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Foreign and Commonwealth Office

London SW1A 2AH

8 June 1981

Dear Michael,

State Visit of King Khalid of Saudi Arabia

King Khalid of Saudi Arabia is calling on the Prime Minister at 12 noon on 10 June for an hour of talks before the Prime Minister's lunch. He will be accompanied by the Defence Minister, Prince Sultan, and the Foreign Minister, Prince Saud Al Faisal.

I attach a brief covering the main topics.

Given that the talks are scheduled to last for just an hour (including time for interpretation) Lord Carrington thinks that they should be kept fairly general. The main objective is to continue with the Saudis the discussions on world issues which the Prime Minister had with Saudi leaders in Riyadh in April. They include Arab/Israel, Lebanon, and Gulf Security and Co-operation. There are no particular bilateral political issues which the Prime Minister need raise. But included in the Background is a note on the current position in the Joint Cultural Committee.

We had expected that the State Visit would be largely ceremonial, the seal on our efforts over the last months to establish a particularly close and friendly relationship with Saudi Arabia and a demonstration of the importance which we attach to that relationship with them. However, we have had indications from the Saudis through unofficial, as well as official channels that they are expecting substantial discussions in the field of defence co-operation. In particular we understand that they are looking for an indication of the degree of the Government's interest, or otherwise, in collaboration in producing an advanced fighter aircraft for the end of the 1980s. This and other defence and defence-related issues are the subject of a separate brief being provided by the Ministry of Defence. Lord Carrington also thinks that the talks might provide a suitable opportunity to tell the Saudis a little about our proposed initiative on Afghanistan, but the precise way in which this should be presented will await the result of an internal meeting he is having here today.

*attached
(you have already seen)*

attached,

I am copying this letter to Brian Norbury (MOD), John Rhodes (DOT) and David Wright (Cabinet Office).

Yours ever

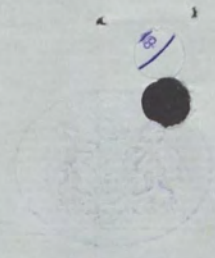
M O D'B Alexander Esq
10 Downing Street

(F N Richards)
Private Secretary

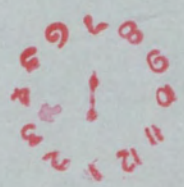
CONFIDENTIAL

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT



-8 JUN 1981



-8 JUN 1981



PRIME MINISTER'S TALKS WITH KING KHALED OF SAUDI ARABIA :
WEDNESDAY 10 JUNE AT 10 DOWNING STREET

POINTS TO MAKE :

1. Delighted to welcome King to London. An opportunity to return hospitality so generously afforded by Saudis recently to visiting Ministers. Clear recollections of Prime Minister's visit 19-21 April.

Gulf Co-operation Council

2. Pleased to hear of further progress on establishment of Co-operation Council. Convinced it has a most important role to play in maintenance of stability in the Gulf region.

Lebanon

3. Very concerned at the continuing crisis, particularly Syrian/Israeli tensions. Fully support Habib's efforts. Grave risks if he fails.

4. How is the Arab League Follow-Up Committee progressing? Progress towards reconciliation on the ground in Lebanon could help defuse the present crisis and in the longer-term provide the best means of forestalling Israeli interference.

5. Accept that the internal affairs of Lebanon are an Arab affair. Do not want to interfere. We see our role as supporting the legitimate Government there. If anything arises in the Follow-Up Committee's deliberation which suggests practical and effective support which we can give, grateful to be informed.

Arab/Israel

6. Europe determined to make a contribution if possible, but too much should not be expected from the UK Presidency. Europeans can do little without a move from the Arabs, ie a PLO sign of conditional readiness to accept Israel. Can the Saudis help?

7. US policy still unclear. Hope they can move on to a wider process. But if US views are to be influenced, again demonstration of goodwill needed from the Palestinians. Importance of US role should not be doubted.

