

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
ADMINISTRATIVE COURT
B E T W E E N :-

CO/1567/07

THE QUEEN
on the application of
(1) CORNER HOUSE RESEARCH
(2) CAMPAIGN AGAINST ARMS TRADE

Claimants

- and -
THE DIRECTOR OF THE SERIOUS FRAUD OFFICE

Defendant

- and -
BAE SYSTEMS PLC

Interested Party

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DOCUMENT 1: Letter from Jonathan Jones, Legal Secretary to the Law Officers, to Sir Gus O'Donnell, Secretary of the Cabinet and Head of the Home Civil Service, 6 December 2005

The document states as follows:

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not in letter
6 December 2005

Dear Gus

BAe SYSTEMS

I refer to the Serious Fraud Office investigation into this case, which concerns the possibility that corrupt payments were made by BAe to [REDACTION] in connection with the Al Yamamah Project. In addition the SFO is investigating BAe's use of consultants in relation to the Al Yamamah Project, and elsewhere in the world. The investigation has been underway since 2004 and a number of individuals have already been interviewed. The existence of the investigation is already in the public domain and has been the subject of media reports.

BAe have submitted that it is not in the public interest for the investigation to continue. They argue that provision by them of the information sought by the SFO would be regarded by the Saudi Arabia government as a serious breach of confidentiality by BAe and the UK government. They argue that this would have a serious adverse effect on relations between the UK and Saudi Arabia governments; and would almost inevitably prevent the UK securing a large export contract of some £40 billion.

The MoD has indicated that it considers the BAe concerns well-founded.

I should draw attention at the outset to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Article 5 of that Convention provides:

"Investigation and prosecution of bribery of a foreign public official shall be subject to the applicable rules and principles of each Party. They shall not be influenced by considerations of

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national economic interest, the potential effect upon relations with another State or the identity of the natural or legal persons involved.”

The operation of that Convention within the UK was subject to an evaluation by an OECD Working Group in 2004. Its report, which was the subject of consultation with all relevant government departments, records the Attorney’s assurance that “none of the considerations prohibited by Article 5 would be taken into account as public interest factors not to prosecute” foreign bribery cases.

You will need to have regard to the Convention in any comments made in response to this letter.

As you know, in forming a view on the public interest for or against a prosecution the Attorney General sometimes invites colleagues within government to provide any information which may be relevant. This is a long-established practice referred to as a “Shawcross exercise”, after the then Attorney General who explained it to Parliament in 1951. The purpose of the exercise is to inform the Attorney of potentially relevant public interest factors. The decision (and the timing of any decision) remains a matter for him and the SFO.

The public interest implications of a prosecution are normally taken into account only once the prosecutor has determined that the evidence is such as to give rise to a reasonable prospect of conviction. In this case, the SFO is not yet in a position to determine whether the evidential test is met since the investigation is still ongoing. However, BAe have argued that the public interest considerations arise at this earlier stage, in that the adverse consequences described could result even from a continuation of the investigation.

Before reaching a view on the strength of that argument, and the weight of the public interest factors raised, the Attorney invites views on these issues from interested government departments.

I should reiterate that the final decision will be one for the SFO and the Attorney, acting independently of government, having due regard to the OECD Convention referred to above.

I would be grateful to receive any responses to this letter by 16th December.

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This letter is copied to Jonathan Powell (No 10), Michael Jay (FCO), Bill Jeffery (MoD), Brian Bender (DTI), John Gieve (Home Office), Nicholas Macpherson (HMT), Robert Wardle (SFO) and Juliet Wheldon (TSol).

Pp

Jonathan Jones

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Document 2: Letter from Sir Gus O'Donnell, Secretary of the Cabinet and Head of the Home Civil Service to Jonathan Jones, legal Secretary to the Law Officers, 16 December 2005, attaching a note

The document states as follows:

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16 December 2005

Dear Jonathan,

BAe SYSTEMS

Thank you for your letter of 6 December inviting views on the public interest considerations which arise from the Serious Fraud Office's investigation of BAe Systems. I attach a note giving the requested response.

I am copying this letter, with the note, to Jonathan Powell (No 10), Michael Jay (FCO), Bill Jeffrey (MoD), Brian Bender (DTI), John Gieve (Home Office), Nicholas Macpherson (HMT), Robert Wardle (SFO) and Juliet Wheldon (TSol).

