



MINISTRY OF DEFENCE
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MO 5/3/3

23rd June 1982

Dear John,

Prince Nimitz
Good news.
A.J.C. 29/6.

SAUDI ARABIAN NATIONAL GUARD COMMUNICATIONS PROJECT (SANGCOM)

In my letter of 22nd June with which I forwarded the quarterly report on Defence Sales I mentioned that we envisaged that the MOD would shortly be signing a contract with the Saudi National Guard for the second ^{attached} part of a project providing extensive communications facilities to the National Guard. That contract has now been signed and involves business worth £200M over the next 2½ years - approximately equivalent to the value of the earlier contract. The work will be supervised by the Ministry of Defence and carried out on a back-to-back basis by Cable and Wireless as main contractor. Considerable equipment orders will be involved for the British electronics industry, and there will also be civil construction work for UK firms in Saudi Arabia.

Through this communications project and a similar hospital project, we have been able to develop a sound basis for further military business with the National Guard and my Secretary of State hopes to pay a visit to Saudi Arabia later this year for discussion on future co-operation and sales with Saudi Ministers involved in defence and security.

The MOD has also reached agreement with the Saudis on the terms of a 3 year extension (worth some £370M) to the Government to Government arrangement on training and support provided through British Aerospace to the Royal Saudi Air Force although final signature by Prince Sultan may be delayed until late July because of the onset of Ramadhan. This has been a difficult negotiation but now it has been completed it could clear the way for us to pursue other military aircraft and equipment sales to the Saudi Defence Ministry.

Yours ever,

Jane Ridley

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A J Coles Esq