

THE PRIME MINISTER

Personal Minute

ATTORNEY GENERAL

AL YAMAMAH: SERIOUS FRAUD OFFICE INVESTIGATION

In the light of recent developments, I would be grateful if you would consider again the public interest issues raised by the Serious Fraud Office's ongoing investigation into the possibility of corrupt payments being made by DAe Systems in connection with the Al Yamamah defence relationship with the Kingdom of Saudi Arabia. It is **my judgement on the basis of recent evidence and the advice of colleagues that these developments have given rise to a real and immediate risk of a collapse in UK/Saudi security, intelligence and diplomatic cooperation. This is likely to have seriously negative consequences for the UK public interest in terms of both national security and our highest priority foreign policy objectives in the Middle East.**

[REDACTION - one sentence] The issue, in Saudi eyes, is not so much about the specifics of any element of the investigation, [REDACTION], but one of cumulative damage to

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overall confidence in their relationship with the UK. I am advised in strong terms that we are now at high risk of a serious collapse in that confidence.

Article 5 of the OECD Convention on Combating Bribery prohibits you from being influenced by considerations of the national economic interest or the potential effect upon relations with another state. As you know, I strongly support our commitment to the Convention and am proud of this Government's record on putting bribery issues onto the agenda and into law. While this letter is not primarily concerned with the serious damage being done to our bilateral relationship by the investigation, it is of course of concern to me, not least because of the critical difficulty presented to the negotiations over the Typhoon contract.

My primary duty is however to UK national security and it is on this basis that I must urge you to consider the public interest in relation to the pursuit of this investigation.

The damage being currently done to Saudi confidence in the UK as an international partner has these two important consequences for the public interest: our direct national security, through our exchanges with the Saudi authorities in counter ing international terrorism; and the Government's highest foreign policy priority of working towards peace and stability in the Middle East. As you will know, it is my strong belief that our Middle East work is fundamentally also a matter of our national security - directly in the threat to our soldiers in Iraq, and indirectly through the effects of Middle East stability more widely. In both of these objectives, I want to explain to you how the help and confidence of the Saudi authorities is critical to success, and how recent developments are throwing

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tant cooperation into jeopardy. I attach papers explaining the context more fully. The first, on the value of Saudi cooperation in the field of counter terrorism, is by Sir Richard Mottram, Permanent Secretary for Security, Intelligence and Resilience in the Cabinet Office, and senior responsible official for our counter-terrorist strategy. It has the concurrence of the Chief of the Secret Intelligence Service and the Director General of the Security Service. The second, on the importance of Saudi Arabia to our efforts to win peace and stability in the Middle East, is by Sir Peter Ricketts, Permanent Secretary at the FCO.

On counter-terrorism, I would like to highlight three points about the centrality of Saudi Arabia and cooperation with its authorities to our efforts to protect British lives and interests:

- the Saudi origins of key strands of the extremist Al Qaida ideology, of Osama Bin Laden and of many of the 9/11 bombers. Not only does this make [REDACTION] it gives terrorist and counter-terrorist operations in the country an enormous symbolic weight, alongside the importance of the direct threat to UK citizens and to UK economic well being;
- [REDACTION] bullet point]

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- our understanding of these threats and our ability to help counter them effectively in Saudi Arabia itself depends on the relationships we have built up and intend to develop further through our intelligence and military links. The development of such co-operation depends on the support of senior Saudi figures.

These assets are at risk. [REDACTION] suggested to our Ambassador on 21 November that all intelligence cooperation was under threat. [REDACTION – four sentences]

Secondly, I would like to draw your attention to the growing centrality of our partnership with Saudi Arabia as a supportive voice of moderation in delivering our Middle East foreign policy goals. In my view, as you know, the UK's national security interests vitally depend on these objectives. As a source of funding and support for Sunni communities around the world it has ability unparalleled amongst Arab states to influence both public opinion and political

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actors across the region, [REDACTION – one and a half sentences]:

- [REDACTION – bullet point]
- [REDACTION – bullet point]
- [REDACTION – bullet point]

These are only the first order foreign policy issues. Saudi interests are heavily engaged also in **Lebanon** – a key potential source of instability in the region, and of course on regional security arrangements, the effective development of which are essential to long-term stability. And the Saudi interest across the range of issues is becoming more active, and more organised, by the week, as they

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share my overall view, as expressed here, on the damaging impact of the SFO investigation. This assessment is formed on the basis of advice from the Government's most senior national security official advisors.

I understand and respect the constitutional position and the independent judgement you are required to make on extremely difficult and delicate issues of this nature, and I know any intervention you make in the conduct of this investigation must be your decision alone. For my part, after much careful thought I have come to the conclusion that the seriousness of these risks to the national interest is such that I would be failing in my duty if I did not bring them directly to your attention and ask you to consider them. That is why I am taking the exceptional step of writing to you myself.

This letter and its attachments are copied to the Foreign and Defence Secretaries, as well as to Sir Gus O'Donnell, Sir Richard Mottam and Paul Jenkins (Treasury Solicitor). I would be happy to discuss it with you, and my office can of course arrange any further briefing on the issues raised here.

Tony Blair

8 December 2006

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