Yours ever

Gus

Gus O'Donnell

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BAe SYSTEMS: RESPONSE TO THE SHAWCROSS EXERCISE

This note is the response to the "Shawcross exercise" concerning the Serious Fraud Office investigation into BAe Systems (Jonathan Jones's letter to Gus O'Donnell of 6 December refers).

We note what the letter says about the impact of Article 5 of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. It is of course, for the Attorney General and the prosecuting authorities to decide whether there should be a prosecution, and also to decide how Article 5 bears on the current circumstances. We have, however, assumed that it may be possible for considerations of the kind mentioned in Article 5 at least to be taken into account for the purpose of taking an early view on the viability of any investigation.

This note therefore sets out the public interest conditions as the Government sees them.

The bilateral relationship with Saudi Arabia is one of the UK's most important.

A cornerstone is the Al Yamamah air defence programme. This programme is an understanding between the two Governments dating from 1985, at the core of which is the supply, support and maintenance of Tornado aircraft. The value of equipment and services delivered under the programme over the last 20 years is around [REDACTION] and the current support and maintenance phase is worth about [REDACTION] a year. The first phase of an upgrade programme for Tornado ground-attack aircraft is worth about [REDACTION] over the next 5 years. The Ministry of Defence estimates that the whole activity sustains 10,000 to 15,000 jobs at BAe Systems and their subcontractors, plus about 2,000 expatriate jobs in Saudi Arabia, though the skills of such workers might be in demand elsewhere.

Negotiations are well advanced with the Saudis on two further fronts:

- the second phase of the Tornado up-grade programme (hoping to go on contract early next year) worth a further [REDACTION] with [REDACTION] pounds for associated weapons programmes.
- the procurement by the Saudis of Typhoon, the next generation of attack aircraft, at a cost, according to BAe Systems of over [REDACTION] over 10 years for aircraft and spares, and [REDACTION] pounds for associated weapons programmes.

This summarises the UK business interest from the successful conclusion of these negotiations (though not all the work on the existing Typhoon programme is carried out by BAe Systems nor will it all be carried out in the UK). These arrangements are also a central element in the viability and

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competitiveness of BAe Systems, the UK's main global defence contractor. Indeed, were the contract to be called off and future business to be placed elsewhere, it could have a material impact on BAe earnings, and potentially on UK defence industrial capabilities. It should be noted that there are alternative French and US suppliers for future aircraft requirements, who have been energetic in attempts to engage Saudi interest. Senior Saudi figures are believed to be ready to commit to acquire Typhoon, because of the long-standing connection with the UK through the Al Yamamah Programme, but we cannot count on this. The Ministry of Defence hope that negotiations can be progressed to the point where the Secretary of Defence can visit Riyadh on 20-21 December to sign a high level memorandum of understanding committing the Saudis in principle to procure Typhoon.

[REDACTION – one sentence] They attach great importance to the confidentiality of the existing arrangements regarding the UK as a keeper of confidences, and (although the commercial relationship is with BAe Systems) have always been insistent that the Al Yamamah programme should be essentially a Government-to-Government understanding. The Government is not aware of the details of the SFO investigation, but if it led to the disclosure of details of the relationship between the Saudis and BAe Systems, the Saudis would be likely to regard this as serious breach of the confidence and trust on which they consider the relationship between the two countries is founded. Depending on the nature of disclosure, there is a high risk that it would lead to the Saudis taking their business elsewhere, at least the Typhoon procurement, if not the maintenance of the existing equipment.

But the importance of relations with Saudi Arabia, in terms of the UK national interest, range more widely. A central consideration is the potential impact on our national security, in particular as regards our counter-terrorism work and the broader search for stability in the Middle East.

As regards counter-terrorism, Saudi Arabia has become over the past three years a key partner in the fight against Islamic terrorism. Saudi Arabia is the home of Islam, and central to efforts to promote moderate Islam and combat Islamic extremism. [REDACTION – three sentences] Leaving aside the commercial considerations, the net damage to British security interests in the fight against terrorism could be substantial.

Furthermore, as a major transit point for Muslims, and the home to seven million expatriate workers, Saudi Arabia is a key partner for the UK police and criminal investigation authorities in dealing with international crime of all kinds.