Afghanistan

8. [Briefing to be submitted following Lord Carrington's meeting on 8 June].

Defence Collaboration and Sales

9. [See separate brief by MOD].



ESSENTIAL FACTS :

1. King Khaled in London 9 - 12 June on State Visit in return for royal tour of Eastern Arabia February 1979 (initially proposed for last year but postponed because of 'Death of a Princess'). Ministers' visits to Saudi Arabia have been frequent recently : Mr Hurd in February, Mr Nott at the end of March and the Prime Minister in April. Mr Parkinson (Minister for Trade) will be visiting Saudi Arabia from Saturday 13 June.

2. Rulers of Saudi Arabia, Kuwait, Bahrain, Qatar, the UAE and Oman met in Abu Dhabi on 25 May to promote the establishment of the Gulf Co-operation Council to cover co-ordination of economic, legal and social policies, and, though not stressed, collaboration on internal and collective security. Secretariat will be established in Riyadh and headed by Abdullah Bishara, former Kuwaiti representative to the UN. There are rumours of divergence, particularly between Kuwait and Oman, about the wider defence policy remit of the Council, but it is nevertheless confirmation of a very positive step forward (doubtless largely shepherded by Saudi Arabia) for the smaller Gulf states. Following the first announcement on 4 February at Riyadh, the Prime Minister sent private messages of support (one to Prince Fahd attached). The Council is due to meet again at summit level in November.

/Lebanon

Lebanon

3. Mr Habib visited Saudi Arabia on 17/18 May and succeeded in involving the Saudis in his search for a settlement of the missile crisis. Although the Saudis have spoken up strongly in public in support of Syria, we believe that privately they have been urging restraint on President Assad and appear to have agreed to resume Saudi payments to Syria for the ADF in Lebanon as an inducement.

4. Partly at least at Saudi instigation, the so-called Arab League Follow-Up Committee on Lebanon (formed in 1976 at the same time as the ADF was mandated by the Arab League and now comprising Saudi Arabia, Kuwait, Lebanon and Syria) is to meet soon, probably in Beirut on 6 June. Its discussions are likely to concentrate on forwarding the process of political reconciliation in Lebanon. But these discussions could, if they lead to, for example, agreement on the replacement of Syria troops on the heights above Zahleh, prove helpful for Habib's mission.

5. At any event, the Arab involvement has helped Habib buy time. Habib returned to Washington for consultations on 28 May and the Americans have told us that his intention was to wait and see whether any useful progress was made at the Follow-Up Committee's meeting. He is expected to return to the area after that meeting takes place.

/6.

6. Mr Begin has again spoken of limits to the time that can be allowed for a negotiated settlement, without specifying what these are. Mr Haig, too, has publicly spoken of time being limited. We continue to believe that Israel will not attack the Syrian missiles while the Habib mission remains in being. But if no solution is in sight by the Israeli elections on 30 June, he will be under strong electoral pressure to take out the missiles.

7. In a press interview on 21 May, Prince Fahd reiterated Saudi support for Syria against Israel and said that if Israel attacked Syria, all the Arabs would fight alongside Syria. He added that Lebanon was one of the principal points of weakness in the Arab position and the restoration of normalcy there was vital. This could only be achieved by supporting the efforts of the Lebanese and Syrian governments to bring about a national accord between the parties in Lebanon and by supporting Lebanese legitimacy as represented by the President of the Republic.

8. A special meeting of the Arab League Council on 22/23 May was attended by all Foreign Ministers (including Jordan and Iraq). It unanimously called for an immediate ceasefire in Lebanon and for national reconciliation. It blamed the missile crisis on Israeli aggression and offered Syria all possible support, including that of Arab armed forces.

