

From: Nick Mr
 Sent: 03 August 2007 21:52
 To: HDES-PS; DGSAP-DComm
 Cc: **Names**
 Subject: Release-authorized: Phone call with William Patey

- 1 Love also sent to Jill Parker (PS/Peter Ricketts)

THE CONTENTS OF THIS NOTE ARE HIGHLY SENSITIVE – PLEASE PROTECT AND DO NOT COPY FURTHER

Bill Jeffrey spoke to William Patey, HMA Riyadh, on Friday afternoon (3 August) to discuss how to handle the Saudi request for a further payment under Category 9 for the maintenance of Prince Bandar's aircraft which had just been received in Riyadh. He explained that he had been in correspondence with Peter Ricketts and had seen William's letter of 31 July and discussed the issue with the Defence Secretary. He had also spoken to Peter Ricketts yesterday evening. In light of the Defence Secretary's view, the logic of which PUS fully supported, Peter had acknowledged the political difficulty of co-operating and said that William was best placed to advise on managing the potential reactions on the Saudi side. Bill had also been called by AVM Peter Ruddock, who had said that they were being pressed by Bandar's people for an answer and there was some annoyance at the non-committal reply given. AVM Ruddock, who was currently in the UK for discussions about Typhoon, was particularly worried about the potential impact on the Typhoon negotiations. Although we had been pressing the Saudis for some time to put the arrangements on a less controversial footing they had not yet done so and the aircraft was now at risk of being grounded if approval was not given quickly. Bill had nonetheless explained that the request should not be processed and that he would consult William Patey on how to manage Prince Bandar.

William said he had not seen Bill's latest letter on this subject as he had not been in the office since yesterday. He understood that the situation was now different, as a result of the recent publicity and the change of government. **Diplomatic**

They were now faced with three choices: to allow the plane to be grounded; to establish the new arrangements quickly; or to press us to process the request. At the moment, the last probably looked easiest. He needed to speak to Prince Bandar about it. Bill advised that he should take the line that, however unfair, the recent publicity about these payments had been extremely damaging to him and to the British Government. There were further risks if it were to be discovered that these payments were continuing, so it was in both our interests that these arrangements should be put onto a more regular footing as soon as possible. William agreed and said he would let us know when he had made contact with Bandar.

William called back a bit later to tell me that Bandar was currently out of the country but would be back soon, and he had arranged to meet him on Monday night, when he would put this proposition to him. He also asked that I relay his conversation with Bill and the proposed approach to Peter Ricketts, as this was different from the one recommended in his most recent letter. I agreed to do so, hence this email. I was also called by Alan Garwood a bit later, who said that he entirely understood the sensitivity about these payments and was very surprised we had received this request from the Saudis. He had spoken to BAES and to AVM Ruddock to explain the situation and recommended the same line to take with Prince Bandar as proposed by Bill Jeffrey. He was pleased to hear that William Patey had managed to arrange to see Prince Bandar.

Nick Ayling
 PS/PUS