



Prime Minister

A.T.C. 107/11

From the Secretary of State

Copy: Sir A. Parsons.

John Coles Esq  
10 Downing Street  
London  
SW1

18 January 1983

Dear John

MS

ARAB LEAGUE VISIT : COMMERCIAL IMPLICATIONS

Events have moved on since your letter to John Holmes of 21 December, enquiring about further action we could take to protect our commercial position in the Middle East. Lord Cockfield naturally hopes the Milhem formula or another similar initiative will be accepted by the Arabs, and the problem will disappear.

At the same time, Lord Cockfield fears that, should an agreed formula continue to elude us, the political climate will continue to deteriorate. Even if no formal sanctions were announced, our exporters would be bound to suffer by being omitted or deleted, at least at the margin, from the list of firms invited to pre-qualify or tender for contracts.

There is as yet little evidence of discrimination against British companies. But it would be all too easy for those responsible for Arab purchasers to come to the view that Britain was out of favour, and to act accordingly. Two such cases have been identified so far - deferral by a Saudi regional Chamber of Commerce of an important mission by the London chamber, and the alleged deletion of British firms from tender lists for major projects of the Algerian/French dominated Abu Dhabi National Oil Company. With the Arab world taking some 10% of our exports even this informal (indeed virtually invisible) process could be highly damaging.

British industry, through the Committee on Middle East Trade and in other ways, has consistently made clear to this Department that a good political climate is essential to them. This is no less true at the present time, as is shown by the large number of expressions of concern received from British firms in the Department.

Lord Cockfield hopes to reinstate his own postponed visit to the Middle East as soon as the central political problem is solved. A visit following soon after its resolution could do much to relieve our exporters anxieties.

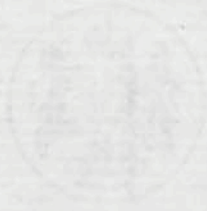
I am copying this letter to John Holmes, Richard Mottram and Jonathan Spencer.

Yours sincerely  
John Rhodes

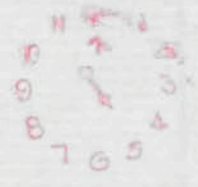
for JOHN RHODES  
Private Secretary

PM, AUG '80,  
Arab League  
Delegation

THE NEWS SERVICE OF THE AIRCRAFT : CANADIAN AIRCRAFT



LONDON 1980



COMMUNICATIONS

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COMMUNICATIONS



*R. Le M.*  
PRIME MINISTER.

10 DOWNING STREET

*From the Private Secretary*

19 January 1983

Thank you for your letter of  
18 January about the commercial  
implications of the Arab League visit.  
The Prime Minister has noted its contents.

A. J. COLES

John Rhodes, Esq.,  
Department of Trade.