



CONFIDENTIAL

MR. ALEXANDER

2. For an estimate of the costs see paras 8-13 of the paper at Flag A.
 Prima facie an appropriate charge on the contingency fund?
 The Kharg

Prime Minister.

It seems to me crazy to allow the Kharg to deteriorate, which everyone agrees may eventually cost us a great deal both economically & politically, because no one is prepared to accept responsibility for maintaining the ship now. Should you not say so; ask for the matter to be looked at again. ... finding agreement, for it to come to OD. to decide who should finance maintenance.

The Foreign and Commonwealth Secretary has circulated a memorandum (OD(80) 76) to his OD colleagues on this subject on 23rd December 1980 in which he has recommended against the immediate release to the Iranians of this ship, and also against its maintenance from government funds. He suggests that decisions on these points might be taken "out of Committee".

2. I think that the Prime Minister can agree to the suggestion that The Kharg should not be released while the Iran/Iraq war continues, but the question whether or not the ship should be allowed to deteriorate raises more difficult issues. These are reflected in the second paragraph of the Secretary of State for Defence's minute to the Foreign and Commonwealth Secretary of 2nd January.

3. If no money is spent on maintaining The Kharg the ship is going to deteriorate fairly quickly, to an extent that will require very considerable expenditure before she is fit for service. This is likely to prove a major obstacle to the restoration of good relations with Iran in due course, as the Iranians have already paid in full for the ship. This situation could well lead to a proposal at that stage for substantial additional public expenditure to renovate the Kharg, as there may well be a prospect of rich export orders to Iran which may be undertaking a process of reconstruction after the war. For these reasons I think that the matter could well be discussed at a future OD meeting even though the conclusion which may be reached may be the same as the Foreign and Commonwealth Secretary recommends in OD(80) 76; and I suggest that the Prime Minister should propose accordingly.

We are holding Iranian property for which they have paid. We have a duty to keep it in good order. I see no need to bring this before a committee.
 REA
 (Robert Armstrong)

6th January 1981

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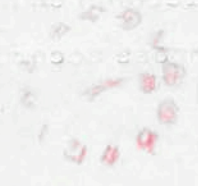
DECLARATION OF OFFENSE

IN SENATE

1981

I, the undersigned, do hereby declare that I am a member of the Communist Party, U.S.A., and that I have been active in its activities since 1954. I have been a member of the Communist Party, U.S.A., since 1954 and have been active in its activities since that time. I have been a member of the Communist Party, U.S.A., since 1954 and have been active in its activities since that time. I have been a member of the Communist Party, U.S.A., since 1954 and have been active in its activities since that time.

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JAN 26 1981

(Signature)