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The close bilateral relationship we have with the Saudi authorities in all these fields would be endangered by an investigation of this kind.

On the wider front, Saudi Arabia is a key country in the Middle East, a major economic and financial player and an advocate of moderate foreign policy approaches to issues which affect the region. Its stability is a vital strategic interest both for the UK and for the West more generally.

If the current investigation continues, the following risks arise in respect of the [REDACTION] and of the Middle East more generally:

- [REDACTION – first bullet point]
- [REDACTION – second bullet point]
- as the predominant economic power in the Gulf Co-operation Council, Saudi Arabia is central to our efforts to secure an EU/GCC Free Trade Agreement. [REDACTION – one sentence];
- [REDACTION – fourth bullet point]
- [REDACTION – fifth bullet point]
- [REDACTION – sixth bullet point, first four sentences]

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[sixth bullet point continued] There is of course the challenge of promoting economic reform and good governance in Saudi and the wider Middle East and the Government is committed to this agenda.

As the letter inviting this response implies, these risks arise not only at the point at which a prosecution decision is taken, but in the course of the investigation itself. [REDACTION – three sentences]

In brief, the conduct of the investigation is itself likely to give rise now to the public interest concerns which we have set out above.

We accept entirely that these matters are for the Attorney General and the Director of the SFO to decide, acting independently of Government, but we should be grateful if they would consider the points made in this letter. This note has been seen by the Prime Minister, the Foreign Secretary and the Defence Secretary, and has their support¹.

**Cabinet Office
16 December 2005**

¹ The Department of Trade and Industry have asked us to point out that it has not been possible to discuss these issues with the Secretary of State, who chairs the Ministerial Committee which deals with defence industrial strategy, as he has been in Hong Kong at the world trade negotiations during this process. The Permanent Secretary, who is content with this note, will brief him on his return.

Document 3: Letter from Jonathan Jones, Legal Secretary to the Law Officers, to Sir Gus O'Donnell, Secretary of the Cabinet and Head of the Home Civil Service, 25 January 2006

The document states as follows:

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25 January

Dear Gus,

BAe SYSTEMS

Thank you for your letter of 16 December 2005 and accompanying note.

The Attorney General, in consultation with the Director of the Serious Fraud Office, has carefully considered the representations made as to the public interest considerations arising in this case. He notes that it is contended that the continuation of the investigation is itself likely to give rise now to the public interest concerns described in the Cabinet Office note.

Having weighed all the public interest considerations, and having regard to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, the Attorney General considers that it is in the public interest for the SFO investigation to proceed.

The Attorney has also considered the evidential viability of the case on the basis of advice from the SFO and from leading and junior counsel. Given that the investigation is still at an interim stage, it is not at present possible to say whether the evidential test for any prosecution will ultimately be met. However the Attorney is satisfied that, given the material currently available, there are proper and sufficient grounds for the SFO to continue the investigation. The SFO will naturally keep under review the evidential strength of the case and the public interest factors as the investigation proceeds.

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What is said above should not be taken as acceptance that the continuation of the SFO investigation will necessarily give rise to the consequences described by BAe and in the Cabinet Office note, [REDACTION – half a sentence]

The Attorney General naturally expects that any government department affected will co-operate fully with the SFO investigation.

This letter is copied to Jonathan Powell, Michael Jay, Bill Jeffrey, Brian Bender, David Normington, Nicholas Macpherson, Robert Wardle and Juliet Wheldon.

Yours ever,

Jonathan

Jonathan Jones

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Document 4: Letter from Sir Gus O'Donnell, Secretary of the Cabinet and Head of the Home Civil Service, to Jonathan Jones, Attorney General's Office, 29 September 2006

The document states as follows:

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29 September 2006

Dear Jonathan,

BAE SYSTEMS 

[REDACTION – half a sentence] yours to me of 6 December 2005 and 25 January 2006, and mine to you of 16 December 2005, I am writing to update you on some significant recent developments of which we think the Attorney General should be made aware.

[REDACTION – three paragraphs]

The public interest considerations as the Government saw them in relation to the SFO investigation were set out fully in the paper attached to my letter to you of 16 December

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2005. Those considerations still apply and if anything the significance of UK/Saudi co-operation on counter-terrorism and the broader search for stability in the Middle East has become even more compelling.

