soviet Union and the

/ United States

United States which he had mentioned that Kuwait put such emphasis on the European role in the Arab/Israel dispute. This polarisation had created two blocs and affected the policies of all countries. There should be a third bloc made up of the Third World and the Europeans that would have some standing and would be able to withstand Soviet and American pressure. Such an approach was applicable not only to the Palestinian problem but also to other world issues. It would mean that ^{they} / were not left only with a choice between the Soviet Union and the United States.

The Prime Minister said that the Europeans had indeed ^{ly} spoken up loudly by issuing the Venice Declaration. This had said explicit / things which had not been defined internationally before. For example, in the United Nations Resolution 242 the Palestinian problem was still treated as a refugee problem. But the Venice Declaration treated it as a matter of national identity. Similarly, the Declaration had spoken of the self-determination of the Palestinians. It had also said that the Palestinian Liberation Organisation would have to be associated with any settlement. The European Community had been criticised for using such forthright terms. She believed that the United States were now more aware of the Palestinian nature of the problem than they had been. But the difficulty for the Americans was that they were unable to find a Palestinian organisation other than the PLO with whom to negotiate. She knew that Kuwait and all the other Arab countries recognised the PLO as the sole representative of the Palestinian people. But others found this difficult because of the PLO's association with terrorist activities. If another group of Palestinians could be identified who could provide leadership for the Palestinian people but who were not linked with terrorism or the extreme statements issued by PLO splinter groups, it would make matters much easier for the Americans. She hoped that such a way through could be found but she did not know whether it was likely.

The Prime Minister went on to say that she saw the problem of East/West relations in a rather different light from the Amir. It was a fundamental belief of the United Kingdom that each nation had the right to decide its own destiny. We did not believe that we could tell other countries what to do. Britain belonged to Western groupings such as NATO and the European Community whose members all believed firmly in freedom under the rule of law. The biggest nation in this Western bloc was of course the United States ^{and}. We were all determined to defend our right to live in the way we chose / to espouse the cause of freedom. But we recognised that other blocs of nations had the right to decide their own

/ destiny too.

destiny too. They should be free of threats, free of subversion and free of pressure exerted by proxy nations on behalf of great powers. The biggest threat to nations who sought to keep their destiny in their own hands came from the immense power of the Soviet Union. The Russians spent a much greater proportion of their GDP on arms than did the United Kingdom: the figures were 13% compared with 5%. We did not know what the purpose of the Soviet Union's military capability was, but we could not ignore the colossal build-up which went on from year to year. We observed their use of the Cubans and East Germans as their proxies in the Third World. We observed their use of subversion. And we concluded that we must defend ourselves. But the United Kingdom did not want to polarise the world. We recognised^d that there were many non-aligned nations between the Western and Eastern blocs. We believed that they should be left to control their own affairs. But we noted that one non-aligned country - Afghanistan - was prevented from doing so and we would not rest until that country was once again able to decide its own fate.

Thus, taking this argument to its logical conclusion, she believed that the Palestinian people must have the right to decide their own destiny too. This was why she had said to Prince Fahd that we would make great progress if we could persuade the Palestinians that they should recognise Israel's right to exist if, in return, Israel recognised the right of the Palestinian people to self-determination. She believed that Prince Fahd would try to get the PLO to make such a conditional declaration. We would try to persuade the United States to bring strong influence to bear on Israel for the same purpose. We were all groping to see what the next step we should take would be. She believed that the time had come to stop talking in generalisations and to identify practical measures to follow the return of Sinai.

The Amir said that he had perhaps not explained clearly what he meant by polarisation. He recognised that ^{the} countries of the West had inter-connected and mutual interests and that they would be bound to try to deal with the dangers which they believed faced them. It was legitimate for the Western countries to cooperate to protect their interests. But it was equally legitimate for the members of the Warsaw Pact to cooperate for the same purpose. He understood why the Europeans, including the United Kingdom, agreed with the United States about the dangers, as ^{they} saw them, from the Soviet Union. But did they have to agree with the United States on the Palestinian problem?

/ Should they

Should they not have an opinion of their own? It was the action of the Americans and the Europeans in the Middle East which had given the Soviet Union the chance to infiltrate the area. The same was true of Afghanistan and other parts of the world. God knew what would happen tomorrow. He could not argue that the West was a friend of Kuwait and the Soviet Union an enemy while the Soviet Union - which did not say that Israel should cease to exist - approached the Arab/Israel problem in the way it did and while the West helped Mr. Begin whose forces were killing and injuring Arab people. He could not persuade the people of Kuwait in these circumstances that Kuwait should stand with the West against the Soviet Union.

The Prime Minister repeated that the Venice Declaration was the first international statement of its kind that recognised the right of the Palestinian people to determine their own future. The United States now saw the issue very much as a Palestinian problem which had to be dealt with in practical, concrete terms.

The Amir said that he recognised the importance of the Venice Declaration. It was a starting point from which the Europeans could move forward to develop a different view from the Americans. The Prime Minister had recently seen President Mitterrand of France. No doubt they had discussed the Arab/Israel problem, and he wondered whether French policy towards the Middle East under President Mitterrand had changed from that of President Giscard.

The Prime Minister said that there had been a slight shift but in practice there would probably be no difference. President Mitterrand had misinterpreted part of the Venice Declaration. He had believed that when the Declaration talked about a comprehensive settlement it had meant that no progress could be made until there was an agreement which settled every single issue comprehended by the Arab/Israel problem. He had argued that a step-by-step approach was more realistic. In fact the European Community had never thought it likely that all aspects of the Arab/Israel problem could be solved simultaneously. She agreed that the approach would in practice be step-by-step. So there was not very much difference between the United Kingdom and France on this issue.

The Amir's Visit to the Balkans

The Amir said that he had recently completed a tour of a number of Balkan countries and Turkey. Bulgaria and Hungary were more or less identical in their foreign policy and in particular were in complete agreement with Soviet foreign policy. Romania, of course, though a member of the Warsaw Pact, differed somewhat

/ in its approach

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in its approach from Bulgaria and Hungary, and their foreign policy did not entirely meet with the approval of the Soviet Union. Yugoslavia was non-aligned and pursued a foreign policy not dissimilar to Kuwait's. Turkey looked like being preoccupied with its internal situation for some time to come. They would need breathing space before developing their foreign policy.

The Prime Minister said that Turkey was trying to be cooperative in the search for a solution to the Cyprus problem. As regards Yugoslavia, she wondered how long the present system of government there would last. She hoped that it would go on in its present form.

The Amir said that he was not sure that Turkey really wanted to solve the Cyprus problem, at least not in the immediate future. His talks had not encouraged him to believe that the matter would be solved quickly. As for Yugoslavia, he thought that President Tito had done a great deal for his country by giving it a form of collective leadership. But the present leaders were elderly, and it was not clear who would follow them. In the long run he expected that there would be major changes in the leadership. But he had found the Yugoslavs adamant that no matter who ruled their country, they would continue to follow a policy of non-alignment.

The meeting ended at 1045 hours.

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27 September 1981

SUBJECT

SUMMARY NOTE OF A CONVERSATION BETWEEN THE PRIME MINISTER AND CROWN PRINCE HAMAD, MINISTER OF DEFENCE IN BAHRAIN, ON 26 SEPTEMBER AT 1530 HOURS

The Prime Minister's discussion with Crown Prince Hamad took place at the Bahrain Defence Force Officers Club. Among those present were:

The Prime Minister	HE Shaikh Hamad bin Isa Al Khalifa
Sir Michael Palliser	HE Shaikh Mohammed bin Mubarak al Khalifa
Mr. Clive Whitmore	
Mr. David Miers	HE Mr. Yusuf Ahmed Shirawi
Mr. Ian Gow	Brigadier Khalifa bin Ahmed Al Khalifa
Mr. Peter Jeffs	Colonel Abdullah bin Sulmar Al Khalifa
Mr. Michael Copson	
Mr. Michael Alexander	

* * * * *

Defence Co-operation

Shaikh Hamad told the Prime Minister that he had always considered that British military equipment and British military technology was the best available. It was also valuable that the technical manuals, etc., were produced in English. However, of late there had been problems about delivery times. The Prime Minister commented that she had heard that price was also a problem. Shaikh Hamad did not dissent.

Shaikh Hamad instanced as typical of the problems which he had encountered the case of the Saladin armoured vehicle. The Bahrain Defence Force had had difficulty with spares. In the search for a replacement they were now faced with a Saudi suggestion to buy the Panhard. Mr. Jeffs said that the Saladin replacement for the British Army was the Scorpion which was a tracked vehicle. Shaikh Hamad replied that a tracked vehicle would be unsuitable in Bahrain. Mr. Jeffs commented that we also had wheeled vehicles such as Panga and its GKN range which could be suitable.

The Prime Minister asked Shaikh Hamad about his overall strategy for the defence of Bahrain. Shaikh Hamad said that Bahrain's defence could not be looked at in isolation from that of her neighbours. There was effectively no depth to Bahrain's air space. They needed to use air space of the Emirates, of Qatar and, above all, of Saudi Arabia. As it was, two Phantoms attacking from the direction of Iran could destroy most of what Bahrain had built in recent years more or less without warning.

/ What was

What was needed therefore was a regional air defence concept. (Shaikh Hamad claimed to have been the originator in the Gulf Cooperation Council of the idea of regional defence.) The concept would have to include communications, radar, and ground to air missiles. It was no use having grandiose ideas until the infrastructure had been created. Shaikh Hamad implied that we would be better off for the moment thinking about these problems rather than about the Tornado and the P110. Even the Tornado, of which only two squadrons were in service, was still a good way in the future for the Arabs.

The cost of setting up a regional air defence system would, of course, be considerable. The AWACS package, for instance, would cost \$8.5 billion. There was a need to think in terms of doing something big, something that would last for 20 years or more. The Prime Minister commented that any such system would have to be consistent with whatever was being done for Saudi Arabia. Shaikh Hamad said that he saw no difficulty over cooperating with the Americans. He commented that if the AWACS deal did not go through, Nimrod would be available and suitable. The Prime Minister confirmed this. Mr. Jeffs said that he was sure there was room for cooperation on an early warning system.

Shaikh Hamad said that he hoped Britain would help in drawing up a regional air defence concept. Mr. Jeffs suggested that General Perkins would be a suitable man. Shaikh Hamad agreed that General Perkins would be admirable. He said however that this would not be a one-man job. It would have to be a team effort. The Prime Minister said that she was delighted that Shaikh Hamad had raised the question. We did not like to intrude unasked. We would certainly be anxious to help with the drawing up of a regional air defence concept and General Perkins would seem to be eminently suitable. Shaikh Hamad said that he hoped the draft could be made available in Arabic as well as English. It would be helpful if it could be ready within two months, in time for the next meeting of the Gulf Cooperation Council. The concept should envisage the joint or licenced production of some of the equipment, e.g. Rapier. Mr. Jeffs pointed out that Rapier was already in production under licence.

/Arab/Israel Dispute

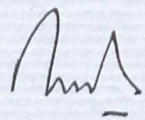
Arab/Israel Dispute

Shaikh Hamad said that he agreed with the view that the Russians were the main threat to the region. But the fact was that the Russians could not get into the area, given the religious and social attitudes of the Arabs, without help from people already in the area. The Palestinian communities in countries such as Kuwait and the Emirates constituted a large group of potential and actual trouble-makers. Bahrain had foreseen this eventual ity and had been careful to keep out Palestinians. There were some 200 Palestinians in Bahrain as opposed to, for instance, 300,000 in Kuwait.

The grievance of the Palestinians had to be removed. The possibility of sending them back from the countries in which they were at present to their own country had to be created. In other words, the first priority was to find a solution to the Arab/Israel dispute. Shaikh Hamad added that an additional reason for finding a solution was that the dispute was at present diverting the attention of the Arabs from moreworth-while subjects. At every Arab meeting, the Arab/Israel issue was a dominant topic rather than the more important problem of creating prosperity. Sir Michael Palliser drew a parallel (with which both Shaikh Hamad and Shaikh Mohammed agreed) between the pre-occupation of the ^{Arabs with the} Arab/Israel dispute and the previous pre-occupation of the Commonwealth with Rhodesia.

Shaikh Hamad said that the details of possible solutions were a matter for Foreign Ministers. Shaikh Mohammed said that he saw no insuperable difficulties. He made it clear that he did not regard the "Jordanian solution" as a starter. (He drew the conclusion from a statement issued by the State Department the previous evening that the Americans had also rejected this solution.) He added that he saw no reason why a landlocked state should^{not} be viable. There were ample precedents, e.g. in Africa. In reply to a question from the Prime Minister, he said that he saw no risk from Communism in a state~~d~~ bounded on one side by Israel and on the other side by Jordan.

26 September 1981



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SUBJECT

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND SHAIKH KHALIFA BIN SULMAN AL-KHALIFA, PRIME MINISTER OF BAHRAIN, AT GOVERNMENT HOUSE ON SATURDAY 26 SEPTEMBER 1981 AT 1030 HOURS

Present

The Prime Minister	HE Shaikh Khalifa bin Sulman
Sir Michael Palliser	HE Shaikh Mohammed bin Mubarak
Mr. C.A. Whitmore	HE Mr. Yusuf A. Shirawi
Mr. P. Jeffs	HE MR. Habib A. Kassim
Mr. I. Gow	HE Shaikh Abdul Rahman bin Faris
Mr. B. Ingham	Mr. Ali Mahrous
Mr. M. Copson	Mr. Mohammed Mutawa
Mr. M.O.'D. B. Alexander	
Mr. D. Miers	*****

Gulf Council and Arab/Israel

The Prime Minister said that it was necessary for peace-loving states to stick together in the present troubled times. Britain welcomed the development of Gulf co-operation. Like our own co-operation in Europe, Gulf co-operation might develop a defence aspect. She would welcome Bahraini views on a solution to the Israeli problem and on Iran. The Israeli problem could not be solved without the co-operation of the United States and the Americans were being slow to make up their policy. But it was essential that progress should be made during the crucial central two years of the US Presidency.

Shaikh Khalifa said that the Gulf region had been traditionally stable but was now tense. The Iran/Iraq war had aggravated the dangers of upheaval in Iran. Stability in Iran was important for Bahrain. The creation of the Gulf Council had given the Rulers confidence. It would enable them to speak as one body through the Council and to ensure the protection of their countries. A second Summit was due in November. Meanwhile co-operation on both internal and external policies was being pushed ahead. For instance, the Saudi and Kuwaiti Foreign Ministers now consulted their Gulf partners before and after any intervention on Lebanon. On Iran, Bahrain recognised the Iranians' right to choose their own form of government. But interference in Bahrain's internal affairs, which they had been doing, was not tolerable. Bahrain was

/ trying

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trying to keep relations on a normal footing. For instance, there was an Iranian Charges d'Affaires in Bahrain and a Bahraini Ambassador in Tehran. Reverting to Israel, he said that the Arabs recognised that the British were making an effort. They believed that the United Kingdom understood this part of the world better than any other country. Relations with the United States, however, were important. The Saudis were not getting a proper deal from the United States.

Shaikh Mohammed said that he believed there was agreement on certain important principles. Britain and Bahrain wanted a stable region. They wanted trade to continue. And they wanted to keep the Soviet Union as far away as possible. In achieving these objectives Gulf countries and others must do certain things. The Gulf countries had formed the Co-operation Council. Britain could help over strengthening and advising the forces of the Gulf countries so as to improve their security and protection. The Soviet Union had established a political and economic presence in the PDRY and were now moving to build a military presence. They had inspired the PDRY/Ethiopia/Libya Agreement. The West should resist this. But the Arab/Israel dispute was poisoning relations between the West and the Gulf. Over thirty-five years the rulers had tried to insulate the Gulf from this problem but this had failed. Some Arab countries were moving to the other side and talking of military alliances with the Soviet Union. The Gulf therefore wanted progress on the Arab/Israel problem. The Fahd initiative was valuable: but some way of pushing it ahead must be found.

The Americans had announced that they were going to defend the Gulf. But it was wrong to make this claim without consultation. If strategic co-operation was intended for the defence of Israel, that was the Americans affair. But if the intention was to defend the Gulf against the Russians, how could they claim to do this without consultation? What should the Arab strategy be against Soviet encroachment with Libyan help? Alliance with the USA was quite frankly not possible for the Arabs. What had happened over Israel since 1947? The occupation of the West Bank, the annexation of Jerusalem. Pressure on Israel towards a compromise was

/ essential.

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The UK had experience of compromise and should assist. Bahrain was moderate: but the pressure on moderate governments from their neighbours and from their own people was tremendous. Extremism was gaining ground. Some countries were aligning themselves with the USSR and accepting Soviet arms. A settlement was not in the interests of the USSR. An initiative from "our" side was essential. The Arabs were tired of being put off with appeals to await the outcome of the American Elections.

