

PS
PS/SIR I GILMOUR
PS/MR HURD
PS/PUS
SIR D MAITLAND
MR J C MOBERLY
LORD BRIDGES
MR EVANS
MISS BROWN
HD/MED (2)
HD/FRD
HD/NENAD
HD/UND (2)
HD/OID (2)
HD/DEF DEPT
HD/N AM D
HD/ES & SD (2)
HD/PUSD (2)
HD/NEWS DEPT
HD/COD
HD/CONS DEPT
~~RESIDENT CLERK~~

Lord H G Hancock

PS NO 10 DOWNING ST

SIR R ARMSTRONG)
ASSESSMENTS STAFF)
MR R WADE GERY) CABINET
MR LE CHEMINANT) OFFICE
MR P G FOWLER R 217)
DIO)

PS/CHANCELLOR)
MR F R BARRATT) TREASURY
MR D J S HANCOCK)

MR C W MCMAHON) BANK OF
MR S PAYTON) ENGLAND

Mr R Williams CRES DOT
MR W KNIGHTON DEPT OF TRADE,
MR C BENJAMIN DOI

MR D LE B JONES)
MR C LUCAS) DEPT OF
ENERGY

RR MODUK

GR 275

CONFIDENTIAL

FM TEHRAN 141130Z JAN

TO ROUTINE FCO

TELEGRAM NUMBER 50 OF 14 JAN 80

INFO ROUTINE MODUK.

MY TEL NO 41 : IRAN - DEFENCE SALES.

WHETHER OR NOT, AFTER THE FAILURE IN THE SECURITY COUNCIL OF THE AMERICAN RESOLUTION CALLING FOR SANCTIONS, WE PROCEED TO FURTHER UNILATERAL ECONOMIC MEASURES, WE ARE HEADING FOR A PARTICULARLY DIFFICULT PROBLEM OVER THE FLEET REPLENISHMENT SHIP, KHARG. THIS, AS YOUR DEPARTMENT WILL BE AWARE, IS DUE TO BE HANDED OVER NEXT MONTH (I DO NOT KNOW THE EXACT DATE). AN IRANIAN CREW IS PRESENT IN THE UK AND ACCORDING TO MY INFORMATION PAYMENTS ON THE SHIP ARE UP-TO-DATE ALTHOUGH THE VARIATION OF PRICE PAYMENTS HAVE YET TO BE AGREED, WE SEEM, FOR THE MOMENT AT LEAST, TO HAVE GOT AWAY WITH THE

WE SEEM, FOR THE MOMENT AT LEAST, TO HAVE GOT AWAY WITH THE ADMINISTRATIVE DELAY ON THE AMMUNITION AND THE SPARE PARTS, IN THE CASE OF THE FORMER NO DOUBT BECAUSE IT IS NOT URGENTLY REQUIRED AND OF THE LATTER BECAUSE WE ARE GENERALLY REGARDED IN THE IRANIAN MINISTRY OF NATIONAL DEFENCE AS BEING SLOW SUPPLIERS. BUT THE SPARES ARE URGENTLY NEEDED AND WE CAN ONLY EXPECT A SHORT RESPITE. MOREOVER I PRESUME THAT IF THE DELAY IN EACH CASE IS PROLONGED WE MAY RUN INTO PROBLEMS OVER EXTENDING LETTERS OF CREDIT. HOWEVER ANY DELAY IN HANDING OVER KHARG WILL AT ONCE BE OBVIOUS AND IN THE CIRCUMSTANCE IS LIKELY TO CAUSE CONSIDERABLE IRRITATION. THE RECENT LETTERS ABOUT PROJECT 4030 (SHIR TANK) (MY U/N TEL OF 061300Z JAN) AND THE YARROW SHIPS (MY TEL TO MODUK NO ZMZOF 10 JAN) SUGGEST THAT SOME IS ALREADY BEGINNING TO BUILD UP.

2. WE ARE NOT ALONE IN FACING THIS PROBLEM. THE FRENCH ARE RETAINING THREE FAST PATROL BOATS WHICH ARE READY TO SAIL BUT ON WHICH PAYMENT IS OUTSTANDING, A FACT WHICH GIVES THEM A LEGAL RIGHT BUT WHICH PRESUMABLY COULD BE RECTIFIED. THE ITALIANS HAVE PROBLEMS OVER MILITARY HELICOPTERS AND MISSILES ON WHICH THERE ARE NO LEGAL GROUNDS FOR DELAY.

GRAHAM
BT

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