



# Matrix Churchill case was 'ludicrous': Former minister could not see justification for trial. David Connett reports

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A DECISION to prosecute three businessmen from the Matrix Churchill machine tool company was 'ludicrous and highly improbable', Alan Clark, former trade and defence minister, said yesterday.

He told the Scott inquiry he could still see no justification for the trial of three executives from the firm who were charged with illegally selling machine tools to Iraqi weapon factories.

'It was long after the event, I didn't see what damage had actually been done, I didn't see any deterrent effect this was going to have on others,' he said.

His evidence at the Old Bailey last November contributed to the trial's collapse and the acquittal of all three. The Scott inquiry was set up to investigate the fiasco.

He strongly denied allegations that he encouraged UK manufacturers with a 'nod and a wink' to sell exports to Baghdad in breach of government regulations at a meeting with representatives of the Machine Tools Technology Association (MTTA) - including the Matrix Churchill managing director Paul Henderson - in January 1988.

The meeting followed a Department of Trade and Industry decision to freeze export licences worth pounds 37m after an MI6 intelligence warning that they were destined for Iraqi munitions factories.

Mr Clark claimed he never saw the intelligence but was told MI6 wanted the exports allowed despite breaching the guidelines to protect their source. He assumed the source was an Iraqi who might be shot if uncovered. It never occurred to him it was British businessmen he said.

Despite the MTTA knowing the government concerns about military use, he claimed he did not mention this to avoid drawing attention to the intelligence. 'I had to indulge in a fiction and invite them to participate in the fiction,' he said.

Mr Clark told them he would do 'everything in his power' to make sure there would be no interference with the contracts, according to an official minute. He spelt out the guidelines and emphasised that machine tools for peaceful 'general engineering purposes' would be satisfactory.

He denied Lord Justice Scott's suggestion that this might have been taken as a signal that the Government did not mind what the equipment was being used for. His language was 'neutral' as he had to behave with 'complete propriety'.

After admitting saying it was fine to continue using the 'general purpose' heading on future applications, he told the inquiry he assumed government technical experts would continue to vet exports on the basis of the machines capability, not on the exporters' own assurances.

'If anyone is so gullible as to say 'general engineering - that's all right', that is ludicrous,' he said. 'That predicates a level of incompetence I find astonishing.'

He also rejected Mr Henderson's later claims that he had said at the meeting: 'You know why you are here, I know why you are here. Let's get on with it.'

Mr Clark said: 'I certainly would not have used those phrases. That isn't the way I speak. That is rough. It is getting into the nudge-nudge allegation which I have always repudiated.'

Asked why, when he later made a witness statement to Customs officials preparing the prosecution, it omitted his knowledge of the intelligence warning about the military purpose of the exports, Mr Clark said it was 'to some extent negligent of me'.

He claimed he told one senior Customs official verbally of MI6's involvement and told his private office to make it clear to them as well.

'You are entitled to assume this knowledge is reasonably widely disseminated above a certain level. The autonomy of the Customs is a perpetual mystery but one would have thought they were under an obligation to acquaint themselves with the facts.'

Mr Clark revealed that King Hussein of Jordan was prevented from taking a military parade at the Royal Military College, Sandhurst, in 1991 because of his country's 'notorious' role in breaking sanctions against Iraq during the Gulf war.

Mr Clark said he consistently argued for the guidelines' abolition after the 1988 Iran-Iraq ceasefire and never saw subsequent intelligence reports from MI6 and GCHQ linking Matrix Churchill exports to an Iraqi ballistic missile project.

When shown reports from 1989, he said he never had 'anything as sensational as that' available when as Minister for Defence Procurement, he had to consider export licence applications from the company.

Mr Clark said he had always instructed his staff that when exports related to the nuclear or ballistic fields, they did not need to refer export licence applications to him. 'They could just veto them because they weren't even runners.' The inquiry continues today.

A British military engineering firm has been charged in the United States with secretly selling an assembly line used to make artillery fuses to Iraq. American officials said Ordtec, based in Reading, Berkshire and Rexion Technology Corporation of New Jersey, were accused of violating the US Arms Export Control Act by attempting to ship the equipment through Jordan between 1988 and 1990.

Four Ordtec executives were convicted in Britain of similar offences after ministers stopped documents indicating the Government clearly knew what they were doing before the court.

The four, who received suspended sentences or were fined, are expected to successfully appeal against the convictions after Lord Justice Scott was asked to intervene in the case.