AWACS

Shaikh Mohammed said that the Iraq/Iran war showed the vulnerability of the Gulf States. A dog fight had occurred only 60 miles from Bahraini waters. The Iraqis had expected the Gulf Arabs to join in: there had nearly been a catastrophe. The Arabs could not accept that the Americans should look upon the region on the basis of Israel as their sole ally. They must take into account the need for ties with the whole region. The Prime Minister said that Saudi Arabia had pursued a wise policy and had been generous to the Americans by allowing US companies to obtain cheap oil. She had hoped that this close economic relationship would lead to close political ties. There was a need for better presentation of the Arab case in the US. The UK hoped that the AWACS deal would go through. We were ready to stand by as a supplier if it failed. But US/Saudi relations were important. We used our influence on the US as best we could. But the Saudis themselves should use pressure. Shaikh Khalifa said that the Saudis had made their needs clear. They wanted to fly their own AWACS plane themselves. The numerous Americans in Saudi Arabia knew perfectly well that this was what they wanted. But the Americans were humiliating the Saudis. The Prime Minister said that the American Government knew what the Saudis wanted on AWACS and were doing their utmost. But on the Arab/Israel problem there was a need for better exposition of Arab views in the US. Shaikh Khalifa said that the Saudis must obtain AWACS. Iran and Saudi Arabia had been the twin pillars of Gulf security. With the Iranian pillar fallen, the Saudi pillar must be upheld. Although there were more British in the Gulf than ever before it was not possible to go back to the days when British troops were stationed there. The Gulf States would help themselves. But when the Saudis found, for instance, that the Russians had armed the PDRY with

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modern weapons they were discontented when difficulties were made about the supply of modern weapons to themselves. The Prime Minister said she shared the Bahraini view of Russian strategy - by direct encroachment in Afghanistan or by proxy through the Cubans. She now understood more clearly the importance of the AWACS deal to the Gulf. She would send a message to President Reagan although she did not think that her account of Arab views would surprise the US administration.

She continued that the early days of the Iran/Iraq war had been a lesson to us all. For three days it had looked as though the Gulf might go up in flames. Perhaps this had led to a better understanding of the need for rapid communication between the Gulf States. There was a need for a military communication system to help military cooperation throughout the Gulf. She had mentioned this to Prince Fahd. Britain was ready to put our technology at the Gulf's disposal. Shaikh Khalifa welcomed this. The populations of the Gulf States were becoming more perceptive. Nowadays they saw the Americans claiming to be friends of the Arabs but still preoccupied with Israel. The Prime Minister said that Shaikh Khalifa should speak like this on American television. Shaikh Mohammed said that American television would not give a fair hearing to the Arabs. It was dominated by Israeli lobbyists. The Prime Minister said that the UK hoped that Sinai would be duly returned to Egypt. We stood on the Venice principles: the requirement that each side should recognise the rights of the other. Israel continually alluded to the intention of Arab extremists to throw Israel into the sea. If the PLO would only recognise Israel's rights to exist this would make it easier to put pressure on Israel. How could the process of mutual recognition be started? President Sadat, visiting London, had emphasised the importance of the ceasefire in the South Lebanon. For the first time an agreement had been reached between Israel and the Palestinians. Shaikh Mohammed said that the ceasefire had been arranged by Mr. Habib: there had been no direct negotiations. But it was important to escape from the chicken and egg situation. The PLO was recognised by many States as representative of the Palestinians. Prince Fahd's eight principles pointed to a meeting of all the parties concerned under the United Nations umbrella. The UK had experience of this kind of problem eg through dealing with Mr. Mugabe. The moderate

/ Palestinians

Palestinians should be given an opportunity. They should not be categorised as extremists. If there were Palestinian extremists there were also Israeli ones like General Sharon. The Prime Minister said that there was an impasse. The attitude of Begin was particularly difficult. During his American visit he had concentrated on good relations with the US not on particular issues. There was a need to get down to these in order to profit during the next vital two years. She asked about the likelihood of Palestinians returning in the event of a settlement. Shaikh Mohammed said that contented Palestinians would not return. But a settlement would give them an identity. The occupied territories must be given back so that Palestinians could settle there if they wished.

Bilateral Questions

The Prime Minister said that Britain was keen to increase trade and ready to help over military matters. She hoped Bahrain would consider buying British equipment such as Rapier which had been bought by the US and the Swiss, and the Hawk strike trainer which was the best in the world and superior to the Alfajet. British expertise was pre-eminent in defence electronics^{with}/firms, such as Marconi, Plessey, and Racal. She hoped that Davy McKee, who had just won an order for a steel plant in India, would win the contract for the Methanol plant. British industry was becoming more efficient as overmanning was overcome. She hoped that the British could help over the Arabian Gulf University: our university system was the best in the world and Britain had more Nobel Prize winners for her population than any other country. She understood that a new phase for the Aluminium Smelter would soon be considered. She took personal interest in all these possibilities: so also over UK/Bahraini health cooperation, where we were trying to sort out some minor problems.

Shaikh Khalifa said that British technology was the best but our salesmen had been inadequate. He instanced the VC10 and Concorde. But now the British were readier to travel. He referred to The Queen's visit and the Prime Minister's own. If the British could persuade the Saudis, Abu Dhabi and others, to buy British then Bahrain would follow suit. There had been bad examples. Bahrain had had to cannibalise one of her two Wessex helicopters for lack of spares. So they had changed to Sikorsky. But Bahrain preferred a British company even if slightly more expensive. He, too, took a personal
/interest.

interest. He wished the Prime Minister a long stay in office. Bahrain's links with Britain were close whichever government was in power. But he welcomed the recent greater interest in Bahrain shown by British foreign policy. Bahrain, and indeed the Gulf Co-operation Council, needed Britain's support. The Prime Minister asked what kind of support. We did not wish to intrude. Was he referring to intervention with the Americans? Her visit? Or something else? Shaikh Khalifa said that he meant all these things. He also hoped that we would place no obstacles in the way of arms supply. Bahrain could not use these aggressively. Also it was becoming increasingly costly for the many Bahrainis who visited Britain to obtain medical attention. It was right that the British Government should intervene. The Prime Minister indicated her readiness to help.

Future Commercial Opportunities

Yusuf Shirawi said that one should not look only at big projects. Britain was obtaining large invisible earnings in Bahrain: consultants, quantity surveyors, maintenance firms. Although the oil industry in Bahrain was American, 45% of the spares and maintenance equipment came from Britain. The 1980-85 development plans envisaged £2 billion being spent on projects such as hospitals etc: a further £1 billion (the Minister of Commerce appeared to be disputing these figures) on aluminium, petro-chemicals, the oil industry and steel. The airport development alone would cost £80-£100 million. The Bahrainis had chosen Tristar especially because of its Rolls Royce engines (despite their recent experience of having to send engines to Hong Kong for service). The Gulf Cooperation Council was laying the foundations of a Gulf economic unit. The Gulf countries had similar problems, e.g. their dependence on oil. They would be soon adopting a policy to cover the years 1980-2000 which would cover investment in aluminium, cement, steel, petro chemicals and oil. The objective would be to divert energy from oil to help industry. They hoped to increase the Gulf's share of the world aluminium market to £100 million. Britain and her European partners should get involved in these projects.

/Habib Kasim

Habib Kasim said that Britain was Bahrain's biggest single trade partner supplying 18% of Bahrain's imports. Our activity was not just in trade but in all aspects of Bahrain's life. A third of all joint ventures or branches of foreign companies in Bahrain were British. Only in big projects were the British second to the Germans and Japanese. He hoped that British companies would soon recover their pre-eminent place at the top. The Prime Minister said a new atmosphere in Britain had developed in the last two years. It was being increasingly realised that good delivery and service were essential if jobs were to be retained. British exports accounted for 30% of our national income (greater than Japan).

Yusuf Shirawi said that it was disappointing that not enough Bahrainian students came to Britain. The training of Bahrain pilots and other technical education took place in Britain. But few Bahrans went to Britain for first degree courses. It was not the increase in fees that caused the problem but the lack of places. It was a question of equivalence of qualifications. The Bahrans would be approaching us about this.

Naval Visit

Shaikh Khalifa reverted to defence questions. The Prime Minister said that we wished to continue our cooperation with Bahrain. We had not recently been sending Royal naval vessels on visits to Bahrain, or anywhere else within the Gulf, for fear of this being misunderstood against the background of the Iran/Iraq war. Now however we would like to resume this practice. Would it be acceptable for our own ships to pay visits to Bahrain? Shaikh Khalifa said that it should be taken for granted that the Bahrainis would have no objection.

NOTE OF A MEETING HELD IN THE RIFA'A PALACE AT 09.35 ON SATURDAY 26 SEPTEMBER

SUBJECT

Present

The Prime Minister

The Amir of Bahrain, Shaikh Isa bin Sulman
al Khalifa

Mr Thatcher

The Crown Prince and Commander-in-Chief,
HE Shaikh Hamad bin Isa Al Khalifa

Sir Michael Palliser

Mr Gow

The Minister of Foreign Affairs,
HE Shaikh Mohammed bin Mubarak
al Khalifa

Mr Whitmore

Mr Alexander

Bahrain Ambassador to London,
HE Shaikh Abdul Rahman bin Faris
Al Khalifa

Mr Ingham

Mr Miers

Mr. Copson

Mr. Collis

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The Amir welcomed the Prime Minister and her party to Bahrain. He was very happy that she had been able to come. Relations between the United Kingdom and Bahrain had been excellent for many decades, especially since the time of his grandfather, and he wanted to see those links strengthened. The Prime Minister's visit would be a great help in this direction: he was sure that, as a result of Mrs. Thatcher's presence in Bahrain, relations would be even stronger and more solid than ever.

He appreciated the Prime Minister's understanding of the problems facing the Middle East and especially the Arab/Israel conflict. Bahrain was very happy with Lord Carrington's recent speech to the United Nations General Assembly, in which he had positively recognised the importance of Prince Fahd's initiative.

The Prime Minister responded by thanking the Amir for his warm welcome. She had been looking forward to her visit to Bahrain for a long time. She had greatly enjoyed Shaikh Khalifa's visit to London earlier in the year. The relationship between Bahrain and the United Kingdom was an historic one, stretching back over 150 years, and she agreed wholeheartedly with the Amir on the need to sustain and strengthen

/ that link.

that link. She would be grateful if he could tell her what his views were on the future of Bahrain itself, and on the Gulf and the Middle East more generally.

The Amir said that this part of the world needed, above all, peace and stability. He wanted to avoid a struggle for power. His aim was to achieve co-operation in the area, without any external interference. The countries of the Gulf should work together to defend themselves and to achieve progress and stability. He had to say however that he was puzzled by American policy towards this part of the world. It was not clear, and he would like to see them make their position more plain. Otherwise the Americans might well make the situation more complicated, and if that happened only the Soviet Union stood to gain.

The Prime Minister said that she was very glad to see the Gulf Co-operation Council established and working. She was happy that its first meetings had been so successful. She saw it as dealing with both peace-time issues affecting the Gulf and as a possible organisation concerned with Gulf security.

She had been delighted to see Prince Fahd in London so soon after his announcement of the eight principles. She and he had had a very useful discussion about what could be done to solve the Arab/Israel problem. The United States were at present preoccupied with what should be the next step in the peace process. There would be no solution unless the Americans played a prominent part in the search for peace. Pressure had to be put on Israel, and only the United States could do that. We were trying, through the European initiative, to work to bring peace and stability to an area which had not known those conditions for a long time and which feared that large scale conflict might erupt again. The Amir said that he attached great importance to the GCC which would be a source of stability in the area. As regards the wider Arab/Israel issue, he agreed with the Prime Minister that the United States were central to the solution of the problem. He thought, nonetheless, that the Europeans could play a major role. He believed that the Venice Declaration provided the right basis for a solution. But there had been no reaction from Israel.

/He wanted

He wanted progress and not to see the dispute dragging on for years longer. He had been very glad that the Prime Minister had been able to see Prince Fahd the previous week. He was happy with the state of co-operation between the United Kingdom and Saudi Arabia and in particular the British offer of Nimrod as an alternative to AWACS.

The Prime Minister said that she hoped that the AWACS deal would be concluded successfully, for she thought that this was important for the Saudi/American relationship. It looked, however, as though Congress might make difficulties, and if these could not be resolved satisfactorily, the Saudis would have the alternative of the Nimrod. But she wanted to emphasise that Britain was not trying to compete with the United States.

The Amir repeated that the aim of the Bahraini Government was to achieve a comprehensive and durable peace settlement which would be to the benefit of all countries in the area, including Israel. If it proved impossible to reach such a settlement, everybody was in for a very difficult time.

In response to a question by the Prime Minister the Amir said that he wanted to see a stable and united Iran which enjoyed good relations with its neighbours including Bahrain. But the existing relationship between Iran and other countries in the Gulf made this impossible. The media in Iran attacked all the other countries in the area continuously. Bahrain did not respond in kind because it wanted to have good relations with Iran and because it refused to interfere in the internal affairs of Iran in the way Iran meddled in Bahrain.

The Prime Minister said that the situation in Iran seemed to be getting daily worse, as more and more terrible crimes were committed. She worried how it would all end, for what happened in Iran could affect not just the Gulf but the whole world. It was difficult to predict how matters would turn out. It was possible that the Communist Party, which was well organised, would take advantage of any further unrest there. Moreover, the Iran/Iraq war appeared to be in a state of deadlock.

/The Amir

The Amir said that it would take time to correct the circumstances which had lead to the war. One difficulty was that some countries of the Middle East were helping both sides to continue the war because they were benefitting from the conflict. Similarly, there were a number of Middle Eastern countries who were not opposed to the Soviet occupation of Afghanistan. All these uncertainties and divisions made the significance of US policy for stability in the area all the greater. As matters stood at present, the Americans were not being helpful. Nonetheless, US Navy ships continued to call at Bahrain. He would welcome the resumption of ship visits by the Royal Navy. He had, however, heard that the British Government was reducing its naval capability.

The Prime Minister said that she was glad that the Amir would be happy for Royal Navy ships to start visiting Bahrain again. As to our maritime capability, our assessment of the way in which a war in the Atlantic would be conducted had pointed to the need to increase our submarine strength at the expense of our surface ships. Nonetheless, this would not stop Royal Navy ships continuing to visit ports outside the Atlantic area like Bahrain, Singapore and Hong Kong.

The Amir, in response to a question by the Prime Minister, confirmed that work on the causeway linking Bahrain and Saudi Arabia would start at the end of the year. He believed that the project could only serve to strengthen the existing political and economic relationship between the two countries, and it was a practical example of the greater cooperation between the countries of the Gulf area which he was advocating. Similarly, he wanted to see improved industrial and trading cooperation between Bahrain and the United Kingdom. The more contracts British firms won in Bahrain the easier it would be to maintain and deepen the special relationship between the United Kingdom and Bahrain. He much appreciated the work which the staff

/of the

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- 5 -

of the British Embassy and the British community as a whole did to strengthen the links between our two countries. The Amir added that he had been much saddened by the tragic death of the British Ambassador.

The Prime Minister said that she endorsed everything the Amir had said about the need for improved cooperation between the United Kingdom and Bahrain. She was sure that British firms would do all they could to win more contracts in Bahrain. She had been greatly heartened to learn as she had left England the previous day that Davy McKee had won a contract worth £1.2 bn to build a steel plant in India. She had given her support to the firm's efforts to win the order when she had been in India earlier this year. She was glad to learn that Davy McKee were competing for the new ammonia methanol plant which Bahrain was planning to construct. She was looking forward to her talks with the Prime Minister and other Bahraini Ministers later in the day. She was always glad to see Bahraini Ministers in London and she hoped that one day she would be able to welcome the Amir there.

The meeting ended at 1005 hrs.

AW.

26 September 1981

c/o INTERMARKETS,
P.O. BOX 5047,
MANAMA,
BAHRAIN.

Dear Mrs. Thatcher,

May I introduce myself to you as a trainee Lay-Reader, from St. Christopher's Anglican Church here in Bahrain.

I am well acquainted with the writings and the ministry of the Rev. David Pawson of the Baptist Church in Guilford, Surrey.

You probably remember that when you were elected to power, that Rev. Pawson wrote to congratulate you. I believe from Israel where he was leading a church party at the time.

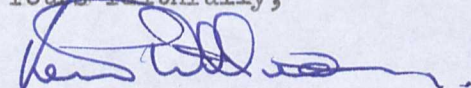
In his letter I believe that he told you that he felt that God had given the result to you, and that he felt that you should hold fast to the principles of your father who was a preacher. He also suggested that you establish an early and lasting relationship with the State of Israel, bearing in mind how many British leaders have fallen swiftly from power when they have refused to help Israel - notably Churchill in 1945, Alec Douglas Home, George Brown, Ted Heath, and most recently Jim Callaghan who was voted out of office three days after he decided against supplying North-Sea Oil to Israel.

