

E. R.

CONFIDENTIAL

Sir A. Parsons

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PRIME MINISTER

Rec me

AR 24/2

ARMS SALES TO IRAN/IRAQ

You will wish to see the attached minute by Sir A. Parsons.

As you know, OD considered last year our policy on this matter. As a result, we are well into discussions with the Government of Iraq for the supply of Nimrod aircraft and we are also discussing the supply of certain arms to Iran.

There will be an opportunity to look at these matters again when recommendations are put to Ministers about the supply of engines by Rolls Royce for the Iranian Chieftain tanks.

A. J. C.

23 February 1983

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file
cc: Mr. Jackling

Bre.

Middle East

SIR ANTHONY PARSONS

ARMS SALES TO IRAN/IRAQ

Thank you for your minute of 22 February. I think that your proposal, if I have understood it correctly, would amount to a major reversal of policy. For example, OD considered last November the question of the supply of Nimrod Airborne Early Warning and Tanker aircraft to Iraq. The Committee concluded that the Defence Secretary should continue negotiations with the Government of Iraq for the supply of Nimrod aircraft. There were discussions with the Iraqi President in December and further talks are going ahead.

Similarly, in September last year, the Prime Minister agreed with the Foreign and Defence Secretaries that we should agree to supply some lethal items to Iran and to continue discussions on a resumption of business on major weapons systems such as the main battle tanks and Rapier.

None of this means that the policy you advocate is necessarily wrong. But I suggest that the best way to proceed might be to discuss the matter with the FCO and see if they are prepared to put another paper to OD advocating your policy. I am rather reluctant to suggest to the Prime Minister that she should take a decision reversing the policy agreed in OD. You may wish to discuss.

A. J. COLES

22 February 1983

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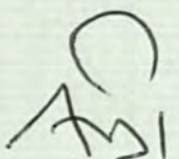
MR. COLES

ARMS SALE TO IRAN/IRAQ
JEDDA TEL NO. 98

This is about the proposed sale by Rolls Royce of replacement engines for the Iranian fleet of Chieftain Tanks. Rolls Royce built a factory at Shrewsbury (which I have visited) entirely to build engines for the new generation of Chieftain Tanks which we were constructing for the Shah. From the point of view of employment, etc it is therefore important to Rolls Royce to continue to supply these engines to the Iranians. However, I have no doubt whatsoever that, if we are known to be supplying the essential component for the Iranian tank fleet, we will have a colossal row with the Arabs and our commercial interests, eg in Saudi Arabia, will suffer drastically and immediately.

By the same token, if we ever get close to a contract with Iraq for Nimrod, Hawk or Barmines, there is a corresponding danger of impulsive retaliation against our interests in Iran. As I minuted recently, our principal hostage there is the Iran National factory. If Khomeini closed it down out of rage at our supporting his enemy's war effort thousands of people would be thrown out of work in the Coventry area and a lucrative source of foreign exchange would be stopped.

My own feeling is that we have too much at stake on each side to take serious risks of impulsive action against our interests either in Iran or in the Arab world. I realise that these views would not be popular with certain sections of British industry and with Defence Sales. However, I conclude that our interests will be best served, so long as the war lasts, by refusing to sell anything to either side which is either directly lethal or calculated significantly to improve the military performance of Iran or Iraq. I wish I could go on to say that I thought there was a likelihood of an early cessation of hostilities. I do not.


A.D. PARSONS
22 February 1983

Middle East: Arms Sales Pt 3

F.R.



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