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CVB (25)

Reference.....

To:  
MR BAKER - PEP2

cc Mr Benjamin PEP  
Mr Titchener OT4  
Mr Field GP  
Miss Davis Air

From:  
D T MAHONEY  
PEP2A  
Room 243A  
1 Victoria Street  
215 3843

WJ  
4/10

3rd October 1985

I have discussed Mr Peltter's advice  
to Mr Titchener (copied to you).  
I think the line he is proposing  
in the draft letter to Chandler  
is about right. The burden should  
be borne in the main by the many UK  
companies in the aerospace field who  
stand to benefit from the deal.

You minuted Mr Benjamin on 30th September informing him that MOD had at the last EGC meeting undertaken to write giving details of the defence deal with Saudi Arabia and confirming that no offer of export credit cover or official support had been given. As no letter had been received by 2nd October I rang Mr Knapp and he informed me that he intended to write confirming that no offer of export credit cover or official support had been given but had not yet done so. However he said that he would not be elaborating on the detail of the package as he had nothing to add to the information already circulated in briefings and reports of the PM's meeting with Prince Sultan. He said the full details of the package would not be available until the proposed Memorandum of Understanding covering the deal had been finalised. This is despite the undertaking recorded in the EGC minutes that MOD would "write giving details of the sale and to confirm that no offer of cover or official support had been given".

Mr Knapp also mentioned that MOD wished to discuss possible offset arrangements with DTI and with this in mind he intended to contact Mr Benjamin direct.

D T MAHONEY

135/10