The Rev. Pawson feels very strongly, along with many other Christians, that the root cause of the malaise of Britain is that the nation has no knowledge or sense of God anymore. You may know that Dr. Billy Graham is planning another U. K. crusade, although he is very doubtful of the results because of how "god-less" Britain has become. For this reason, Rev. Pawson and many other Christians have been praying for a new awareness of God among the people of Britain, and specifically for time on T.V. in 1981 for God to be heard throughout the land.

I feel that God is wanting a leading Christian to speak on the Dimpleby Lectures on B.B.C. Television; and it may well be that he wants Rev. David Pawson himself to speak - he is eminently well qualified, and an excellent speaker. I am about to write to share these thoughts with him. It may be that he would be interested or he may suggest somebody else. However I think that this may be a cause close to your own heart, and whilst I do not know how much influence you have in this matter, I would be grateful if you will treat this letter seriously.

Thankyou for giving your time and attention to this letter.

Yours faithfully,



Kevin Williams

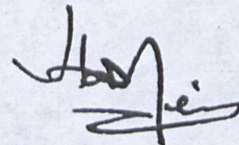
Mr Heap, ESSD

BP/KUWAIT

1. I was telephoned today by BP with information about the latest state of negotiations with Kuwait in case this should come up during the Prime Minister's visit. Briefly, BP's contract with Kuwait has 12 months to run. It is onerous in respect of conditions affecting disposal and price. It is hard for BP to get out of it because of restrictive wording chosen by the company itself. They are trying to get the Kuwaitis to reduce the price by \$5, suspend the contract or even terminate it. But the Kuwaitis are not cooperating: all they have done is to offer an extension of credit to 60 days from September and 90 days from October.

2. The amount of crude is 50,000 bpd. If BP abandon the contract (which they are not inclined to do) they would be liable to judgment under Kuwaiti law and arbitration in Switzerland.

3. I shall take a copy of this with me for the Prime Minister's Private Secretary, although by the time we get to Kuwait Mr Cambridge will probably have more up to date details for us.



H D A C Miers

24 September 1981

cc: Mr Passmore

PRIME MINISTER'S VISIT TO BAHRAIN AND KUWAIT:

25-28 SEPTEMBER 1981

LIST OF BRIEFS

1. STEERING BRIEF
2. REGIONAL ISSUES
 - (a) Arab/Israel
 - (b) Lebanon
 - (c) Gulf Co-operation and Gulf Security
 - (d) Iraq/Iran
 - (e) Afghanistan
 - (f) PDRY
3. DEFENCE RELATIONS
4. DEFENCE SALES
5. TRADE
6. ECONOMIC RELATIONS
7. ENERGY
8. HEALTH CO-OPERATION
 - (a) Bilateral Issues with Bahrain and Kuwait
 - (b) Wider Health Co-operation Arrangements
9. BAHRAIN: BILATERAL ISSUES
10. BAHRAIN: BACKGROUND
11. KUWAIT: BILATERAL ISSUES
12. KUWAIT: BACKGROUND

FROM set of briefs
destroyed - master
set preserved in
CAB 133
R Ponnam
26 Oct 10

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Foreign and Commonwealth Office

London SW1A 2AH

24 September 1981

Dear Michael,

Lg. Phil

Prime Minister's Visit to Bahrain and Kuwait: Supplementary Briefing

// I enclose supplementary briefing, for the Prime Minister's party, on the Arab/Israel dispute (Brief 2a) and Gulf Security (Brief 2c). These take account of recent developments not already covered in the briefing.

// Following the recent changes in the programme which you have seen and cleared with the Prime Minister, some further personality notes will be needed. In Bahrain we now have the names of all who will participate on the Bahraini side in the substantive talks with the Bahraini Prime Minister. In Kuwait a Minister of Health has been nominated as the Minister heading the delegation accompanying the Prime Minister's party. The necessary personality notes are enclosed, together with an updated programme.

/ Finally, HMA Kuwait has sent an assessment of the way in which the talks should be handled. Since the telegram was not copied to No 10 I enclose copies of it, together with a later telegram from Kuwait which reports a statement by the Amir on his country's relations with the Eastern Bloc and which points up well the remarks by HMA Kuwait in para 4 of his assessment.

I am sending you seven copies of all these enclosures which have been circulated separately to the FCO members of the Prime Minister's party, Sir M Palliser and Mr Miers.

Yours sincerely,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

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(2)

Top copy on
other relevant
file



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

We discussed the point at A
some time ago. Nothing seems to
have changed in the interim.

Paul
- 24/9

23 September 1981

Dear Michael,

Middle East

/ UKMIS New York telno 852 (copy attached) raised important questions which go wider than the immediate problem of US partiality in discussions over South Lebanon. The concerns expressed by Brian Urquhart about US policy are very much in line with our own, particularly in the wake of Mr Begin's visit to Washington and what appears to have been an almost exclusive preoccupation with the East-West aspects of the Middle East situation. Although, as Urquhart points out, US policy remains unclear over questions such as Israeli withdrawal after Sinai, the settlements etc., the signs are that US and European policies on the Middle East, particularly on the urgency of progress towards an Arab-Israeli peace settlement, may increasingly diverge. This is likely to come to a head if Mr Begin has taken home from Washington the message that US support for Israel will not be affected however he behaves towards his Arab neighbours. Current US policies are leading to increasing Arab alienation from the US and readiness to turn to the Soviet Union. King Hussein's flirtation with Soviet weaponry is only one sign of this.

/ Lord Carrington's conversation with Mr Haig on 21 September (UKMIS New York telno 874, copy also attached) was not reassuring. In particular, Mr Haig's claim that negotiations over the Lebanon are going well is denied by his officials and not supported by the evidence. The next step may well be a telephone call from President Reagan to the Prime Minister about the Sinai Force, which is unlikely to present new reasons for our participation, but will offer a peg on which to hang a subsequent serious reply dealing with Middle East policy rather more broadly. In the meantime, the Prime Minister may like to confine herself to saying that participation in the Sinai Force is, as President Reagan knows, a very difficult question for us and that we would rather that it had never been asked. We are, however, giving it the most serious consideration and will let the President have a reply in due course.

A.

Yours ever,

Francis Richards

M O'D B Alexander Esq
10 Downing Street

(F N Richards)
Private Secretary

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FM UKMIS NEW YORK 212349Z SEPT 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 874 OF 21 SEPTEMBER

INFO WASHINGTON, CAIRO TEL AVIV BEIRUT JEDDA BONN ROME.

FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S MEETING WITH HAIG ON 21 SEPTEMBER: MIDDLE EAST.

1. THE SECRETARY OF STATE EXPLAINED THAT THE AMERICAN REQUEST TO US TO PARTICIPATE IN THE SINAI FORCE CAUSED US CONSIDERABLE DIFFICULTY. WE WERE STILL WEIGHING THE MATTER BUT IT WAS CLEAR (NOT LEAST FROM FAHD'S RECENT VISIT TO LONDON) THAT IF WE WERE TO PARTICIPATE WE WOULD PUT AT RISK OUR INFLUENCE WITH THE ARABS AND OUR ABILITY TO PLAY A HELPFUL ROLE IF (AS THE SECRETARY OF STATE THOUGHT LIKELY), THE AUTONOMY TALKS DID NOT SUCCEED AND NEW IDEAS PROVED NECESSARY. NEITHER COULD WE ACT WITHOUT CONSULTATION WITH OUR PARTNERS ON A QUESTION OF SUCH CLEAR RELEVANCE TO EUROPEAN POLICY. WAS OUR PARTICIPATION REALLY ESSENTIAL?

2. HAIG GAVE NO DIRECT ANSWER, AND WENT ON TO MAKE A NUMBER OF RATHER DISJOINTED POINTS:

- I. THE SAUDIS WERE WORRIED ABOUT WHAT WOULD HAPPEN TO SADAT IF CAMP DAVID FAILED AND THEREFORE WANTED THE US TO GO AHEAD WITH IT:
- II. BEGIN WAS FINALLY PREPARED TO GET DOWN TO BUSINESS, AND WAS WORRIED ABOUT THE INTERNAL DIFFICULTIES HE WOULD FACE OVER GIVING BACK SINAI IN APRIL IF THE AUTONOMY TALKS HAD NOT BY THEN REACHED RESULTS:
- III. BEGIN WAS INCREASINGLY INCLINED TO QUOTE CLEAN OUT UNQUOTE SOUTH LEBANON, AND HIS FEELING OF ISOLATION (THE CHANGING MOOD IN THE UNITED STATES AND EUROPE) CONTRIBUTED TO THIS - AS DID HIS ECONOMIC DIFFICULTIES AND DEMOGRAPHIC FACTORS IN ISRAEL:
- IV. HAIG HAD TOLD BEGIN VERY FIRMLY DURING HIS VISIT TO WASHINGTON THAT THE AMERICANS WOULD NOT TOLERATE SUCH AN ISRAELI INTERVENTION UNLESS IT TOOK PLACE IN CIRCUMSTANCES WHICH WOULD BE WIDELY REGARDED AS JUSTIFIED: PRETEXTS SUCH AS ACTIONS BY SPLINTER GROUPS OF THE PLO WOULD NOT DO:
- V. THE ONLY HOPE OF AVOIDING TROUBLE IN THE LEBANON WAS TO PRESS ON WITH CURRENT EFFORTS TO STRENGTHEN THE LEBANESE GOVERNMENT. ACTIVE SAUDI SUPPORT WAS ESSENTIAL FOR THIS AND IT WAS IMPORTANT THAT THEIR LIMITED DIPLOMATIC ENERGIES SHOULD NOT BE DIVERTED INTO CHANNELS THEY MIGHT FIND MORE CONGENIAL (EG THE WIDER ARAB-ISRAEL QUESTION).

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3. IN FURTHER CONVERSATION HAIG CLAIMED THAT NEGOTIATIONS OVER THE LEBANON WERE GOING WELL AND THAT SUCCESS THERE, GIVEN THE DEGREE OF DE FACTO PLO INVOLVEMENT, COULD LATER PROVE HELPFUL IN A WIDER CONTEXT. THE SECRETARY OF STATE MADE CLEAR OUR SUPPORT FOR THE AMERICAN PLAN BUT SAID THAT HE UNDERSTOOD BEGIN WAS MAKING DIFFICULTIES. HAIG SAID THAT THESE WOULD BE GOT AROUND ONE WAY OR ANOTHER.

4. IN CONCLUSION, THE SECRETARY OF STATE ASKED WHETHER OUR PARTICIPATION IN THE SINAI FORCE WAS ESSENTIAL. HAIG SAID ONLY THAT HE WAS WORRIED ABOUT THE CREDIBILITY OF THE FORCE IF WE DID NOT, AND CLAIMED THAT THE CANADIANS AS WELL AS THE AUSTRALIANS HAD MADE THEIR PARTICIPATION CONDITIONAL ON OURS.

5. A MEMBER OF HAIG'S STAFF SUBSEQUENTLY GAVE ME ORALLY A MESSAGE FROM HAIG TO THE SECRETARY OF STATE TO THE EFFECT THAT HAIG HAD NOT WISHED TO PRESS TO HARD IN FRONT OF OTHERS AT LUNCH (A STRICTLY BILATERAL OCCASION), BUT THAT THE AMERICANS DID INDEED WANT US TO PARTICIPATE AND THE PRESIDENT MIGHT BE PHONING THE PRIME MINISTER.

PARSONS

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TO IMMEDIATE F C O

TELEGRAM NUMBER 852 OF 17 SEPTEMBER 1981

INFO IMMEDIATE WASHINGTON,

INFO PRIORITY, BEIRUT, TEL AVIV, JEDDA, PARIS, DAMASCUS.

MY TELNO 815: ISRAEL/LEBANON

1. DRAPER (STATE DEPARTMENT) CAME UP FROM WASHINGTON TO SEE GENERAL CALLAGHAN HERE YESTERDAY (16 SEPTEMBER). URQUHART TOLD ME TODAY THAT DRAPER BROUGHT NO COMFORT ABOUT THE AMERICANS' TALKS WITH BEGIN IN WASHINGTON: HE REMAINED UNMOVABLE. DRAPER HAD THEREFORE URGED THAT CALLAGHAN BE INSTRUCTED TO PRESS ARAFAT TO START IMPLEMENTING PHASE I UNILATERALLY, IN THE VAGUE HOPE THAT THE ISRAELIS WOULD AT SOME LATER STAGE MAKE SOME UNSPECIFIED MOVES THEMSELVES BUT WITHOUT ANY LINKAGE. URQUHART IS NOT PREPARED TO DO THIS, ESPECIALLY AS ARAFAT MUST BE ASSUMED BY NOW TO KNOW ALL ABOUT PHASE I AS ORIGINALLY CONCEIVED. THE FURTHEST URQUHART IS INCLINED TO GO IS TO AUTHORISE CALLAGHAN TO SEE ARAFAT ON HIS RETURN TO BEIRUT AND DISCUSS IN AN EXPLORATORY WAY THE KIND OF THINGS THE PLO MIGHT DO IF THERE WAS REASON TO BELIEVE THAT THE ISRAELIS WOULD BE PREPARED TO DO SOMETHING ON THEIR SIDE TO STRENGTHEN THE CEASEFIRE.

2. MEANWHILE, THE SECRETARIAT ARE INCREASINGLY WORRIED ABOUT THE STATE OF THE CEASEFIRE. DESPITE PLO DENIALS, THEY BELIEVE THAT ARAFAT HAS MOVED LARGE QUANTITIES OF MATERIEL TO THE SOUTH. TODAY'S EXPLOSION IN SIDON WILL BE ASSUMED BY THE ARABS (PROBABLY CORRECTLY, IN URQUHART'S VIEW) TO BE THE WORK OF MOSSAD. URQUHART BELIEVES THAT THE ISRAELIS ARE ABOUT TO LAUNCH ANOTHER MAJOR ATTACK ON SOUTHERN LEBANON IN ORDER TO DESTROY THE MATERIEL THE PLO HAVE MOVED IN, THEIR MODEL BEING THE SOUTH AFRICAN INCURSION INTO ANGOLA. URQUHART CLAIMS THAT THE AMERICANS HAD ALREADY STOPPED ONE SUCH ATTACK LAST WEEK (I SAID THAT I DOUBTED WHETHER EVEN BEGIN WOULD HAVE HAD THE EFFRONTERY TO AUTHORISE SUCH AN ATTACK WHILE HE WAS IN THE UNITED STATES) BUT HE HAS NO CONFIDENCE IN THEIR ABILITY TO HOLD DOWN THE ISRAELIS INDEFINITELY.

3. URQUHART REMAINS IN A STATE OF DESPAIR ABOUT US POLICY ON THE MIDDLE EAST GENERALLY. IT IS NOT JUST THEIR FAILURE TO PUT PRESSURE ON THE ISRAELIS TO CONSOLIDATE THE CEASEFIRE. BECAUSE NO ONE KNOWS WHETHER THEY STILL SUPPORT 242, WHAT THEIR POLICY IS ON JERUSALEM, WHAT VIEW THEY TAKE OF THE SETTLEMENTS IN THE OCCUPIED TERRITORIES AND SO ON, A VACUUM HAS BEEN CREATED IN THE MIDDLE EAST: SUCH VACUUMS HAVE ALWAYS LED IN THE PAST TO A MAJOR WAR. I AM BOUND TO SAY THAT I SEE MUCH FORCE IN THIS ANALYSIS.

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4. URQUHART URGED ME TO ASK YOU TO TAKE THESE MATTERS UP WITH HAIG WHEN YOU SEE HIM NEXT WEEK. I SAID THAT PERSONALLY I DOUBTED WHETHER MUCH WOULD BE GAINED FROM YOUR TACKLING HAIG ON A GENERAL BASIS: ANY SUCH DISCUSSION WOULD BE DOMINATED BY HAIG'S PREOCCUPATIONS WITH STRATEGIC CONSENSUS, THE AWACS SALE AND SO ON. BUT I THOUGHT THAT YOU MIGHT BE PREPARED TO URGE HIM TO TRY TO GET THE ISRAELIS TO BE MORE FLEXIBLE ABOUT CONSOLIDATION OF THE CEASEFIRE IN LEBANON, BEFORE THERE IS ANOTHER ERUPTION THERE.

PARSONS

MIDDLE EAST STANDARD

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TO IMMEDIATE KUWAIT

TELEGRAM NUMBER 263 OF 23 SEPTEMBER.

