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Foreign and Commonwealth Office

London S.W.1

6 December 1979

Letter sent

for Mr. Hurd 6/12/79

Dear Mr. Hurd

Yemen Arab Republic

You should know that the otherwise successful visit of the Prime Minister of the Yemen Arab Republic, who called on Mrs Thatcher on 22 November, ended on a rather sour note.

British Midland Airways who have a claim amounting to some £2 million against Yemen Airways arising from the latter's cancellation of a contract to lease two BMA aircraft in February 1978 obtained a High Court injunction impounding the aircraft which had come to collect the Prime Minister and his party on 30 November. As a result the party were obliged to remain overnight in London (the Prime Minister was also accompanied by his wife, who is expecting a baby in a month's time) and to travel by another airline the following day.

The situation, and our embarrassment, was made a great deal worse by the fact that the Yemenis sought our assurance that the dispute between the airlines would not present any difficulties over the arrival and departure of the Prime Minister on a Yemeni aircraft. When we took the matter up with British Midland they assured us that they would not embarrass the Prime Minister. We duly told the Yemenis we saw no problem. The company now claim that their assurance was given against an undertaking that the dispute would be raised in the official talks. No such undertaking was given and when BMA were subsequently told on two occasions that the matter would not be raised they did not challenge this.

The incident has inevitably affected our bilateral relations to which the visit had given a useful boost. Although the Prime Minister's reaction was restrained, the YAR government, like us, have been made to look very foolish. They have reminded us that this was an official visit and say they expect HMG to retrieve their aircraft. Mr Hurd has explained to the YAR Ambassador that while we deplore BMA's action we are unable to intervene in a civil dispute and that the Yemen Airways legal adviser should continue his efforts to get the injunction lifted. The Ambassador has also indicated that an apology from HMG at a high level would be welcomed and this is obviously the least gesture we can make towards a guest of the Government who has been seriously embarrassed by the action of a British company in breach of an assurance which we had obtained from them.

M O'D B Alexander Esq

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An oral apology has already been given to the Yemen Prime Minister by the Lord Privy Seal. But a written apology would naturally have greatest impact if it went from the Prime Minister. The Yemeni Ambassador has suggested this on instructions from his Prime Minister. Lord Carrington hopes, therefore, that the Prime Minister can agree to send such a message. I attach a draft text which can be sent to Sana'a by telegram; the signed original can then follow by bag.

We are considering in addition what to say to BMA.

I am sending a copy of this letter to Stuart Hampson (Department of Trade).

Y P (P Lever)
Private Secretary

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DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

His Excellency the Prime Minister
 of the Yemen Arab Republic
 Mr Abdul Aziz Abdul Ghani

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

Your Excellency,

CAVEAT.....

I was most distressed to learn that you had been prevented from returning to Sana'a on 30 November at the end of your visit to Britain as a guest of Her Majesty's Government because of British Midland Airways' injunction on the Yemenia aircraft.

This was a most embarrassing development which I wholeheartedly deplore. ~~As you know the company had assured the Foreign and Commonwealth Office that, while they hoped the dispute would soon be resolved, they had no intention of causing embarrassment during Your Excellency's visit, and our Ambassador was instructed in good faith to pass this assurance on to your Government.~~ I must apologise most profoundly to you for the embarrassment and inconvenience which you and your family and all the members of your party suffered as a result of British Midland Airways' action.

I know you will understand ~~that~~ the nature of our legal system precludes the Government intervening in a civil dispute of this sort between two private bodies. I understand that YEMENIA's legal adviser is in touch with the Foreign and Commonwealth Office and they will be able to explain the position in more detail.

/It

Enclosures—flag(s).....

It is my sincere hope that this unfcrtunate incident will not affect the excellent relations between our two countries, and in particular that the goodwill which your visit has generated will not be lost. Both our governments must build on the positive results of your visit to strengthen our friendship still further and Her Majesty's Government certainly intend to work sincerely to achieve this objective.