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PREM 19/1733

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CONFIDENTIAL FILING

ANGLO/EGYPTIAN RELATIONS.  
DEFENCE SALES TO EGYPT  
INTERNAL SITUATION.

EGYPT

Part One.

NOVEMBER 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
6.2.86							
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PART ONE ENDS



PART ONE ends:-

Washington Tel. No. 1719 2768.

PART Two begins:-

Brussels Tel. No. 2608. 21754.

TO BE RETAINED AS TOP ENCLOSURE

### Cabinet / Cabinet Committee Documents

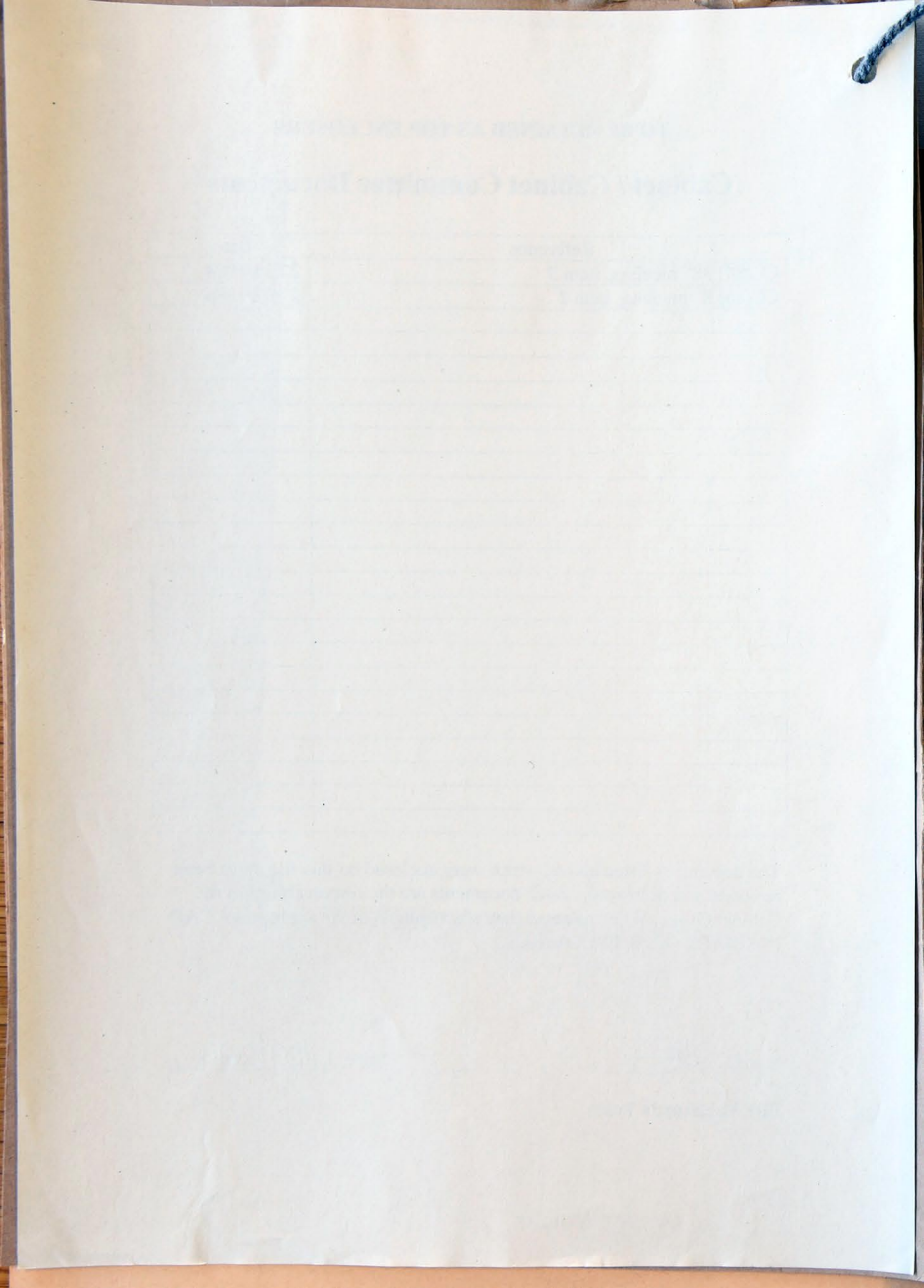
Reference	Date
CC(84) 38 <sup>th</sup> meeting, item 3	22/11/1984
CC(86) 8 <sup>th</sup> meeting, item 2	27/02/1986

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB (CABINET OFFICE) CLASSES**

Signed  \_\_\_\_\_

Date 19/09/2014

**PREM Records Team**





## Foreign and Commonwealth Office document

Reference: Diplomatic Report No. 218/81

Description: Mubarak's First Two Months

Date: 14 December 1981

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The above FCO document, which was enclosed on this file has been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed



Date

19/09/2014

**PREM Records Team**

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FM WASHINGTON

TO ROUTINE FCO

TELNO 1719

OF 272300Z JUNE 86

INFO ROUTINE CAIRO, TEL AVIV, AMMAN, DAMASCUS, JERUSALEM

TEL AVIV TELNO 263: TABA

1. STATE TELL US THAT JUDGE SOFAER IS RESUMING HIS SHUTTLE AND WILL BE IN CAIRO BY 30 JUNE. THIS DECISION WAS CLINCHED BY EGYPTIAN ASSURANCES THAT THEIR PROPOSED TEXT FOR THE ANNEX TO THE COMPROMISE WOULD BE AVAILABLE EARLY NEXT WEEK, AND BY INDIRECT POSITIVE SIGNALS (IE VIA THE ISRAELIS) THAT EGYPT MAYBE PREPARED TO DROP FROM THE COMPROMISE THE TROUBLESOME LANGUAGE BY WHICH THEY HAD SOUGHT TO GUARANTEE A RESULT IN THEIR FAVOUR.

2. STATE ARE NOT (NOT) CONVINCED THAT THE EGYPTIANS HAVE ENTIRELY DROPPED THIS CONCEPT AND ARE NOT UNDERESTIMATING THE HURDLES STILL TO BE NEGOTIATED. BUT SHULTZ IS KEEN TO VISIT THE REGION AND CANNOT DO SO UNLESS TABA IS PRE-COOKED. THERE WAS PRESSURE, THEREFORE, FOR SOFAER TO REACT TO THE SLIGHTEST SUGGESTION THAT INTENSIVE NEGOTIATIONS COULD BE RESUMED.

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MR RATFORD  
MR LONG  
MR MACINNES  
MR BARRINGTON

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FM CAIRO

TO PRIORITY FCO

TELNO 409

OF 261235Z JUNE 86

INFO PRIORITY TEL AVIV, WASHINGTON

INFO ROUTINE AMMAN, DAMASCUS, JERUSALEM

TEL AVIV TELNO 263: TABA

SUMMARY

1. THE EGYPTIAN FOREIGN MINISTER CONFIRMS THAT A COMPROMISE HAS BEEN REACHED ON THE WORDING OF THE QUESTION TO BE PUT TO THE ARBITRATORS BUT CLAIMS THAT ISRAELI CONCESSIONS ON THE ANNEX ARE NECESSARY BEFORE FINAL AGREEMENT CAN BE REACHED. THE EGYPTIAN CHARGE D'AFFAIRES IN TEL AVIV IS IN CAIRO FOR CONSULTATIONS AND WILL BE RETURNING WITH A MESSAGE FOR PERES.

DETAIL

2. WHEN I SAW THE EGYPTIAN FOREIGN MINISTER THIS MORNING, HE CONFIRMED THAT AGREEMENT HAD BEEN REACHED ON THE WORDING OF THE QUESTION TO BE PUT TO THE ARBITRATORS. THE ISRAELIS HAD DROPPED THEIR INSISTENCE ON THE WORD "CORRECT". HOWEVER, WHAT THEY HAD GIVEN WITH ONE HAND THEY HAD TAKEN BACK WITH THE OTHER, BY INSISTING THAT THE ANNEX TO THE QUESTION PUT TO THE ARBITRATORS SHOULD MAKE CLEAR THAT THE BORDER SHOULD BE CHANGED BY INCLUDING THE PHRASE "NOT WHERE THE STONES ARE". THIS WAS TOTALLY UNACCEPTABLE TO THE EGYPTIANS. AS HE HAD TOLD ME BEFORE, THE EGYPTIAN VIEW WAS THAT THE ROLE OF THE ARBITRATORS SHOULD BE TO STATE WHERE THE BOUNDARY LAY RATHER THAN SEEK TO REDEFINE IT. MAGID ADDED THAT HE MIGHT EVEN ASK THE UK, AS THE RESPONSIBLE POWER IN THE AREA AT THE TIME THE 1906 AGREEMENT WAS DRAWN UP, TO ISSUE A STATEMENT ON OUR VIEW OF THE POSITION (BUT I AM NOT SURE HOW SERIOUSLY HE MEANT THIS).

3. MAGID WENT ON TO SAY THAT HE HAD GIVEN THE US CHARGE D'AFFAIRES A MESSAGE FOR SHULTZ ON 25 JUNE, SAYING THAT IF, AS WAS LIKELY, SOFAER WENT TO ISRAEL IN CONNECTION WITH THE POLLARD CASE, HE WOULD ALSO BE WELCOME TO COME BACK TO EGYPT TO DISCUSS TABA. HOWEVER, IT WOULD BE BETTER IF HE WAITED A FEW DAYS, SINCE THE EGYPTIANS WERE CURRENTLY PREPARING A SUMMARY OF THEIR POSITION WHICH THEY WOULD THEN BE ABLE TO GIVE HIM.

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4. WHEN I SAID THAT OUR EMBASSY IN TEL AVIV BELIEVED PERES WANTED TO RESOLVE THE TABA PROBLEM BEFORE ROTATION, MAGID REPLIED THAT THE EGYPTIANS DID TOO. THE EGYPTIAN CHARGE D'AFFAIRES HAD BEEN SUMMONED HOME AND HAD SEEN MUBARAK ON 25 JUNE. HE WOULD BE GOING BACK WITH A MESSAGE FOR PERES ASSURING HIM THAT MUBARAK WANTED TO REACH AN AGREEMENT: THAT AN EGYPTIAN AMBASSADOR WOULD RETURN TO TEL AVIV AS SOON AS THE AGREEMENT WAS SIGNED: AND THAT A MEETING BETWEEN MUBARAK AND PERES COULD BE ARRANGED THEREAFTER.

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## 10 DOWNING STREET

From the Private Secretary

24 June 1986

*See Report,*

### PRIME MINISTER'S MEETING WITH THE EGYPTIAN MINISTER OF DEFENCE

The Prime Minister had a talk with the Egyptian Minister of Defence this morning. Field Marshal Abu Ghazala was accompanied by the Egyptian Ambassador.

The Prime Minister asked Abu Ghazala to convey her warm regards to President Mubarak. She hoped that there would in due course be a chance to resume her discussions with him.

#### Defence Sales

Abu Ghazala said that he had been very satisfied with his visit to the British Army Equipment Exhibition at Aldershot. His subsequent discussions with the Defence Secretary had enabled him to sort out problems over the use of the line of credit for purchases of defence equipment from the United Kingdom. This no longer presented any problem.

#### Situation in Egypt

The Prime Minister commented that Egypt faced a number of difficult problems, notably over the economy and the mutiny which had taken place among conscripts. She would welcome Abu Ghazala's frank assessment of the situation.

Abu Ghazala said that the riots had been over specific grievances related to the conscripts military service and had no sinister implications. There had been no external forces behind it. The Prime Minister could be sure that Egypt was stable and that the armed forces as a whole were loyal to the country and loyal to the President. The Prime Minister asked to what extent Islamic fundamentalism was a problem. Abu Ghazala said that fanaticism was linked closely with Egypt's difficult economic situation. If the Government succeeded in overcoming its economic problems, there would be no need to fear fanaticism.

Abu Ghazala continued that he had had some discussion of Egypt's economic problems during his visit to Washington. The Americans had been helpful, in particular over reducing the rate of interest on the FMS debt. He believed that, with the help of the Western world, Egypt could overcome its main economic difficulties over the next two years. But a

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number of factors had come together to make the present situation extraordinarily difficult. The fall in oil prices reduced revenues and also hit remittances from Egyptian workers abroad, while terrorism had reduced tourism by almost 50 per cent. There might be delays in some Egyptian payments in the next few months: he hoped that the United Kingdom would be tolerant. Egypt deserved help.

#### Sudan

The Prime Minister said that the situation in Sudan did not seem to be improving. Abu Ghazala said that the main problem about Sudan was its size and poor communications. The central government knew nothing of what was going on in the rural areas. Successive governments had failed to tackle Sudan's real problems. He did not expect the present government to last more than a year.

#### Libya

The Prime Minister said that one benefit of the fall in oil prices was that the Libyan government would have less money to spend on subversive activities. Recent reports suggested that Qadaffi was in poor shape. Abu Ghazala agreed that Qadaffi's position was shaky, but he would probably survive. Like a good Bedouin he was bowing to the storm. There was no substitute for him in sight. Jalloud would be even worse. His eventual successor was likely to be a military man. But for the time being the armed forces were split. Abu Ghazala continued that he would like to see the Western powers keep up pressure on Libya, in particular through Chad. A small amount of military assistance to Hissan Habré could create considerable problems for Qadaffi. He would also like to see more extensive economic sanctions against Libya.

#### Iran/Iraq

The Prime Minister said that she was increasingly worried at the failure of the Iraqis to eject the Iranians from Fao. Earlier assessments that the Iraqis would be able to hold out indefinitely against Iran no longer looked so secure. Abu Ghazala said that he was also surprised at the Iraqi failure. The basic problem seemed to be their unwillingness to incur casualties. Poor commanders were also a factor. But Saddam Hussein might have some more devious reason for not pressing hard against Fao. While the Iranians were on Iraqi territory, it was easier for him to extract money from other Arab governments and to maintain himself in power.

#### Arab/Israel

The Prime Minister said that sadly it was unrealistic to expect any fresh US initiative on Arab/Israel before the Congressional elections, although she was constantly badgering the United States Administration to be more active in the Middle East. Abu Ghazala commented that the world would not forgive the Americans if they did not make a more

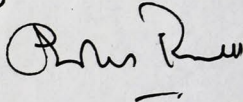


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serious effort to achieve a solution. The Prime Minister said that she had some impression from King Hussein that President Asad was in trouble domestically and therefore more pliant. Abu Ghazala commented that he found it almost inconceivable that there could be a reconciliation between Syria and Iraq. He thought King Hussein's attempts to achieve this unrealistic.

I am copying this letter to John Howe (Ministry of Defence).

Yours sincerely  


(C. D. POWELL)

Robert Culshaw, Esq.,  
Foreign and Commonwealth Office.

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MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-930 7022

MO 14/8E

23 June 1986

*Dear Charles*

*Re MOD can't  
spell Field Marshal!*

MEETING WITH FIELD MARSHAL ABU GHAZALA

My Secretary of State met with Field Marshal Abu Ghazala, the Egyptian Minister of Defence at the British Army Equipment Exhibition earlier today. As the Field Marshall will be meeting with the Prime Minister tomorrow morning you may find it helpful to have a note of the main points discussed.

I understand that within the last twenty-four hours most of the outstanding problems over the draft loan agreement have apparently been resolved in negotiations between the Defence Export Services Organisation and the Egyptian Ministries of Defence (EMOD) and Military Production (MOMP). The Field Marshall indicated that he would approve the arrangements which had been agreed and which permit the MOMP to take up some £94M of the £150M credit on offer and the EMOD the remainder on his return to Cairo. This should permit the Loan Agreement to be signed by the 30th June deadline.

During the short but cordial meeting the Field Marshall was critical of US Foreign Military Sales arrangements which he described as bureaucratic and unnecessarily expensive and emphasised the importance as far as his Government was concerned of joint ventures involving both foreign suppliers and Egyptian industry. He made no mention of additional credit facilities but issued an open ended invitation to Mr Younger to visit Egypt.

I am sending a copy of this letter to Robert Culshaw (Foreign and Commonwealth Office).

(I C F ANDREWS)  
Private Secretary

Charles Powell Esq  
No 10 Downing Street

PRIME MINISTER

MEETING WITH EGYPTIAN DEFENCE MINISTER

Field Marshal Ghazala is coming for half an hour. He is here to attend the British Army Equipment Exhibition, where we hope he is a buyer (using our money).

Ghazala was much in evidence during your visit to Egypt. He is generally reckoned to be number two to Mubarak and his most likely successor, though his prestige took a knock from the botched assault on the Egyptian aircraft in Malta, and the conscript mutiny.

After courtesies about your visit to Egypt, the main subjects which you will want to discuss are:-

- (i) Arab/Israel. You have already given an account of your visit to Israel to Mr Al-Baz. But you might go over the ground briefly, dealing with practical steps on the West Bank, Gaza, the involvement of the Palestinians in peace negotiations, reconciliation between Syria and Iraq, and the Iran-Iraq war. You might also ask his assessment of the prospects for a solution on Taba.
- (ii) Egypt. You will want to sympathise with current economic difficulties and ask how he sees the Government coping with them.



(iii) Defence Sales. There is a £150 million ECGD credit for defence sales which has to be committed by 30 June (it was £300 million, but we reduced it last year because the Egyptians never got round to using it). You will want to encourage him to sign orders to take up the credit. But if he reverts to unrealistic ideas about a tank factory, you will want to be cautious.

[Please now see note of his meeting with Mr. Younger. This problem seems to be resolved.]

You will want to end by saying that if President Mubarak is passing through London in the autumn, you would be very happy to see him for a talk (but you will want to avoid the impression that you are actually inviting him to pay a visit with all the trappings).

C.D.P.

Charles Powell

23 June 1986

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FOR NENAD.

VISIT OF EGYPTIAN MINISTER OF DEFENCE TO THE UK

1. FIELD MARSHAL ABU GHAZALA IS DUE TO CALL ON THE PRIME MINISTER AND THE SECRETARY OF STATE DURING HIS VISIT TO THE UK NEXT WEEK. I HOPE THERE MAY ALSO BE THE OPPORTUNITY FOR A SHORT PRIVATE MEETING WITH THE SECRETARY OF STATE FOR DEFENCE, WHEN HE ATTENDS THE OPENING DAY OF THE BRITISH ARMY EQUIPMENT EXHIBITION AT ALDERSHOT. THE FOLLOWING IS INTENDED TO SUPPLEMENT THE BRIEFING YOU AND MOD WILL HAVE PREPARED FOR THE VISIT.