MY TELNO 261: KUWAIT TIMES SUPPLEMENT

1. THE PRIME MINISTER HAS AGREED THE MESSAGE. THE TEXT IS AS FOLLOWS:

QUOTE. I LOOK FORWARD TO MAKING THE FIRST VISIT TO KUWAIT AND BAHRAIN BY A BRITISH PRIME MINISTER IN OFFICE. I AM CONFIDENT THAT MY TALKS WITH KUWAITI AND BAHRAINI LEADERS WILL CARRY FURTHER THE VERY VALUABLE AND FRANK DIALOGUE I HAVE HAD ON A WIDE RANGE OF INTERNATIONAL TOPICS WITH OTHER GULF STATES. THE GULF IS AN AREA OF GREAT IMPORTANCE TO US. WE ALWAYS WELCOME THE OPPORTUNITY TO EXCHANGE VIEWS WITH OUR FRIENDS IN THE GULF, IN THE ATMOSPHERE OF FRANKNESS AND CORDIALITY WHICH OUR LONG-STANDING TRADITIONAL FRIENDSHIP ALLOWS US.

IT WILL NOT BE MY FIRST VISIT TO KUWAIT. I WILL REMEMBER MY VISIT IN 1973 AS SECRETARY OF STATE FOR EDUCATION. I LOOK FORWARD TO RENEWING OLD ACQUAINTANCES AND MAKING NEW ONES WITH KUWAITI LEADERS. MUCH HAS CHANGED SINCE 1973. I EXPECT TO SEE MARKED PHYSICAL CHANGES IN KUWAIT, WHICH LIKE OTHER GULF STATES HAS UNDERGONE AN ASTONISHING TRANSFORMATION IN RECENT YEARS. AT THE SAME TIME KUWAIT HAS DEVELOPED NEW POLICIES TOWARDS THE OUTSIDE WORLD. ITS IMPORTANCE FOR THE ECONOMIC DEVELOPMENT OF OTHER COUNTRIES HAS GROWN VERY SUBSTANTIALLY. KUWAIT HAS MADE A SIGNIFICANT CONTRIBUTION TO THE LESS DEVELOPED WORLD SEMI-COLON I HAVE NOTED WITH APPRECIATION THE GENEROSITY OF KUWAIT TO NEWLY INDEPENDENT ZIMBABWE AT THE AID DONORS' CONFERENCE. FOR THE DEVELOPED WORLD, TOO, KUWAIT'S ROLE

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HAS BECOME AN IMPORTANT ECONOMIC FACTOR. IN BRITAIN, AS ELSEWHERE IN EUROPE, KUWAIT HAS LARGE INVESTMENTS IN OUR INDUSTRY WHICH WE HEARTILY WELCOME. BUT BRITAIN TOO HAS UNDERGONE NOTABLE CHANGES IN RECENT YEARS, OF WHICH THE MOST IMPORTANT IS PERHAPS NORTH SEA OIL. SOME HAVE SUGGESTED THAT THIS REDUCES THE COMMUNITY OF INTEREST WE HAVE WITH THE GULF STATES. BUT ON THE CONTRARY, WE CONTINUE TO BE SIGNIFICANT PURCHASERS OF GULF OIL WHILE EXPORTING MUCH OF OUR OWN. AND ABOVE ALL WE SHARE WITH KUWAIT AND OTHER GULF STATES THE OVER-RIDING INTEREST IN SEEING A STABLE AND PEACEFUL WORLD IN WHICH INDIVIDUAL STATES CAN WORK FOR THEIR DEVELOPMENT AND PROSPERITY IN A BALANCED WORLD ECONOMIC ORDER AND IN CONDITIONS OF POLITICAL FREEDOM AND INTEGRITY.

OUR RELATIONSHIP WITH KUWAIT, LIKE ANY RELATIONSHIP BETWEEN FREE AND FRIENDLY COUNTRIES, HAS CHANGED WITH CIRCUMSTANCES, BUT ONE ELEMENT WHICH HAS NOT CHANGED IS OUR LONG-STANDING FRIENDSHIP. THE MANY HUNDREDS OF KUWAITIS WHO HAVE BEEN TO BRITAIN THIS SUMMER ARE A STRIKING ILLUSTRATION OF THE WAY WHICH BRITAIN FEELS LIKE A SECOND HOME TO MANY KUWAITIS SEMI-COLON WHILE THE BRITISH COMMUNITY IN KUWAIT HAS GROWN STEADILY OVER THE YEARS, AND IS TO BE FOUND IN AN EVER MORE DIVERSIFIED NUMBER OF JOBS. WE ARE HAPPY, HOWEVER, WITH THE WAY OUR RELATIONSHIP HAS DEVELOPED. WE WELCOME THE STEADY COMMON INTERESTS WHICH LINK OUR TWO COUNTRIES AND THE EVER-INCREASING SCOPE FOR CO-OPERATION IN A WIDE RANGE OF FIELDS. WE TRUST TOO THAT THE MINISTERIAL DIALOGUE BETWEEN US WILL CONTINUE TO BE AS FRUITFUL AS IT HAS BEEN IN RECENT YEARS. I CERTAINLY INTEND TO SHOW BY MY VISIT THAT OUR TRADITIONAL FRIENDSHIP AND CLOSENESS ARE GOING TO CONTINUE TO WORK FOR THE BENEFIT OF BOTH OUR COUNTRIES. UNQUOTE.

CARRINGTON

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MR MOBERLY
SIR J GRAHAM

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Foreign and Commonwealth Office

London SW1A 2AH

23 September 1981

① Prime Minister

②

To note (this was always
unavoidable)

Dear Michael,

② plw briefs (mine)

Rmt - 23/9

Prime Minister's Visit to Bahrain

You will have seen Bahrain telegram number 151 (further copy enclosed) recording the discussion the late Ambassador in Bahrain had with the Bahraini Foreign Minister about the programme for the Prime Minister's visit. Although we had asked that the Prime Minister, not being a Head of State, should be spared the Diplomatic Corps' greeting, the Bahrainis have persisted in wishing to show Head of State honours to her. This will mean that all the resident diplomatic corps, numbering about sixteen, will be present at her arrival at the airport, at the Amir's dinner and - we learn from the latest telegram - at her departure for Kuwait.

As you will have seen, the Bahrain Diplomatic Corps includes a PLO representative. We tried to avoid the possibility of a meeting with the PLO man by suggesting that as in Kuwait only the Dean of the Corps should be presented to the Prime Minister or else that the PLO representative should not be invited. But the Bahrainis have pointed out that the PLO representative was among the diplomats presented to The Queen on her visit in February 1979 and that the Prime Minister was greeted by the local Diplomatic Corps, including the PLO man, in Doha in April. They would not feel able to exclude the PLO, and feared that to do so might arouse more attention than if he were allowed to be present. They are probably right in this. Moreover local Bahraini/Qatar rivalry makes it virtually impossible to expect the Bahrainis to back down after the April precedent in Doha.

The Bahrainis, however, realise well our sensitivities on this point and will not embarrass the Prime Minister by allowing any conversation or substantive contact to develop with the PLO representative. Shortly before leaving for Bahrain, the Bahraini Ambassador assured Middle East Department that he would ensure there was no unwelcome

/publicity



publicity and no attempt to exploit the polite word and handshake that courtesy prescribes. The Prime Minister is not likely to have to do more than pass along a line of waiting diplomats at the airport. At the Amir's banquet the Diplomatic Corps will not, according to Bahrain telegram number 170 (copy also enclosed), be presented. Nevertheless we are asking our embassy to follow up the Bahraini Ambassador's undertaking to ensure that the "introduction" of the PLO to the Prime Minister among other members of the Diplomatic Corps at the airport is not misrepresented. We understand that the only photographer at the airport will be the official photographer of the Bahraini Ministry of Information who will operate under instructions from the Ministry.

Yours ever,

A handwritten signature in dark ink, appearing to read 'Francis Richards'.

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

(134)

GRS 365

CONFIDENTIAL

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FM BAHRAIN 090655Z SEP 81

TO PRIORITY FCO

TELEGRAM NUMBER 151 OF 09, SEPTEMBER

(128) YOUR TELNO 106: PRIME MINISTER'S VISIT.

1. THE LATE AMBASSADOR CALLED ON THE FOREIGN MINISTER ON 5 SEPTEMBER. COLLIS ALSO ATTENDED. SHAIKH MOHAMMED BIN MUBARAK HAD BEEN FULLY BRIEFED ON HIS AMBASSADOR'S CALL ON MED THE PREVIOUS DAY. PROGRAMME FOR 26 SEPTEMBER

2. HE SUGGESTED THE CALL ON SHAIKH HAMAD BE SWITCHED TO 1600. THE PRIME MINISTER COULD HAVE TEA WITH HIM AT THE BDF OFFICERS CLUB AT SITRA (LESS THAN 10 MINUTES' DRIVE FROM CENTRAL MANAMA). THIS WOULD ALLOW MORE TIME FOR THE TALKS WITH SHAIKH KHALIFA, WHICH COULD IF NECESSARY BE CONTINUED OVER LUNCH AT THE REGENCY INTERCONTINENTAL HOTEL (2 MINUTES FROM GOVERNMENT HOUSE).

3. SHAIKH MOHAMMED SAID TALKS WITH OTHER MINISTERS (EG YUSUF SHIRAWI) WOULD DEPEND VERY MUCH ON THE COMPOSITION OF MRS THATCHER'S PARTY.

(132) THE BAHRAINIS WOULD MAKE OPPOSITE NUMBERS AVAILABLE. AS I HAVE SINCE LEARNED (YOUR TELNO 109) THE PRIME MINISTER DOES NOT WANT FURTHER OFFICIAL DISCUSSIONS AFTER LUNCH, THIS WOULD PRESUMABLY MEAN EXPANDING PART OF THE TALKS WITH SHAIKH KHALIFA INTO PLENARY SESSION. ONCE DETAILS OF THE PRIME MINISTER'S PARTY ARE CONFIRMED, MAY I PUT THIS TO THE BAHRAINIS?

4. OBSERVING THAT ARAB BANQUETS ARE NOT LENGTHY AFFAIRS AND ALL WOULD BE OVER BY 2000, SHAIKH MOHAMMED SAID HE WOULD PREFER THE PRESS CONFERENCE TO FOLLOW THE AMIR'S DINNER. THERE WOULD HE THOUGHT BE TIME FOR BOTH A PRESS CONFERENCE AND FURTHER TALKS IF DESIRED. (IT WOULD ALSO ALLOW THE PRIME MINISTER A LITTLE MORE TIME FOR HER HAIR APPOINTMENT).

PLO REPRESENTATIVE

5. USUAL PRACTICE IS FOR THE DIPLOMATIC CORPS (INCLUDING THE PLO REPRESENTATIVE) TO BE AT THE AIRPORT AND FOR THE ARRIVING VIP TO PASS QUICKLY DOWN THE LINE SHAKING HANDS. THE QUEEN DID THIS DURING HER VISIT IN 1979 AND, I UNDERSTAND, MRS THATCHER WAS GREETED BY THE DIPLOMATIC CORPS, INCLUDING A PLO REPRESENTATIVE, IN DOHA LAST APRIL. SHAIKH MOHAMMED FELT (AND I AGREE) THAT UNWELCOME ATTENTION WOULD MORE LIKELY BE AROUSED IF WE DEVIATED FROM THE NORM. THE DIPLOMATIC CORPS WOULD BE PRESENT AT THE AMIR'S DINNER BUT WOULD NOT BE INDIVIDUALLY PRESENTED.

25 SEPTEMBER

CONFIDENTIAL NB 026/2

6.

RECEIVED IN REGISTRY NO. 55	
10 SEP 1981	
DESK OFFICER	REGISTRY
INDEX	FILE

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6. THERE IS NO DIFFICULTY ABOUT ADVANCING THE RECEPTION TO, SAY, 2000. I SUGGEST THAT THIS BE HELD IN THE AMBASSADOR'S RESIDENCE AND CONTINUE AFTER THE PRIME MINISTER LEAVES FOR A LIGHT SUPPER AT MY HOUSE. WHO WOULD ACCOMPANY THE PM TO MY HOUSE?

27 SEPTEMBER

7. THE FOREIGN MINISTER WAS SURE SHAIKH KHALIFA WILL INSIST ON ACCOMPANYING THE PRIME MINISTER TO THE AIRPORT. THE HOUR WAS NOT TOO EARLY (YOUR TELNO 232 TO KUWAIT REFERS).

8. SEE MIFT.

COPSON

THIS TELEGRAM
WAS NOT
ADVANCED

LIMITED
MED
PCD
NENAD
PS
PS/LPS
PS/MR HURD
MR MOBERLY
SIR J GRAHAM

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FM BAHRAIN 200525Z SEP 81
TO PRIORITY FCO
TELEGRAM NUMBER 170 OF 20 SEPTEMBER

FOR MED.

133 YOUR TELNO 135: PRIME MINISTER'S VISIT.

1. NO MORE THAN A HANDSHAKE AND A CURSORY EXCHANGE OF GREETINGS
WILL BE REQUIRED. THERE WILL UNFORTUNATELY BE A REPEAT PERFORMANCE
WHEN THE PRIME MINISTER DEPARTS - THE DIPLOMATIC CORPS HAS ALSO BEEN
ASKED TO TURN OUT FOR THE FAREWELL CEREMONY.

2. I TOOK THE OPPORTUNITY YESTERDAY MORNING OF REITERATING TO THE
CHIEF OF PROTOCOL THAT I SAW NO REASON WHY MRS THATCHER SHOULD BE
INTRODUCED AGAIN TO EACH MEMBER OF THE CORPS AT THE AMIR'S BANQUET
(PARA 5 OF MY TELNO 151).

134

COPSON

MINIMAL
MED

THIS TELEGRAM
WAS NOT
ADVANCED

RESTRICTED

NB 026/12	
FILED IN REGISTRY NO. 35	
21 SEP 1981	
PA	REGISTRY
	Action Taken

CONFIDENTIAL



MO 26/9/4

MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~938 7071~~ 218 2111/3

23rd September 1981

*plw Sir A Rennie letter
in the briefs.*

Dear Michael,

Thank you for your letter of 21st September to David Omand with which you enclosed a copy of a letter from Sir Austin Pearce to the Prime Minister.

I understand that, with one exception, briefs which deal with Defence Sales business in the countries mentioned by Sir Austin have already been prepared and passed to the Cabinet Office. The points he makes on Kuwait and Bahrain have been covered.

The brief on Australia does not mention Sea Skua, Sea Dart or Sea Harrier. We have the following comments:-

Sea Skua - We understand that Australian helicopter decisions are still a long way off. Therefore, we believe that for the Prime Minister to raise Sea Skua would be premature and possibly embarrassing.

Sea Dart - During recent discussions with the Australians on the possible sale of Invincible, they made it quite clear that they were not interested in Sea Dart. They were talking about removing the system if they purchased Invincible. We would recommend that this should not be raised by the Prime Minister.

Sea Harrier - The Australian decision on a Carrier must come first before they decide which aircraft to deploy on it. If they purchase Invincible there must be a strong presumption that they will go for Sea Harrier also. There is a danger that they will be deflected from a decision on Invincible if we press the merits of Sea Harrier independently at this stage.

A line to take and background note has been prepared for the Prime Minister on Tornado.

The brief on Pakistan has yet to be completed pending correspondence on tactics between No 10 and the Foreign and Commonwealth Office. I understand that we are working on the line that President Zia will hand over a list of his requirements

M O'D B Alexander Esq

CONFIDENTIAL

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to the Prime Minister during her visit. Neither Rapier nor Hawk appear in the advance information we have received from the Post on the likely contents of such a list. Our comments are:-

Rapier - This does not appear on the Pakistan shopping list, which is not surprising as they already have the French Crotale missile. Clearance of the Blindfire version of Rapier (which undoubtedly the Pakistanis would want) would run into security objections and of course the likely Indian reaction would have to be taken into account. We would recommend that Rapier is not raised.

Hawk - Towards the end of last year, BAe gave a presentation to the Pakistanis. To our knowledge, they have never expressed a serious interest in Hawk. One view is that they may have asked for a presentation so that they could evaluate it and give technical advice to their friends in the Gulf who are definitely in the market.

I should be grateful if these points could be taken into account in the Prime Minister's briefing, with Sir Austin's letter.

I am copying this letter to Francis Richards (FCO).

Yours sincerely,

Nick Evans

(N H R EVANS)

GRS 140

UNCLASSIFIED

DESKBY 220730Z

FROM KUWAIT 220450Z SEPT 81

TO IMMEDIATE FCO

TELNO 378 OF 22/9/81

INFO GULF POSTS AND JEDDA

INFO SAVING TO SOFIA, ANKARA, BUCHAREST, BUDAPEST AND BELGRADE.

MYTELNO 364: AMIR'S TOUR OF EASTERN EUROPE.

1. THE AMIR SPOKE TO THE PRESS DURING HIS RETURN FLIGHT.
THE MAIN POINTS WERE:

(I) HIS TOUR TO THE FOUR SOCIALIST COUNTRIES GAVE THE LIE TO
STORIES BEING PUT ABOUT THAT KUWAIT'S MEMBERSHIP OF THE GCC
INDICATED INCREASING ADHERENCE TO AMERICA AND THE WEST.

