



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

To note.

16 December, 1982

A.S.C. 16/12

Dear John,

Arab League Delegation: Impact on British Trade

In view of our substantial economic interest in the Middle East we have been keeping a close watch recently to see if any practical steps are taken against us because of our attitude towards the inclusion of a PLO representative in the Arab League Delegation led by King Hassan of Morocco. You may wish to be aware of the position in case the Prime Minister asks. It is always extremely hard to prove cause and effect, but we have noticed the following:

(i) In Qatar a decision is imminent on the choice of a partner for the Qataris in the management of the immense North Field Gas Project. BP have been one of the front runners, and the Prime Minister spoke up for them in Qatar when she was there last year. But when the Chairman of BP entertained the Deputy Chairman of the Qatari General Petroleum Company, a member of the Royal family, last week the main thing he wanted to discuss was the Arab League delegation issue. BP drew the implication that this could prejudice their prospects.

(ii) In Bahrain where HMG have been heavily involved in supporting Davy McKee's bid for a \$150m turn key project for a steel rolling mill, Davy's agent in Bahrain has been told that objections by the important Saudi shareholders in the project as a result of the Arab League issue make Davy's prospects of being included in the short-list poor. Davy have received the same message from another source.

(iii) In Saudi Arabia Lord Denman has expressed deep concern about the effect of Arab resentment on Consolidated Gold Fields' prospects for obtaining a \$118 gold mining concession contract, on which decisions are imminent.

These are no more than straws in the wind. On the other side, there is no indication that the Arab League delegation row has interfered with the negotiations on the important Hawk contract for Abu Dhabi. Our conclusion for the moment is that the case is unproven. We shall of course continue to keep a look out for possible acts of discrimination against British companies and will consider quickly what we should do if any very obvious examples occur.

CONFIDENTIAL



I am copying this to John Rhodes (DOT) and Richard Mottram (MOD).

Yours ever

(J E Holmes)
Private Secretary

J E Holmes

A J Coles Esq
Private Secretary
10 Downing Street

CONFIDENTIAL



11 12 1
2
3
4
5
6
7
8
9
10
11

11 6 DEC 1982