The situation on the ground (as at 4 June)

9. There have been sporadic outbreaks of fighting in Beirut and Zahleh. In the week since Habib returned to Washington, Israel has mounted several raids against Palestinian positions in South Lebanon and near Beirut (including one on SAM missile

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site allegedly manned by Libyans). These are in line with Israel's longstanding policy of pre-emptive strikes against the PLO and have not so far prompted a Syrian (or Palestinian) reaction. The US government has asked Israel to practice restraint in this respect also, to keep temperatures down; but Begin believes he has strong internal support for continued attacks on Palestinian positions and is unlikely to resist.

Recent action by the UK

10. In advance of the Arab Follow-Up Committee meeting, we have spoken informally to the Saudis, Syrians, Kuwaitis and Lebanese on the lines of paragraph [3] of the points to make. The Syrian and Kuwaiti reactions were encouraging. The Saudi official concerned was not fully briefed and merely took note. We are now considering urgently within the Department what practical support we can offer Lebanon, eg by way of helping to build up the Lebanese army.

Arab/Israel

11. Saudi expectations from the UK Presidency are unrealistically high, although they see Europe's importance more as a channel to the Americans than as an independent peace making force. Our efforts to impress upon the Saudis and other Arabs the importance of a move by the PLO towards conditional acceptance of Israel have so far not resulted in commitments to press the PLO in this direction. Their response is that the PLO cannot make a move without being offered something substantial in return and that it is for the US to change its policy. The Americans themselves are awaiting the outcome of the Israeli elections before making any further move and increasingly fear that Mr Begin will be re-elected. If he is they may have little choice but to stick to existing policy, however little faith they may have in Mr Begin's negotiating flexibility, at least until the final Israeli withdrawal from Sinai the next spring.

Afghanistan

12. [Briefing to be submitted following Lord Carrington's meeting on 8 June].

Anglo/Saudi Relations

13. There has been no movement on the Joint Committee on Cultural Relations since we briefed the Prime Minister for her visit to Riyadh : we still await the Saudi response to our proposed terms of reference for the Committee and for a London-based media adviser. Thanks to the efforts of the helpful and influential Saudi Ambassador, consultations with the Saudis on individual media cases are close, viz. the BBC's proposal to screen the TV film 'The Pirates' during the State Visit. FCO Ministers brought to the BBC's attention the Saudi Ambassador's (and our) concern at the effect this would have on Anglo/Saudi relations. The BBC (which had independently had second thoughts) decided not to show the film this week.

8 June 1981

MIDDLE EAST DEPARTMENT

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MESSAGE FROM PRIME MINISTER ON GULF CO-OPERATION

1. FOLLOWING IS THE TEXT OF A MESSAGE FROM THE PRIME MINISTER TO PRINCE FAHAD, THE SULTAN OF OMAN AND SHAIKH RASHID, FOLLOWING THE OUTCOME OF THE GULF FOREIGN MINISTERS' MEETING IN RIYADH ON 4 FEBRUARY. SIMILAR BUT SEPARATE MESSAGES ARE BEING SENT TO SHAIKH ZAID, TO THE AMIR OF QATAR AND TO THE PRIME MINISTERS OF KUWAIT AND BAHRAIN.

see 46.

I WAS VERY PLEASED TO LEARN OF THE SUCCESSFUL OUTCOME OF THE MEETING OF GULF FOREIGN MINISTERS IN RIYADH ON 4 FEBRUARY. THE ESTABLISHMENT OF AN ARAB GULF CO-OPERATION COUNCIL IS THE CULMINATION OF DISCUSSIONS IN WHICH I KNOW THAT YOUR HIGHNESS (YOUR MAJESTY) HAS TAKEN A CLOSE INTEREST. I AM CONFIDENT THAT IT WILL PLAY A VALUABLE ROLE IN CONFRONTING THE DANGERS TO WHICH THE GULF REGION HAS BEEN EXPOSED.