[REDACTION – one paragraph]

As for the wider Middle East, we are currently working with the Saudis and others on a major multinational initiative to try to resolve the Israel/Palestine conflict – a key national security objective. This could be jeopardised if we were unable to work closely with the Saudis, who will be instrumental in securing Arab support.

[REDACTION – one paragraph]

[REDACTION – two sentences] It was likely that these would become public as well if this investigation carried on. We have not yet been able to verify or assess the significance of these statements, but will provide that further information as soon as possible.

What recent developments show is that the course the investigation has taken has led us into a position where there are very strong indications that the severe damage to the public interest (over and above that to the national economic interest covered by Article 5 of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions) we feared was likely in December 2005 is now imminent. If the Saudis are already starting to take such steps in relation to the Typhoon programme, then we must anticipate that they could follow though [REDACTION] in relation to counter-terrorism and the bilateral relationship.

It is clear that for as long as the investigation is ongoing there is the potential for this damage to the public interest to occur. It is also clear that the Saudis understanding of the manner and direction of the investigation affect the likelihood of this damage occurring at any given time, and the recent course of the investigation [REDACTION] has taken us to the brink of such consequences. We accept entirely that these matters are for the Attorney General to decide, acting independently of Government. We would be grateful if he would in light of these developments consider reviewing the decision recorded in your letter to me of 25 January 2006.

Yours ever,
Gus
Gus O'Donnell

Document 5: Letter from Jonathan Jones, Legal Secretary to the Law Officers, to Sir Gus O'Donnell, Secretary of the Cabinet and Head of the Home Civil Service, 3 October 2006

The document states as follows:

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3 October 2006

Dear Gus,

BAE SYSTEMS

Thank you for your letter of 29 September 2006.

The Attorney General has carefully considered the developments described in your letter. He has noted the strength of the representations made by the Saudi representatives as to the repercussions which they say will ensue if the SFO investigation proceeds.

The SFO is in any event reviewing the evidential and legal basis of the case, including the extent to which the payments in question were authorised by the Saudi government.

The Attorney is of the firm view that, if the case is in fact soundly-based, it would not be right to discontinue it on the basis that the consequences threatened by the Saudi representatives may result.

[REDACTION – one sentence]

Yours ever,

Jonathan

Jonathan Jones

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Document 6: Personal Minute from the Prime Minister to the Attorney General, 8 December 2006

The document states as follows:

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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 BAe 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 countering 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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that 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 Usama Bin Ladin 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.

W 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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have begun to work in concert with the UAE, Jordan and Egypt. [REDACTION – two sentences]

[REDACTION – one paragraph]

In summary, it is in my judgement very clear that the continuation of the SFO investigation into Al Yamamah risks seriously damaging Saudi confidence in the UK as a partner. It is also my judgement that such damage risks endangering UK national security, both directly in protecting citizens and service people, and indirectly through impeding our search for peace and stability in this critical part of the world. This letter, and the attached papers, I hope help to explain those judgements. The Defence Secretary endorses what is said earlier in this letter about the impact on Defence interests and both he and the Foreign Secretary

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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 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 Mottram 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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Document 7: First attachment to the Prime Minister's Minute: letter and note from Sir Richard Mottram, Permanent Secretary Intelligence, Security and Resilience, dated 23 November 2006
The document states as follows:

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Olly Robbins

Cc: Jonathan Powell
Gus O'Donnell
Nigel Sheinwald
Peter Ricketts
Bill Jeffrey
John Scarlett
Eliza Manningham-Buller
[REDACTION – name of civil servant]

SAUDI ARABIA: TERRORISM

As requested I attach a note on the impact of our links with Saudi Arabia on Counter Terrorism. This draws on material from the Agencies and JIC assessments. I am grateful to [REDACTION – name of civil servant] and [REDACTION – name of civil servant] for helping to pull this together quickly.

Obviously we stand ready to help further to amplify or shorten the attached material.

RM

Richard Mottram

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THE SAUDI CONTRIBUTION TO OUR DOMESTIC AND INTERNATIONAL EFFORTS TO COMBAT TERRORISM

Summary

The intelligence and security relationship with Saudi Arabia is fundamental to our global counter terrorist (CT) strategy. [REDACTION – two sentences]

Were the Saudis to withdraw co-operation we would be deprived of the support of a key partner in our global counter-terrorist strategy [REDACTION – half a sentence].