(II) KUWAIT HAD NOT ALTERED HER POLICY OF MAINTAINING A POLITICAL
AND ECONOMIC BALANCE BETWEEN EAST AND WEST AND FRIENDSHIP
FOR ALL.

(III) HE WOULD BE ASKING THE OTHER GULF LEADERS TO FOLLOW THE
SAME PATH IN OPENING RELATIONS WITH COUNTRIES OF THE SOCIALIST
BLOC. HIS HOSTS HAD SAID THEY WOULD FOLLOW KUWAIT'S SUGGESTIONS
ABOUT APPROACHING THE OTHER GULF STATES.

(IV) HE DID NOT WANT KUWAIT TO BECOME THE CENTRE FOR EXPORTING
FOREIGN IDEOLOGIES. ISLAM, FAMILY TIES AND SHARED SOCIAL
TRADITIONS WERE THE AREA'S PROTECTION AGAINST SUCH INFLUENCES.

(V) HE EXPECTED DIFFICULTIES WITH HIS GULF BROTHERS OVER THE
VISIT BUT HE WAS CONVINCED THAT KUWAIT WAS FOLLOWING THE
RIGHT LINE.

2. FCO PLEASE PASS SAVING TO SOFIA, ANKARA, BUCHAREST, BUDAPEST
AND BELGRADE.

CAMBRIDGE

MINIMAL

MED

EESD

SED

NEWS D

British Aerospace

PUBLIC LIMITED COMPANY

From the Chairman,
SIR AUSTIN PEARCE, CBE

cc Far Policy M2
Saudi Arabia Visit
Brooklands Road
Weybridge
Surrey KT13 0SJ

Telephone: Weybridge (0932) 45522
Telegrams: Britair Weybridge
Telex: 27111

21st September, 1981.

Dear Prime Minister

I wrote to you on the 8th April prior to your tour of the Middle East, seeking your help in the promotion of sales in prospect in the various countries you were to visit. Following your tour the results were most gratifying: a £41M order for 8 Hawks in Dubai and activation of negotiations in Abu Dhabi for a quantity of Hawks. Your visit to Saudi Arabia, and the subsequent State visit of King Khalid to the UK, stimulated interest in the Nimrod AEW (Airborne Early Warning) aircraft, the Tornado, and possible participation in the development of new combat aircraft such as the P110. The sale of Hawk trainers to the Royal Saudi Air Force has also become a possibility.

I am also pleased to report that we appear to be making progress in the Middle East states in advancing our P110 project in relation to the French competitor product, the Mirage 4000. We have been greatly helped by Sir Ronald Ellis and the Defence Sales staff, but if we are finally to succeed we shall require continued top level political support in view of the very hard promotion of the Mirage 2000 and 4000 by the French Government. The benefits to the UK and the aerospace industry in particular is immense, since conservatively we see exports exceeding £4,000M and the creation of 25,000 jobs in high technology areas, equivalent to 300,000 man-years of employment.

We should be most grateful for similar assistance in your forthcoming tour - particularly in Kuwait, Australia and Pakistan - Bahrain is unlikely to yield orders of any significance, other than in association with Saudi Arabia.

If I may now turn to our interest in the specific countries you are to visit:

Kuwait Apart from a keen interest in an air defence system based on Rapier, Kuwait is now showing interest in the P110 and formal invitations have been made for the Kuwait Air Force to evaluate the Tornado. We also believe that there is the possibility of the sale of 15 to 20 Hawks. We have not been successful in this market for a number of years, but your presence could provide the necessary impetus to break the stalemate.

Bahrain There is interest in the purchase of a small quantity of Hawks, but most likely as a gift from Saudi Arabia should the Hawk be selected by them.

File *cc: Kitching* *OSG*
112
Sam's Action Unit
ee: fco
CONFIDENTIAL

21 September 1981

re
in additional
briefing
folders
I enclose a copy of a letter which the Prime Minister has received from the Chairman of British Aerospace about defence sales prospects in the countries she will be visiting during her visit to and from Australia.

Subject to any views you and Francis Richards, to whom I am copying this letter and its enclosure, may have, I propose to include Sir Austin Pearce's letter in the Prime Minister's briefing.

M. O'D. B. ALEXANDER

David Omand, Esq.,
Ministry of Defence.

CONFIDENTIAL

Australia

Australia has been a fairly dull market in recent years, but I believe could to some degree redirect attention to the UK for defence equipment and civil aircraft. We have a small subsidiary company in Australia manufacturing electronic and precision equipment and generally supporting our activities; we have sold Rapier to the Army. We are trying to sell the Sea Skua (an anti-ship missile launched from a helicopter) and, possibly, a version of the Sea Dart (a shipborne anti-aircraft missile) to the Navy. We believe there is also a good possibility of selling the Sea Harrier to the RAN, particularly if they acquire a new British carrier.

There is renewed interest in the Tornado in Australia to meet their requirement for a replacement fighter aircraft - this is a very sizeable programme for the Royal Australian Air Force. Although the Tornado was not included in the short-list until recently, we understand that there is growing disenchantment with the first favoured aircraft - the American F.16 and F.18 fighters. The latest unsolicited Tornado proposal was welcomed.

We are most anxious to see our new BAe 146 80-100 seat feeder aircraft operating in Australia and we are principally pursuing Ansett ANA in which Mr Rupert Murdoch and Sir Peter Abeles are the leading figures. You may know that the BAe 146 made its maiden flight on 3rd September 1981 and is continuing to make satisfactory progress. Anything you are able to do to influence the adoption of the 146 in Australia would be particularly welcome.

Pakistan

This is another country where for many years we have been unable to penetrate with BAe products partly due to our substantial conflicting interests in India. Pakistan is dependent on financial aid from Saudi Arabia and other Gulf states for its aerospace purchases. Of direct interest is the Rapier missile which is currently under consideration. At the request of the Pakistan Air Force we made presentations on the Hawk, and we believe this requirement is for about 70 aircraft, which probably would be coupled with a Saudi Arabian interest.

As a footnote I should like to remind you of our 20% stake in Airbus Industrie, and that we have the design and manufacturing responsibility for all Airbus wings. The Airbus has been ordered by Kuwait Airways and Pakistan International Airlines.

I hope you have a most successful tour and I should be grateful to hear of any follow-up action we can take.

John Young
T. J. Young

The Rt Hon Mrs Margaret Thatcher MP
Prime Minister
10 Downing Street
London S W 1

CONFIDENTIAL

cc C.A. and
B. L. P. H. A.
1 G. A. S.
1 K. Y. D. D.



Foreign and Commonwealth Office

London SW1A 2AH

21 September 1981

Dear Michael,

With the agreement of the Cabinet Office, we have prepared some supplementary background briefing for the use of the Prime Minister's party in advance of her visit to Bahrain and Kuwait. A despatch from Kuwait of May 1973 records Mrs Thatcher's visit to Kuwait as Secretary of State for Education. Mr Hurd also recommends the valedictory despatch of May 1981 of Mr Walker, the last Ambassador but one in Bahrain and now Ambassador in Abu Dhabi, which he considers a very good summing up of Bahrain and our relations with that country.

/ I enclose ten copies of each. FCO members of the Prime Minister's party also have copies.

Yours con.

Francis Richards

(F N Richards)
Assistant Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

CONFIDENTIAL

Foreign and Commonwealth Office document

Reference DS No. 4/73

Description Visit of Secretary of State for Education and Science to
Kuwait

Date 2 May 1973

The above FCO document, which was enclosed on this file has
been removed and destroyed.

Such documents are the responsibility of the Foreign and
Commonwealth Office. When released they are available in the
appropriate FCO CLASSES.

Signed *W. Dayland*

Date *16 June 2011*

PREM Records Team

Foreign and Commonwealth Office document

Reference DS No. 5/81

Description Valedictory from Bahrain

Date 2 May 1981

The above FCO document, which was enclosed on this file has been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed AWayland

Date 16 June 2011

PREM Records Team



Prime Minister

(2)

Foreign and Commonwealth Office

London SW1A 2AH

Pauls
(We can go through this on the 'phone.)

21 September 1981

Dear Michael,

The Prime Minister's visit to Bahrain and Kuwait

The visit will be the first by a British Prime Minister while in office. This alone will ensure a high degree of government and media interest in Bahrain and Kuwait and elsewhere in the Middle East. Still greater significance will be attached to the Prime Minister's pronouncements on Middle East questions because of the British Presidency. Arab states will be looking to us for reassurance that the EC initiative, on which they have based great (perhaps excessive) hopes, will not falter. They will examine closely what the Prime Minister says on the issue; some may try to make comparisons with whatever President Mitterrand may say on his visit to Saudi Arabia, which takes place on exactly the same dates as the Prime Minister's. Lord Carrington believes therefore that it would be valuable for the Prime Minister to make a carefully planned statement of British and European policy on some suitable opportunity. This would show support to our friends in the area whose closeness to the West has been under attack from Arab radicals. It would also set out our policy for the benefit of Middle East media, who have not always shown understanding for our views, however much friendly Arab governments understand our policies.

In Bahrain and Kuwait, there will be no speeches at any of the meals offered by the two governments. The only occasions on which the Prime Minister will make public statements will be her press conferences. The press conference in Bahrain will come at the end of her first full day in the Gulf, after the talks with the Bahrain government and the dinner given by the Amir. The Prime Minister's first public pronouncement will be eagerly awaited. Television as well as newspapers from many other Arab states will be there. In our view, the greatest and most positive impact would be given to the Prime Minister's visit if she would agree to begin her press conference with a short prepared statement. This could be circulated and given a great deal of publicity. It would serve also as an excellent introduction for the Prime Minister's visit to Kuwait, which pushes harder on the Arab/Israel dispute than the other Gulf states and which has not always shown their understanding for our views.

/ I enclose a draft introductory statement, of which the opening few remarks can be dropped if the statement is circulated to pressmen. It does not go beyond current policy but aims to re-state it fully. The draft has been approved by Lord Carrington, who hopes that the Prime Minister will agree to make the statement.

Yours very,

(F N Richards)

Private Secretary

M O'D B Alexander Esq
10 Downing St

Duty Clerk No 10

GR 800

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FROM KUWAIT 200919Z SEPT 81
TO PRIORITY FCO
TELNO 375 OF 20/9/81.

PRIME MINISTER'S VISIT

1. I HAVE CONSIDERED HOW BEST WE SHOULD PLAY THE HAND.
2. THE KUWAITIS ARE NOTORIOUSLY DIFFERENT FROM THE OTHER GULF ARABS: SHARPER, MORE ARROGANT, MORE OPINIONATED. BUT BENEATH THE SMUG COMPLACENCY THEY ARE WORRIED MEN. THE THREE HUNDRED THOUSAND PALESTINIANS WHO LIVE HERE ARE DOCILE ENOUGH NOW, BUT COULD DESTABILIZE THE COUNTRY AT ANY MOMENT. BOTH IRAN AND IRAQ HAVE BONES TO PICK WITH KUWAIT AND COULD TURN AGAINST HER AS SOON AS THEIR OWN WAR ENDS. THESE ARE PROBLEMS FAR MORE PRESSING FOR THE KUWAITIS THAN THE RUSSIANS OVER THE HORIZON, AND THEY ARE PROBLEMS WHICH THE KUWAITIS CANNOT HANDLE ALONE. DESPITE THEIR OSTENTATIOUS NON-ALIGNMENT THEY NEED REAL FRIENDS AND SUPPORT. HENCE THEIR INITIATIVE IN ESTABLISHING THE GCC - AND THERE ARE ENCOURAGING INDICATIONS THAT THEY MIGHT NOW LET IT DEVELOP A DEFENCE ROLE.
3. THE PRIME MINISTER'S VISIT IS THEREFORE WELL TIMED. A POSITIVE STATEMENT OF OUR READINESS TO HELP KUWAIT MAINTAIN ITS SECURITY SHOULD NOT ONLY BE WELL RECEIVED: IT COULD, IN KUWAIT'S PRESENT PREDICAMENT, OPEN UP A FRANK AND REALISTIC DISCUSSION BETWEEN US SUCH AS WE HAVE NOT HAD FOR THE PAST DECADE. THE TONE WHICH THE PRIME MINISTER ADOPTS WILL BE IMPORTANT. IT SHOULD BE CANDID AND FORTHRIGHT. INDEED THE KUWAITIS WOULD EXPECT THIS. BUT THEY WOULD NOT RESPOND TO A SEVERE LECTURE.
4. IRKSOME AS IS KUWAIT'S DOUBLE STANDARD IN EAST-WEST RELATIONS (E.G. VIRULENT CRITICISM OF THE RDF AND ONLY RITUAL CONDEMNATION OF THE SOVIET OCCUPATION OF AFGHANISTAN) WE SHOULD SHOW UNDERSTANDING FOR KUWAIT'S TACTICAL NEED TO DEMONSTRATE ITS NON-ALIGNMENT (VIZ THE AMIR'S RECENT MUCH PUBLICISED TOUR OF EASTERN EUROPE). IT IS, I THINK, TOO MUCH TO EXPECT THE KUWAITIS, EVEN IN PRIVATE, TO ADMIT THAT THEIR ULTIMATE STRATEGIC INTERESTS LIE WITH THE WEST. BUT THE PRIME MINISTER, SPEAKING WITH KNOWLEDGE AND AS A FRIEND, CAN TRY TO ENSURE THAT THE KUWAITIS ARE NOT UNDER ANY ILLUSIONS ABOUT THE SOVIET UNION. SHE SHOULD THEREFORE NOT MINCE WORDS IN WARNING THE KUWAITIS OF THE DANGERS OF ALLOWING THE RUSSIANS TO EXTEND THEIR ACTIVITIES IN THE PENINSULA (E.G. KUWAIT'S RECENT ENCOURAGEMENT OF OTHER GULF STATES TO ESTABLISH RELATIONS WITH THE BLOC): AND WE SHOULD QUESTION KUWAITI POLICY TOWARDS THE PDRY.

5. THE PRIME MINISTER WILL NEED TO GIVE AN ACCOUNT OF OUR POLICY ON PALESTINE. BUT DISCUSSION OF THIS SUBJECT IS NOT LIKELY TO BE REWARDING. THE KUWAITIS' RELATIONS WITH THE PLO ARE NOT EASY AND THEY WILL NOT WANT TO PLAY AN ACTIVE ROLE IN BRINGING ARAFAT ROUND. INSTEAD, WE SHALL PROBABLY BE TREATED TO A RESTATEMENT OF THEIR DISAPPOINTMENT WITH THE EC'S EFFORTS.

6. A PRACTICAL DOWN-TO-EARTH EXCHANGE OF VIEWS ABOUT GULF SECURITY SHOULD ENABLE MRS THATCHER TO MAKE AN EFFECTIVE PITCH FOR OUR DEFENCE SALES. THE PRIME MINISTER SHOULD BE QUITE FRANK: WE ARE KEEN TO SELL, WE ARE A NATURAL PARTNER FOR KUWAIT IN THE WEST, AND WE ARE LIKELY TO BE A MORE RELIABLE SUPPLIER OF DEFENCE MATERIAL THAN EITHER THE U.S. (VIZ THE DIFFICULTIES OVER AWACS) OR MITTERAND'S FRANCE.

