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- 1. W.P.
- 2. D.M.



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MR [unclear]

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FORINFO

- 10. MR Wright
- 11. MR Thompson
- 12. MR Gill
- 13. MR Benjamin
- 14. Pelsos

- 1. MR Bowler
AUE
- 2. PS/mts
- 3. PS/pm
- 4. PS/gp
- 5. MR macdonald
- 6. MR Roberts
- 7. MR Wesner
- 8. MR Titchener
- 9. MR Thirkell

PRIME MINISTER

SALE OF AIRCRAFT TO SAUDI ARABIA

I have seen the Secretary of State for Energy's minute to you of 25th September.

2. You will recall that, because of Saudi sensitivities, you directed at the beginning of the year that the negotiations surrounding this possible purchase should be kept to a very limited circle. This has made, I accept, for less than ideal handling within the Government but it might have been the case that with more normal arrangements the deal would have slipped away from us - as at one time seemed very likely. It is also the case that the full extent of the Saudi interest in paying for the deal by oil has emerged only at a very late stage in the discussions.

3. Having said this, I entirely accept the Secretary of State for Energy's underlying point. It would frankly have been better if his officials had been brought in as the final package emerged. This has now been rectified and the proposals which we have put to the Saudis on the oil element of the deal have, of



course, been prepared in full consultation with the Department of Energy. I attach considerable importance to my officials keeping in close touch with the Energy Secretary's officials over the coming months as well as working closely with the oil companies themselves.

4. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Trade and Industry and the Secretary of State for Energy.

Ministry of Defence

26th September 1985