Detail

As the site of Mecca and the birth place of Muhammad, Saudi Arabia is a unique reference point for the Islamic world. The AQ ideology grew out of Saudi Arabia. Usama Bin Ladin (UBL) and his followers are inspired by a distorted brand of the Saudi Wahhabi version of Islam which they believe justifies terrorist attacks against Western targets, in particular the US and UK, and 'apostate' Islamic regimes, including that of the Kingdom of Saudi Arabia. UBL is himself from Saudi Arabia, as were many of the founding members of AQ. The majority of the 9/11 terrorists were Saudis.

[REDACTION – one paragraph]

Removing the current Saudi regime and its alliance with the West from the Arabian Peninsula is probably UBL's longest-held ambition. A large terrorist presence there severely threatens UK interests. [REDACTION – one sentence]

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Al Qaida in the Arabian Peninsula (AQAP) is the main terrorist network in Saudi. Between May 2003 and May 2004 it carried out a campaign of attacks against Western compounds and government buildings, killing over 80, and subsequently assassinated a number of Westerners. Seven Britons have been killed by terrorists in Saudi since 2003. [REDACTION – three sentences]

In October 2005 the JICⁱ noted that “UK support for Saudi CT measures has strengthened the regime’s ability to protect itself and [its] oil industry from attack, and has enhanced the security of UK oil interests and nationals in the United Kingdom.” [REDACTION – three sentences] Saudis are fighting in numbers in Iraq, and providing significant funds to Al Qaida. [REDACTION – one sentence.]

[REDACTION – one paragraph]

[REDACTION – one sentence] But there is the clear potential for this to happen in the future, as demonstrated by the Saudi-origin of many of the 9/11 hijackers. The US is AQ’s number one overseas priority, with the UK probably ⁽¹⁻²⁾ second place [REDACTION – half sentence].

[REDACTION – one paragraph]

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[REDACTION – three paragraphs]

The centrepiece of a broad programme of MoD activities with Saudi government ministries is the military mission to the Saudi Arabian National Guard (SANG). [REDACTION – two sentences]
The SANG is commanded by King Abdullah, is 100,000 strong and plays a significant role in the social and political life of Saudi Arabia, and its formal tasks are to protect key members of the Al Saud family and critical infrastructure, to support the Ministry of Defence and Aviation in countering external aggression, and to support the Ministry of the Interior in countering terrorism. [REDACTION – two sentences]

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The Saudi leadership has made counter terrorism a top priority and has made notable progress in containing (although not reducing) the threat. Their CT efforts are driven by domestic circumstances, not outside influences. [REDACTION - three sentences]

The Saudis undoubtedly view the US as their key foreign partner, including on security issues. But they continue to be receptive to assistance and advice on security and counter-terrorism from the UK, [REDACTION - three and a half sentences].

[REDACTION – one paragraph]

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Were the Saudis to withdraw co-operation we would be deprived of the support of a key partner in our global counter-terrorist strategy [REDACTION – half a sentence]

[REDACTION – two footnotes]

Cabinet Office

23 November

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Document 8: Second attachment to the Prime Minister's Minute: letter from Sir Peter Ricketts to Oliver Robbins Esq, Principal Private Secretary, No.10 Downing Street, London, dated 24 November 2006

The document states as follows:

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Dear Oliver,

PROMOTING PEACE AND STABILITY IN THE MIDDLE EAST – SAUDI ARABIA

The Saudis play a vital role in the Government's efforts to promote peace and stability in the region. [REDACTION – one sentence]

[REDACTION – one paragraph]

There is no doubt that withdrawal of Saudi cooperation on Middle East issues would impact dramatically on our ability to pursue our objectives in the region. [REDACTION – four sentences]

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[REDACTION – four paragraphs]

We also depend on Saudi Arabia's support for our policies on Israel/Palestine. We are working closely with them to find the way within the Arab world to the promotion of a moderate vision of a two-state solution, [REDACTION – half a sentence]. In recent months we have been encouraging the Saudis to work with the rest of the Gulf Cooperation Council (GCC) members, Jordan and Egypt to form a strong moderating force in the region, able to help President Abbas in his efforts to form a new government in the Palestinian Territories, [REDACTION – one and a half sentences]

The UK, along with the US, has played a leading role on promoting Palestinian security sector reform, which is crucial to the prospects for a viable Palestinian state. The Saudis are now increasingly engaged on this agenda. We need a close and confidential dialogue with them on this issue.