7. AS THE BRIEFS WILL SHOW, THERE ARE NO CONTRACTS, EITHER DEFENCE OR CIVIL, WHICH ARE LIKELY TO BE CLINCHED DURING THE PM'S VISIT. BUT THERE ARE PLENTY OF WORTHWHILE ONES COMING UP IN REGARD TO WHICH SHE SHOULD CONTINUE TO ARGUE THE CASE FOR BRITAIN. THERE IS, I SUGGEST, AN ADDITIONAL POINT TO BE MADE, ALSO IN THE CATEGORY OF FRANK SPEAKING, AND ONE WHICH THE PM COULD PUT BETTER THAN ANYONE ELSE. WE PROVIDE A GREAT DEAL OF EXPERT HELP TO VARIOUS KUWAITI MINISTRIES (DEFENCE - THE KLT IS THE LARGEST GROUP OF BRITISH LOAN SERVICE PERSONNEL ABROAD, ELECTRICITY, HEALTH, EDUCATION, PLANNING, AGRICULTURE AND SO ON). OUR RESOURCES OF SKILLED PERSONNEL ARE LIMITED. NEVERTHELESS, WE ARE GLAD TO MAKE THESE PEOPLE AVAILABLE BECAUSE OF OUR TRADITIONAL FRIENDSHIP AND BECAUSE IT IS IN OUR INTEREST TO MAINTAIN THAT FRIENDSHIP. BUT FRIENDSHIP IS A TWO-WAY STREET, AND OUR PARTNERSHIP WITH KUWAIT DEMANDS A QUID PRO QUO. THE ECONOMIC CLIMATE IN BRITAIN THESE DAYS MAKES IT VITAL THAT WE SHOULD EARN MORE ABROAD. WE ARE NOT ASKING KUWAIT TO HAND OUT CONTRACTS TO BRITISH FIRMS WHOSE BIDS ARE NOT COMPETITIVE. BUT WHEN THERE ARE CLOSELY COMPETITIVE BIDS FOR GOVERNMENT CONTRACTS, WE HOPE THE KUWAITIS WILL TAKE ACCOUNT OF THE CONSIDERABLE CONTRIBUTION WHICH THIS BRITISH TECHNICAL ASSISTANCE MAKES TO KUWAIT'S DEFENCE AND SOCIAL AND ECONOMIC DEVELOPMENT, AND AWARD MORE OF THESE CONTRACTS TO US. RECENT INSTANCES WHEN THEY DID NOT WERE THE NAVAL PATROL BOATS (WEST GERMANY), GAS TURBINES AND DESALINATION SYSTEMS AT THE DOHA EAST, DOHA WEST AND RAS JULEILA POWER STATIONS (ITALY AND JAPAN), THE ENGINES FOR KAC'S AIRBUS ORDER (U.S.), COMMUNICATIONS EQUIPMENT FOR SHUAIBA (ALMOST CERTAINLY JAPAN). THIS IS NOT AN APPEAL TO SENTIMENT (WHICH IN ANY CASE IS IN SHORT SUPPLY HERE) BUT A PRACTICAL REQUEST TO KUWAIT TO MAKE OUR PARTNERSHIP, WHICH IS CLEARLY IN THE INTERESTS OF BOTH OF US, MORE EFFECTIVE THAN IT IS AT PRESENT.

CAMBRIDGE

UNITED	INFO.D	PS
MED	SEC.D	PS/LPS
PCD	DCA.D	PS/PUS
NENAD	EESD	SIR J GRAHAM

THIS TELEGRAM
WAS NOT



Foreign and Commonwealth Office

London SW1A 2AH

16 September 1981

Dear Michael,

Call on the Prime Minister by the Ambassador of Kuwait and Bahrain

Mr Ghazi Amin al Rayes, the Kuwaiti Ambassador, and Shaikh Abdul Rahman Faris Al Khalifa, the Bahraini Ambassador, will pay a joint call on the Prime Minister at 11.00 am on 17 September. Both return home at the weekend to prepare for the Prime Minister's visit, during which both will accompany the Prime Minister's party in their respective countries.

Both Ambassadors have taken up their posts in the past few months. Neither has met the Prime Minister before. The Bahraini Ambassador (perceptibly un-Arab in appearance) is a member of the Bahraini ruling family. This is his first appointment for many years outside Bahrain. The Kuwaiti Ambassador (identifiable from a cast in one eye) arrived in London after being Kuwaiti Ambassador in Bahrain. The two Ambassadors have thus known each other professionally for a number of years.

The call will be a brief one, with no time for much more than a short exchange of courtesies. The Prime Minister may like to be reminded that:

- Her visit to Kuwait and Bahrain is the first by a British Prime Minister in office.
- She visited Kuwait as Education Secretary in 1973.
- The Bahraini Prime Minister visited London last September and was her guest at dinner and talks at 10 Downing Street.
- The wife of the Kuwaiti Foreign Minister Shaikh Sabah is in hospital here.

/ The Prime Minister's programme in Bahrain and Kuwait is attached.

Yours ever.
(F N Richards)
Private Secretary
James Rich

M O'D B Alexander Esq
10 Downing St



Prime Minister's Programme in Bahrain and Kuwait

Bahrain

Friday 25 September

Arrive in the evening

Saturday 26 September

Talks with the Amir (Shaikh Isa), the Prime Minister (Shaikh Khalifa), the Crown Prince (Shaikh Hamad) and others

Lunch with the Prime Minister and dinner with the Amir

A press conference after the dinner

A tour of Bahrain in the afternoon

Sunday 27 September

Leave in the early morning for Kuwait

Kuwait

Sunday 27 September

Talks with the Amir (Shaikh Jabir), the Prime Minister (Shaikh Sa'ad), the Foreign Minister (Shaikh Sabah) and the Defence Minister (Shaikh Salem)

Lunch in the revolving restaurant at the top of the Kuwait Tower.

Dinner with the Prime Minister

A press conference

Monday 28 September

Leave in the early morning for the Commonwealth Heads of Government Meeting in Australia



Foreign and Commonwealth Office

London SW1A 2AH

*P.R. has agreed to
do this. 10 minutes.*

15 September 1981

Dear Michael,

The Kuwaiti Ambassador has asked if he might pay a very brief courtesy call on the Prime Minister before he leaves for Kuwait on 20 September, where he will be part of the Kuwaiti team looking after the Prime Minister during her visit. Realising that her diary is very crowded, he has offered that he and his Bahraini colleague, (who will likewise be leaving shortly in order to be in Bahrain), could pay a joint call.

We normally discourage Ambassadors from calling on the Prime Minister. We put off similar requests from Gulf Ambassadors before the Prime Minister's visit to Saudi Arabia and the Gulf last April, by suggesting that they should instead present themselves at the airport for the Prime Minister's departure. This time round, this will clearly not be possible. A joint courtesy call by the two Ambassadors (which need not take more than ten minutes) would at least allow the Prime Minister to know the faces of the Ambassadors, who will doubtless be expected by their governments to play a leading role in the hospitality offered to the Prime Minister's party.

You may therefore want to put the idea to the Prime Minister. While a call would certainly be much appreciated, it is not essential, and the Ambassadors could without offence be told that the Prime Minister's diary is too crowded.

Yours sincerely,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON SW1

C Whitmore Esq



With
the Compliments of
Sir Frank Cooper, G.C.B., C.M.G.
PS/Permanent Under-Secretary of State

MINISTRY OF DEFENCE
 SW1A 2HB

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MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2839 (Direct Dialling)

01-218 9000 (Switchboard)



PERMANENT UNDER-SECRETARY OF STATE

SW/81/1162
61/1/38

D J Wright Esq
Private Secretary to
Sir Robert Armstrong KCB CVO
Cabinet Office
Whitehall
London SW1

*I have informed Sir
R. Armstrong's Office that
the PA is correct.*

Rank 2/9

1 September 1981

Dear David,

PRIME MINISTER'S VISIT TO BAHRAIN AND KUWAIT: 25-28 SEPTEMBER 1981

We have already confirmed over the telephone that Sir Frank Cooper is generally content with the statement of UK objectives and the proposed list of briefs, which were circulated with Sir Michael Palliser's letter to Sir Robert Armstrong of 24 August. There is, however, an additional point which Sir Frank has asked me to make in relation to UK Objective No 4.

2. For some months now we have been attempting to encourage the Kuwaitis' interest in purchasing a further 50-150 Chieftain tanks to add to the 165 Chieftains which they ordered from us in 1975. If we are to succeed we shall have to engage the interest and support of Sheikh Salim, the Kuwaiti Defence Minister, who is the decisive influence in procurement matters and to overcome the negative influence of Mr Khalaf who is the Head of the Military Assistance Office in London (for 13 years) and has been recently appointed in a dual capacity as Under Secretary in the Kuwait MOD. It would, therefore, help us tremendously on this and other defence sales prospects if the Prime Minister were willing to hold a separate meeting with Sheikh Salim at which she could speak up in favour of IMS and the supplementary Chieftain purchase in the general context of defence co-operation. Salim is very conscious of his position. (You will recall that the Prime Minister had a similar very successful meeting with Prince Sultan, the Saudi Defence Minister, during her visit to that country earlier in the year.) Sir Frank would be grateful if you could arrange for this suggestion to be put to the Prime Minister at an early date. If she were agreeable to this suggestion we would arrange for Peter Jeffs, the AUS(Sales) here, to visit Kuwait to help prepare the ground in advance of the Prime Minister's arrival, and to be in

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attendance during her call on the Minister. The FCO officials and HM Ambassador Kuwait agree with this proposal.

3. I am sending copies of this letter to Andrew Burns (FCO), Jonathon Phillips (Trade), Craig Pickering (Treasury), Ian Fitzpatrick (Energy), Tim Stevens (DHSS) and Clive Whitmore (No 10).

Yam,

Jim -

S WEBB
Private Secretary

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Middle East
WV 28/8

Cabinet Office,
70 Whitehall,
London SW1

28 August 1981

PS(81) 21

Dear Private Secretary,

Prime Minister's Visit to Bahrain and Kuwait
25th-28th September, 1981

This letter sets out the briefing arrangements for the Prime Minister's visit to Bahrain and Kuwait from 25th to 28th September.

The objectives for the visit, as approved by the Prime Minister, are at Annex A. The list of briefs to be prepared, with an indication of Departmental responsibility, is at Annex B. Instructions on format are at Annexes C and D. Those preparing briefs should note carefully the details on the format of briefs set out in Annex C, particularly (b) on the structure of briefs.

70 copies of each brief should be sent to the Cabinet Office as soon as they are ready, and should in any event arrive no later than close of play on Wednesday, 16th September. They should be addressed to Mr. W. Ewing in Committee Section, who should be consulted (tel. no. 233 7628) about any technical points arising.

I am sending copies of this letter to the Private Secretaries to Sir Michael Palliser, Sir Douglas Wass, Sir Frank Cooper, Sir Kenneth Clucas, Sir Kenneth Stowe, Sir Peter Carey, Sir Donald Maitland, Sir Peter Preston, Sir Kenneth Couzens, the Governor of the Bank of England and Mr. Robin Ibbotson, and to Willy Rickett, No. 10.

Yours sincerely,

(Signed) C.G. CLOKE
Assistant Private Secretary

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PRIME MINISTER'S VISIT TO BAHRAIN AND KUWAIT
25-28 SEPTEMBER 1981

UNITED KINGDOM OBJECTIVES

1. Reaffirm our interest in Bahrain and Kuwait:
 - (a) by underlining our wish for personal contact between British Ministers and their counterparts;
 - (b) by restating our policy of paying closer attention to the Gulf, promoting bilateral co-operation (eg by offering expertise and training in the defence and security fields), and supporting the Gulf states' own efforts to preserve stability and resist subversion or hostile encroachment;
 - (c) by reminding them of the fundamental community of interest between us and our readiness to continue our support in discreet ways appropriate to the 1980s.
2. Increase Bahrain/Kuwait understanding and acceptance of British policies on:
 - (a) The Arab/Israel dispute
 - (b) Afghanistan
 - (c) Security of the Gulf region
 - (d) North/South dialogue
3. Restate our wish to help the Gulf states ensure their security through discreet co-operation in training and the supply of defence equipment.
4. Advance our commercial interests by speaking up for certain projects (though no significant project is likely to be ripe for decisive intervention by the Prime Minister).

PROBABLE BAHRAIN/KUWAIT OBJECTIVES

1. To impress on Britain the importance of progress on the Arab/Israel issue and (in Kuwait's case) to be seen to secure an advance in the British approach.

2. To discourage any Western plans for military intervention or collective security that could lead to adverse publicity, hostile local reaction, or Soviet counter-moves involving the Gulf states in superpower rivalry.
3. (Kuwait only). To underline that Kuwait's approach to world problems differs from that of other Gulf states.

LIST OF BRIEFS FOR THE PRIME MINISTER'S VISIT TO BAHRAIN AND
KUWAIT: 25-28 SEPTEMBER 1981

<u>PMVM(81)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
1.	Steering Brief	FCO	MOD Trade
2.	Regional Issues:	FCO	MOD
	(a) Arab/Israel		
	(b) Lebanon		
	(c) Gulf Co-operation and Gulf Security		
	(d) Iraq/Iran		
	(e) Afghanistan		
	(f) PDRY (background only)		
3.	Defence Relations	MOD	FCO
4.	Defence Sales (to include projects for which the Prime Minister might speak up)	MOD	FCO
5.	Trade (to include projects for which the Prime Minister might speak up)	Trade	FCO
6.	Economic Relations (to include inward invest- ment, triangular co-operation, attitudes towards North/South Dialogue)	Treasury	Trade FCO/ODA Bank of England
7.	Energy	Energy	FCO Treasury Bank of England Trade

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<u>PMVM(81)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
8.	Health Co-operation:	DHSS	FCO Trade
	(a) Bilateral Issues with Bahrain and Kuwait		
	(b) Wider Health Co-operation Arrangements		
9.	Bahrain: Bilateral Issues (including Civil Aviation)	FCO	as appropriate
10.	Bahrain: Background	FCO	
11.	Kuwait: Bilateral Issues (including Civil Aviation)	FCO	as appropriate
12.	Kuwait: Background	FCO	

INSTRUCTIONS ABOUT FORMAT

All briefs should be laid out in the same way with a top page in accordance with the specimen layout at Annex D. Those preparing briefs should pay particular attention to ensuring that the following instructions are fully observed:

Content

- (a) Briefs should be concise. Each brief should if possible be no more than four sides long.
- (b) The main body of each brief should comprise two sections, a concise list of Points to Make, followed by a factual Background section which distinguishes clearly between information which can be freely used and information which should not be disclosed.
- (c) Briefs should be complete and self-contained with all the information required on that particular subject. Briefs should not be divided into separate self-contained sub-sections.

Layout

- (d) Briefs should be typed in double spacing, using both sides of the paper. Pages should be numbered at the foot of each page.
- (e) As shown in the specimen at Annex D, the top page only of each brief should contain the following details: the symbol and number of the brief in the top left-hand corner (e.g. PMVM(81) 10) with the date of production below; a copy number in red at the top right-hand corner; the visit heading; the title of the brief (in capitals) and the name of the Department responsible.
- (f) At the foot of the last page and on the left-hand side, briefs should bear the name of the originating Government Department and the date of origin.

Reproduction

- (g) Briefs should be reproduced throughout on white paper, with each page bearing a security classification at top and bottom (as in Annex D). Care should be taken that the reproduction method employed results in clear readable copies.

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- (h) It is important that on arrival at the Cabinet Office, briefs should be complete in all detail - collated, stapled and copy numbered and ready for immediate circulation.

Updating

- (i) If late developments require a brief to be amended or updated, an addendum should be prepared. It should be set out in the form described at (e) above, with the brief number (e.g. PMVM(81) 10 Addendum) and title to which it relates at the top of the front page. The Private Secretary to the Secretary of the Cabinet should be informed when an addendum is in preparation. Revised briefs and corrigenda should be similarly treated.
- (j) Additions to the list of briefs in Annex B require the authorisation of the Private Secretary to the Secretary of the Cabinet.

/CLASSIFICATION/

ANNEX D

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVM(81) /Serial Number as specified in Annex B/

COPY NO. /in red/

/Date/

PRIME MINISTER'S VISIT TO BAHRAIN AND KUWAIT
25-28 SEPTEMBER 1981

/Leave 1½"
margin/

/SUBJECT/ /Insert subject in capitals/

Brief by /name of originating Department, eg Foreign and
Commonwealth Office/

/At the foot of the last page:-/
/left-hand side/

/Originating Government Department, eg Foreign and Commonwealth Office
or Department of Industry, not a subordinate section or division/

/Date of origin/

/CLASSIFICATION/

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1. WR. *mm*
2. cf

Cabinet Office,
70 Whitehall,
London SW1

27th August, 1981

PS(81) 19

Dear Private Secretary,

Prime Minister's Visit to Pakistan: 8th October, 1981

This letter sets out the briefing arrangements for the Prime Minister's visit to Pakistan on 8th October.

The objectives for the visit, as approved by the Prime Minister, are at Annex A. The list of briefs to be prepared, with an indication of Departmental responsibility, is at Annex B. Instructions on format are at Annexes C and D. Those preparing briefs should note carefully the details on the format of briefs set out in Annex C, particularly (b) on the structure of briefs.

75 copies of each brief should be sent to the Cabinet Office as soon as they are ready, and should in any event arrive no later than close of play on Wednesday, 16th September. They should be addressed to Mr. W. Ewing in Committee Section, who should be consulted (tel. no. 233 7628) about any technical points arising.

I am sending copies of this letter to the Private Secretaries to Sir Michael Palliser, Sir Douglas Wass, Sir Frank Cooper, Sir Kenneth Clucas, Sir Lawrence Airey, Sir Brian Cubbon, Sir Peter Preston, Mr. K. Taylor, Mr. J.C. Burgh and Mr. Robin Ibbs, and to Willy Rickett, No. 10.

