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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND PRINCE FAHD,
DEPUTY PRIME MINISTER OF SAUDI ARABIA, IN RIYADH ON 20 APRIL 1981
at 1815

Present:

Prime Minister	HRH Prince Fahd
The Hon. Douglas Hurd, CBE, MP	HRH Prince Abdullah
HE Sir James Craig, KCMG	HRH Prince Sultan
Sir John Graham, KCMG	HE Shaikh Nasir bin Manqur
Mr. M.O'D.B. Alexander	HE Dr. Rashad Pharaon
	HE Shaikh Ma'moun al Qabbani
	HE Shaikh Abdurrahman Mansouri

Prince Fahd said that these days of the Prime Minister's visit were among the happiest during his time in the Government. He saw them as an opportunity to try to reshape the basis of the relationship between Saudi Arabia and the United Kingdom. If a new bilateral accord could be developed, it would have an effect on the international situation generally. The Prime Minister said that she was greatly enjoying her visit.

Yemen Arab Republic (YAR)

As regards the content of this second discussion with Prince Fahd, she wanted to touch briefly on some bilateral issues and to talk about the situation in the YAR and in the Sudan, in both of which countries there was the possibility of further Soviet expansion. Friendly countries must not stand back. If they did so, they would regret it. She knew of the Saudi Government's generosity towards the YAR. However, the Soviets were also giving aid. They had offered to build a naval base for the YAR Government. If they were allowed to do so, it would radically alter the balance of power in the region. Britain had carried out a study of the issues relating to the construction of a naval base. If there was to be such a base, Britain would like to be involved. We were conscious that one could not interfere in the YAR. But there would be a real reason for concern if the YAR went down the same path as the People's Democratic Republic of Yemen (PDRY).

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/ Prince Fahd

Prince Fahd said that he entirely agreed about the YAR. Happily the Government there was no longer inclining so strongly towards the Soviet Union. The Saudis had told them that it would be against their interests to pursue such a course. The Government of the YAR should study carefully what had happened in PDRY, where the people were suffering under a leftist government. As regards the naval base, the Saudi Government would welcome any step to help in the way suggested which was taken by a friendly country. If the Soviet Union were to do it, they would undoubtedly ensure that they became well established with both men and equipment. The Prime Minister said that the naval base study was a preliminary one and had not been costed in any detail. Nor was it easy to keep in touch with those responsible in the YAR. She was always on the watch for possible new victims of Soviet subversion. She hoped that it would be possible to strengthen those in the YAR who were opposed to communism. Prince Fahd asked the Prime Minister whether she was saying that if the Soviet Union built the base, they would benefit from it and that there would be consequent dangers to the area. The Prime Minister said that the construction of the base by the Soviet Union would be a very regrettable development. Prince Fahd said that he agreed that if the YAR became a Soviet satellite, there would be considerable new dangers. This would be true whether or not a naval base was built. The majority of the Yemenis were opposed to communism. But there was no reason for complacency.

Sudan

The Prime Minister said that anything that happened in a country in the region affected all the others. The Sudan appeared to be in deep trouble. President Nimeiri was not very well. There was concern lest the country should have more trouble internally and become de-stabilised. If this were to happen, it would create difficulties for Egypt and for the region in general. It was not for her to say what should be done, but she knew the Sudan Government was seeking additional training facilities, including ^{the} procurement of the Strikemaster aircraft. Anything that could be done to help the Sudan would be of considerable importance.

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Tornado

The Prime Minister said that when Chancellor Schmidt visited Riyadh shortly, he might well mention Tornado. She was well aware that Saudi Arabia did not need Tornado at present but Prince Fahd might find some background useful. The Tornado was a joint Anglo/German/Italian project. All three countries had to agree to any sale. There would be no difficulty with Italy about sales in the Gulf area. The Prime Minister said that she hoped and expected that an accommodation could be reached with the Federal Republic. There were aspects of the technology in Tornado which would be needed for the development of the next generation of aircraft. As for a sale of the present aircraft, the release of these aspects would also need the agreement of the German Government.

