

SECRET

Reference.....

TO:
1. MISS DAVIS
AIR2

CB.

cc 2 PS/Mr Channon
3 PS/Mr Pattie
4 PS/Mr Morrison
5 Mr Macdonald
6 Mr Roberts
7 Mr Liesner
8 Mr Gill, ECGD
9 Mr Titchener, OT4
10 Mr Michell, Air *W*
11 Mr Wright, GP
12 Mr Benjamin, PEP
13 Mr Thornton, GP2
14 Mr Bowder, Air2
15 Masters

FROM:
EDMUND HOSKER
PS/Secretary of State
for Trade & Industry
Room 803
1 Victoria Street
215 5422

7 October 1985

SALE OF AIRCRAFT TO SAUDI ARABIA

Thank you for your submission of 2 October, in which you advise that there is no need for the Secretary of State to intervene in the correspondence between Mr Heseltine and Mr Walker. Although the Secretary of State agrees that he should not write to the Prime Minister, he would like to write an informal letter to Mr Heseltine about the lack of consultation, though without any hostility, and looking mainly to the future.

2. I should be grateful for a suitable draft as soon as possible.

Edmund Hosker

EDMUND HOSKER

JF2AET



SECRET

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

DW744

Secretary of State for Trade and Industry

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The Rt Hon Michael Heseltine MP
Secretary of State for Defence
Ministry of Defence
Main Building
Whitehall
LONDON
SW1

Dear Michael,

- 4
- ① Copies to:
 - ② PS/Mr Channon
 - ③ PS/Mr Pattie
 - ④ PS/Mr Morrison
 - ⑤ Mr Macdonald
 - ⑥ Mr Roberts
 - ⑦ Mr Leisner
 - ⑧ Mr Gill ECGD
 - ⑨ Mr Titchener OT4 *OW File*
 - ⑩ Mr Michell Air
 - ⑪ Mr Wright GD
 - ⑫ ~~Mr Benjamin PEP~~
 - ⑬ ~~Mr Thornton GP2~~
 - ⑭ MASTER
 - ⑮ SOS DEFENCE

SALE OF AIRCRAFT TO SAUDI ARABIA

I was very pleased to learn about the highly satisfactory outcome of your discussions with the Saudis on sales of British Aerospace aircraft and equipment. This contract, along with the Omani contract, should go a long way to securing the future of the company's military aircraft operations and removing the production gap at Warton before the European Fighter Aircraft comes into production.

British Aerospace's concern about the export prospects for Tornado and about the production gap have of course been shared by my Department. Against this background, I was a little disappointed not to have received some advance notice from you of the successful conclusion of the deal. I do appreciate the sensitivity of the negotiations and that you were operating within a very tight schedule so that the scope for such notice would probably have been limited. But I hope that when future major defence export contracts arise, you will be able to bring me into the picture a little earlier.

The proposal for British direct investment in Saudi Arabia is of interest to my Department, and my officials await advice from yours on how they envisage your commitment to the Prince Sultan to send a high level business mission to Saudi Arabia to discuss offset investment possibilities being carried forward.

*Yours aw,
[Signature]*

LEON BRITTAN

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