

PRIME MINISTER

MS

TORNADO FOR SAUDI ARABIA

Clive Whitmore has been in touch to recount the latest vicissitudes in this saga.

Apparently matters very nearly reached the point at the end of last week where the order went to the opposition (i.e. the French). They had a team in Riyadh ready to sign.

One way or another that has been blocked. Prince Bandar arrives today from Washington with a message for you from his uncle. We are told - though all this may not be in the message - that there will be a delay of several months before a formal decision is taken, but that the UK will now get the order. But there is a price: the Saudis want a commitment from us to discuss oil prices in future with them before making changes. They have been told this is a very far-reaching proposition on which there is no question of snap decisions, but that a meeting between Mr. Walker and Sheikh Yamani could be arranged.

I am arranging for Prince Bandar to see you either late tomorrow afternoon or Tuesday.

MS

*Duty Clerk
CDP AP.*

6 January 1985



10 DOWNING STREET

From the Private Secretary

Prime Minister

Tornado for Saudi Arabia

You should be aware that
BAe shares rose 30 pence, against
the market trend, this afternoon.

CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000

CDP
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