THE STABILITY AND SECURITY OF THE GULF IS OF VITAL INTEREST TO US ALL. I LOOK FORWARD TO DISCUSSING THIS SUBJECT WITH YOUR HIGHNESS (YOUR MAJESTY) DURING MY VISIT IN APRIL AND TO REVIEWING WITH YOU APPROPRIATE WAYS IN WHICH BRITAIN MIGHT BE ABLE TO CONTRIBUTE TO THE MAINTENANCE OF STABILITY. MEANWHILE, PLEASE ACCEPT MY VERY BEST WISHES FOR THE FUTURE OF THE CO-OPERATION COUNCIL.

2. GRATEFUL YOU HAVE MESSAGE DELIVERED. THERE WILL BE NO (NO) SIGNED COPY.

CARRINGTON

[COPIES SENT TO NO 10 DOWNING STREET]

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MED
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PLANNING STAFF
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CONFIDENTIAL

PRIME MINISTER'S TALKS WITH KING KHALED OF SAUDI ARABIA :
WEDNESDAY 10 JUNE AT NO 10 DOWNING STREET

ISRAELI ATTACK ON IRAQI NUCLEAR INSTALLATION

POINTS TO MAKE :

1. We have condemned the attack in the strongest terms, and made it clear that this is a grave breach of international law which could have the most serious consequences.
2. Recognise the problems this creates for the moderate Arabs. But this sort of incident does not weaken the case for a comprehensive peace. On the contrary it strengthens it.
3. The Security Council is to debate the incident. Frankly only the US can bring pressure to bear on Israel. Note that they have condemned the attack. And they have said that the use of US equipment apparently breached agreements with Israel and would be reported to Congress.

ESSENTIAL FACTS :

1. The US Ambassador in Damascus has told us in confidence that the Saudi Government protested to the US Government on 7 June about the overflight of Saudi Arabia by Israeli aircraft. The Saudis had not known at the time what the purpose of the flight was, but had claimed to the Americans that the pilots identified themselves as Jordanian.
2. He also said that the Americans were worried about the implications of this for Habib's mission (in which the Saudis have been closely involved). Habib was due to meet Prince Saud in Geneva on 8 June to be briefed on the outcome of the Arab League Follow-up Committee's meeting on Lebanon from 7-8 June, (though as far as we know Prince Saud has not reached Geneva and may not come to London after all because of the imminent Arab Foreign Ministers' meeting in Baghdad).
3. The State Department have also told us, as a first reaction, that they are worried at the implications for the Saudis' decision on AWACS, the supply of which was linked to other defence-related understandings of importance to the US.
4. The Iraqis asked on 8 June for an urgent meeting of the Security Council. The Arab League are reported to have called for an emergency meeting of the League this week.

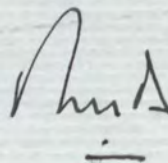
D. R.
PRIME MINISTER

TALK WITH KING KHALED

As you are aware, King Khaled may not have a great deal to say for himself this morning. You may, I fear, have to make most of the running.

The main points to cover seem to me to be as follows:-

- (a) Arab/Israel: The Israeli attack on the Iraqi nuclear plant underlines the need for progress towards a solution of the dispute. So does the situation in the Lebanon. The UK will try to advance matters during our Presidency of the European Community. But don't expect too much. Increasing likelihood of Mr. Begin's re-election will not help. The need for the Arabs, and in particular the PLO, to show flexibility - despite the obvious difficulties.
- (b) Gulf Co-operation: Welcome further progress. The Co-operation Council has an important role to play.
- (c) Defence Co-operation: Glad to learn of Saudi interest in P110. Would the King like a presentation? Note interest in Nimrod but early delivery would be difficult to arrange. Hope for substantive negotiation soon on extension of air defence project.
- (d) General International Scene: Numerous causes for concern. Situation in Poland giving rise to particular anxiety at present. Need to maintain pressure on the Soviet Union for a solution in Afghanistan: we have ideas.
- (e) International Economic Issues: Welcome Saudi policy on oil prices. Stability essential to chances of improving world economic situation. Looking forward to keeping in touch with Saudi Arabia in the run-up to, and at, the Cancun Summit in October.



10 June 1981