



10 DOWNING STREET

From the Private Secretary

26 March 1986

Dear Mike,

EXPORT CREDITS GUARANTEE DEPARTMENT:  
SAUDI ARABIA

The Prime Minister has seen a copy of the Trade and Industry Secretary's letter of 25 March to the Chancellor of the Exchequer about the requirement for an ECGD guarantee of a Saudi overdraft as part of the financing arrangements for the purchase of Tornado.

The Prime Minister agrees with Mr. Channon that we really have no alternative but to accept this risk, both in the light of the enormous importance of the Tornado order and of our relations with the Saudi Arabian Government.

I am copying this letter to the Private Secretaries to the other members of OD, to Geoff Dart (Department of Energy) and to Sir Robert Armstrong.

Yours sincerely

(CHARLES POWELL)

Mike Gilbertson, Esq.,  
Department of Trade and Industry.