ABU GHAZALA'S POSITION AND HIS RELATIONS WITH MUBARAK

2. AS DEPUTY PRIME MINISTER AND MINISTER OF DEFENCE AND MILITARY PRODUCTION, ABU GHAZALA IS SECOND ONLY TO THE PRESIDENT IN TERMS OF THE POWER AND INFLUENCE HE WIELDS IN EGYPT. FOR SOME TIME THERE HAS BEEN SPECULATION ABOUT WHETHER HE MIGHT BECOME VICE-PRESIDENT. WHILE I HAVE NO DIRECT EVIDENCE FOR THIS, MY BELIEF IS THAT ABU GHAZALA WOULD NOT WELCOME IT, PARTLY BECAUSE HE BELIEVES IT IS A NON-JOB AND PARTLY BECAUSE IT WOULD MEAN ABANDONING HIS POWER BASE IN THE MINISTRY OF DEFENCE WHICH I ASSUME HE WOULD BE LOATH TO DO (FOR FINANCIAL AS WELL AS OTHER REASONS). THERE HAS ALSO BEEN SPECULATION THAT HE MIGHT BECOME PRIME MINISTER. AGAIN I DOUBT IF HE WOULD BE INTERESTED, BECAUSE HE WOULD ALMOST CERTAINLY HAVE TO GIVE UP THE DEFENCE PORTFOLIO AND IS NO ECONOMIST (IT IS OF COURSE IN THE ECONOMIC FIELD THAT EGYPT'S MOST PRESSING PROBLEMS CURRENTLY LIE). THERE IS HOWEVER NO DOUBT OF ABU GHAZALA'S INFLUENCE IN THE CABINET AS THE SENIOR DEPUTY PRIME MINISTER, NOR OF HIS IMPATIENCE WITH MANY OF THE CIVILIAN MINISTERS (ABOUT SOME OF WHOM HE IS HIGHLY UNCOMPLIMENTARY IN PRIVATE). ONE WIDELY BELIEVED STORY HAS IT THAT, WHILE DR ALI LUTFI WAS IN HOSPITAL IN THE UK, ABU GHAZALA CHAIRED A CABINET MEETING AT WHICH DECISIONS WERE TAKEN ON 23 OUT OF THE 25 MATTERS RAISED; THIS APPARENTLY PROVED TOO MUCH FOR ALL CONCERNED, AND HE WAS NOT CONFIRMED IN HIS POSITION AS ACTING PRIME MINISTER, NOR ALLOWED TO CHAIR ANOTHER CABINET MEETING.

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3. ABU GHAZALA IS WIDELY POPULAR AND HIGHLY RESPECTED IN THE EGYPTIAN ARMED FORCES. INDEED THE MAJORITY OF ARMY OFFICERS PROBABLY FEEL A GREATER SENSE OF LOYALTY TO HIM THAN TO MUBARAK. THE EFFICIENT WAY IN WHICH THE ARMY MOVED IN TO RESTORE ORDER FOLLOWING THE POLICE MUTINY EARLIER THIS YEAR ENHANCED HIS PRESTIGE STILL FURTHER. THIS RAISES THE QUESTION OF THE RELATIONSHIP BETWEEN ABU GHAZALA AND MUBARAK. THEY ARE VERY DIFFERENT CHARACTERS AND I DO NOT THINK THEIR PERSONAL RELATIONS ARE VERY CLOSE. MUBARAK IS EXTREMELY SENSITIVE TO ABU GHAZALA'S STANDING IN THE COUNTRY AND PARTICULARLY TO HIS ALLEGED SPECIAL RELATIONSHIP WITH THE AMERICANS; THIS SHOWED THROUGH VERY CLEARLY IN THE AFTERMATH OF THE ACHILLE LAURO INCIDENT. HOWEVER ALL THE EVIDENCE WE HAVE SUGGESTS THAT MUBARAK IS AWARE OF HOW IMPORTANT ABU GHAZALA'S CONTINUING SUPPORT IS TO HIM AND THAT ABU GHAZALA HIMSELF IS CONTENT FOR THE TIME BEING AT ANY RATE TO REMAIN WHERE HE IS, WIELDING GREAT POWER AND INFLUENCE (AND ENJOYING THE HEDONISTIC LIFESTYLE WHICH WOULD SCARCELY BE POSSIBLE FOR HIM AS PRESIDENT). THIS COULD, OF COURSE, CHANGE IF MUBARAK CONTINUED TO SHOW HIMSELF UNWILLING OR UNABLE TO DEAL SUFFICIENTLY DECISIVELY WITH THE COUNTRY'S PROBLEMS AND IF ABU GHAZALA CAME UNDER PRESSURE FROM WITHIN THE ARMED FORCES TO TAKE OVER. IF THIS WERE TO HAPPEN, I WOULD NOT ALTOGETHER EXCLUDE ITS TAKING PLACE AS THE RESULT OF AN AGREEMENT BETWEEN THE TWO MEN. THE OBVIOUS TIME FOR THIS WOULD BE IN OCTOBER 1987 WHEN MUBARAK'S FIRST TERM AS PRESIDENT ENDS AND WHEN HIS FAMILY AT LEAST MAY URGE HIM TO STEP DOWN. ON BALANCE, HOWEVER, I DO NOT EXPECT THIS TO HAPPEN AND CONSIDER IT MORE LIKELY THAT MUBARAK WILL BE RE-ELECTED AND THAT ABU GHAZALA WILL REMAIN IN HIS PRESENT POSITION.

#### THE CURRENT PREOCCUPATIONS

4. LIKE THE PRESIDENT, ABU GHAZALA IS PREOCCUPIED BY EGYPT'S CURRENT FINANCIAL PROBLEMS AND, IN HIS CASE, IMPLICATIONS FOR THE EGYPTIAN ARMED FORCES. HIS PARTICULAR CONCERN MUST BE HOW TO RECONCILE THE NEED FOR THE CONTINUED MODERNISATION OF THEIR EQUIPMENT WITH DWINDLING FINANCIAL RESOURCES, BEARING IN MIND THE IMPLICATIONS FOR THEIR MORALE. HE TAKES A KEEN INTEREST IN WELFARE AND CONDITIONS OF SERVICE, AS WELL AS IN THE MANAGEMENT OF THE MANY MANUFACTURING AND OTHER ECONOMIC PROJECTS IN WHICH THE ARMED FORCES ARE INVOLVED. HE WILL CONTINUE TO DO THE BEST HE CAN FOR THOSE UNDER HIS COMMAND, EVEN THOUGH ECONOMIC CONSTRAINTS WILL IMPOSE DELAYS ON THE PURCHASE OF MUCH NEEDED EQUIPMENT, AND HE CAN CERTAINLY ACHIEVE MORE FOR THE ARMED FORCES THAN ANY LIKELY SUCCESSOR.

#### VIEWS ON FOREIGN AFFAIRS

5. ABU GHAZALA IS MORE DECISIVE AND LESS CAUTIOUS THAN MUBARAK AND TENDS TO SEE PROBLEMS IN BLACK AND WHITE. HE SPENT ALMOST 5 YEARS AS DEFENCE ATTACHE IN WASHINGTON IN

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THE LATE 1970S AND IS GENERALLY REGARDED AS PRO-AMERICAN. WHILE THIS ON BALANCE PROBABLY COUNTS AGAINST HIM INTERNALLY, IT ALSO HAS IMPORTANT ADVANTAGES IN DEALING WITH THE US ON WHOM EGYPT WILL CONTINUE TO HAVE TO RELY FOR THE FORESEEABLE FUTURE FOR MOST OF HER MILITARY NEEDS. ABU GHAZALA TOLD ME IN TERMS AT THE TIME THAT HE FAVOURED THE US ACTIONS AGAINST LIBYA AND WELCOMED OUR AGREEMENT TO THE USE OF BASES IN THE UK, ALTHOUGH HE WISHED THAT THE AMERICANS HAD SUCCEEDED IN FINISHING QADHAFI OFF. HOWEVER, HIS NATURAL TENDENCY TO TAKE A ROBUST LINE OVER LIBYA IS TEMPERED BY HIS KNOWLEDGE OF THE SHORTCOMINGS OF THE EGYPTIAN ARMED FORCES, THE GREAT EXPENSE OF PROTRACTED MILITARY OPERATIONS AND THE RELATIVE FAILURE, IN TERMS OF CASUALTIES SUFFERED, OF THE VALLETTA HIJACK RESCUE OPERATION FOR WHICH HE INCURRED BITTER CRITICISM BOTH IN THE EGYPTIAN PEOPLE'S ASSEMBLY AND IN THE OPPOSITION PRESS. IN GENERAL HE IS DISMISSIVE OF THE MILITARY CAPABILITIES OF OTHER ARABS, EXCEPT PERHAPS FOR THE JORDANIANS AND THE OMANIS.

#### VIEWS ON UK AND DEFENCE SALES

6. I ASSUME MOD SALES WILL BE PROVIDING UP TO DATE BRIEFING ON OUR CURRENT NEGOTIATIONS. ABU GHAZALA GREATLY ENJOYS HIS VISITS TO LONDON AND IS ALWAYS HIGHLY COMPLIMENTARY ABOUT THE BRITISH ARMED FORCES (HE WAS PARTICULARLY APPRECIATIVE OF OUR CONTRIBUTION TO THE MINE CLEARING OPERATIONS IN THE GULF OF SUEZ IN 1984 AND OUR SUBSEQUENT ACTION IN MAKING AVAILABLE TO THE EGYPTIANS THE RESULTS OF OUR STUDY OF THE SOVIET MINE WHICH WE FOUND). HE WOULD ALMOST CERTAINLY LIKE TO PURCHASE MORE FROM US BUT FOR FINANCIAL REASONS IS NOW MAINLY RESTRICTED TO AMERICAN EQUIPMENT; THERE IS A ROW GOING ON WITH THE SPANIARDS ABOUT PAYMENT FOR PAST DEFENCE PURCHASES AND THE FRENCH ARE DELAYING DELIVERIES OF MILITARY ITEMS IN LINE WITH DELAYS IN EGYPTIAN PAYMENTS.

7 WHEN ABU GHAZALA CALLED ON THE PRIME MINISTER DURING HER VISIT TO CAIRO LAST SEPTEMBER, THERE WAS SOME DISCUSSION OF DEFENCE CONTRACTS BEYOND THE EXISTING £150 MILLION LINE OF CREDIT AND SPECIFICALLY ON THE POSSIBLE PURCHASE AND MANUFACTURE IN EGYPT OF BRITISH TANKS. MRS THATCHER SUBSEQUENTLY SAID PUBLICLY THAT IF EGYPT WAS INTERESTED IN "OTHER THINGS" WE WOULD BE READY TO CONSIDER ANY SPECIFIC REQUEST THE EGYPTIANS PUT TO US AND THE LINE OF CREDIT THAT WOULD GO WITH IT (COI TELNO RETRACT 002 TO CAIRO OF 18 SEPTEMBER 1985). RECENT PUBLIC STATEMENTS HERE SUGGEST THAT ABU GHAZALA MAY RAISE THE QUESTION OF A FURTHER LINE OF CREDIT FOR THE TANK FACTORY.

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MR GROSSMAN  
MR COOKE  
MR DAUNT  
SIR J. MILES

COPY TO  
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cc RC  
LTOP



Foreign and Commonwealth Office

London SW1A 2AH

23 June 1986

CAP  
23/6

Dear Charles,

Call on the Prime Minister by the Egyptian Deputy Prime Minister

I enclose a brief, concerted with MOD officials, for the Prime Minister to use when she sees the Egyptian Deputy Prime Minister and Minister of Defence, Field Marshall Abu Ghazala at 1100 on 24 June.

He is calling on Sir Geoffrey Howe immediately before his meeting with the Prime Minister. I shall try to telephone you about any important points that arise.

I am sending a copy of his letter and its enclosures to John Howe.

Yours ever

(R N Culshaw)  
Private Secretary

C D Powell Esq  
10 Downing Street

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CALL ON THE PRIME MINISTER BY FIELD MARSHAL ABU GHAZALA,  
EGYPTIAN DEPUTY PRIME MINISTER AND MINISTER OF DEFENCE,  
1100-1130 ON 24 JUNE

OUR OBJECTIVE

- To maintain contact with President Mubarak's most obvious heir apparent and to probe his views on Egypt's internal security and Arab/Israel questions.
- To urge immediate signature of defence contracts.

ARGUMENTS TO USE

- Value recent bilateral contacts on Middle East, especially with EC Presidency in mind. [If raised] Hope to see President Mubarak if he visits Europe in autumn.

BRITISH ARMY EQUIPMENT EXHIBITION

- Hope you found visit to BAEE worthwhile. Urge you to sign contracts before UK line of credit expires. Extension of 30 June deadline not possible.

- Arab/Israel: Peace process and conditions in Occupied Territories key themes of my visit to Israel. Follow up with Osama Al Baz and Hussein. Hope for practical improvements in Occupied Territories but recognise risks of stalemate on wider issues. UK ready to help. Your view of prospects?

- Egypt internal: Relieved February riots resolved so quickly. But economy a worry: balance between needed reforms and risks to stability.

- Your visit to US: any progress on military debt? Prospects for Egyptian Planning and Finance Ministers' current visit to US?

TACTICAL ARGUMENTS

- Defence sales: ECGD credit on table for last four years. Egypt's failure to use it has already caused it to be halved last year to £150 million; should meet immediate needs.

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- Egyptian economy: Might not benefits of bold measures outweigh political risks? Early progress with IMF would boost overseas confidence in Egypt's ability to overcome crisis.

## HIS OBJECTIVE

- To reassure the Prime Minister about Egypt's stability. Possibly to urge increased UK aid.

- Possibly to seek extension of ECGD credit deadline and/or restoration of £300 million ceiling to accommodate new spending on tank factory.

## OUR RESPONSE

- Further ECGD credit difficult given state of Egyptian economy and failure to use existing credit.

[If necessary] See difficulties over financing tank factory, but would consider any proposals (as I told you in Cairo).

- Sympathy with Egypt's economic problems. Constructive UK aid will continue. Full UK contribution to multilateral aid programmes. [If raised] Proposal for Middle East Regional Economic Plan raises difficult questions (overlap with role of IMF etc).

## PRESS LINE

Field Marshal Abu Ghazala is in Britain at Mr Younger's invitation to attend the British Army Equipment Exhibition. His call on the Prime Minister continues recent high-level bilateral contacts with Egypt on a range of issues, including the Arab/Israel dispute and defence cooperation. Abu Ghazala described the current internal situation in Egypt and the Prime Minister expressed sympathy with Egypt's growing economic problems. There was a close identity of views on Middle East questions.

## BACKGROUND

1. Abu Ghazala is the second most powerful man in Egypt and would be well placed to take over as President if Mubarak were ever to leave the scene. He is in the UK at Mr Younger's invitation to attend BAEE and is seeing the Foreign Secretary and MOD Ministers. A personality note and programme for the visit (which has received wide publicity in Egypt) are attached. President Mubarak's special adviser, Dr Osama Al-Baz, called on the Prime Minister and FCO Ministers on 5-6 June. Mubarak himself may propose to visit the UK in October (postponed from this month).
2. Abu Ghazala has just visited the US where he probably discussed Egypt's \$4.5 billion military debt to the US, on which \$800 million in repayments fall due this year. Current US military and civil aid totals \$1.3 billion and \$1 billion respectively.
3. Armed forces morale is unlikely to remain immune from Egypt's wider economic problems. These are acute, with mounting foreign debt (about \$40 billion), foreign exchange shortage (aggravated by the oil price fall) and 3% annual population growth. A recent IMF mission made no headway in persuading Egypt to implement radical economic reforms, which many in the Egyptian Government (probably including Abu Ghazala) believe would quickly provoke internal disorder. Egypt's Planning and Finance Ministers are in Washington to urge new US aid. Parallel appeals for EC aid are already underway. UK bilateral aid is set to drop (with capital aid falling almost to zero) and ECGD cover is increasingly tight.
4. ECGD credit reserved for defence contracts was halved to £150 million in June 1985 owing to its non-utilisation. As the Egyptians have been frequently reminded it is due to expire on 30 June. Egypt's economic slide has ruled out any extension of this deadline, but has also made it hard for Egypt to use up the full amount in time. A loan agreement worth £80 million to fund Egypt's domestic defence industry may be signed before the deadline but discussion on the balance is stalled. Abu Ghazala is unlikely to mention this, but may revert to his suggestion (made to the Prime Minister in Cairo in September) for an effective restoration of the £300 million credit ceiling. In current circumstances this is unrealistic.





FIELD MARSHALL MUHAMMAD ABDUL HALIM ABU GHAZALA

Deputy Prime Minister and Minister of Defence and Military Production (since 1982).

Born 1930. Entered artillery 1949. Trained in Soviet Union 1958-61. Saw action in 1956, 1967 and 1973 wars with Israel. Defence Attaché in Washington 1974-80, involved in major arms deals. Armed Forces Chief of Staff 1980-82. Became Minister of Defence after his predecessor died in an air crash. Was seated next to Sadat when latter was assassinated.

Impressive, self-confident and articulate. A bon viveur, blunt and impatient with colleagues but a shrewd political operator. A favourite of the current US Administration, cordial towards Britain. A soldier's soldier, he has improved the welfare of his troops. His loyalty to Mubarak and firm handling of the security police conscripts riots in February 1986 has enhanced his reputation as Egypt's law and order strongman. Though Mubarak's heir apparent, appears to pose no immediate challenge to the Presidency. Reluctant to lose his power base in the army by filling the (currently vacant) position of Vice President.

He speaks English and visited the UK in 1980 and 1984.



PROGRAMME

Friday 20 June

Dress: Civilian Clothes

Party arrives at Heathrow Airport - London.  
Timings to be confirmed.

Met in Hounslow VIP Suite by Colonel Osborne.

Drive to the Dorchester

Remainder of day free.

Weekend 21/22 June

Free. pm 22 move to Churchill Hotel

Monday 23 June

Dress: Uniform

0800 Leave hotel by car

0900 Arrive at British Army Equipment Exhibition

0930 Opening Ceremony

0945 Tour Exhibition

1200 Discussion with Secretary of State for  
Defence the Right Honourable George Younger MP

1230 Luncheon hosted by Mr C M Chandler,  
Head of Defence Export Services

1500 Engineer and Logistic Demonstration at Belmoor

1630 Leave British Army Equipment Exhibition  
by car

1747 Arrive Churchill

1900 Attend evening reception hosted Mr C M Chandler  
Head of Defence Export Services, Lancaster  
House (Dress; Lounge Suite)

Tuesday 24 June

Dress: Lounge Suit

0950 Leave hotel by car

1005 Arrive Foreign and Commonwealth Office,  
Downing Street West

1015 Call on the Right Honourable Sir Geoffrey Howe,  
QC MP, Foreign Secretary

1045 Depart Foreign and Commonwealth Office

1055 Arrive 10 Downing Street

1100 Call on the Right Honourable Margaret Thatcher,  
MP, Prime Minister

Remainder of Programme free.