Yours sincerely,

(Signed) C.G. CLOKE
Assistant Private Secretary

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PRIME MINISTER'S VISIT TO PAKISTAN: 8 OCTOBER 1981

UNITED KINGDOM OBJECTIVES

1. To strengthen the Prime Minister's personal relationship with President Zia.
2. To demonstrate Her Majesty's Government's continuing support for Pakistan in the wake of the Soviet invasion of Afghanistan; and to concert views with the Pakistan Government on the handling of the Afghanistan situation, with special reference to the proposal of the Ten for an international conference, the United Nations Secretary General's Personal Representative and the debate in the United Nations General Assembly.
3. To present our views of the global threat from the Soviet Union, with special reference to the Persian Gulf and Indian Ocean areas.
4. To emphasise that, despite cuts in the aid programme, we are giving Pakistan priority treatment and that Pakistan will continue to be a major recipient of our bilateral aid.
5. To demonstrate our continued commitment to help with the problem of Afghan refugees.
6. To advance British commercial interests, to which the raising of the ceiling on ECGD cover for Pakistan can be expected to contribute.
7. To tell Pakistan what defence equipment the United Kingdom would be prepared to supply, with an indication of delivery times and the ECGD cover which would be available.
8. To brief the Pakistan Government on the Commonwealth Heads of Government Meeting, while resisting any pressures for a United Kingdom initiative to accelerate Pakistan's re-entry to the Commonwealth.
9. To emphasise the importance we attach to stability in the Gulf and progress towards a solution of the Arab/Israel conflict; and to obtain Pakistan's assessment of the situation in Iran and of the Iran/Iraq war.
10. To renew the warning to the Pakistan Government of the serious consequences of exploding a nuclear device.
11. To encourage discreetly a Pakistani rapprochement with India, without being drawn into Indo/Pakistan quarrels, and to seek Pakistan's view of China's role in the sub-continent.

12. To draw attention to the complications for our relations which can be caused by repressive measures against opponents of the regime and to obtain, if possible, an insight into President Zia's thinking about an eventual return to representative government.

PROBABLE PAKISTAN OBJECTIVES

1. To seek assurances of support in their exposed position vis-a-vis the Russians in Afghanistan.
2. To attempt to obtain assurances of support vis-a-vis India.
3. To obtain further aid, particularly for the Afghan refugees.
4. To brief the Prime Minister about Pakistan's negotiations with the United States Government over defence and economic aid. To seek British support in lobbying the Americans for the rapid supply of F16 aircraft and other military equipment on favourable terms.
5. To use the visit to bolster the standing of the regime.
6. To press for a tougher United Kingdom attitude towards opponents of the regime of Pakistani origin in the United Kingdom.
7. To obtain an account of discussions at the Commonwealth Heads of Government Meeting and in particular to learn of, and encourage, progress towards Pakistan's possible readmission to the Commonwealth.

LIST OF BRIEFS FOR THE PRIME MINISTER'S VISIT TO PAKISTAN
8 OCTOBER 1981

<u>PMVP(81)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
1.	Steering Brief	FCO	ODA Trade ECGD MOD British Council Home Office Treasury
2.	Bilateral Relations (including cultural relations, and the activities of Pakistani opponents of Zia's Government who are in the United Kingdom)	FCO	British Council Home Office
3.	Bilateral Aid	ODA	FCO Treasury Trade
4.	Trade and Financial Relations (including Multi-Fibre Agreement)	Trade	FCO Treasury Inland Revenue
5.	Defence Sales and Military Assistance	MOD	FCO
6.	Afghanistan	FCO	
7.	East/West Relations	FCO	
8.	Pakistan/United States Negotiations over Defence and Economic Assistance	FCO	
9.	Indo/Pakistan Relations Bangladesh, China	FCO	MOD
10.	Pakistan and the Commonwealth	FCO	

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<u>PMVP(81)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
11.	Iran/Iraq, Gulf, Indian Ocean Peace Zone, South Asia Nuclear Weapon Free Zone	FCO	
12.	Arab/Israel	FCO	
13.	Immigration, Nationality, Race Relations in the United Kingdom	Home Office	FCO
14.	Pakistan's Nuclear Programme	FCO	MOD
15.	Pakistan Internal	FCO	
16.	Pakistan Economic	FCO	Treasury Trade ODA
17.	Personality Notes	FCO	

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ANNEX C

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ANNEX D

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PMVP(81) /Serial Number as specified in Annex B/

COPY NO. /in red/

/Date/

PRIME MINISTER'S VISIT TO PAKISTAN
8 OCTOBER 1981

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/SUBJECT/ /Insert subject in capitals/

Brief by /name of originating Department, eg Foreign and
Commonwealth Office/

/At the foot of the last page:-/
/left-hand side/

/Originating Government Department, eg Foreign and Commonwealth Office
or Department of Industry, not a subordinate section or division/

/Date of origin/

/CLASSIFICATION/

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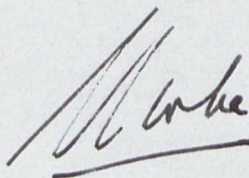
Ref. A05459

MR. RICKETT

Briefing Arrangements for Bahrain/Kuwait and
Melbourne

I have taken note that the Prime Minister has agreed to use in Melbourne the brief on the Middle East and Iran (including Iran/Iraq War) which will be prepared for her visits to Bahrain and Kuwait.

2. A copy of this minute goes to Andrew Burns (FCO).



C.G. CLOKE

27th August, 1981

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10 DOWNING STREET

From the Private Secretary

SIR ANTONY DUFF

PRIME MINISTER'S VISIT TO BAHRAIN AND KUWAIT: 25-28 SEPTEMBER 1981

Thank you for your minute of 27 August, reference A05458, about the briefing for the Prime Minister's visit to Bahrain and Kuwait. I have now shown the Prime Minister Sir Michael Palliser's letter of 24 August to Sir Robert Armstrong. The Prime Minister is content with the list of briefs and proposed objectives set out in the annexes to Sir Michael's letter.

I note that the Cabinet Office will be coordinating the briefing for this visit.

W. F. S. RICKETT

28 August 1981

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Ref. A05458

MR. RICKETT

Prime Minister's Visit to Bahrain and Kuwait: 25th-28th September, 1981

Sir Michael Palliser has sent you a copy of his letter of 24th August to Sir Robert Armstrong about briefing for the Prime Minister's visits to Bahrain and Kuwait. We have consulted other Departments and no-one wishes to propose changes to the enclosures to Sir Michael Palliser's letter. I should be grateful therefore if you would seek the Prime Minister's approval to the list of briefs and objectives.

2. Contrary to Sir Michael Palliser's suggestion that the FCO should commission and co-ordinate briefs, it has now been agreed that the Cabinet Office will do this as we are already doing for Melbourne and Pakistan.


ANTONY DUFF

27th August, 1981

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Foreign and Commonwealth Office

London SW1A 2AH

24 August 1981

Sir Robert Armstrong KCB CVO
CABINET OFFICE

Prime Minister

*This letter has now been agreed by all departments.
Content with the objectives at A and B, and
the list of briefs at C?
This will clearly not be a trade promotion
trip.*

Dear Robert,

PRIME MINISTER'S VISIT TO BAHRAIN AND KUWAIT :
25 - 28 SEPTEMBER 1981

1. The Prime Minister is to visit Bahrain and Kuwait on her way to the Commonwealth Heads of Government meeting in Melbourne. These two visits will round off the visit to Saudi Arabia and the rest of the Gulf in April.
2. We have close and important links with Bahrain and Kuwait. Bahrain's oil has virtually run out. It lacks wealth on the scale of Kuwait, but has managed its economy sensibly and is important for the other Gulf states because of its larger educated population. It is an important regional centre for services such as banking. The extremely anglophile Bahrainis imported £95 million of British goods in 1980 - about 20% of OECD's exports to Bahrain. Kuwait is a rich market, a leading oil producer, an important investor of financial surpluses in the UK, and a significant investor in projects in developing countries with important implications for British exports to those countries. It has the highest GNP per capita in the world. Our exports in 1980 were £251 million. Kuwait is influential with the other Gulf states, having been the first to experience the problems of sudden and enormous wealth in a bedouin society.

/3.



3. Despite the superficial similarities, this will be a different kind of visit from that paid by the Prime Minister to the Gulf in April. The Bahrainis' comparative lack of wealth makes them dependent on richer neighbours (Saudi Arabia, in practice) for any new large scale arms purchases and there are no civil contracts there that are ripe for decisive intervention (though several medium and longer-term ones for which the Prime Minister could usefully speak up). But the Prime Minister will be able to have a useful exchange of views with the articulate and sympathetic Bahrainis on the concerns of our friends in the region. In Kuwait contracts are not likely to be obtained for British firms by an appeal to sentiment or by the fact of the Prime Minister's visit. The Kuwaitis are hard-headed customers, ostentatiously attentive to price, quality and speed of delivery. They are also keen to cultivate their somewhat artificial image as non-aligned between East and West and their self-appointed role as honest brokers between moderate and progressive Arabs. This makes them reluctant to become uncritical supporters of Western initiatives and difficult partners to engage in a frank dialogue on questions of regional security. As a consequence our policies are less well understood and appreciated than elsewhere in the Gulf. (Shaikh Sa'ad, the Prime Minister, is perhaps the exception here, since for reasons of background and upbringing he still nurtures closer links with Britain.) Thus an improved understanding of our position on issues of major concern to Kuwait such as the Arab/Israel problem, the security of the Gulf region etc, will undoubtedly help to create an improved climate for our trade.

4. We have considered very carefully what specific purpose might be identified for the Prime Minister's visit, following Michael Alexander's letter of 7 May to Rhodes in the Secretary of State for Trade's Office about more imaginative preparation of the Prime Minister's overseas journeys.

For the reasons given above there are no concrete initiatives or specific contracts in support of which the Prime Minister's intervention in September might prove decisive if the ground was suitably prepared. Nevertheless the visit is important since the two countries would be gravely offended if the Prime Minister did not visit them, having visited the rest of the Gulf in April: and since the visit to Kuwait, in particular, will provide an opportunity for the Prime Minister to restate firmly and authoritatively, in sensitive political surroundings, what Her Majesty's Government's policies are on important issues affecting the region - eg Arab/Israel, Afghanistan and regional security. A well-judged statement

/of



of British and European Community policy towards the Arab/Israel issue could be particularly timely and effective. The visit will provide a chance to emphasise readiness to continue to provide support in the security field, and could help to open the way to significant future sales of defence equipment to Kuwait, such as tanks and combat aircraft.

/ 5. I attach at Annexes A and B a list of British and Bahraini/Kuwaiti objectives, and at Annex C a suggested list of briefs. If you agree the Foreign and Commonwealth Office will commission and coordinate the briefing if the Prime Minister approves it. I should be grateful meanwhile for any comments other recipients may have on the objectives and briefs I have suggested.

Yours ever,

Michael Palliser

Michael Palliser

cc: Sir Frank Cooper GCB CMG
MINISTRY OF DEFENCE

Sir Kenneth Clucas KCB
DEPARTMENT OF TRADE

Sir Douglas Wass GCB
HM TREASURY

Sir Donald Maitland GCMG OBE
DEPARTMENT OF ENERGY

Sir Kenneth Stowe KCB CVO
DHSS

Clive Whitmore Esq
No 10 DOWNING STREET

UK OBJECTIVES

1. Reaffirm our interest in Bahrain and Kuwait:-
 - (a) by underlining our wish for personal contact between British Ministers and their counterparts;
 - (b) by restating our policy of paying closer attention to the Gulf, promoting bilateral cooperation (eg by offering expertise and training in the defence and security fields), and supporting the Gulf states' own efforts to preserve stability and resist subversion or hostile encroachment;
 - (c) by reminding them of the fundamental community of interest between us and our readiness to continue our support in discreet ways appropriate to the 1980s.
2. Increase Bahrain/Kuwait understanding and acceptance of British policies on:-
 - (a) The Arab/Israel dispute
 - (b) Afghanistan
 - (c) Security of the Gulf region
 - (d) North/South dialogue
3. Restate our wish to help the Gulf States ensure their security through discreet cooperation in training and the supply of defence equipment.
4. Advance our commercial interests by speaking up for certain projects (though no significant project is likely to be ripe for decisive intervention by the Prime Minister).



POSSIBLE BAHRAINI/KUWAITI OBJECTIVES

1. To impress on Britain the importance of progress on the Arab/Israel issue and (in Kuwait's case) to be seen to secure an advance in the British approach.
2. To discourage any Western plans for military intervention or collective security that could lead to adverse publicity, hostile local reaction, or Soviet counter-moves involving the Gulf states in superpower rivalry.
3. (Kuwait only). To underline that Kuwait's approach to world problems differs from that of other Gulf states.

ANNEX CLIST OF BRIEFS

<u>Subject</u>	<u>lead dept</u>	<u>in conjunction with</u>
1. Steering Brief	FCO	MOD, DOT
2. Regional Issues:	FCO	MOD
(i) Arab/Israel		
(ii) Lebanon		
(iii) Gulf Cooperation and Gulf Security		
(iv) Iraq/Iran		
(v) Afghanistan		
(vi) PDRY (background only)		
3. Defence Relations	MOD	FCO
4. Defence Sales (to include projects for which the Prime Minister might speak up)	MOD	FCO
5. Trade (to include projects for which the Prime Minister might speak up)	DOT	FCO
6. Economic Relations (to include inward invest- ment, triangular cooperation, attitudes towards North/South Dialogue)	Treasury	DOT, FCO/ODA, Bank of England
7. Energy	Dept of Energy	FCO, Treasury, Bank of England, DOT
8. Health Cooperation:	DHSS	DOT, FCO
(i) Bilateral issues with Bahrain and Kuwait		
(ii) Wider health cooperation arrangements		



9. Bahrain: Bilateral
issues (including civil
aviation)

FCO

other Departments
as appropriate

10. Bahrain: Background

FCO

11. Kuwait: Bilateral
issues (including civil
aviation)

FCO

other Departments
as appropriate

12. Kuwait: Background

FCO

13pm at mid stage

BF 24/8

lm
3/8

Middle

East



DEPARTMENT OF HEALTH & SOCIAL SECURITY

Alexander Fleming House, Elephant & Castle, London SE1 6BY

Telephone 01-407 5522

From the Minister for Health

M A Pattison Esq
Private Secretary
10 Downing Street
LONDON S W 1

31 July 1981

Dear Mike,

For some time, Dr Vaughan has been concerned about the criticisms - recently repeated in the press - of the fees charged to Arab patients by British medicine. He has been in touch with a number of Arab Governments, and also with the Secretary-General of the Medical Secretariat of the Arab Gulf States (based in Riyadh).

In view of the Prime Minister's pending visit to Kuwait, Dr Vaughan thought that she would wish to know that action on these criticisms is all part of a larger project on which he has been working - to bring together the private and the public sectors in medicine, in support of exports and to strengthen the home base of medical industries. Specifically, he is discussing with a few influential people the concept of a Trust (non-Governmental, but with Government involvement) to oversee a number of projects to make better use of our undoubted assets: among these projects are -

contractual arrangements for overseas undergraduate and postgraduate students to receive better coordinated training in facilities funded by overseas Governments;

contractual arrangements for treatment of overseas patients under DHSS auspices, at major specialised centres in London and at more general centres outside London;

an advisory service to train overseas technicians in the servicing and maintenance of British equipment.

In this way, we would hope to develop for example a hospital which would serve as an example of the best in British hospital management, provide a setting for British equipment, and a base for some of the most forward-looking medical techniques and the best practice in general medical care.

E.R.

It will be a little while before Dr Vaughan is ready to make a final proposal. But the general ideas are relevant to the Prime Minister's visit to Kuwait because Dr Vaughan discussed them extensively with Ministers there during his own visit last year.

I enclose for your own background information a copy of the note which Dr Vaughan will be using in his private discussions, and I am copying this letter to Steven Lamport in Mr Hurd's office and to David Wright.

Yours ever
Jeremy Knight

J E KNIGHT
Private Secretary

ENC

PROPOSALS FOR ASSISTING THE EXPORT OF BRITISH EQUIPMENT

A. The question

Britain has been a world centre for diffusion of medical expertise. The expertise is still here but it is not diffused to the same extent. It is increasingly difficult to establish training links.

Possibly as a result of this, but for whatever reason, exports are not flourishing as they might.

So, despite our assets, and with a growing demand for health care in a world which can and will pay for it, we seem to be losing out.

Why?

B. Assets*

A medical profession, and medical training systems second to none.

Five major companies making equipment in the international league -

BOC (Medishield)

GEC (now includes Picker)

Smiths Industries (Portex)

Tillings (Intermed)

Vickers

and a few excellent small ones with very important special products.

An NHS management appropriate to the kinds of health services needed in developing countries.

Well-trained hospital technicians.

A central point in the Export Partnership, bringing together the Industry and Whitehall as a channel of information to the maximising of opportunities, and in the BHEC providing this service for the small companies.

C. Weakenesses

Lack of motivation. With some honourable exceptions, doctors and administrators (and Health Authorities and the DHSS) look to their own back gardens.

Too many British companies have given the industry a bad name by their poor servicing record.

*This excludes the building design and construction experience which we possess. This must be encouraged. But there is little evidence that, generally, British equipment follows British design!