The Prime Minister said that Britain wished to develop a new generation of aircraft based on Tornado for use in the 1990s. We had had enquiries from friends in the Gulf about such an aircraft. It would be designed not only for the British market but also in consultation with our friends in order to meet their requirements. Hitherto we had developed weapons systems for our own use and then adapted them for sales overseas. Those days were gone. In future we would have to design, in conjunction with those interested, weapons systems for wider use. We were already considering a design based on Tornado. This would ^{include} the most advanced features of that aircraft, notably the engine. The Prime Minister was mentioning it now so that if any of our friends who were interested in the aircraft mentioned it to Prince Fahd, he would be familiar with the background. It might seem a long way ahead, but in designing aircraft one had to think up to 10 years ahead.

Hawk

In the meantime, the Prime Minister said she hoped that the Hawk aircraft might find favour with the Saudi Government. It was more advanced than the Strikemaster already used by the Saudi Armed Forces. Hawk was the most advanced training aircraft flying. It was being adapted for a ground attack role.

/ Arabsat

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Arabsat

The Prime Minister said that there was an Anglo/French bid in for the construction of Arabsat. She understood that the decision was to be made shortly. She only wished to make one point. The European countries were frequently told that they should not rely on the United States but should try to do things on their own. The Anglo/French tender for Arabsat met this requirement. It was a wholly European effort. The Prime Minister added that British industry was now in better shape than it had been for a long time. When British Aerospace had been de-nationalised recently, the shares on offer had been over-subscribed. She hoped that in future our bids for major contracts would be fully competitive. If anything was being done that was not right, she very much hoped that Prince Fahd would let her know.

YAR and PDRY

Prince Fahd said that the Saudi Government were following events in both countries closely. They hoped to be able to do the right thing vis a vis both of them. Their information was that the PDRY had more military equipment than it could use. There was also manpower present in the country from many communist states. Sometimes he wondered who all this was to be used against. It was well known that the PDRY was in part a base for the Soviet Union. The latter would not be accumulating weapons in the PDRY unless they intended to use those weapons to further their own interests, eg against states of the Gulf and against Sudan.

The Saudi Government was therefore considering the best way to make the PDRY less dependent on the Soviet Union. They were thinking of proposing to the PDRY Government development projects which would benefit the country's people, eg hospitals, schools, roads and the like. This would point up the contrast between what Saudi Arabia offered and what the Soviet Union offered. It would show who were the country's friends and who were its enemies. The Soviet Union of course was warning the PDRY against talks with neighbouring governments. The argument used was that if the PDRY took help from Saudi Arabia, the smaller country would become a satellite. But neither the Soviet Union nor the PDRY Government would in fact prevent the projects from being carried through.

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When Prince Fahd had seen the PDRY President, the latter had been friendly and encouraging. He would now have to give proof of his intentions. If he refused to agree to the projects, his friendliness would have been shown to be mere words. If, on the other hand, he agreed to allow the projects to go forward, it would be clear that he had realised the gains to be won from friendship with Saudi Arabia and the losses involved in associating with the Soviet Union. Prince Fahd stressed that the Saudi Government was approaching the problem with great care, watching the reactions of those involved.

As for the YAR, Saudi Arabia gave a great deal of help. The YAR Government knew that without this help, it could not achieve even a moderate standard of living. Up until recently, President Saleh had been suspicious of Saudi Arabia. He had been surrounded by advisers who accused the Saudi Government of trying to interfere. The Saudi Government had not denied the charge; they had preferred to let the facts speak for themselves. The President had indeed realised that the earlier accusations had been false. The activities of the Democratic Front, which was connected with the PDRY, had been exposed.