Wednesday 25 June

Dress: Lounge suit

1100 Leave hotel by car

1120 Arrive Ministry of Defence (North Door)

1130 Call on the Lord Trefgarne Minister of State  
for Defence Procurement

1200 Call on the Right Honourable John Stanley MP  
Minister of State for the Armed Forces

1235 Leave Ministry of Defence by car

1240 Arrive Admiralty House, Whitehall, SW1

1245 Attend luncheon hosted by Minister of State  
for the Armed Forces

1415 Depart Admiralty House for hotel

1940 Leave hotel by car

1945 Arrive Dorchester, Park Lane, W1A 3AA.  
Attend dinner hosted by Field Marshal Sir  
Edwin Bramall GCB OBE MC

Depart Dorchester for Churchill Hotel

Thursday 26 June

Drive to Heathrow Airport, London  
(Hounslow VIP Suite)

Depart for Cairo

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INFO ROUTINE ALGIERS, AMMAN, DAMASCUS, JERUSALEM, TEL AVIV  
INFO ROUTINE TUNIS, UKMIS NEW YORK, WASHINGTON

YOUR TELNO 186: DR AL BAZ'S VISIT TO LONDON

## SUMMARY

1. PRESIDENT MUBARAK'S POLITICAL ADVISER SAYS HOW MUCH HE VALUED HIS TALKS IN LONDON: HE HAD BEEN STRUCK BY THE CLOSE IDENTITY OF BRITISH AND EGYPTIAN VIEWS. EGYPT HOPED THE EC WOULD PLAY A MORE ACTIVE ROLE IN THE MIDDLE EAST DURING THE BRITISH PRESIDENCY. IT WAS IMPORTANT TO KEEP HOPES OF A PEACEFUL SETTLEMENT ALIVE.

## DETAIL

2. AL BAZ TOLD ME LAST NIGHT HOW GRATEFUL HE HAD BEEN FOR THE ARRANGEMENTS MADE FOR HIS VISIT AND HOW MUCH HE VALUED HIS TALKS WITH THE PRIME MINISTER, MR RENTON AND YOURSELF. HE LOOKED FORWARD TO SEEING MR RENTON WHEN HE CAME HERE IN SEPTEMBER.

3. HE HAD BEEN STRUCK DURING HIS TALKS IN LONDON BY HOW CLOSE EGYPTIAN VIEWS WERE TO OUR OWN ON MOST OF THE IMPORTANT QUESTIONS NOW AT ISSUE IN THE MIDDLE EAST. HE WONDERED, HOWEVER, WHETHER WE MIGHT NOT PERHAPS SOMETIMES BE A LITTLE OVER-INFLUENCED BY OUR CLOSE RELATIONSHIP WITH KING HUSSEIN. THE EGYPTIANS HAD THE HIGHEST RESPECT AND ADMIRATION FOR THE KING AND WOULD TAKE THE UTMOST CARE TO KEEP THEIR RELATIONS WITH JORDAN AS CLOSE AND GOOD AS POSSIBLE: HE HOPED THAT THERE MIGHT SOON BE ANOTHER MEETING BETWEEN HUSSEIN AND MUBARAK. BUT THERE COULD BE LITTLE DOUBT THAT THE KING HAD BEEN BADLY ADVISED IN MAKING HIS 19 FEBRUARY SPEECH AND IN FAILING TO ANTICIPATE THE ENTIRELY PREDICTABLE REACTION TO IT ON THE WEST BANK. THE FACT WAS THAT KING HUSSEIN ENJOYED VERY LITTLE SUPPORT AMONG PALESTINIANS IN THE OCCUPIED TERRITORIES: THIS WAS NOT LIKELY TO CHANGE IN THE NEAR FUTURE AS A RESULT OF ANY MEASURES THE JORDANIANS AND THE ISRAELIS MIGHT TAKE TO TRY TO CREATE SUPPORT FOR A NEW PALESTINIAN LEADERSHIP. FOR THESE REASONS EGYPT WOULD CONTINUE TO WORK FOR A RAPPROCHEMENT BETWEEN JORDAN AND THE PLO, AS THEY BELIEVED THIS WAS THE ONLY REALISTIC POLICY IN THE CIRCUMSTANCES, HOWEVER LONG IT MIGHT TAKE TO ACHIEVE. JORDAN AND THE PLO COULD NOT DO WITHOUT EACH OTHER.

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4. AL BAZ WENT ON TO SAY THAT EGYPT WISHED THE KING WELL IN HIS EFFORTS TO BRING SYRIA AND IRAQ CLOSER TOGETHER, BUT WERE SCEPTICAL OF HIS CHANCES OF SUCCESS. THERE MIGHT BE SOME TACTICAL ADVANTAGE FOR ASAD IN APPEARING TO MOVE IN THIS DIRECTION, BUT LITTLE CHANCE OF ANY FUNDAMENTAL CHANGE IN SYRIA'S ALIGNMENT.

? a  
5. AL BAZ CLAIMED TO HAVE TOLD THE PRIME MINISTER THAT EGYPT VERY MUCH HOPED THE EUROPEAN COMMUNITY DURING THE BRITISH PRESIDENCY WOULD PLAY A MORE ACTIVE ROLE IN MIDDLE EAST AFFAIRS AND WOULD FOLLOW UP PROPOSALS ALREADY UNDER DISCUSSION WITH THE DUTCH FOR A EUROPEAN CONTACT GROUP TO VISIT THE AREA. MR SHULTZ NOW SEEMED UNLIKELY TO COME: HE WAS ONLY WILLING TO VISIT THE MIDDLE EAST IF HE COULD BE ASSURED IN ADVANCE OF SOME SUCCESS AND THERE SEEMED LITTLE CHANCE OF THAT. THE EUROPEAN COMMUNITY NEED NOT FEEL ANY SIMILAR INHIBITIONS AND AN ACTIVE EUROPEAN ROLE WOULD HELP TO SUSTAIN HOPE AMONG THE MODERATE COUNTRIES OF THE AREA THAT, IN SPITE OF ALL THE PRESENT DIFFICULTIES, PROGRESS COULD IN DUE COURSE BE RESUMED TOWARDS A SETTLEMENT. AL BAZ LAID GREAT STRESS ON THE IMPORTANCE EGYPT ATTACHED TO KEEPING SUCH HOPES ALIVE IN THE DIFFICULT MONTHS AHEAD.

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PS/MR RENTON

PS/PUS

MR FERGUSSON

MR DEREK THOMAS

MR GOODALL

SIR D MIERS

MR SLATER

MR RATFORD

MR LONG

MR MACINNES

MR BARRINGTON

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Programme of appointments coordinated by the  
Central Office of Information for the  
Foreign and Commonwealth Office

HE Dr Osama AL-BAZ  
President Mubarak's Special Adviser for Political Affairs  
and  
First Under Secretary, Ministry of Foreign Affairs.

Cairo

EGYPT

4 - 6 June 1986

Programme Coordinator

Miss Suzanne Stanton  
Overseas Visitors and Information Studies  
Central Office of Information  
Hercules Road, London SE1 7DU

Direct Line : 01-261 8482  
Switchboard : 01-928 2345 Ext 8482

HE Dr Al-Baz will arrive in Britain independently and will be staying privately.

Thursday 5 June

SECRETARY OF STATE FOR FOREIGN AND  
COMMONWEALTH AFFAIRS  
THE ROYAL COLLEGE OF DEFENCE STUDIES

0900

Arrive at the Foreign and Commonwealth Office, SW1  
(Ambassadors' Entrance).

Received by the Rt Hon Sir Geoffrey Howe, QC, MP,  
Secretary of State for Foreign and Commonwealth  
Affairs.

0930

Leave the Foreign and Commonwealth Office.

1245

Arrive at the Royal College of Defence Studies,  
Seaford House, 37 Belgrave Square, SW1.

Met by Major-General W M E Hicks CB OBE (Retired),  
Secretary.

Lunch as guest of the College.

Host : Admiral Sir David Hallifax, KCB, KBE,  
Commandant.

1415

HE Dr Al-Baz will address members of the Royal  
College of Defence Studies.

1630

Leave Belgrave Square.

Friday 6 June

FOREIGN AND COMMONWEALTH OFFICE  
THE PRIME MINISTER  
FOREIGN AND COMMONWEALTH OFFICE

1030

Arrive at the Foreign and Commonwealth Office,  
SW1. (Ambassadors' Entrance).

Met by Mr Timothy Renton MP, Minister of State  
for Foreign and Commonwealth Affairs.

1130

Leave the Foreign and Commonwealth Office.

1200

Arrive at 10 Downing Street, SW1.

Received by The Rt Hon Margaret Thatcher, MP,  
Prime Minister.

1230

Leave Downing Street.

1500

Arrive at the Foreign and Commonwealth Office,  
SW1 (Ambassadors' Entrance).

Met by Mr Ewan Fergusson, Deputy Under-Secretary  
of State.

1600

Leave the Foreign and Commonwealth Office.



*Subject ce master*

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*file*



10 DOWNING STREET

*From the Private Secretary*

6 June 1986

*Dear Leher,*

**PRIME MINISTER'S MEETING WITH DR. OSAMA AL-BAZ**

The Prime Minister had a brief meeting with Dr. Osama Al-Baz this morning. The Egyptian Ambassador was also present.

Prime Minister's Visit to Israel

Dr. Al-Baz said that President Mubarak had been very grateful for the Prime Minister's message about her visit to Israel. The Egyptian Government viewed the visit as very successful. In particular they had received very positive reports of her meeting with Palestinian dignitaries. Indeed the Palestinians who had attended the meeting had described it as the best with any foreign leader for 20 years. The Prime Minister said that the Palestinians whom she had met were men of standing and experience. They had been an interesting group and had put their views reasonably and sensibly.

The Palestinians

The Prime Minister continued that she knew that President Mubarak believed that there could be no progress towards a peaceful settlement without the involvement of the PLO. But in practice it would be impossible to make progress unless the PLO were prepared to renounce violence and accept the United Nations Security Council Resolutions 242 and 338. She had tried hard to persuade them to do this, and the Palestinians whom she had met in Jerusalem, some of whom were PLO members, had been ready to do so. But until such time as the PLO were prepared to take this step, it would be necessary to consider alternative means of securing representation of the Palestinian views in any negotiations. This was the context in which she had mentioned the possibility of alternative Palestinian representation, and floated the possibility of electing Palestinian representatives from the West Bank and Gaza to take part in peace negotiations. She hoped that Dr. Al-Baz would explain her reasoning fully to President Mubarak. Dr. Al-Baz said that he thought the point was already well taken. President Mubarak was himself doing everything possible to persuade Arafat to renounce violence and accept Resolutions 242 and 338. Arafat constantly expressed suspicion of the intentions of the United States and Israel. The Egyptians were urging him not to be hesitant but to test

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these intentions out in actual negotiations. Negotiations would create new dynamics of their own. The PLO could not legitimately expect to see the end of the tunnel, only the first few yards.

Gaza

The Prime Minister said that Mr. Peres had mentioned to her the possibility of seeking progress in the first instance on Gaza. He had suggested tripartite negotiations with Egypt and Jordan. She was aware from earlier conversations that King Hussein was not very keen on this. She wondered what President Mubarak's reaction was. Dr. Al-Baz said that the basic problem was lack of clarity about Israel's intentions. In particular, they had said very little about the status they envisaged for Gaza. Were they prepared to give up control completely? Or would they offer limited self-rule? Would they insist on keeping occupation forces? Did they envisage unilateral action by Israel or a contractual arrangement with Jordan and Egypt? There was also suspicion on the part of the Palestinians, shared by King Hussein, that Gaza first would become Gaza only, in the sense that the pressure on Israel to make progress on the West Bank would be diminished. Moreover, there were widely differing views on the Israeli side. While Peres appeared anxious to make progress over Gaza, Shamir seemed much more reluctant. Egypt was therefore waiting for a well defined Israeli plan before giving any formal reaction. They had also to take account of King Hussein's reservations and his fear that progress on Gaza alone would undermine the territorial integrity of an eventual Palestinian entity embracing both the West Bank and Gaza. Egypt attached great importance to close coordination with King Hussein and did not want to get involved in discussions behind his back.

The Prime Minister thanked Dr. Al-Baz for this clarification. The principal problem appeared to be the eventual status of Gaza. Was she right in thinking that Egypt would be prepared to see Gaza together with the West Bank become an entity in some sort of federation with Jordan? Dr. Al-Baz confirmed that this was the case.

United Kingdom Presidency

Dr. Al-Baz said that President Mubarak shared the Prime Minister's views on the risks of a vacuum in the Middle East peace process. He believed however that the Prime Minister, because of her experience in prestige, was ideally placed to take matters forward during the British Presidency of the European Community. In particular he hoped that an effort would be made to bridge the gap between Jordan and the Palestinians so that progress could be resumed towards an international conference in which a joint Jordanian/Palestinian delegation could participate. The Prime Minister made no specific comment on this.



Taba

The Prime Minister said that she was sorry to hear that the recent exchanges over Taba had been unsuccessful. Dr. Al-Baz said that he had met Mr. Abba Eban the day before and confirmed to him that Egypt was still anxious to reach agreement and ready to continue negotiations. The gap between the two sides had narrowed considerably over the past fortnight. He was certain that a solution could be found.

Visits

Dr. Al-Baz did not mention the possibility of a visit by President Mubarak, nor did he refer to the forthcoming visit of the Egyptian Defence Minister. It would in fact be very difficult for the Prime Minister to see President Mubarak at the end of June and she would not want to encourage him to come here. If, however, the Egyptians revert to the matter I should be grateful if you could let me know and we would do our best to find a time - though it could only be a meeting and not a meal. The Prime Minister could see Field Marshal Abu Ghazala at 1100 on 24 June for half an hour.

I am copying this letter to John Howe (Ministry of Defence).

*Yours sincerely,  
Charles Powell*

CHARLES POWELL

Robert Culshaw, Esq.,  
Foreign and Commonwealth Office.



PRIME MINISTER

MEETING WITH DR. OSAMA AL-BAZ

Al-Baz is Mubarak's Political Adviser and the person closest to him.

The purpose of the meeting - which need only be short - was to balance your meeting with King Hussein, in the aftermath of your visit to Israel. Unfortunately he is likely to ask whether you can receive President Mubarak at the end of the month (and Field Marshal Ghazala in late June also). I fear there is little alternative, given their recent hospitality to you - though three Egyptians in a month does not make much sense.

You will want to recall to Al-Baz the main points of your visit to Israel focussing on:

a. Gaza

Do the Egyptians see a realistic prospect of making progress along the lines of Peres' "first Gaza" approach? Do they think that they can persuade King Hussein to come along with it as well?

b. Palestinians

As you know, the Egyptians still want to produce a reconciliation between King Hussein and the PLO and the Egyptian press were critical of your reference to alternative Palestinian leadership (though the Egyptian Government understand the point perfectly well). You will want to leave Al-Baz in no doubt of your firm view that the PLO cannot take a direct part in negotiations unless they renounce violence and accept 242 and 338: and that the peace process can wait indefinitely upon them. What is needed is stronger and more effective pressure on the PLO (rather than on King Hussein).

Taba

You will want to hear how President Mubarak sees the way ahead.

d. EC Presidency

You will want to disabuse him of any expectation that we shall be taking any dramatic initiative as Presidency. We shall probably plug away quietly behind the scenes.

CDP

Charles Powell

5 June 1986

JALAUG

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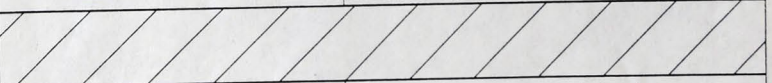
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12	CALL ON THE SECRETARY OF STATE BY DR OSAMA AL-BAZ, PRESIDENT
13	MUBARAK'S SPECIAL ADVISER ON POLITICAL AFFAIRS
14	
15	SUMMARY
16	1. Al-Baz saw the Secretary of State for half an hour this
17	morning. Discussion was on predictable lines, concentrating on
18	Arab/Israel matters.
19	DETAIL
20	2. Al-Baz began by referring to President Mubarak's proposal to
21	visit the UK later this month, immediately prior to our
22	assumption of the EC Presidency. The Secretary of State <sup>said</sup> welcomed
23	<del>the suggestion, saying he was confident an opportunity could be</del>
24	found for Mubarak to see the Prime Minister. He also looked
25	forward to meeting Field Marshal Abu Ghazala <sup>later this month.</sup>
26	<del>visits the UK to attend BAEE in later June. Al-Baz said he</del> <sup>when the latter</sup>
27	welcomed Mr Renton's plan to visit Egypt in September.
28	ARAB/ISRAEL
29	3. Al-Baz expressed his government's appreciation for the Prime

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<p>&lt;&lt;&lt;&lt;</p> <p>1 &lt;&lt;&lt;&lt;</p> <p>2 Minister's recent visit to Israel which he said had been widely</p> <p>3 praised in Gaza and the Occupied Territories. He assured the</p> <p>4 Secretary of State that President Mubarak was under no</p> <p>5 misapprehension about the Prime Minister's remarks to the press</p> <p>6 in Israel about a possible alternative to the PLO. Some had</p> <p>7 interpreted these as meaning there was no longer a role for the</p> <p>8 PLO (as Brezinski had once remarked). The Egyptian government,</p> <p>9 however, understood the Prime Minister simply to mean that if the</p> <p>10 PLO did not compromise, other ways forward must be found, without</p> <p>11 detriment to the PLO's importance.</p> <p>12 4. The Secretary of State recalled British support for</p> <p>13 self-determination for the Palestinian people and the need to</p> <p>14 secure PLO recognition of SCR 242 as a way of knitting the PLO</p> <p>15 into the peace process. AL-Baz said that (as reported in your</p> <p>16 telno 365) Mubarak had written five days ago urging Arafat to</p> <p>17 issue (preferably to the Western media) an unequivocal</p> <p>18 renunciation of terrorism, declaring the PLO's readiness to seek</p> <p>19 a negotiated settlement with Israel on the basis of Palestinian</p> <p>20 self-determination and the principles contained in SCR 242. This</p> <p>21 would get the PLO off the starting block without making</p> <p>22 acceptance of SCR 242 an insuperable precondition.</p> <p>23 5. The Secretary of State expressed disappointment at the</p> <p>24 breakdown of the Jordanian/Palestinian peace initiative, which</p> <p>25 the UK had encouraged. AL-Baz said the gap between the</p> <p>26 Jordanians and the PLO was still wide. The Jordanians were very</p> <p>27 disillusioned with Arafat, believing he had succumbed to Soviet</p> <p>28 pressure. AL-Baz's impression was that, although Arafat kept a</p> <p>29 weather eye on Abu Iyad and his Soviet-influenced colleagues,</p> <p>30 this had not been an important factor. Indeed Arafat was very</p> <p>31 interested in speculating about possible peace scenarios in which</p> <p>32 the US would play a major role. Arafat remained prone, however,</p> <p>33 to conspiracy theories and was highly suspicious of Jordan's</p> <p>34 rapprochement with Syria. The Secretary of State said he</p>			
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# OUT TELEGRAM (CONT)

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<p>&lt;&lt;&lt;&lt;</p> <p>1 &lt;&lt;&lt;&lt;</p> <p>2 regretted Arafat's intemperate criticism of the Prime Minister's</p> <p>3 remarks in Israel. Al-Baz agreed that the UK and Egypt were</p> <p>4 united in trying to advance the cause of peace in the region.</p> <p>5 TABA</p> <p>6 6. Al-Baz said although the Egyptian and Israeli positions were</p> <p>7 very close the negotiations were deadlocked over what Egypt</p> <p>8 regarded as an Israeli attempt to reopen the whole border issue</p> <p>9 by insisting that the Board of Arbitration should determine where</p> <p>10 the frontier pillars should stand rather than where they actually</p> <p>11 stood. He claimed that, in practical terms, the difference was</p> <p>12 minimal, but politically to concede this point to Israel would</p> <p>13 risk losing the support of Egyptian public opinion for the</p> <p>14 negotiations and would reopen other border controversies (eg</p> <p>15 along the Egypt/Libya frontier). Sofaer, Shultz's legal adviser,</p> <p>16 had just returned to Washington having achieved little: he was</p> <p>17 not well versed in the Taba issue and was over-zealous in trying</p> <p>18 to upstage Murphy. Shultz himself was determined not to go to</p> <p>19 the Middle East pending real progress on Taba.</p> <p>20 EGYPTIAN ECONOMY</p> <p>21 7. Al-Baz briefly mentioned the problems of the Egyptian economy</p> <p>22 which he laid at the door of inflated public expectations aroused</p> <p>23 during the oil boom of the Sadat era (Egypt's 1978 balance of</p> <p>24 payments surplus had been portrayed as a direct benefit of the</p> <p>25 peace with Israel). Mubarak was currently very busy with these</p> <p>26 problems and was determined to bring about a change in public</p> <p>27 attitudes.</p> <p>28</p> <p>29 HOWE</p> <p>30</p> <p>/// 31</p> <p>// 32 YYY</p> <p>/ 33 MAIN</p> <p>34 MIDDLE EAST</p>			
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Foreign and Commonwealth Office

London SW1A 2AH

5 June 1986



Dear Charles,

Call on the Prime Minister by  
Dr Osama Al-Baz

/  
/

As requested in your letter of 1 June I enclose a short brief for the call by Dr Osama Al-Baz on the Prime Minister on 6 June. I also enclose a personality note on Dr Al-Baz, who is visiting the UK in order to address the Royal College of Defence Studies. He has already called on the Foreign Secretary; the discussion covered Arab/Israel (including Taba), the Egyptian economy, and bilateral relations (I shall send you an advance copy of the reporting telegram). Immediately prior to his call on the Prime Minister Dr Al-Baz will have seen Mr Renton.