Saudi help in this respect is equally important in Lebanon. Here too we have been working closely with the Saudis to support the moderate, reformist and democratically elected Siniora government as it seeks to stave off the challenge to its authority being

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mounted by Hezbollah, again backed by Iran and Syria. Saudi financial support is particularly crucial for the government in Beirut. Massive intervention by the Saudi Central Bank prevented a run on the Lebanese currency when war with Israel broke out last July.

We have developed a closer dialogue recently with the Saudis on Yemen, [REDACTION – half a sentence]. The Saudis were keen that we host the recent World Bank Consultative Group meeting on Yemen in London – at which their Finance Minister committed \$1 billion of additional support to Yemen.

There is a common thread running through our cooperation with Saudi Arabia in all these situations: their potential to act as a moderating influence in a highly-charged region. The risks of allowing the extremists' anti-western ideology to gain further ground is grave. Our ability to turn this around, including mobilising financial support, depends crucially on the extent to which we enjoy the trust and support of key governments in the Middle East. Much of this support is necessarily only visible behind the scenes. But it is no less important for that. In short, the loss of Saudi cooperation would severely disable our efforts to promote peace and security in the Middle East.

Peter Ricketts

Peter Ricketts

Document 9: Letter from Sir Oliver Robbins, Principal Private Secretary to the Prime Minister, to Jonathan Jones, Legal Secretary to the Law Officers, dated 12 December 2006

The document states as follows:

SECRET – PERSONAL

Dear Jonathan,

AL YAMAMAH: SERIOUS FRAUD OFFICE INVESTIGATION

The Prime Minister and the Attorney General met yesterday further to the Prime Minister's minute to the Attorney of 8 December. The Prime Minister was grateful for the opportunity to raise these issues in person.

The Attorney, opening the meeting, said that while he could see the force of the points in the Prime Minister's minute, he had to weigh these up against other considerations. In particular, he was concerned that halting the investigation would send a bad message about the credibility of the law in this area, and look like giving in to threats. He was clear however that he felt justified in questioning whether the grounds for the investigation were soundly based, and in exploring legal options for resolving the case as quickly as possible.

The Prime Minister responded that, as per his minute, he felt higher considerations were at stake. Proceeding with the case would result in the end of Saudi-UK cooperation. [REDACTION – one sentence] Losing the confidence Saudi Arabia placed in the UK risked very serious damage to the UK national interest in the fields of counter-terrorism and the search for peace and stability in the Middle East. [REDACTION – one sentence] While the Prime Minister understood that halting the investigation was not a step to be taken lightly, he was clear that in this case there was a supervening national interest at stake, and that the British people would regard these as higher interests.

In discussion, the following main points were made:

- [REDACTION – bullet point]

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- any proposal that the investigation be resolved by parties pleading guilty to certain charges would be unlikely to reduce the offence caused to the Saudi Royal Family, even if the deal were accepted, and the process would still drag out for a considerable period;
- [REDACTION – bullet point]
- It was important that the Government did not give people reason to believe that threatening the British system resulted in parties getting their way. But the Government also needed to consider the damage done to the credibility of the law in this area by a long and failed trial, and its good reputation on bribery and corruption issues compared with many of its international partners.

Summing up, the Prime Minister said that while he accepted that supervision of the investigation had to be a matter for the Attorney, the Prime Minister would be failing in his duty to national security and the public interest not to bring the potential damage to Britain's counter-terrorist effort, Middle East diplomacy and other important aspects of the relationship with Saudi Arabia to the Attorney's attention. This was the clearest case for intervention in the public interest he had seen. The Attorney said he would consider the Prime Minister's representations, with due regard to the need for separation between the law and public policy.

I am copying this letter to ~~Sir Gus O'Donnell~~, Sir Peter Ricketts (FCO), Bill Jeffrey (MoD) and to Paul Jenkins (TSol).

Yours ever,

O.Robbins

OLIVER ROBBINS

Jonathan Jones

Attorney General's Office

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