The demands on undergraduate and postgraduate education are such as to make it difficult for overseas candidates to be accepted.

The good name of health care in London has been tarnished by a few get-rich-quick operators.

In addition, NHS buying policies are not related to export opportunities, (but NB it is a high priority of the Supply Council to remedy this.)

D. The dilemma

Private enterprise is better at doing business, but, because of the overwhelmingly public nature of the British health system, has not got full access to health expertise. The public sector contains much of the expertise but cannot run a business (because of its lack of experience, and because of the constraints which are placed on it in terms of accounting and employment practices).

The private sector has the ability to deliver services; the public sector has the confidence of the overseas clients.

How can the strengths of the two sectors be combined?

E. The opportunities

What kinds of activity could be helped by bringing together the strengths of the private and public sector, to offer "packages" of services to overseas clients? (It would probably be best to think of these clients as being in the developing but affluent world; the developed nations have their own ways of filling the gaps in their own needs by "shopping" for them, if they will, in the United Kingdom; the poor nations are best catered for under WHO and Aid auspices). Some examples (NB these are no more than examples and other ideas could emerge. It would probably be wrong to start them all up at once). The factor common to them all is that they require the commitment of a part of the health system, but that this can be helped by Government involvement. They need not, indeed preferably would not be located together.

- a. Contractual arrangements for overseas undergraduate and postgraduate students to receive training in facilities funded by overseas governments (preferably with related commitments to have similarly funded supernumerary posts in British hospitals which would serve as the basis for posting doctors

overseas on temporary secondment).

- b. Contractual arrangements for treatment of overseas patients under DHSS auspices, at major specialised centres in London and at more general centres outside London.
- c. Support (not financial) for Arab Governments developing their own hospital for their nationals and their families.
- d. An advisory service to train overseas technicians in the servicing and maintenance of British equipment (like the Abbasia Centre in Cairo, but world-wide; financed in part by overseas Government, in part by UK companies; but managed in a way which showed the arrangements as not being involved with any particular interests).

F. All these activities are separate. They need not - should not perhaps - all be started up at once. What is common is the need for a supervising Agency, or Government-established Trust. Thus -

- a. Contractual arrangements between a single postgraduate institution and an overseas government could develop on their own. But there would need to be a Trust involved if we wanted to develop a multilateral system of relationships between a number of postgraduate schools and a number of overseas governments. Moreover a complex web of such relationships would need to be negotiated with the GMC and other professional bodies, and with the Colleges, and this would best be centred in a Trust.
- b. Likewise, simple bilateral arrangements to provide services for overseas patients between one hospital and one Government could be achieved without external involvement. But a Trust would be needed if this were to develop into a complex of commitments -

- to negotiate arrangements with the NHS (including the Unions)
- to vouch for the quality of the services provided
- to satisfy the public that this was not at their expense.

c. An external - (eg Arab-) financed hospital would be quite another matter. The finance would presumably come from Arab sources. But the Arabs would need help, and might accept this from a body operating under a Trust.

d. An advisory service on training, service and maintenance would be financed by the users and by those British companies whose equipment would be involved. But the users would need the assurance that the advice and training was not biased in

favour of the manufacturers, and there would seem to be a case here also for a Trust to be involved, in such a way as to insure objectivity.

G. The purpose of a Trust

The conclusion which emerges is that, although some degree of linkage between the public and private sectors could develop without any steering, there is a need (arising from different causes in each case for the involvement of a Trust supervising relationships:-

- a. because of the complexity of some of the arrangements and the need to have them overseen;
- b. because of the need to get them accepted by others affected by them in the UK (the professions, the GMC, the unions, the public);
- c. because of the need to satisfy overseas Governments that the arrangements were working to their advantage.

The purpose of such a Trust would be to assist in any development which brought together the public and private sectors (NHS, professions Industry) in support of

- the wider diffusion of British medicine overseas;
- the encouragement thereby of exports.

As well as overseeing the possible linkages described in Sections E & F the Trust might work up an idea which has long been discussed but never carried forward - a show-place British hospital -

- well managed;
- with British equipment where available;
- providing the base for some of the most forward-looking of medical techniques, coupled with the best practice in general medical care.

Such a "show-place" British hospital would involve the professions, the NHS, the Industry and many others. Many of them might have financial links with the scheme (equity investment or contractual relationships). It is inconceivable that this could be pulled together without the active help and encouragement and guidance of a Trust, both to get it going and to validate it when it was in existence (NB this would not have to be a new hospital, but there would in any case need to be a substantial investment in it to bring it up to the required standards).

H. How would the Trust be financed?

Government money should not be sought, or needed. It must be the intention that each of the activities should be self-financing. If

initial pump-priming money was needed it would be raised by the Trust from whichever of the participants in a specific project stood to gain from that project. But the Trust would have its own costs. These could be met by -

- initial financial support from those standing to gain from its success (but this support would have to be without strings, whether it came from overseas Governments or from Industry);
- subsequently a small percentage levy on the activities which were arranged under its umbrella.



From the Secretary of State

M O'D B Alexander Esq
Private Secretary
10 Downing Street
London, SW1

17 June 1981

Dear Michael,

BAHRAIN METHANOL PLANT

Please refer to your letter of 7 June in which you agreed that my Secretary of State should reply to John Browne's letter of ... 15 April to the Prime Minister. A copy of this letter is now enclosed.

I am sending copies of this letter to recipients of yours.

Yours sincerely,

JOHN RHODES
Private Secretary



From the Secretary of State

John Browne Esq MSc MBA MP
House of Commons
London, SW1A 0AA

• 17 June 1981

Dear John,

BAHRAIN METHANOL PLANT

You wrote to Cecil Parkinson on 16 April about Davy McKee's interest in this project and you wrote also to the Prime Minister following her visit to the Middle East.

Cecil Parkinson's reply of 6 May mentioned that a meeting between my officials in PEP Division and Davy McKee was being arranged. This took place on 13 May and you will wish to know the outcome.

Davy confirmed their interest. Their current information is that the Gulf Petroleum Industries Corporation (GULPIC) appear unlikely to award the contract on a "turnkey" basis. Instead, companies which succeed in prequalifying (among which Davy McKee have been told, unofficially, they will be included) would be asked to bid for a contract to supply design and erection services. The United Kingdom value of this would, they estimate, amount to some £15 million as against local construction costs of some £70 million. Suppliers of equipment - which would represent a greater part of the imported content - would be chosen separately and independently, possibly with no one supplier country predominating.

The invitation to bid and list of prequalifiers will be out shortly, and the bidding and decision taking processes could, according to Davy, take six months from that date. On this basis the Bahrainis would not be taking a decision before December.



From the Secretary of State

GULPIC's approach to the project should be clearer once the invitation to bid and list of pre-qualifiers appears. We should then also be better placed to assess the potential importance of this project for the United Kingdom. The Prime Minister was interested to know about this project but in the circumstances no action on her part seems necessary at this stage to help secure the contract. However, my Department will be keeping in very close contact with the interested companies and co-ordinating Governmental action on this project. I will be keeping in touch with developments.

Yours

John

JOHN BIFFEN

BF for Bahrain trip

Mike Pattison - bsee

MR

FILE



ds

Middle
East

10 DOWNING STREET

From the Private Secretary

1 June 1981

Bahrain Methanol Plant

The Prime Minister has seen and taken note of your letter to me of 20 May on this subject. She would be grateful if the Secretary of State for Trade could write to Mr. Browne confirming the position.

I am sending copies of this letter to Julian West (Department of Energy), Francis Richards (Foreign and Commonwealth Office), Sarah Everett (Lord Privy Seal's Office), Ian Ellison (Department of Industry) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

John Rhodes, Esq.,
Department of Trade.

JA



Mr Alexander (or)

②

Prime Minister

From the Secretary of State

To note at this stage. I
will arrange for Mr Brown to write
to Mr Browne. We will look at

20 May 1981

proper affair nearer the time of
your visit to Bahrain.

M O'D B Alexander Esq
Private Secretary
10 Downing Street

Dear Michael,

BAHRAIN METHANOL PLANT

With your letter of 7 May you enclosed a copy of a letter from John Brown MP to the Prime Minister about this project. You asked for advice on whether the Prime Minister could take action to enhance Davy McKee's chances of winning the Bahrain methanol plant project and whether it could be brought to fruition in time for the Prime Minister's visit to Bahrain at the end of September.

Mr Browne has also written to this Department and to the Lord Privy Seal enclosing the memorandum about this project which was enclosed with his letter to the Prime Minister. After receiving Mr Browne's letter we arranged a meeting with Davy McKee to discuss the project. Davy McKee have confirmed their interest. (Two other companies operating from the UK are also interested - Foster Wheeler and Humphreys and Glasgow.) But Davy's current information is that the Gulf Petroleum Industries Corporation (GULPIC) appear unlikely to award a contract on a "turn key" basis. Instead, companies which succeed in pre-qualifying (among which Davy McKee have been told, unofficially, they will be included) would be asked to bid for a contract to supply design and erection services. The UK value of this would, they estimate, amount to some £15 million as against local construction costs of some £70 million. Suppliers of equipment - which would represent a greater part of the imported content - would be chosen separately and independently, possibly with no one supplier country predominating.

The invitation to bid and list of pre-qualifiers will be out in about a month, and the bidding and decision taking processes could, according to Davy, take six months from that date. On this basis the Bahrainis would not be taking a decision before December.

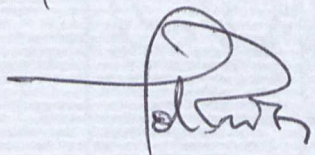
GULPIC's approach to the project should be clearer once the invitation to bid and list of pre-qualifiers appears. We should



From the Secretary of State

then also be better placed to assess the potential importance of this project for the UK. In these circumstances, it is felt that no action is necessary at this stage by the Prime Minister to help secure the contract. However, the Department will be keeping in very close contact with the interested companies and will be co-ordinating action on the project. I will certainly be in touch with you if Prime Ministerial involvement is thought desirable by the UK interests. If you agree, the Secretary of State could write a follow-up letter to Mr Browne confirming the position. We understand that Davy McKee have in fact already been in touch with Mr Browne.

I am sending copies of this letter to those to whom you sent copies of yours and to Sarah Everett in the Lord Privy Seal's Office.

Yours sincerely,


JOHN RHODES
Private Secretary



10 DOWNING STREET

From the Private Secretary

cc A/N
FCO
D/T
CO

14/5

Mr. J. Browne MP

NB Reply coming from
Mr. Biffen
D/Trade

7 May 1981

Chase 2

Chased 18/5

Yr. file

1 ind

I enclose a copy of a letter which the Prime Minister has received from John Browne, M.P. about a contract for a methanol plant in Bahrain. Mr. Browne's letter is dated 15 April but we have only just received it, since on learning that Bahrain was not on the itinerary for the Prime Minister's visit to the Middle East, he decided to hold the letter back pending her return.

I should be grateful for early advice as to whether there is any action the Prime Minister should be advised to take at this stage to enhance Davy McKee's chances of landing this contract. Is there, for instance, any chance that the negotiations could be brought to fruition at the time of the Prime Minister's visit to Bahrain at the end of September?

I am sending copies of this letter to Julian West (Department of Energy), Francis Richards (Foreign and Commonwealth Office), John Rhodes (Department of Trade) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Ian Ellison, Esq.,
Department of Industry.

5



MR. MICHAEL ALEXANDER

Mr. John Browne M.P. -
Methanol Plant - Bahrain

1. Herewith letter dated 24th April from John Browne, together with its enclosures, and carbon copy of my reply.
2. I do not think that it is necessary for the Prime Minister to write herself to John Browne about this.
3. May I ask you, please, to take such action as you think fit?

6th May, 1981

IAN GOW

6th May, 1981

Thank you so much for your letter of 24th April, with which you enclosed an original letter dated 15th April, addressed to the Prime Minister.

The Prime Minister has asked me to say that she is most grateful to you for having written about the Methanol Plant in Bahrain.

IAN GOW

John Browne, Esq. M.P.
House of Commons



From: **JOHN BROWNE, MP**

HOUSE OF COMMONS

LONDON SW1A 0AA

24th April 1981

Ian Gow, Esq., MP,
House of Commons,
London SW1.

My Dear Ian,

I do hope you managed to get
some rest at Easter.

I attach a self-explanatory
memorandum about a major (US \$350M)
potential project in Bahrain in which
I felt that the Prime Minister could
exercise decisive influence. I spoke
to Douglas Hurd who told me that the
Prime Minister would not stop in
Bahrain during her current Middle
Eastern tour. I therefore decided
not to send the letter to the Prime
Minister direct but would be most
grateful if you would pass it on to
her for information purposes. She
may be able to telephone HH Sheikh Issa
direct, if she thinks fit.

Yours ever
J Brown

JOHN BROWNE



From *JOHN BROWNE, MSc, MBA, MP*

HOUSE OF COMMONS

LONDON SW1A 0AA

15th April 1981

The Rt. Hon. Mrs Margaret Thatcher, MP,
Prime Minister.

Dear Prime Minister,

Bahrain - Methanol Plant - Davy McKee - US \$350 million

I am sorry to write to you during your very busy visit to the Middle East but I have located a project in which I believe you could play a critical role for winning for Great Britain. I am hoping to see Douglas Hurd this evening on this specific matter but I am putting this letter in your mail bag so that it will reach you in time.

As you will see, it is an important project and I believe that you would be well advised to make a stop-over in Bahrain, if only for a few hours, to see Sheikh Issa to remind him of your previous conversations about it.

Yours ever
JBm.

JOHN BROWNE

Enclosure

BAHRAIN - METHANOL PLANT - DAVY McKEE (DAVY) - \$350 MILLION

Background Situation

The above mentioned plant is to be build in Bahrain and will have a through-put of approximately 100,000 tonnes of methanol and 100,000 tonnes of ammonia. A cost of US \$350M is a heavy one for Bahrain which is now a net oil importer (to keep its refinery above break-even). The construction of such a plant would place a heavy financial burden on Bahrain at a time when the Bahraini Government has a problem with its Shi'ite Muslims. Saudi Arabia and Kuwait have therefore decided to participate, each for a third of the cost in the construction of this plant in order to help boost the present regime of Sheikh Issa in Bahrain. It is most likely that they will allow the Bahrainis to control the entire operation and allocate all tenders. The Saudis and Kuwaitis are merely sleeping partners, helping the Bahrainis with cash. The main trigger for the decision making will therefore be HH Sheikh Issa, a well-known friend of Great Britain.

Once this project was announced, contractors from all over the world flocked to Bahrain. The basic, initial design contract was awarded to a German firm UHDR, a 100% subsidiary of Hoechst. The main 'turn key' project of US \$350M is soon to be allotted for the definitive engineering, supply of equipment and construction. Earlier this year, pre-qualifications were called for from firms intending to tender. Davy submitted their documents four weeks ago.

Within the next two weeks it is expected that a decision will be made to draw up a short list of names to submit final tenders. It is expected that the list will include: UHDR; a French company; one or two Japanese companies; and possible Kellogg of the US. Davy has a good chance of being included in this list.

Davy

As you may know, Davy is the premier world expert in the construction of methanol plants, having over 50% of world market share, using the well proved ICI techniques. In short, they have the best technology and this project is well within their productive capacity. They are also looking for other similar deals throughout the Middle East. As you know, methanol is used in textiles and as a gasoline extender. It is also a method of converting natural gas to useable liquid.

The Project

This project is for \$350M and is for cash i.e. no external financing will be required. The project will have a very HIGH IMAGE throughout the Gulf and in the methanol world. It will have a particularly high image because it is in Bahrain where it will represent its single largest project over the next five years.

The decision as to whom the tender is awarded will be VERY POLITICAL.

Political

In Bahrain, the Japanese have already built a major gas gathering and treatment plant; the Germans a major steel hardening plant. The British so far have no major new projects. It is therefore 'THE TURN' of the British to be awarded a contract.

The fact that Sheikh Issa is a well-known friend of Britain and that this project has such a high profile will work very much against British interests should we fail to win this tender - for a contract which would give approximately \$250M worth of hardware exports to the United Kingdom if Davy were successful.

Summary

The above mentioned contract is a major high profile contract in a country that is friendly to the UK. It is vital that a British company should win the tender. Davy have the best technology to offer and the capacity to undertake it. Should they win such a contract it would greatly enhance their chances of winning contracts to build methanol plants throughout the Middle East and elsewhere. It would give Britain a US \$350M contract of which US\$ 250M would be accounted for in hardware exports.

IT IS MY BELIEF THAT A KEY ROLE CAN BE PLAYED BY THE PRIME MINISTER IN GETTING THIS CONTRACT AWARDED TO A BRITISH CONTRACTOR BY EXERTING INFLUENCE ON HH SHEIKH ISSA (telling him that the British need this contract; they have the best technology to offer and that it is in fact the British 'turn').