During his call on the Prime Minister, Dr Al-Baz is expected to propose that President Mubarak should pay a short visit to London at the end of June in order to discuss Arab/Israel matters (he mentioned this today to Sir Geoffrey Howe). The Prime Minister last met Mubarak during her visit to Egypt last September. Diary problems precluded his coming to London during his last visit to Europe in January. The President has now expressed a strong wish to see the Prime Minister prior to Britain's assumption of the EC Presidency. (He plans also to visit France and Romania around the same time.)

Sir Geoffrey Howe considers it important to accede to this request. The Egyptians have in the past lobbied for an EC mission to the region to promote a new Arab/Israel initiative and were disappointed that we, and a number of our partners, responded cautiously. They have also shown some sensitivity to what they claim to see as our reliance on Jordan, to the exclusion of Egypt, as our main Arab interlocuter. It would be particularly desirable in advance of the Presidency to demonstrate our readiness to maintain high level links with Egypt and get across our views on the need for continued quiet diplomacy by the Twelve.

The Prime Minister will wish to give Dr Al-Baz an account of her recent visit to Israel. The visit provides an opportunity to correct any remaining misconceptions about

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the Prime Minister's press conference in Israel (it was clear from what Dr Al-Baz said to Sir Geoffrey Howe today that the Egyptians are aware that the Prime Minister's remarks about the PLO have been misinterpreted). President Mubarak has told our Ambassador that he is pressing Arafat to accept SCRs 242 and 338, but believes that such pressure is best exerted privately.

Field Marshal Abu Ghazala, Egypt's Defence Minister and Deputy Prime Minister, also plans to visit Britain from 22-25 June at the invitation of the Defence Secretary in order to attend the British Army Equipment Exhibition. He ranks second only to the President in power and influence, his political reputation having been enhanced by his firm handling of the mutiny by security police in February. Subject to the Defence Secretary's views, the Foreign Secretary therefore hopes that, if at all possible, the Prime Minister will agree to receive the Field Marshal, preferably on 24 June. He is likely to be deeply offended if he is not received, when Dr Al-Baz has seen the Prime Minister so recently. The proposed calls would help to compensate for the absence of inward or outward political visits by Ministers since the Prime Minister's visit to Cairo. Mr Renton is planning to visit Egypt in September.

I am copying this letter to John Howe.

*John Howe*

*Robert (unc)*

(R N Culshaw)  
Private Secretary

C D Powell Esq  
PS/10 Downing Street

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CALL ON THE PRIME MINISTER BY DR OSAMA AL-BAZ 6 JUNE 1986

POINTS TO MAKE

- Attach great importance to dialogue with Egypt on peace process and other issues, especially with forthcoming Presidency in mind.
  
- Warmly welcome opportunity to receive President Mubarak at end of June. Would be pleased to see Field Marshal Abu Ghazala during his visit.
  
- Useful visit to Israel (my message to President Mubarak). Key issues: peace process and occupied territories. Hope for progress soon at least on territories.
  
- No new proposals on wider issues. Recognise risks of continuing stalemate. Ready to help. Egyptian view of prospects?
  
- Welcome also briefing on Taba talks and your views of prospects for Arab Summit or PLO Reunification Meeting.
  
- [If raised] Middle East Regional Economic Plan: Looked into this carefully with US and Europeans. Can political obstacles be overcome? Multilateral agencies such as IMF already exist.
  
- [If raised] Mubarak proposal for conference on terrorism: in principle welcome initiatives intended to promote international cooperation. EC and Summit Seven have shown the way ahead.
  
- [If raised] Sympathy with Egypt's economic problems. UK aid will remain substantial.

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CALL ON THE PRIME MINISTER BY DR OSAMA AL-BAZ 5 JUNE

Essential Facts

1. The Prime Minister's letter of 29 May to President Mubarak is attached.

2. The Egyptian Foreign minister and media have criticised the Prime Minister's remarks at her press conference in Israel on a possible alternative to the PLO as interference in the internal affairs of the Palestinians. President Mubarak has told Sir A Urwick, that he continues to urge Arafat to accept SCRs 242 and 338, but believes that such pressure is best exerted privately.

3. Progress on the Taba issue remains blocked: the Egyptians insist that the arbitrator shall be asked to determine where the boundary markers actually stood, while the Israelis wish to broaden the issue to deciding where the border should be.

4. Richard Murphy indicated in London recently that the US was becoming resigned to the fact that a Middle East Regional Economic Plan could not attract sufficient support without a clear linkage with positive developments on Arab/Israel.

5. President Mubarak proposed in Strasbourg on 28 January that an international conference on terrorism should be convened to review all current international agreements in order to consolidate them. We and other EC partners are unenthusiastic about this initiative which could provoke acrimonious debate

along Arab/Israel lines. Operative para 4 of UNGA Resolution 40/61 meet the Egyptian desire to see a review and consolidation of current international agreements.

6. Al-Baz is expected to propose that Mubarak should call on Prime Minister in late June. We are recommending that the Prime Minister should receive both the President and (separately) Field Marshal Abu Ghazala, who will visit the British Army Equipment Exhibition around the same time. Mr Renton plans to visit Egypt on 24-26 September: the Egyptian MFA have welcomed this in principle.

7. Egypt's economy continues to slide with mounting foreign debt (about \$40 billion), foreign exchange difficulties (aggravated by oil price fall) and severe population pressures. Al-Baz, who is consulted by Mubarak on economic as well as international issues, is pessimistic about Prime Minister Lufti's so-far piecemeal reform efforts. Our EC Presidency is likely to see pressures for increased aid. Bilateral aid to Egypt is set to fall from 1986/87 total (£15 million) and our capital aid programme is planned to be reduced almost to zero by 1990. The Egyptians will be sensitive to any further cut in EC food aid (down last year as a result partly of UK efforts to favour more needy countries) and ECGD cover (now very restricted). Egypt wants a 100% increase in aid when EC/Mediterranean financial protocols are renegotiated later this year: in principle, its claim to a larger slice of available budgets is strong. Egypt may also have inflated expectations of new aid as a result of the UN Action Programme for Africa, agreed 1 June. During the UN Special Session, however, specific pledges were avoided.

SECRET



10 DOWNING STREET

THE PRIME MINISTER

29 May 1986

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Dear Mr. President:

I was most grateful for your message which I received shortly before my departure for Israel. It was very helpful to have your views and to be able to speak in full knowledge of them in my discussions with Mr. Peres.

I very much agree with you on the dangers of the present hiatus in the peace efforts. I therefore made use of my visit to discuss with Mr. Peres a number of steps which might be taken to restore momentum to that process. I emphasised that the goal must continue to be negotiations with a joint Jordanian/Palestinian delegation. I suggested that, until it was possible to resume discussion on this, it made sense to focus in particular on the prospects for practical measures to improve conditions in the Occupied Territories. I made clear that this was a prelude to and not a substitute for eventual settlement. I pointed out that Israel could not claim full democratic and human rights for its own people while denying them to others. I re-affirmed my view that the PLO would have to renounce violence and accept United Nations Security Council Resolutions 242 and 338 before it could play a direct role in the negotiating process. I also made clear my view that the right of the Palestinians to determine their own future could most effectively be pursued in the framework of some kind of

SECRET



ederation with Jordan. Throughout I laid stress on the goal of peace with security both for Israel and for its Arab neighbours.

I found Mr. Peres very willing to consider practical steps to improve conditions in the Occupied Territories. He and many others to whom I spoke clearly held the view that it did Israel no good to be an occupying power. He also showed considerable interest in the possibility of discussions with Egypt and Jordan on the future of Gaza. You are no doubt in touch with him about this. He spoke at some length about his proposals for a Middle East economic development programme which seemed to me to dovetail in some respects with your own very important proposals. He underlined, as did all Israeli Ministers to whom I spoke, his attachment to the peace treaty with Egypt and his great respect for you personally and your commitment to peace. He appeared hopeful that early progress could be made on the difficult issue of Taba and hoped that agreement on how to proceed on Taba would enable Israel and Egypt to resume discussions on broader questions of peace and security.

I did not go to Israel with any specific initiative in mind but rather to explore the Israeli Government's many views on the way ahead and establish whether there was any way in which the United Kingdom could help. No new proposals emerged from my talks. But I am encouraged by the atmosphere of Mr. Peres' positive approach towards the need for fresh peace efforts and by his desire to see concrete steps taken to improve the situation in the Occupied Territories while efforts to move towards negotiations in an international framework are, for the time being, in suspense. I am sure that we should take advantage of this atmosphere while he remains in the lead on these matters in Israel.

I also met with a delegation of Palestinians from the West Bank and Gaza. I found this very helpful in reaching a better understanding of their grievances. I was also encouraged by their readiness to seek a peaceful settlement

SECRET

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by negotiation and to renounce terrorism. They were less forthcoming on possible interim steps to improve the situation in the Occupied Territories. The majority of them also stressed to me their common position with the leadership of the PLO.

I send you my warmest regards.

Yours sincerely  
Rangaug Thalita

---

His Excellency President Mohamed Hosni Mubarak

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DR OSAMA SAYYID AL-BAZ

President's Special Adviser for Political Affairs (October 1981) and First Under Secretary, Minister of Foreign Affairs (December 1977).

Born 1937. Trained as a lawyer. After Cairo University spent spell in the Egyptian Foreign Service before seven years leave of absence studying in the US. Obtained a PhD at Harvard Law School where he became President of the Pan-Arab Student Movement. Has never served in an Egyptian mission overseas. Worked in the Arab Socialist Union's Youth Secretariat following the dismissal of the left-wing supporters of Ali Sabri in 1971. In 1973 the then Minister of Foreign Affairs brought him in as deputy head of his private office. In 1975 he was promoted Ambassador and later replaced the previous Chef de Cabinet. He accompanied Sadat to Jerusalem. His rise was meteoric: in 1977 he was in quick succession appointed one of the three Egyptian delegates to the Cairo Conference called by Sadat after his visit to Jerusalem, was named Chef de Cabinet for Political Affairs to the Vice President (Mubarak) and was promoted within the Foreign Ministry to First Under Secretary.

He played a leading role in the peace negotiations during 1978, and impressed both the Americans and Israelis by his technical competence. At Camp David he was the member of the Egyptian delegation who assisted Carter in drafting the agreements. Al-Baz has continued to play a major role in all Arab/Israel issues since Camp David, leading official-level talks on autonomy and withdrawal. He accompanied Mubarak to Britain in September 1980, and dazzled a Wilton Park conference that year with his exposition on Egypt/Israel relations. Always close to Mubarak, his influence has increased since the latter assumed the Presidency. Al-Baz appears not only to draft the President's speeches, but also to advise across the whole range of domestic and foreign policy. Al-Baz was with the President on his visit to Britain, the US and five other countries in 1982. Al-Baz speaks impeccably, if heavily American, English.



VISIT TO THE UK OF DR OSAMA AL BAZ

PROGRAMME

Wednesday 4 June

Arrival

Thursday 5 June

0900-0930

Call on Secretary of State

1245 for 1300

Lunch at RCDS

- 1415

Speech to RCDS, followed by  
questions.

1415-1630

Friday 6 June

1030-1130

Call on Mr Renton

1200-1230

Call on the Prime Minister

1500-1600

Call on Mr Ewen Fergusson

Departure

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Departure



Al Baz  
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10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

1 June 1986

BC || The Prime Minister has agreed to see Mr. Osama Al Baz at 1200 on Friday 6 June. I should be grateful if this could be conveyed to the Egyptian Ambassador. The Prime Minister would like to see Mr. Al Baz with only the Ambassador present on the Egyptian side. I should be grateful for a brief for the meeting.

(CHARLES POWELL)

R.N. Culshaw, Esq.,  
Foreign and Commonwealth Office.



PRIME MINISTERYOUR VISIT TO ISRAEL

The Egyptian Ambassador came to see me this morning for an account of your visit to Israel which, he said, had been very well received in Egypt.

---

The Ambassador said that Mr. Osama Al Baz, President Mubarak's National Security Adviser, would be in London at the end of next week. President Mubarak wondered whether you could agree to see him very briefly. He thought it was important presentationally that, following your visit to Israel, you should be seen to be in direct contact not just with Jordan but also with Egypt.

---

This seems to me sensible and you could in fact find half an hour for Mr. Al Baz next Friday.

Agree to see him?

EDP

Yes me

C.D. POWELL  
30 May 1986

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ODA (FOR HUDSON)

DTI (FOR TITCHENER OT4)

YOUR TELNO 78 (NOT REPEATED): CALL ON PRESIDENT MUBARAK

SUMMARY

1. MUBARAK'S PLEASURE AT RECEIVING ORAL MESSAGE FROM THE PRIME MINISTER. HE DISCUSSES SOME OF THE CAUSES OF THE RECENT TROUBLE AND THE MEASURES BEING TAKEN TO DEAL WITH THE ECONOMY, AS WELL AS DEVELOPMENTS IN EGYPT'S RELATIONS WITH LIBYA.

DETAIL

2. WHEN SEEING PRESIDENT MUBARAK THIS MORNING, I CONVEYED THE PRIME MINISTER'S PERSONAL GOOD WISHES, SAID HOW GLAD SHE WAS THAT ORDER HAD BEEN SO QUICKLY RESTORED FOLLOWING THE RECENT TROUBLES AND ALSO EXPRESSED OUR GRATITUDE FOR MEASURES TAKEN TO PROTECT BRITISH LIVES AND PROPERTY. MUBARAK, WHO WAS IN BUOYANT FORM, SAID HE KNEW HE COULD ALWAYS COUNT ON THE SYMPATHETIC UNDERSTANDING OF MRS THATCHER FOR EGYPT'S PROBLEMS AND THANKED HER FOR HER GOOD WISHES, WHICH HE WARMLY RECIPROCATED. ALL WORLD LEADERS FACED PROBLEMS: LIFE WOULD BE DULLER WITHOUT THEM.

POLICE RIOTS

3. MUBARAK THEN WENT OVER SOME OF THE CAUSES OF THE RECENT POLICE RIOTS, REITERATING THAT THERE HAD BEEN NO TRACE OF OUTSIDE INFLUENCE OR OF ANY SORT OF PLOT. HE DID, HOWEVER, REVEAL THAT SOME ARMY CONSCRIPTS HAD BEEN RELEASED A MONTH PRIOR TO THE TERMINATION OF THEIR PERIOD OF SERVICE AND THAT THIS HAD AROUSED THE JEALOUSY OF THE POLICE CONSCRIPTS, WHO HAD ALSO BEEN ANGUISHED BY UNFOUNDED RUMOURS THAT THEIR SERVICE MIGHT BE PROLONGED FOR ANOTHER YEAR. BUT BASICALLY THE MUTINY HAD RESULTED FROM FAILURE OF COMMAND AND THE POOR QUALITY OF THE OFFICERS IN CHARGE OF THE CONSCRIPTS: MUBARAK WAS CONFIDENT THAT THINGS WERE NOW BEING PUT RIGHT.

THE EGYPTIAN ECONOMY

4. I ASKED THE PRESIDENT HOW SOON WE COULD EXPECT THE GOVERNMENT'S PROGRAMME TO DEAL WITH THE MOUNTING ECONOMIC

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*problems*

PROBLEMS EGYPT FACED AS A RESULT OF LOSS OF REVENUE FROM OIL, TOURISM AND OTHER FACTORS. MUBARAK REPLIED THAT A NUMBER OF MEASURES WERE TO BE ANNOUNCED ALMOST IMMEDIATELY. IN PARTICULAR HE HAD IT IN MIND TO INCREASE TAXES AND CHARGES FOR THOSE WHO COULD AFFORD TO PAY. THERE WOULD, FOR EXAMPLE, BE A SHARP INCREASE IN THE COST OF ANNUAL REGISTRATION OF CARS, HIGHER CHARGES FOR PASSPORTS, A LARGER TAX TO BE PAID BY THOSE LEAVIN

G  
THE COUNTRY AS TOURISTS, HIGHER TELEPHONE BILLS AND SO FORTH. BUT HE WAS ANXIOUS THAT FOOD SUBSIDIES SHOULD REMAIN AVAILABLE TO THE POOR: THE INTERNAL SITUATION WAS DELICATE AND REQUIRED CAREFUL AND SENSITIVE MANAGEMENT. MUBARAK DID NOT, HOWEVER, GIVE ME THE FEELING THAT THE SORT OF COMPREHENSIVE PACKAGE FOR WHICH OUTSIDE OBSERVERS ARE WAITING AND WHICH HE HAS PUBLICLY DEMANDED WAS YET READY. NOR DID HE GIVE ANY INDICATION THAT EGYPT WAS PREPARED TO RESORT TO THE IMF OR THE PARIS CLUB.