However, difficulties remained. Prince Fahd had met President Saleh in Taif in the previous summer. The President had assured him that the YAR would never become communist. He had said that he would have nothing more to do with the Soviet Union. Prince Fahd had advised him to get rid of his existing commitments to that country, his Soviet advisers, etc. and to turn to the West. Since Saudi Arabia had already bought and paid for arms and aircraft for the YAR from France and the United States, it seemed pointless to turn to the Soviet Union for arms for which the YAR would itself have to pay. In spite of his assurances, President Saleh had already bought and paid for \$250 million worth of arms from his own budget. The value of the whole deal would amount to \$640 million. All this suggested that, in spite of Saudi efforts, there were still elements close to President Saleh who were trying to fuel his suspicions. They were arguing that the Saudi Government expected something in return for what it had given. Nonetheless, the Saudi Government intended to continue with its explanations. There were signs that President Saleh had realised in recent months / that his

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that his troubles came from the PDRY. The Saudi Government intended to be consistent and to be cautious. They had had a similar experience in Somali where it was only after two years' effort that they had persuaded the Somali Government to distance themselves from the Soviet Union.

Sudan

The danger to the Arabs and to Africa from a collapse in the Sudan would be considerable. Saudi Arabia was giving the Sudanese Government substantial assistance. But the Sudan was a big country and the Government there was not, and had not been for some time, a stable one. Fortunately President Nimeiri was coming to realise that the Soviet Union was his principal enemy. His efforts to create friendly relations with Ethiopia, whose Government was of course pro-Soviet, seemed to have failed. It was very important that friendly Governments should assist President Nimeiri to ward off both the external and internal threats to his Government. He faced numerous problems. The economic situation in the country had deteriorated significantly, there had been a recent coup attempt, and there was the crisis with Libya.

Somali

Prince Fahd said that the Saudi Government had been trying to help Somalia both with project aid and with food. They had also been active in an attempt to achieve a rapprochement between Somalia and Kenya. If those problems could be cleared up, it would help to stabilise the situation in East Africa. The Presidents of the two countries had met in Taif last year at the invitation of the Saudi Arabian Government to discuss their differences. But the suspicions persisted. A member of the Somali Government had recently told Prince Fahd that it might help to bring the two Presidents together again. President Said Barre had said he would think about it. He had so far not refused. The Saudi Government still hoped that agreement between the two countries would be possible.

/ Tornado

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Tornado

Prince Fahd said he was grateful for the Prime Minister's briefing. If Chancellor Schmidt raised the question, he would be in the picture. It pleased him that the Gulf States were interested in buying Tornado. He preferred them to make their purchases from friendly countries. The Arabs lived in an area of turmoil but with the help of friends like the United Kingdom and the United States, he hoped that good solutions could be found.

Lebanon

Prince Fahd said that the situation in the Lebanon was very discouraging.

Pakistan

The problem of Pakistan was both large and complicated. It involved relationships with India, Afghanistan and the Soviet Union. The immediate problem was that posed by the Afghan refugees. The Saudi Government gave the Pakistan Government help in coping with them. Prince Fahd understood the United States was reviewing its policy towards Pakistan. He hoped they would adopt a better policy. If Pakistan was strong, it could withstand a sudden attack for a period until help arrived. A weak Pakistan would not be able to do this. Prince Fahd said that he was always surprised by the fact that India regarded Pakistan as a threat and an enemy. If there were attempts by India to divide Pakistan any further, there would be very serious problems.

North West Africa

Prince Fahd said that the attempt by the Libyans to create a union between Polisario groups and Mauritania would create new crises in North Africa and would result in a further deterioration in the situation there. The crisis which already existed as a result of Libyan action in Chad was not to be taken lightly. If Colonel Qadhafi got away with the intervention in Chad, he would try his hand elsewhere. Everything he did was done at the instigation of the Soviet Union.

/ Conclusion

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Conclusion

Prince Fahd said that all these matters were vital and important. He was always pleased to discuss them. He hoped that such discussions could continue in order that both countries would be, as the Prime Minister had said, aware of danger before it struck. The Prime Minister expressed her gratitude for the time that Prince Fahd had devoted to talks. She said that she agreed with much of what he had said.

The discussion ended at 1940 hours.

Fahd

21 April 1981

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