5. I TOOK THE OPPORTUNITY TO MENTION THE PROBLEMS WHICH HAVE ARISEN OVER PAYMENT OF CONTRACTORS IN THE CAIRO WASTEWATER SCHEME. MUBARAK ASKED HOW MUCH MONEY WAS INVOLVED: I EXPLAINED THAT IT WAS A QUESTION OF PAYMENTS OVER A CONTINUING PERIOD WHICH COULD NOT EASILY BE QUANTIFIED AND ALSO THE IMPORTANCE OF ENSURING THAT THE CONTRACTORS INVOLVED DID NOT PACK THEIR BAGS. I TOLD MUBARAK THAT I WAS SEEING THE EGYPTIAN MINISTERS IMMEDIATELY CONCERNED, BUT LEFT IT OPEN THAT I WOULD COME BACK TO HIM IF THE PROBLEMS COULD NOT BE SURMOUNTED.

#### LIBYA

6. MUBARAK MENTIONED THAT TWO DAYS PREVIOUSLY QADHAFI HAD OFFERED TO SEND AN EMISSARY (NOT RPT NOT HIS COUSIN QADHAF EL-DAM, AS ON EARLIER OCCASIONS): HE ADDED THAT THIS WAS USUALLY THE PRELUDE TO SOME FORM OF SUBVERSIVE ACTIVITY BY LIBYA AND THE EGYPTIANS WOULD BE ON THEIR GUARD. BUT THE EMISSARY WOULD NONETHELESS BE RECEIVED.

7. MUBARAK WAS CLEARLY AWARE OF REPORTS THAT LIBYA WAS PLANNING TO SEND MILITARY AIRCRAFT TO SUDAN TO ASSIST AGAINST THE SOUTHERN REBELS. MUBARAK SAID HE HAD WARNED THE SUDANESE LEADERS THAT ANY AIRCRAFT SENT BY QADHAFI WOULD NOT BE USED TO BOMB THE REBELS AND IN GENERAL HAD ADVISED THEM TO EXERCISE GREAT CARE IN ACCEPTING LIBYAN HELP.

8. THIS WAS FOLLOWED BY A LONG DIGRESSION ON THE IMPORTANCE OF UNDERSTANDING THE PSYCHOLOGY OF ARAB COUNTRIES, WHICH MUBARAK SAID THE AMERICANS DID NOT. FOR EXAMPLE, US NAVAL MANOEUVRES IN THE GULF OF SIRTE WERE A MISTAKE AND HE HAD TOLD THE AMERICANS SO: THEY WERE MERELY MAKING A HERO OF QADHAFI. SIMILARLY HE HAD EARLIER WARNED THE AMERICANS



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AGAINST PROCEEDING UNILATERALLY WITH SANCTIONS AGAINST LIBYA AND TOLD THEM THAT IT WAS ESSENTIAL TO TRY TO CARRY THE EUROPEAN COUNTRIES WITH THEM IN ANY MOVES THEY MIGHT MAKE AGAINST QADHAFI, BUT THEY HAD DISREGARDED HIS ADVICE.

9. I AM REPORTING SEPARATELY MUBARAK'S COMMENTS ON RELATIONS WITH JORDAN AND MIDDLE EAST PEACE PROCESS.

URWICK

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MY TELNO 167: EGYPT INTERNAL

## SUMMARY

1. ASSESSMENT OF THE CAUSES AND CONSEQUENCES OF THE POLICE MUTINY. NO EVIDENCE YET AVAILABLE THAT IT WAS ANYTHING OTHER THAN A SPONTANEOUS OUTBURST. ITS IMMEDIATE CONSEQUENCES INCLUDE A FURTHER DETERIORATION IN EGYPT'S ECONOMY AND THE STRENGTHENING OF THE POSITION OF THE ARMY. MUBARAK'S PERSONAL PRESTIGE HAS PROBABLY BEEN ENHANCED IN THE SHORT TERM BY HIS HANDLING OF THE MUTINY, AND IT IS TOO SOON TO WRITE HIM OFF. BUT, NOW MORE THAN EVER, HE NEEDS TO BE ABLE TO SHOW SOME SUCCESS IN TACKLING EGYPT'S PRESSING PROBLEMS.

## DETAIL

2. AS REPORTED IN MY TELNO 167, PRESIDENT MUBARAK HAD LITTLE TO SAY IN HIS ADDRESS TO THE NATION ABOUT THE ORIGINS OF THE MUTINY WHICH BEGAN AT A POLICE CAMP NEAR THE PYRAMIDS ON THE EVENING OF 25 FEBRUARY. NONETHELESS IT IS TIME TO ATTEMPT AN ASSESSMENT OF THE CAUSES AND CONSEQUENCES FOR EGYPT OF THIS SUDDEN AND DEVASTATING OUTBURST OF VIOLENCE.

3. THE MUTINY WAS CAUSED BY THE LAMENTABLE CONDITIONS OF SERVICE OF CONSCRIPTS IN THE CENTRAL SECURITY FORCE AND SEEMS TO HAVE BEEN SPARKED OFF BY RUMOURS TO THE EFFECT THAT THEIR PERIOD OF SERVICE MIGHT BE EXTENDED FROM 3 TO 4 YEARS (MORE EASILY BELIEVED BECAUSE THOSE WHO FAIL TO PRESENT THEMSELVES FOR MILITARY SERVICE AT THE RIGHT TIME CAN BE PUNISHED IN THIS WAY) AND THAT DEDUCTIONS WERE TO BE MADE FROM THE ALREADY VERY LOW WAGES OF THE CONSCRIPTS TO HELP MEET THE GOVERNMENT DEBT. AN ATTEMPT BY THE UNPOPULAR MINISTER OF THE INTERIOR TO CONFRONT THE MUTINEERS PERSONALLY FAILED AND, WHEN POLICE FROM A NEARBY CAMP WERE SUMMONED TO RESTORE ORDER, THEY TOO JOINED THE MUTINY. A BOUT OF MAYHEM AND DESTRUCTION ENSUED, IN WHICH HOTELS, RESTAURANTS AND HUNDREDS OF VEHICLES IN THE PYRAMIDS AREA WERE SET ON FIRE. THE VIOLENCE SPREAD QUICKLY TO OTHER AREAS OF CAIRO AND TO THE TOWNS OF ASSIUT, MINIA AND SOHAG. IN CAIRO, SMALL GROUPS OF CIVILIANS JOINED IN AND ATTACKED NIGHT CLUBS AND OTHER PREMISES ASSOCIATED WITH LUXURY AND

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A WESTERN LIFE STYLE. THE ATTACKS DO NOT SEEM TO HAVE BEEN DIRECTED SPECIFICALLY AGAINST EITHER FOREIGNERS OR THE REGIME ITSELF.

4. AS SOON AS IT BECAME CLEAR THAT THE FORCES AT THE DISPOSAL OF THE MINISTER OF THE INTERIOR COULD NOT BE RELIED UPON, MUBARAK CALLED IN THE ARMY. ONCE THAT DECISION HAD BEEN TAKEN, THE MUTINY WAS QUICKLY BROUGHT UNDER CONTROL: ACTING WITH SPEED AND EFFICIENCY, THE ARMED FORCES TOOK CONTROL OF CAIRO, DISARMED THE SECURITY POLICE AND CONFINED THEM IN CAMPS. THE MUTINEERS WERE ROUNDED UP AND MANY HUNDREDS ARE STILL UNDERGOING INTERROGATION. PRELIMINARY ESTIMATES OF DAMAGE AND CASUALTIES HAVE NOW BEEN MADE PUBLIC, BUT MAY STILL PROVE CONSERVATIVE. SO FAR THE OFFICIAL CASUALTY FIGURES (MUCH LARGER THAN THOSE GIVEN OUR INITIALLY) ARE 107 KILLED AND 719 WOUNDED (ONE ELDERLY DANISH LADY WAS THE ONLY FOREIGNER WHO DIED; THERE WERE ALSO 6 FRENCH TOURISTS AMONG THE WOUNDED). MOST OF THE CASUALTIES OCCURRED NOT IN THE PYRAMIDS AREA WHERE THE VIOLENCE BEGAN BUT IN OTHER PARTS OF CAIRO INCLUDING THE RESIDENTIAL DISTRICT OF MAADI, WHERE MUTINEERS AND PRISONERS ESCAPING FROM THE NEARBY TURA GAOL WERE FIRED ON FROM ARMY HELICOPTERS. DAMAGE TO PREMISES AND PROPERTY IS OFFICIALLY ESTIMATED AT LE150 MILLION, BUT TO ANYONE WHO HAS SEEN THE DESTRUCTION CAUSED THIS FIGURE SEEMS FAR TOO LOW.

5. THERE HAS BEEN WIDESPREAD SPECULATION, BOTH WITHIN EGYPT AND IN THE FOREIGN PRESS, THAT THE MUTINY HAD BEEN PLANNED IN ADVANCE AND MAY HAVE BEEN FINANCED AND ORGANISED EITHER BY EGYPT'S ARAB OPPONENTS OR BY THE FUNDAMENTALISTS. BUT MUBARAK MADE NO MENTION OF THESE POSSIBILITIES, AND, AS FAR AS WE KNOW, NO EVIDENCE HAS YET BEEN UNCOVERED TO SUPPORT THEM, CONVENIENT THOUGH IT MIGHT BE FOR THE EGYPTIAN AUTHORITIES TO BE ABLE TO LAY THE BLAME ELSEWHERE. ONCE THE RIOTING WAS UNDER WAY, THE ATTACKS ON NIGHT CLUBS IN PARTICULAR MAY HAVE OWED SOMETHING TO FUNDAMENTALIST INSPIRATION. THE SPEED WITH WHICH THE VIOLENCE SPREAD, BOTH IN CAIRO ITSELF AND TO THE PROVINCIAL CITIES, REMAINS UNEXPLAINED.

6. IT MAY BE SOME TIME BEFORE THE FULL CONSEQUENCES OF THESE EVENTS ARE APPARENT, BUT SOME CAN ALREADY BE DISCERNED. THE USE OF THE ARMY TO QUELL THE MUTINY HAS PRESENTED THE EGYPTIAN GOVERNMENT WITH AN AWKWARD DILEMMA. IT HAS LONG BEEN RECOGNISED THAT THE REFORMS NEEDED TO OVERCOME EGYPT'S ECONOMIC PROBLEMS AND TO SATISFY HER OVERSEAS CREDITORS COULD LEAD TO CIVIL DISORDER; NOW THE RELIABILITY OF THE CENTRAL SECURITY FORCE, UPON WHICH THE GOVERNMENT WOULD DEPEND IN THE FIRST INSTANCE TO CONTROL MANIFESTATIONS OF POPULAR DISCONTENT, IS COMPROMISED. FURTHERMORE THE ALREADY DELICATE RELATIONSHIP BETWEEN THE POLICE AND THE ARMY HAS BEEN DISTURBED.



7. MUBARAK HAS ACTED QUICKLY TO TRY TO REMEDY THE SITUATION. HIS FIRST MOVE WAS TO APPOINT A NEW MINISTER OF THE INTERIOR, WHO IN TURN HAS NAMED TWO NEW DEPUTIES AND PROMISED WIDE-RANGING CHANGES IN THE ORGANISATION AND CONDITIONS OF SERVICE OF THE CENTRAL SECURITY FORCE. BUT IT WILL TAKE TIME FOR THESE REFORMS TO COME INTO EFFECT, FOR THE SECURITY FORCE TO BE RE-ORGANISED AND FOR CONFIDENCE IN THEM RE-ESTABLISHED. IN CONTRAST THE ARMY EMERGED WITH ITS REPUTATION ENHANCED: IT REFUSED TO BE PROVOKED INTO PRECIPITATE REACTION AND IMPRESSED THE GOVERNMENT AND PUBLIC ALIKE WITH ITS QUIET, BUSINESSLIKE AND EFFECTIVE HANDLING OF A POTENTIALLY VERY SERIOUS SITUATION. IT WAS NOTABLE THAT DURING MUBARAK'S ADDRESS TO PARLIAMENT, THERE WAS APPLAUSE EACH TIME THE ARMY WAS MENTIONED.

8. BUT THE ARMY'S SUCCESS CARRIES ITS OWN DANGERS: THE OFFICERS IN PARTICULAR MAY BE TEMPTED TO LOOK BACK TO THE QUARTER CENTURY PRECEDING CAMP DAVID WHEN THE ARMY ENJOYED UNPARALLELED PRESTIGE AND WAS EFFECTIVELY THE ARBITER OF EGYPT'S POLITICAL DESTINY. THEY MAY SEE IN THE CURRENT ECONOMIC CRISIS PROBLEMS WHICH CANNOT BE SOLVED BY A CIVILIAN GOVERNMENT: FROM THIS IT IS ONLY A SHORT STEP TO A MILITARY TAKEOVER. THE SAME OFFICERS, ALREADY WORRIED BY THE SPREAD OF FUNDAMENTALISM WITHIN THE ARMED FORCES, MAY ALSO SEE AN OPPORTUNITY TO BE RID OF A DANGEROUS THREAT BY STEPPING IN BEFORE THE FUNDAMENTALISTS ARE SUFFICIENTLY ORGANISED TO BID FOR POWER.

9. THE MOST ENCOURAGING ASPECT OF RECENT EVENTS, AS MUBARAK UNDERLINED, WAS THAT SO FEW CIVILIANS JOINED IN THE DISTURBANCES AS WELL AS THE SELF-DISCIPLINE AND GOOD HUMOUR SHOWN BY THE PEOPLE OF CAIRO WHEN THE POLICE HAD BEEN WITHDRAWN FROM THE STREETS. THE FULL AND FRANK TREATMENT OF THE EVENTS BY THE GOVERNMENT INFORMATION MEDIA UNDOUBTEDLY HELPED. THE GOVERNMENT MAY THUS CONCLUDE THAT THE POWER OF THE FUNDAMENTALISTS AND THE STRENGTH OF POPULAR FEELING AGAINST TOUGH ECONOMIC MEASURES ARE BOTH CONSIDERABLY LESS THAN THEY HAD FEARED. THE RESPONSIBLE BEHAVIOUR OF THE OPPOSITION PARTIES MAY ALSO HAVE GIVEN THEM SOME ENCOURAGEMENT.

10. THE CONSEQUENCES FOR THE EGYPTIAN ECONOMY, ALREADY REELING UNDER THE IMPACT OF FALLING OIL PRICES AND A RUNAWAY DEFICIT IN THE BALANCE OF PAYMENTS, ARE LIKELY TO BE VERY SEVERE. AS MUBARAK ACKNOWLEDGED TOURISM, ALREADY BADLY HIT BY THE ACHILLE LAURO AND VALLETTA HIJACKING INCIDENTS, WILL BE THE IMMEDIATE VICTIM. MUBARAK HAS CALLED FOR DECISIVE ACTION TO HALT THE ECONOMIC SLIDE AND SHOWED CLEARLY HIS MOUNTING IMPATIENCE WITH THE FAILURE OF HIS PRESENT CABINET TO COME FORWARD WITH AN ECONOMIC PROGRAMME. FOR THE PEOPLE AS A WHOLE, THERE CAN BE NO DOUBT THAT THE RIOTS WERE A PROFOUND SHOCK: THEY LOOKED OVER INTO THE ABYSS AND WERE APPALLED BY WHAT THEY SAW.

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A WESTERN LIFE STYLE. THE ATTACKS DO NOT SEEM TO HAVE BEEN DIRECTED SPECIFICALLY AGAINST EITHER FOREIGNERS OR THE REGIME ITSELF.

4. AS SOON AS IT BECAME CLEAR THAT THE FORCES AT THE DISPOSAL OF THE MINISTER OF THE INTERIOR COULD NOT BE RELIED UPON, MUBARAK CALLED IN THE ARMY. ONCE THAT DECISION HAD BEEN TAKEN, THE MUTINY WAS QUICKLY BROUGHT UNDER CONTROL. ACTING WITH SPEED AND EFFICIENCY, THE ARMED FORCES TOOK CONTROL OF CAIRO, DISARMED THE SECURITY POLICE AND CONFINED THEM IN CAMPS. THE MUTINEERS WERE ROUNDED UP AND MANY HUNDREDS ARE STILL UNDERGOING INTERROGATION. PRELIMINARY ESTIMATES OF DAMAGE AND CASUALTIES HAVE NOW BEEN MADE PUBLIC, BUT MAY STILL PROVE CONSERVATIVE. SO FAR THE OFFICIAL CASUALTY FIGURES (MUCH LARGER THAN THOSE GIVEN OUR INITIALLY) ARE 107 KILLED AND 719 WOUNDED (ONE ELDERLY DANISH LADY WAS THE ONLY FOREIGNER WHO DIED; THERE WERE ALSO 6 FRENCH TOURISTS AMONG THE WOUNDED). MOST OF THE CASUALTIES OCCURRED NOT IN THE PYRAMIDS AREA WHERE THE VIOLENCE BEGAN BUT IN OTHER PARTS OF CAIRO INCLUDING THE RESIDENTIAL DISTRICT OF MAADI, WHERE MUTINEERS AND PRISONERS ESCAPING FROM THE NEARBY TURA GAOL WERE FIRED ON FROM ARMY HELICOPTERS. DAMAGE TO PREMISES AND PROPERTY IS OFFICIALLY ESTIMATED AT LE150 MILLION, BUT TO ANYONE WHO HAS SEEN THE DESTRUCTION CAUSED THIS FIGURE SEEMS FAR TOO LOW.

5. THERE HAS BEEN WIDESPREAD SPECULATION, BOTH WITHIN EGYPT AND IN THE FOREIGN PRESS, THAT THE MUTINY HAD BEEN PLANNED IN ADVANCE AND MAY HAVE BEEN FINANCED AND ORGANISED EITHER BY EGYPT'S ARAB OPPONENTS OR BY THE FUNDAMENTALISTS. BUT MUBARAK MADE NO MENTION OF THESE POSSIBILITIES, AND, AS FAR AS WE KNOW, NO EVIDENCE HAS YET BEEN UNCOVERED TO SUPPORT THEM, CONVENIENT THOUGH IT MIGHT BE FOR THE EGYPTIAN AUTHORITIES TO BE ABLE TO LAY THE BLAME ELSEWHERE. ONCE THE RIOTING WAS UNDER WAY, THE ATTACKS ON NIGHT CLUBS IN PARTICULAR MAY HAVE OWED SOMETHING TO FUNDAMENTALIST INSPIRATION. THE SPEED WITH WHICH THE VIOLENCE SPREAD, BOTH IN CAIRO ITSELF AND TO THE PROVINCIAL CITIES, REMAINS UNEXPLAINED.

6. IT MAY BE SOME TIME BEFORE THE FULL CONSEQUENCES OF THESE EVENTS ARE APPARENT, BUT SOME CAN ALREADY BE DISCERNED. THE USE OF THE ARMY TO QUELL THE MUTINY HAS PRESENTED THE EGYPTIAN GOVERNMENT WITH AN AWKWARD DILEMMA. IT HAS LONG BEEN RECOGNISED THAT THE REFORMS NEEDED TO OVERCOME EGYPT'S ECONOMIC PROBLEMS AND TO SATISFY HER OVERSEAS CREDITORS COULD LEAD TO CIVIL DISORDER: NOW THE RELIABILITY OF THE CENTRAL SECURITY FORCE, UPON WHICH THE GOVERNMENT WOULD DEPEND IN THE FIRST INSTANCE TO CONTROL MANIFESTATIONS OF POPULAR DISCONTENT, IS COMPROMISED. FURTHERMORE THE ALREADY DELICATE RELATIONSHIP BETWEEN THE POLICE AND THE ARMY HAS BEEN DISTURBED.



BUT A MILITANT MINORITY, HAVING SEEN THE EFFECT OF A MUTINY BY A FEW THOUSAND POLICEMEN, MAY BE TEMPTED TO TRY AGAIN ON A LARGER SCALE ESPECIALLY AS ECONOMIC HARDSHIPS BEGIN TO BE FELT.

11. MUBARAK'S PERSONAL PRESTIGE HAS PROBABLY BEEN ENHANCED IN THE SHORT TERM BY HIS HANDLING OF THE MUTINY. HE GAVE EVERY APPEARANCE OF ACTING QUICKLY AND FIRMLY, AND IN DOING SO TO HAVE COMMANDED POPULAR SUPPORT. HIS DEPENDENCE ON THE ARMY HAS INCREASED, AND HE SEEMS LIKELY TO COME UNDER MOUNTING PRESSURE TO ABANDON HIS ACADEMIC PRIME MINISTER IN FAVOUR OF A POLITICIAN CAPABLE OF TAKING HARD DECISIONS; HE MUST NOW BE BITTERLY REGRETTING HIS ABRUPT DISMISSAL OF THE STRONG AND WIDELY RESPECTED KAMAL HASSAN ALI LAST SUMMER. THE POSITION OF THE DEPUTY PRIME MINISTER AND MINISTER OF DEFENCE, FIELD MARSHAL ABU GHAZALA, HAS UNDOUBTEDLY BEEN STRENGTHENED. BUT WE HAVE LITTLE EVIDENCE THAT HE IS YET READY TO DISPLACE MUBARAK, ALTHOUGH THERE COULD BE INCREASING PRESSURE FROM WITHIN THE ARMED FORCES FOR HIM TO DO SO. ABU GHAZALA IS ALREADY WIDELY REGARDED WITHIN EGYPT AS THE AMERICAN CANDIDATE FOR THE SUCCESSION; BUT THIS WILL NOT NECESSARILY WORK TO HIS ADVANTAGE. NOR CAN ABU GHAZALA HIMSELF BE UNDER ANY ILLUSIONS ABOUT THE HARD AND UNPOPULAR DECISION WHICH LIE AHEAD.

12. THERE IS ALREADY A TENDENCY, BOTH IN THE WESTERN PRESS AND PERHAPS IN PARTS OF THE US ADMINISTRATION, TO WRITE MUBARAK OFF. UNLESS HE CAN SHOW SOME SUCCESS IN TACKLING EGYPT'S DEEP-SEATED PROBLEMS, NEITHER HIS ESSENTIAL MODERATION AND DECENCY NOR HIS COMMITMENT TO FREEDOM OF SPEECH AND DEMOCRATIC PRACTICES VENE IN TIMES OF ADVERSITY ARE LIKELY TO SAVE HIM. A MORE AUTHORITARIAN SUCCESSOR, WILLING TO TAKE DECISIONS HIMSELF RATHER THAN SEEK TO DELEGATE AUTHORITY AS MUBARAK HAS DONE, MIGHT SUCCEED FOR A WHILE. BUT HE WOULD FACE SOME OVERWHELMING PROBLEMS, WHICH PROVE EVEN HARDER TO HANDLE WITHOUT THE SAFETY VALVE OFFERED BY THE PRESENT POLITICAL FREEDOMS.

-4-  
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11F



IF THIS ANALYSIS IS CORRECT, IT REMAINS STRONGLY IN THE WESTERN INTEREST THAT MUBARAK SHOULD COME THROUGH HIS PRESENT ORDEAL. HE HAS SHOWN COURAGE IN STICKING TO HIS POLICIES, INCLUDING THE PEACE TREATY WITH ISRAEL, IN SPITE OF THE PRESSURES ON HIM TO ALTER COURSE. HE IS UNDOUBTEDLY FEELING SHAKEN AND BRUISED BY WHAT HAS HAPPENED AND WILL BE LOOKING ANXIOUSLY TO HIS FRIENDS FOR BOTH PUBLIC SUPPORT AND PRACTICAL HELP.

URWICK

YYYY

FCO PSE PASS SAVING ADDRESSEES

CCHPAN 1555

EGYPTIAN INTERNAL SITUATION

LIMITED

NENAD  
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NEWS D  
PUSD  
DEF D  
ERP  
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INFC D

PLANNING STAFF

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THE PRIVATE SECRETARY

AS REQUESTED

SUSC.

FOREIGN AND COMMONWEALTH OFFICE  
SW1A 2AH

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 CONFIDENTIAL  
 DD 071530Z CAIRO  
 FM FCOLN TO CAIRO  
 071420Z MAR  
 GRS 250

CONFIDENTIAL  
 FM FCO  
 TO DESKBY 071530Z CAIRO  
 TELNO 78  
 OF 071420Z MARCH 86

YOUR TELNO 142: MESSAGE TO MUBARAK

1. THANK YOU FOR THIS ADVICE. THE PRIME MINISTER HAS DECIDED AGAINST SENDING A MESSAGE TO MUBARAK AT THIS STAGE.
2. WITHOUT UNDERESTIMATING THE IMPORTANCE OF THE RECENT DISTURBANCES, WE BELIEVE THAT SUCH A MESSAGE, WHICH WOULD BECOME PUBLIC KNOWLEDGE, WOULD RISK CREATING AN EXAGGERATED IMPRESSION OF THE IMMEDIATE THREAT TO EGYPT'S STABILITY, WHILE AT THE SAME TIME SETTING A PRECEDENT THAT WOULD BE HARD TO SUSTAIN IF IN COMING MONTHS THERE ARE FURTHER OUTBREAKS OF DISORDER. PARTICULARLY IN VIEW OF THE CURRENT DETERIORATION OF THE ECONOMY, WE WISH TO AVOID APPEARING TO ENDORSE MUBARAK'S SPECIFIC DOMESTIC POLICIES OR TO BE PEDDLING THE VIEW HIS TROUBLES ARE NOW OVER. NOR, WHILE EGYPT AND JORDAN APPEAR TO BE OPERATING AT CROSS PURPOSES, DO WE WISH TO EXPRESS WHOLEHEARTED SUPPORT FOR MUBARAK'S APPROACH TO THE PEACE PROCESS.
3. YOU MAY, HOWEVER, TELL THE EGYPTIANS THAT MINISTERS ARE MOST GRATEFUL FOR THE MEASURES TAKEN TO PROTECT BRITISH LIVES AND PROPERTY AND GLAD THAT ORDER HAS NOW BEEN RESTORED AND THAT THE PRIME MINISTER HAS ASKED YOU TO CONVEY HER PERSONAL GOOD WISHES TO THE PRESIDENT.

HOWE

YYYY

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10 DOWNING STREET

From the Private Secretary

7 March 1986

**POSSIBLE MESSAGE TO PRESIDENT MUBARAK**

BF |  
Thank you for your letter of 6 March conveying the Foreign Secretary's recommendation that we should not at this juncture envisage a message from the Prime Minister to President Mubarak. The Prime Minister agrees with this advice. The telegram enclosed with your letter may issue with the addition of a phrase at the end of paragraph 3:

"and that the Prime Minister has asked you to convey her personal good wishes to the President."

(Charles Powell)

R. N. Culshaw, Esq.,  
Foreign and Commonwealth Office.

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LS

*clsc*  
①



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister  
I agree with the Foreign Secretary that this is not the moment for a message to Mubarak. It would look a bit as though you thought he was on his last legs.  
Dear Charles, Agree the attached telegram, with the addition I have suggested?

6 March 1986

Possible Message to President Mubarak

Cairo telnos 142 and 147 recommended that the Prime Minister should consider sending a message to President Mubarak expressing relief at the end of disturbances involving the Egyptian Security Police.

It is clearly desirable that the Prime Minister should keep in close personal touch with President Mubarak. But Sir Geoffrey Howe considers that the riots do not offer a suitable peg and that a message from the Prime Minister at this stage, when we have no particular point affecting British interests to convey, would risk devaluing the currency.

The disturbances appear to have been provoked by disgruntlement on the part of the Security Police conscripts about their pay and conditions of service. Order has now been restored. But Egypt's continuing economic difficulties and the prospect of more austerity measures mean that further outbreaks of disorder cannot be ruled out. We do not wish to seem complacent about Egypt's future stability, nor to appear to endorse Mubarak's specific domestic policies. Nor were the steps taken by the Egyptian authorities to restore order and to protect British lives and property so unusual as to merit a message of thanks from the Prime Minister. No British citizens were injured in the disturbances, though several lost their possessions.

Sir Geoffrey Howe also has reservations about referring in any message to the peace process at a time when President Mubarak is at odds with King Hussein in his support for Arafat and his call for resumption of the Jordan/PLO dialogue. Sir Geoffrey has however authorised Sir Alan Urwick to rebut, in a personal message to the Egyptian Foreign Minister, suggestions that the UK was instrumental in frustrating President Mubarak's call for a "contact group" of European Ministers to promote the peace process.

/I enclose



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I enclose a draft telegram which might be sent to Cairo if the Prime Minister agrees that a personal message would not be appropriate.

*Yours ever,*

*R N Culshaw,*

(R N Culshaw)  
Private Secretary

C D Powell Esq  
PS/10 Downing Street

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# OUT TELEGRAM

		Classification <b>CONFIDENTIAL</b>	Caveat	Precedence <b>IMMEDIATE</b>
ZCZC	1	ZCZC		
TC	2	CONFIDENTIAL		
CAVEAT	3			
FM	4	FM FCO		
TO	5	TO IMMEDIATE CAIRO		
TELNO	6	TELNO		
OF	7	OF 031700Z MARCH 86	<i>Mued</i>	
AND TO	8			
	9			
	10	YOUR TELNO 142: MESSAGE TO MUBARAK		
	11			
	12	1. Thank you for this advice. The Prime Minister has decided		
	13	against sending a message to Mubarak at this stage.		
	14	2. Without underestimating the importance of the recent		
	15	disturbances, we believe that such a message, which would become		
	16	public knowledge, would risk creating an exaggerated impression		
	17	of the immediate threat <del>they have posed</del> to Egypt's stability,		
	18	while at the same time setting a precedent that would be hard		
	19	to sustain if in coming months there are further outbreaks of		
	20	disorder. Particularly in view of the current deterioration of		
	21	the economy, we wish to avoid appearing to endorse Mubarak's		
	22	specific domestic policies or to be peddling the view his		
	23	troubles are now over. Nor, while Egypt and Jordan appear to be		
	24	operating at cross purposes, do we wish to express wholehearted		
	25	support for Mubarak's approach to the peace process.		
///	26	3. You may, however, tell the Egyptians that Ministers are most		
//	27	grateful for the measures taken to protect British lives and		
/	28	property and glad that order has now been restored, <i>and that</i>		
	29	<i>the Prime Minister has asked you to convey her personal good</i>		
		<i>wishes to the President.</i>		
YYYY			Catchword: <b>HOWE</b>	
MAIN		File number	Dept	Telephone no
ADDITIONAL			<b>NENAD</b>	<b>233 6030</b>
NNNN		Authorised for	Initials	Date/time
		despatch by:		
		For COD use only	Comcon reference	Telegram number
				Processed by

# OUT TELEGRAM (CONT)

Classification  
CONFIDENTIAL

Caveat

Precedence  
IMMEDIATE

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1 <<<<

2 HOWE

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6 MAIN

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8 NENAD

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10 PROTOCOL D

11 NEWS D

12 INFO D

13 PLANNING STAFF

14 PS

15 PS/MR RENTON

16 PS/PUS

17 MR EWEN FERGUSSON

18 SIR D MIERS

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20 ADDITIONAL

21 ASSESSMENTS STAFF

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For distribution order see Page

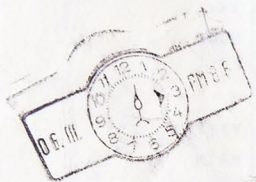
Catchword:

XY 48A (REV)

TO  
FROM

CLASS

REMARKS







Prime Minister

The situation is clearly  
precarious, with the  
economy deteriorating &  
the country looking increasingly  
dependent on the armed forces.

Jp.0128

Mr Powell

Egypt

COP  
20/2

The full-time curfew has been re-imposed all over Cairo, after being lifted for Friday Prayers. The situation is largely quiet except in Giza (a southern suburb of Cairo, where the mutiny started). There are reports of firing there continuing. We believe this is the army trying to put down remaining resistance.

2. The Interior Minister (responsible for the Security Police Force) has been replaced by a tough police General.
3. Reports about Giza are still coming in. No news of any British casualties.

*mt*

PERCY CRADOCK

28 February 1986

**CONFIDENTIAL**

CONFIDENTIAL

FM CAIRO

TO FLASH FCO

TELNO 129

OF 261120Z FEBRUARY 86

INFO IMMEDIATE MODUK, DTI, HQBFC, AMMAN, KHARTOUM, NICOSIA

INFO IMMEDIATE TEL AVIV, WASHINGTON

MODUK FOR DI ROW 2 SIC U2G AND JOC SIC EAF

DTI FOR OT4

MY TELNO 129: EGYPT INTERNAL SITUATION

SUMMARY

1. SIGNS THAT THE AUTHORITIES HAVE NOT/NOT SO FAR SUCCEEDED IN CONTAINING THE SITUATION FULLY. CURFEW IMPOSED THROUGHOUT CAIRO FROM 1300 HOURS LOCAL TIME BUT IT WILL NOT BE POSSIBLE TO CLEAR THE TRAFFIC JAMMED STREETS BY THEN. NO/NO REPORTS OF HARM TO BRITISH NATIONALS.

DETAIL

2. THE EGYPTIAN STATE RADIO HAS ANNOUNCED A CURFEW COVERING THE WHOLE OF CAIRO STARTING AT 1300 LOCAL (1100Z) IN ORDER TO "PREVENT CERTAIN ELEMENTS FROM TAKING ADVANTAGE OF THE SITUATION" (AN APPARENT REFERENCE TO FUGITIVE CENTRAL SECURITY MUTINEERS).
3. REPORTS CONTINUE TO REACH US OF FURTHER MINOR DISTURBANCES IN OTHER PARTS OF CAIRO. THE AREA AROUND THE EMBASSY IS MAINLY CALM, ALTHOUGH BLOCKED BY TRAFFIC. THERE HAVE BEEN REPORTS OF THE BREAKING OF CAR WINDOWS BY DISSIDENT MEMBERS OF THE SECURITY FORCES IN SOME OF THE AREAS WHERE MEMBERS OF THE BRITISH COMMUNITY, INCLUDING EMBASSY STAFF, LIVE.
4. WE HAVE NO (NO) REPORTS OF ANY PERSONAL INJURY TO BRITISH NATIONALS.
5. THE AIRPORT REMAINS CLOSED FOR INBOUND TRAFFIC. BUT DA HOPE THAT THEIR CAIRO-LONDON DAILY FLIGHT, WHICH WAS DUE TO LEAVE AT 0900, WILL BE ALLOWED TO DEPART IN THE EARLY AFTERNOON. THEY ARE CANCELLING THEIR LONDON-CAIRO FLIGHT FOR 26 FEBRUARY.

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6. THE CONSULATE-GENERAL IN ALEXANDRIA CONTINUE TO REPORT THAT ALL REMAINS CALM THERE.

7. IN ORDER TO ALLOW STAFF TO REACH HOME BEFORE THE CURFEW TAKES EFFECT, I HAVE SENT ALL STAFF HOME OTHER THAN THOSE IMMEDIATELY REQUIRED AT 1200 HOURS LOCAL TIME. THE BRITISH COUNCIL AND THE BRITISH INTERNATIONAL SCHOOL ALSO SHUT EARLY. OUR EARLIER ADVICE (MY TUR, PARA 6) HAS NOW BEEN OVERTAKEN BY THE CURFEW ANNOUNCEMENT. WARDENS ARE BEING TOLD TO ADVISE THE COMMUNITY TO STAY AT HOME AND LISTEN TO RADIO BULLETINS UNTIL THE CURFEW IS LIFTED. TEXT OF SUGGESTED MESSAGE TO BE BROADCAST OVER THE BBC WORLD SERVICE IS IN MIFT (FOR FCO ONLY).

8. FCO PLEASE ADVANCE TO HEAD CONSULAR DEPARTMENT.

URWICK

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MR. BARRINGTON

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GRS 804

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FM CAIRO

TO DESKBY 261000Z FCO

TELNO 128

OF 260903Z FEBRUARY 86

AND TO IMMEDIATE MODUK

INFO IMMEDIATE HQBFC, AMMAN, KHARTOUM, NICOSIA, TEL AVIV

INFO IMMEDIATE WASHINGTON

EGYPT INTERNAL

SUMMARY

1. UNITS OF THE PARAMILITARY CENTRAL SECURITY FORCES MUTINY AND ATTACK SEVERAL HOTELS AROUND THE PYRAMIDS, APPARENTLY PROMPTED BY A RUMOUR THAT COMPULSORY SERVICE IS TO BE EXTENDED. GUN BATTLES BETWEEN THEM AND THE ARMY TAKE PLACE IN AND AROUND THE HOTELS, SEVERAL OF WHICH ARE SET ON FIRE. SOME SIGNS THAT THE DISTURBANCES MAY BE SPREADING: CAIRO AIRPORT CLOSED. NO REPORTS OF ANY BRITISH CASUALTIES.

DETAIL

2. THE DISTURBANCES BEGAN AROUND 2000 HOURS LOCAL TIME (1800 GMT) ON 25 FEBRUARY WHEN A GROUP OF CONSCRIPTS OF THE PARAMILITARY POLICE FORCE RESPONSIBLE FOR INTERNAL SECURITY LEFT THE BARRACKS AND ATTACKED A POLICE KIOSK, AND THEN MOVED ON TO ATTACK THREE HOTELS, USED MAINLY BY TOURISTS, NEAR THE GIZA PYRAMIDS. SOME FIRES WERE STARTED. MORE THAN 2,000 TROOPS WERE CALLED IN AND GUN BATTLES ENSUED. ALL ROADS TO THE AREA WERE BLOCKED. BY 0200 LOCAL EMERGENCY VEHICLES FIGHTING THE FIRES WERE PULLED BACK FROM THE SCENE OF THE INCIDENTS, MANY WITH THEIR WINDOWS SMASHED BY STONES OR BULLETS, AND BY 0300 ARMoured CARS HAD BEEN DEPLOYED IN SUPPORT OF THE TROOPS. EYE-WITNESSES HAVE TOLD US OF INSTANCES OF LOOTING AS THE BATTLES BETWEEN THE ARMY ON THE ONE HAND AND THE POLICE AND CENTRAL SECURITY FORCES ON THE OTHER DEVELOPED. BY DAWN THE SITUATION HAD STILL NOT BEEN BROUGHT UNDER CONTROL, AND THERE WERE INDICATIONS THAT THE DISTURBANCES WERE SPREADING AND OTHER CENTRAL SECURITY UNITS IN CAIRO WERE BECOMING INVOLVED. CENTRAL SECURITY UNITS GUARDING THE PRESIDENTIAL PALACE AND MAIN RADIO STATION HAVE BEEN REPLACED BY ARMY UNITS. CAIRO AIRPORT WAS CLOSED AT 0745 ON 26 FEBRUARY UNTIL FURTHER NOTICE, WITH A HEAVY MILITARY PRESENCE IN EVIDENCE AND REPORTS OF GUNFIRE IN THE AIRPORT AREA.

**CONFIDENTIAL**

/3.

*[know responds]*

3. THE DISTURBANCES APPEAR TO HAVE BEEN TRIGGERED BY A RUMOUR THAT COMPULSORY SERVICE IN CENTRAL SECURITY WAS TO BE EXTENDED BY BETWEEN 1 AND 3 YEARS, COUPLED WITH PROTRACTED DELAYS IN PAYING CENTRAL SECURITY WAGES.

4. THE OFFICIAL PRESS TODAY REPORTS DEMONSTRATIONS BY CENTRAL SECURITY POLICE IN THE PYRAMIDS AREA, WITH ATTACKS ON HOUSES AND CARS. RUMOURS OF AN EXTENSION OF COMPULSORY SERVICE ARE DESCRIBED AS BEING WITHOUT FOUNDATION AND THE MINISTER OF THE INTERIOR IS REPORTED TO HAVE TAKEN PERSONAL CHARGE OF THE OPERATION AND TO BE INVESTIGATING THE INCIDENTS.

5. DESPITE THE EFFORTS OF AN ARMED TEAM OF EGYPTIANS (MAINLY US EMBASSY LOCAL EMPLOYEES) SENT IN US EMBASSY TRANSPORT TO RESCUE ANY FOREIGNERS TRAPPED IN THE HOTELS NEAR THE PYRAMIDS, A SUBSTANTIAL NUMBER REMAIN. WE HAVE NOT (NOT) HAD ANY REPORTS OF BRITISH CASUALTIES, ALTHOUGH SOME BRITISH NATIONALS REMAIN IN THE AREA CORDONED OFF BY THE ARMY. SOME BRITISH GUESTS WHO ESCAPED UNHARMED FROM ONE HOTEL HAVE COME TO THE EMBASSY, SEEKING REPLACEMENT PASSPORTS AND OTHER HELP: THEIR POSSESSION HAD BEEN REMOVED FROM THEM BY THE RIOTERS.

6. WE ARE ADVISING ENQUIREES NOT TO GO OUT UNLESS THEY HAVE GOOD REASON TO DO SO AND UNTIL, AS WE ANTICIPATE, THE SITUATION BECOMES CALMER. WE SHALL OF COURSE LET YOU KNOW AS SOON AS THE AIRPORT REOPENS.

COMMENT

7. THESE ARE THE MOST SERIOUS DISTURBANCES TO HAVE TAKEN PLACE IN EGYPT SINCE MUBARAK BECAME PRESIDENT, ALTHOUGH THERE WERE OF COURSE MAJOR TROUBLES INVOLVING SECURITY FORCES IMMEDIATELY AFTER SADAT'S ASSASSINATION. THE INVOLVEMENT OF THE POLICE AND INTERNAL SECURITY UNITS MUST BE PARTICULARLY WORRYING FOR THE REGIME AND POSES THE IMMEDIATE QUESTION OF HOW FAR THEY COULD BE RELIED UPON TO MAINTAIN ORDER IF THE GOVERNMENT WERE TO TAKE THE HARSH ECONOMIC MEASURES WHICH THE IMF AND EGYPT'S PRINCIPAL CREDITORS NOW CONSIDER NECESSARY. FOR THE MOMENT THE ARMY APPEARS TO BE REMAINING LOYAL AND TO BE RE-ESTABLISHING CONTROL: BUT ARMY UNITS ARE REPORTEDLY SHOWING RELUCTANCE TO FIRE ON THE SECURITY FORCES. MUCH WILL DEPEND ON HOW THE POLICE AND INTERNAL SECURITY UNITS REACT AS NEWS OF CASUALTIES AT THE HANDS OF THE ARMY SPREADS. WE HAVE BEEN IN TOUCH WITH THE CONSULATE-GENERAL IN ALEXANDRIA AND UNDERSTAND ALL IS QUIET THERE.

<sup>2</sup>  
CONFIDENTIAL

/8.



## CONFIDENTIAL

8. FCO ONLY: PLEASE ADVANCE TO HEAD OF CONSULAR DEPARTMENT DESKBY 1000Z AND REPEAT TO OTHER POSTS AS NECESSARY.

9. NEWS DEPARTMENT. SUGGEST YOU DRAW ON PARAGRAPH 6 IN ANSWERING ENQUIRIES ABOUT WHAT ADVICE IS BEING GIVEN TO THE BRITISH COMMUNITY. IT IS TOO SOON TO ADVISE TOURISTS INTENDING TO VISIT EGYPT, BUT WE SHALL DO SO AS SOON AS POSSIBLE.

URWICK

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*File No*

10 DOWNING STREET

*From the Private Secretary*

6 February 1986

EGYPTIAN PRIME MINISTER

*Concise*  
*BF II*  
As you know, the Egyptian Prime Minister is in London for medical treatment. He will apparently be out of hospital next week, and has requested a meeting with the Prime Minister. Since he was recently the Prime Minister's host in Egypt, we have agreed to this, and he will come at 0930 on Friday, 14 February.

I should be grateful for briefing on current issues in UK/Egyptian relations.

I am copying this letter to Richard Mottram (Ministry of Defence) and Mike Gilbertson (Department of Trade and Industry).

CHARLES POWELL

Robert Culshaw, Esq.,  
Foreign and Commonwealth Office.

RESTRICTED



cc/c

DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET 5422  
TELEPHONE DIRECT LINE 01-215  
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

6 November 1985

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
LONDON  
SW1

*CDP/Am*

*Dear Geoffrey,*

EGYPT : ATP : CAIRO WASTEWATER PROJECT

Thank you for your minute of 30 October about the USAID proposal to put surplus US aid funds towards the financing of Cairo Wastewater Phase II.

2 I am concerned that we should not jeopardize the industrial and commercial advantages gained from our efforts on Phase I, since British industry is now in a strong position to secure ongoing business from this project as it develops into the next Century. The UK water industry would deeply resent an American takeover of Phase II.

3 The Egyptian Government has not yet asked for finance for Phase II. Indeed there is no real prospect of Phase II going ahead for two to three years at the earliest. Moreover it would then be staged over several years. There is therefore no need now - or for two or three years - to make any formal commitment towards funding this Phase. I concede that current aid and credit constraints make it difficult to foresee the UK alone financing the whole cost of Phase II unless works were spread over a very long period (not beyond the bounds of possibility). But, as you rightly say, there would be political embarrassment if we failed to show continuing interest and a degree of commitment (leaving aside for the time being the level of that commitment).

4 We should, therefore, aim to keep open all the options for Phase II funding. It may, for example, be possible to harness multilateral or even Arab aid; indeed, British Wastewater Ltd - the consortium representing UK suppliers - believe co-financing may be feasible. British firms, because of their previous involvement, should be in an excellent position to win work put out to international tender.

JF2AKR



5 I would not see a cautious welcome for the American proposal as inconsistent with the above strategy. But we should seek a strict limit on America's involvement in the East Bank. We could, however, concede that the Maadi rock tunnel on the East Bank (Contract13) might be appropriate for US aid finance; American expertise on hard rock tunnel drilling would, in any event, have to be employed. Moreover the tunnel does have some relationship to the American West Bank scheme.

6 I am copying this letter to the Prime Minister and to Nigel Lawson.

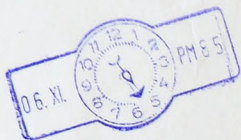
*Leon*

LEON BRITTAN

JF2AKR



Relations: EGYPT. Nov 80



I would not see a certain window for the reaction process  
in connection with the above activity. But we should not  
forget that the reaction is in the past. We could  
perhaps consider that the reaction took place on the last day  
of the month. It would be appropriate for the reaction to  
take place on the last day of the month. In any case, it  
is important to note that the reaction has been related to  
the reaction of the last day.

I am copying this letter to the Ministry of the Interior and to the  
Ministry of the Economy.

Handwritten signature or initials in blue ink, appearing to be 'J. S. S.' or similar.

MINISTER OF THE INTERIOR



CPR

CD  
2074

FCS/85/280

SECRETARY OF STATE FOR TRADE AND INDUSTRY

Egypt: ATP: Cairo Wastewater Project

1. I understand that USAID officers in Cairo have approached our Embassy to say that they had a US\$450m saving on their Cairo Wastewater contracts on the so-called "West Bank" which they thought might be used towards Phase II of our activities on the East Bank.
  
2. For the reasons given below, I think that this is a helpful offer which we should welcome. But I know that there are those in construction and banking circles who would like to keep the East Bank as a British preserve. I think we need to agree on how we should respond.
  
3. The estimated offshore costs for Phase II are £500m. We have no plans to offer new capital aid to Egypt, so the only British aid available would be from the ATP. Even if we could offer ATP support for all the Phase II contracts, this would leave the Egyptians with a massive borrowing requirement, which they would be unlikely to want to undertake in their present economic circumstances. As an all-British preserve, therefore, I doubt whether Phase II would go ahead at all in the foreseeable future and this would call into question the value of our contribution to Phase I which cannot be fully effective without Phase II. Apart from the difficulties at the Egyptian end, scarcities here of ATP funds and perhaps more importantly ECGD cover would almost certainly make it impossible for us to fund the whole operation. As I argued before the Prime Minister's visit, given her interest in and visit to the project, the Egyptians will expect some participation by us in Phase II, and our failure to do so would be politically embarrassing. I recognise, however, that it might not be possible for us to fund any of Phase II, if for example it were decided to support Ain Moussa, and the Egyptians decided to go ahead with both projects simultaneously.

/ If the ...



4. If the Americans were to meet US\$450m of the offshore costs, that would still leave a lot of business available for Britain, provided ATP support and ECGD cover is available. I think therefore that we should welcome the American offer but ask them to concentrate on the low technology contracts - the Maadi rock tunnel (in which they have already expressed an interest) and the branch tunnels - leaving the higher technology contracts for possible British participation. This makes sense because of the need for compatibility between plant and equipment installed by British contractors under Phase I, and that to be installed under Phase II. I imagine that the higher technology contracts would anyway be a more attractive proposition to you for ATP support.

5. It would be useful to know soon whether you agree with this approach. USAID would like an answer by 7 November.

6. I am copying this letter to the Prime Minister, in view of her recent visit to the project, and to Nigel Lawson.

A handwritten signature in black ink, appearing to be 'G. Howe', is located in the lower right quadrant of the page.

(GEOFFREY HOWE)

Foreign and Commonwealth Office  
30 October 1985



Prime Minister 2

010



Foreign and Commonwealth Office

London SW1A 2AH *21/10*

18 October 1985

*Dear Tim,*

We have received via our Embassy in Cairo the enclosed letter from the Egyptian Minister of Housing and Utilities sent in response to the Prime Minister's letter to him of 23 September. Since it is a response to a letter of thanks, we do not see any need for a further reply.

*Yours Sincerely  
Colin Budd*

(C R Budd)  
Private Secretary

T Flesher Esq  
10 Downing Street

*mf*

Ministry of Housing and Utilities  
Office of the Minister

وزارة الإسكان والمرافق  
مكتب الوزير

8th October, 1985.

The Rt. Hon. Margaret Thatcher MP  
Prime Minister of the United Kingdom of  
Great Britain and Northern Ireland

Dear Mrs. Thatcher,

Thank you for the kind words in your letter to me concerning the  
Cairo Wastewater Project.

This Project is an outstanding example of the remarkable  
achievements which have been made possible as a result of the  
goodwill and spirit of co-operation that exists between the  
Governments and people of Great Britain and Egypt.

I would, in particular, like to thank you for your personal  
interest in the Project, demonstrated by your participation in the  
plaque unveiling ceremony.

I sincerely hope that we could once again have the honour of your  
presence at the celebration marking the successful completion of  
the Project.

Sincerely yours,

*A.R. Labib*

Eng. Abdel Rahman Labib  
Minister of Housing and  
Utilities.



FCS/85/261

SECRETARY OF STATE FOR TRADE & INDUSTRY

Egyptian Projects: Considerations for the Prime Minister's Visit

1. I thought I should await the outcome of the visit before replying to your letter of 10 September. In the event, questions of future aid were not raised. *WILL REQUEST IF REQUIRED*

2. I was grateful to you for agreeing to accept my compromise proposal, which allowed the briefing to go forward. But I could not accept the possible implication in your suggested understanding that, if the Egyptians indicate that they want British participation in Ain Moussa, then the developmental considerations will be simply set aside. You may recall that at the meeting with the CBI on 12 September the Prime Minister said that "aid should not be seen simply as promoting UK economic objectives; it had also to serve developmental objectives".

3. I am very much in favour of giving full weight to the industrial and commercial factors as well as to political and developmental considerations in cases of this kind. But we should not prejudge now the results of that assessment.

4. I am copying this minute to the Prime Minister, Nigel Lawson and Michael Heseltine.

GEOFFREY HOWE

Foreign & Commonwealth Office  
14 October 1985



EGYPT RELATIONS  
NOV 80



ADVANCE COPIES

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PS/POB  
MR DEREK THOMAS  
MR FERGUSSON  
MR EGERTON  
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CABINET OFFICE DIO

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IMMEDIATE

PRESIDENT MURARAK'S VISIT TO WASHINGTON

SUMMARY

1. AS EXPECTED, PRESIDENT MURARAK PRESSED FOR EARLY US ACTION TO MOVE THE PEACE PROCESS FORWARD.

DETAIL

2. PRESIDENT MURARAK HAD TALKS IN WASHINGTON ON 23 SEPTEMBER WITH PRESIDENT REAGAN AND SHULTZ, LUNCHEONED WITH RUSH, AND MET (SEPARATELY) TREASURY SECRETARY BAKER, WEINBERGER AND MEMBERS OF BOTH HOUSES OF CONGRESS.
3. THE STATE DEPARTMENT HAVE TOLD US THAT DISCUSSION OF THE PEACE PROCESS FOLLOWED PREDICTABLE LINES. MURARAK STRESSED THAT ARAFAT HAD TAKEN AN IMPORTANT STEP FORWARD WITH THE CONCLUSION OF THE 11 FEBRUARY AGREEMENT WITH KING HUSSEIN AND THAT HE NEEDED ENCOURAGEMENT. HE URGED THAT MURPHY SHOULD MEET THE JOINT JORDANIAN/PALESTINIAN DELEGATION WITHOUT PRECONDITIONS. HE MADE NO EXPLICIT REFERENCE TO OUR DECISION TO MEET A SIMILAR DELEGATION. THE AMERICANS REPLIED ON FAMILIAR LINES. THE STATE DEPARTMENT COMMENTED RUEFULLY THAT MURARAK DID NOT RECOGNISE A DISTINCTION BETWEEN MEMBERS OF THE PLO AND PALESTINIANS IN GENERAL (SIC) AND DID NOT UNDERSTAND US 'HEOLOGY OR POLITICS ON THIS ISSUE
4. KIRBY (MURPHY'S DEPUTY FOR MIDDLE EAST NEGOTIATIONS) TOLD US THAT SHULTZ AND THE EGYPTIAN FOREIGN MINISTER HAD HAD A MORE CONSTRUCTIVE AND DETAILED DISCUSSION OF AN INTERNATIONAL CONFERENCE AND THE PROBLEM OF PALESTINIAN REPRESENTATION. ABDUL MASID, WHOSE QUOTE PROBLEM SOLVING UNQUOTE APPROACH HAD IMPRESSED SHULTZ, HAD BEEN PREPARED TO LOOK FOR WAYS OF GETTING ROUND THE PROBLEM OF SOVIET PARTICIPATION. HE HAD ALSO SUGGESTED THAT THERE MIGHT BE A DISTINCTION BETWEEN PLO PRESENCE AT AN INTERNATIONAL CONFERENCE AND AT THE TABLE FOR DIRECT NEGOTIATIONS WITH THE ISRAELIS.
5. KIRBY MENTIONED THAT OTHER MEMBERS OF MURPHY'S TEAM HAD JOINED SHULTZ IN NEW YORK FOR DISCUSSIONS WITH THE JORDANIANS.



5. KIRRY MENTIONED THAT OTHER MEMBERS OF MURPHY'S TEAM HAD JOINED SHULTZ IN NEW YORK FOR DISCUSSIONS WITH THE JORDANIANS. HE THOUGHT THAT A REPLY TO THE PRIME MINISTER'S RECENT MESSAGE WAS LIKELY TO BE DEFERRED UNTIL AFTER KING HUSSEIN'S VISIT TO WASHINGTON.

6. THE STATE DEPARTMENT HAVE BEEN ENCOURAGED BY EGYPTIAN WILLINGNESS TO PURSUE A DUAL TRACK APPROACH IN DISCUSSING TARA WITH THE ISRAELIS. THE EGYPTIANS ARE PREPARED TO DISCUSS BOTH THE ARBITRATION COMPROMISE AND OTHER ARRANGEMENTS FOR SOLVING THE PROBLEM, WHICH THE ISRAELIS, THOUGH NOT THE EGYPTIANS THEMSELVES, MIGHT BE ABLE TO PRESENT AS CONCILIATION. THE NEXT ROUND OF EGYPTIAN/ISRAELI TALKS, AT WHICH A STATE DEPARTMENT LEGAL ADVISER WILL BE PRESENT, IS TO BE HELD ON 26 SEPTEMBER. TAMIR AND KINCHE WILL LEAD FOR THE ISRAELIS, BADAWI AND ORARI FOR THE EGYPTIANS. THE STATE DEPARTMENT EXPECT THIS MEETING TO FOCUS ON ARRANGEMENTS FOR FUTURE MEETINGS RATHER THAN ON ISSUES OF SURSTANCE.

7. MUBARAK ASKED FOR MORE US ECONOMIC AID AND COMPLAINED OF THE GROWING BURDEN OF EGYPT'S FMS DEBT REPAYMENTS. THE STATE DEPARTMENT ARE SYMPATHETIC BUT SEE NO PROSPECT OF AN EARLY SOLUTION TO THIS PROBLEM. THEY POINT OUT THAT OTHER FMS RECIPIENTS, NOT LEAST ISRAEL, ARE IN SIMILAR DIFFICULTIES AND THAT THE PROBLEM WILL HAVE TO BE ADDRESSED ON A GLOBAL BASIS.

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16 SEP 1985  
*[Signature]*

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TO IMMEDIATE CAIRO  
TELNO 331  
OF 121630Z SEPTEMBER 85

MESSAGE FROM THE PRIME MINISTER TO THE NEW EGYPTIAN PRIME  
MINISTER

1. PLEASE CONVEY THE FOLLOWING MESSAGE URGENTLY TO DR ALI LUPTI.  
BEGINS

'I SEND YOU MY CONGRATULATIONS UPON YOUR APPOINTMENT AS  
PRIME MINISTER OF THE ARAB REPUBLIC OF EGYPT, AND WISH YOU WELL  
IN THE IMPORTANT TASKS YOU FACE. I AM GREATLY LOOKING FORWARD  
TO MEETING YOU IN CAIRO NEXT WEEK AND TO WORKING CLOSELY WITH  
YOU.'

HOWE

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10 DOWNING STREET

*From the Private Secretary*

12 September 1985

**NEW EGYPTIAN PRIME MINISTER**

Thank you for your letter of 11 September enclosing a draft message of congratulations to the new Egyptian Prime Minister.

The Prime Minister has approved the enclosed version which I should be grateful if you could despatch.

(C. D. POWELL)

Peter Ricketts, Esq.,  
Foreign and Commonwealth Office.



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TO IMMEDIATE CAIRO

TELNO

OF

MESSAGE FROM THE PRIME MINISTER TO THE NEW EGYPTIAN PRIME MINISTER

1. Please convey the following message urgently to Dr. Ali Lutfi.

BEGINS

"I send you my congratulations upon your appointment as Prime Minister of the Arab Republic of Egypt, and wish you well in the important tasks you face. I am greatly looking forward to meeting you in Cairo next week and to working closely with you."

ENDS

HOWE

YYYY

MAIN

PS

NENAD

MR Egerton



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①



Foreign and Commonwealth Office  
London SW1A 2AH

11 September 1985

Prime Minister  
Agree attached  
message?  
CDP  
11/9.

Dear Charles, Yes not  
New Egyptian Prime Minister

President Mubarak has appointed Dr Ali Lutfi as  
Prime Minister in Egypt to replace Kamal Hassan Ali.

Sir Alan Urwick has recommended that the Prime Minister  
send a message of congratulation to Dr Lutfi (who will  
greet her on arrival in Cairo). I enclose a draft.

Yes ever,  
P F Ricketts

(P F Ricketts)  
Private Secretary

C D Powell Esq  
10 Downing Street

**CONFIDENTIAL**

CONFIDENTIAL

FM CAIRO

TO DESKBY 050930Z FCO

TELNO 585

OF 050842Z SEPTEMBER 85

**EGYPT: CABINET RESHUFFLE  
SUMMARY**

1. EGYPTIAN PRIME MINISTER RESIGNS AND IS REPLACED BY DR ALI LUTFI, A FORMER MINISTER OF FINANCE. ARRANGEMENTS FOR THE PRIME MINISTER'S VISIT TO EGYPT ARE UNLIKELY TO BE AFFECTED.

## DETAIL

2. THE FOURTEEN-MONTH OLD CABINET OF KAMAL HASSAN ALI RESIGNED LAST NIGHT. DR ALI LUTFI, CHAIRMAN OF THE RULING NATIONAL DEMOCRATIC PARTY'S ECONOMIC COMMITTEE AND FORMER FINANCE MINISTER, HAS BEEN APPOINTED PRIME MINISTER AND HAS ANNOUNCED THAT HE HOPES TO ANNOUNCE A NEW CABINET BY 7 SEPTEMBER.

3. THIS MOVE HAS COME AS A COMPLETE SURPRISE TO ALL OBSERVERS HERE. KAMAL HASSAN ALI'S HEALTH HAS BEEN POOR FOR SOME TIME, AS HAS HIS WIFE'S, BUT WE KNOW OF NO SUDDEN CRISIS TO CAUSE HIS RESIGNATION. IT IS WIDELY BELIEVED HERE THAT THE PRESIDENT HAS EITHER CREATED OR SEIZED AN OPPORTUNITY TO STRENGTHEN THE ECONOMIC PERFORMANCE OF HIS GOVERNMENT BY APPOINTING A PROFESSIONAL ECONOMIST AT ITS HEAD. THE FORTH-COMING MEETING OF WORLD BANK/IMF IN SEOUL IN EARLY OCTOBER COULD PROVE CRITICAL FOR EGYPT IN SEEKING STANDBY ARRANGEMENTS.

4. MR LUTFI (1979 LPR PAGE 53) IS AN UNEXPECTED CHOICE AS PRIME MINISTER. ALTHOUGH HE HAS CABINET EXPERIENCE, AS MINISTER OF FINANCE BETWEEN 1978 AND 1982, HE DID NOT PARTICULARLY DISTINGUISH HIMSELF AS A MINISTER AND HAS NOT BEEN AT THE CENTRE OF EGYPTIAN POLITICAL LIFE SINCE THEN. A STRICT MUSLIM, HE HAS COMBINED HIS POLITICAL CAREER WITH AN ACADEMIC ONE (AS PROFESSOR OF ECONOMICS AT AIN SHAMS UNIVERSITY IN CAIRO). HE HAS ALSO RETAINED INTERESTS IN BANKING AND INDUSTRY AND HAS EXPERIENCE IN THE PRIVATE SECTOR AS A TAX SPECIALIST.

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5. WE HAVE CHECKED WITH THE PRESIDENCY, WHO HAVE CONFIRMED THAT THE GOVERNMENT CHANGE WILL HAVE NO EFFECT ON THE ARRANGEMENTS FOR THE PRIME MINISTER'S PROPOSED VISIT TO EGYPT OF 16-18 SEPTEMBER. HOWEVER, THE NEW PRIME MINISTER WILL OF COURSE WANT TO REVIEW THOSE PARTS OF THE PROGRAMME IN WHICH HE IS PERSONALLY INVOLVED. WE WILL BE IN TOUCH WITH HIS OFFICE AS SOON AS POSSIBLE.

URWICK

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PS/HR RENTON

PS/AUS

HR FREQUSSON

HR FERGERTON

HR BUIST OPA

COPIES TO:

MR TITCHNER O19 DTI

MR PERRY RND2 M.O.D

MR GOTTIS ECGD





FCS/85/234

NSR7  
COO  
79SECRETARY OF STATE FOR TRADE AND INDUSTRYEgyptian Projects: Considerations for the Prime Minister's Visit

1. Norman Tebbit wrote to me on 9 August about the commercial and industrial aspects of the Prime Minister's visit to Egypt in two weeks' time. Our two Departments have differed on which project should be given priority by the Prime Minister; I am now writing to propose an approach which takes account of the various interests involved and should I hope allow us to resolve this issue quickly and without the need for a meeting, so that briefing for the Prime Minister can be completed.

2. I understand the attractiveness to British industry of the Ain Moussa coal-fired power station, which Norman Tebbit advocates. I recognise that there is a significant opportunity here for Anglo-Japanese cooperation. It is certainly important that we should use the Prime Minister's visit to ensure that the Anglo-Japanese consortium's bid gets proper consideration by the Egyptians when the time comes, and is not brushed aside by sharp practice on the part of our competitors. But for the reasons set out below I do not agree that we should use this occasion to make a pre-emptive offer or indication of soft credit to back up the bid.

3. Norman accepted that the focus of interest in Egypt during the Prime Minister's visit will be the Cairo Wastewater Scheme which, unlike Ain Moussa, is already well under way, is well-known in Egypt and generally expected to produce considerable benefits when it is completed. The Egyptians

/will



will inevitably be asking questions about our intentions over funding the next phase - not least because, as Lord Selsdon and others keep pointing out, the full benefits of the first phase will not be realised until Phase II is complete. From a purely technical point of view it would probably be sensible to start construction work on Phase II about two years hence (though the administrative constraints may well stretch this a bit). But funding for Phase II would naturally have to be settled well in advance. If there were a hiatus, this would be bound to increase costs, and British contractors already mobilised in Cairo for Phase I could stand to lose business as a result of any gap. Much of the planning and design work for Phase II has already been completed, so that I see no need for a new feasibility study. It follows that if the Prime Minister offered such a study, as Norman proposed, this would be likely to lead on to all sorts of more awkward questions about our readiness to finance the substantive work in the second phase through aid and credit. It would be politically counter-productive if she then had to evade these questions.

4. In the circumstances, I believe that the Prime Minister should handle the issue by indicating, in general but non-committal terms, that we shall consider in due course what further support we might be able to provide in response to any Egyptian request for help with Phase II when the time comes. This would then still leave us with all to play for.

5. Keeping open in this way the possibility of soft credit for Phase II of the Cairo Wastewater Scheme in itself suggests caution over a specific offer of such assistance for Ain Moussa - both because the contrast would be uncomfortably obvious, and because the two could not simultaneously be accommodated within the agreed credit limits. But I wonder if this really matters. In the Egyptians' eyes, Ain Moussa is still some way off. It

/is





is not on their current shopping list with the Japanese; we are not sure yet of the firmness or the size of Japan's willingness to contribute; and we do not know yet whether the Egyptians will insist on international tender, as their legislation and their normal (though not invariable) practice would require. On past experience it could be two or three years, or more, before work could start. There is no clear prospect of Ain Moussa merely filling an interim gap before the next phase of the Wastewater scheme.

6. Janet Young has already set out briefly the wider considerations emphasised by Tim Raison to Paul Channon about Egypt's economic policies, and especially its policies on power tariffs. These, too, make me very reluctant to sanction a specific soft credit offer in support of Ain Moussa, especially now. The large subsidies given on oil sold to the power sector and other consumer items directly enhance the country's mounting budtetary, balance of payments and debt problems. It cannot make much sense for us to help to push the Egyptians now into an expensive investment with doubtful economics, which will make no early positive impact on their foreign exchange position, and increase the risk of precipitating a payments crisis. this is also particularly important when we are trying to get the message of sound economic management much more widely across to governments in Africa.

7. I propose therefore that instead of making a specific offer of support for Ain Moussa, the Prime Minister should be asked to make clear to the Egyptians the importance we attach to British industry being given a full opportunity to compete with others in all public sector contracts, including those in the power sector, and specifically including Ain Moussa when the time comes. This would underline our interest in the project at the highest level, and would make it very difficult for the Egyptians to allow our competitors to steal a march on us. If the Egyptians reply that this will depend on the availability of soft credit

/the





the Prime Minister could reply that this issue would of course have to be settled at the time.

8. I hope you will agree when you have had a chance to look at the subject that this approach offers the best way of pursuing all the British interests involved in these matters.

9. I am copying this minute to the Prime Minister, the Chancellor of the Exchequer and the Secretary of State for Defence.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office  
5 September 1985

Relations: Egypt  
11/80



The Joint Secretary would reply that this issue would be covered  
here to be included in the line.

2. I hope you will agree when you have had a chance to look  
at the attached copy of a proposed release that you will  
be satisfied with the British interests involved in this matter.

3. I am sorry to hear of the death of the late Sir  
Charles of the Embassy and the Secretary of State for  
Ireland.

W

(SIGNED)

Foreign and Commonwealth Office  
London, W1A 0AA



CONFIDENTIAL

cc DC  
PC



Foreign and Commonwealth Office  
London SW1A 2AH

From The Minister of State

20 August 1985

NBM

Dear Norman,

EGYPTIAN PROJECTS: CONSIDERATIONS FOR THE PRIME MINISTER'S VISIT

In Geoffrey Howe's absence, I am writing to give an interim reply to your letter of 9 August about the Ain Moussa power project in Egypt. We shall show him your letter on his return, and he will send you a substantive reply as soon as possible thereafter, after receiving advice from the ODA and the Diplomatic Wing here. As you know, Tim Raison and Paul Channon discussed the outstanding difficulties, and were not able to reach agreement.

As you set out Paul Channon's points in your letter, it would, I think, be fair to repeat in his absence those made by Tim Raison. They were:

- The Egyptian electricity sector was badly managed. Its tariffs were too low and demand was artificially high. This had distorting effects on the whole Egyptian economy. With a proper tariff structure, which could not of course be introduced immediately, there would be less need for new generating capacity. Investment in Ain Moussa might be a misuse of Egyptian as well as ODA resources.
- the Egyptian economy was in difficulties and the country's borrowing capacity would be increasingly constrained over the next few years. Priorities

/should

The Rt Hon Norman Tebbit MP  
Department of Trade and Industry  
1-19 Victoria Street  
London SW1

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should therefore go to borrowing for projects which would provide a rapid economic return.

- with the International Monetary Fund and the World Bank we were trying to get across to African governments the need for improvement of their economic management. It would undermine their - and our - position if HMG were to support a large and uneconomic project in Egypt, the more so as the World Bank had been making a particular effort to persuade the Egyptians to put their electricity sector on a proper footing.
- there was no shortage of candidates for the use of ATP money in Egypt. Others could be of equal benefit to British industry and employment.

You also referred to the attitudes of other donors who you suggested showed disregard for World Bank susceptibilities. We know that the Americans and Canadians were recently willing to offer support for the Damanhour power station extension. But on checking through notifications since 1982 under the agreed international procedures we have not found much else: nothing from Italy or Spain; a reference to a power station in the French 1985 protocol; and two notifications from Belgium in 1984. If your Department has up-to-date and reliable information, we should be grateful if your officials could let ours know.

I am copying this letter to the Prime Minister, Nigel Lawson and Michael Heseltine.

*Yours etc*

*Baroness*

Baroness Young



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CPK



DEPARTMENT OF TRADE AND INDUSTRY  
1-19 VICTORIA STREET  
LONDON SW1H 0ET 5422

TELEPHONE DIRECT LINE 01-215  
SWITCHBOARD 01-215 7877

Secretary of State for Trade and Industry

*concern to note*

9 August 1985

The Rt Hon Sir Geoffrey Howe QC MP  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
LONDON  
SW1A 2AH

*NBPM*

*D Geoffrey*

EGYPTIAN PROJECTS : CONSIDERATIONS FOR THE PRIME MINISTER'S VISIT

Our officials have been considering which projects might be the commercial and industrial focus of the Prime Minister's visit to Egypt and Jordan next month. I am now writing about Egypt.

2 We see the most promising project as the Ayoun Moussa coal-fired power station. Your officials are aware of the details, which have been circulated in a SCAT paper. For this, Egypt's first coal-fired project, an Anglo-Japanese consortium has presented proposals to the Egyptian Government whereby Japan would be the project leaders and would provide the bulk of the finances. The Japanese share would be £370 million and the UK share £150 million. The Japanese envisage providing soft finance and will require complementary financing from their UK partners (i.e. ATP terms). If the UK is unable to meet this requirement, the Japanese will look elsewhere; the Canadians and Australians are waiting in the wings.

3 However, we cannot proceed until we resolve the impasse we have reached with the ODA over the sanctioning of ATP support for power projects in Egypt. This has been the subject of correspondence and a meeting between Paul Channon and Timothy Raison. Paul also raised the issue with Richard Luce. ODA's position, I understand, derives from the economics of the Egyptian power sector and a desire not to undermine the World Bank's position on lending to that sector without progress on reducing Egyptian subsidies on electricity tariffs. The Egyptians have in fact moved in this direction but their overriding need to maintain political stability dictates a cautious approach.

JF4ABD





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4 Our competitors have shown complete disregard for World Bank susceptibilities. Not only the Germans, French, Italians, Canadians and Spaniards, but even the USA have recently offered soft finance for power projects in Egypt. I, and I am sure British industry, would find it intolerable for the UK to adopt a purist approach to business in the power sector when there is clear evidence that others have no such qualms and are already stealing a march on us.

5 I recognise that export credit cover for Egypt is extremely tight and that the Export Guarantee Committee (EGC) has before it a recommendation for no increase. However, Ayoun Moussa could be accommodated if half of the existing £300 million reservation for defence business was to be reallocated for civil projects, as has been envisaged.

6 As you know, the Prime Minister is being asked to unveil a commemorative plaque to mark the joint UK-Egyptian contribution to the Cairo Wastewater Scheme. It is of course inevitable that she will be asked about British intentions towards funding the second phase of the scheme. We believe that because of lack of Egyptian resources and the large amount of difficult construction work ahead, it will be at least three or four years before Phase II could start. I therefore think it unwise to tie up credit at this stage - and thus block cover for other projects. I would suggest that while the Prime Minister might express interest in the future of the project by suggesting a UK-funded feasibility study to consider the scope of Phase II she should not give any commitment on aid and credit. Do you agree with this approach, which would enable us to pursue Ayoun Moussa in the interim?

7 I suggest that, provided the necessary credit cover can be reserved, we make ATP funds available for the Ayoun Moussa project. The Prime Minister could make an offer of UK support as part of an Anglo/Japanese consortium. Her offer would of course be conditional on the Japanese subsequently committing themselves to the project leadership and to finance. I hope that you can agree to this.

8 I am copying this letter to the Prime Minister, Nigel Lawson and Michael Heseltine.

NORMAN TEBBIT

JF4ABD



*CP*  
MRS. RYDER

The Egyptian Ambassador is very keen to invite the Prime Minister to dinner before she goes to Egypt on 16 September. I told him that I thought this would be very difficult indeed since the Prime Minister was heavily engaged in the first half of September and was likely to be out of London for most of it.

I think it probably is impossible. But in the unlikely event that it could be squeezed in, there is something to be said for it. It gets a visit off to a good start if the Prime Minister has dined at the Embassy of the host country shortly before (and we would probably have to find a way of including the Jordanians in the same occasion). Since the whole purpose of the visit is to Be Nice To Jordan and Egypt, if attendance at a dinner can be arranged without excessive cost to the Prime Minister's time and energy, it would be worthwhile. Could you see if it would be possible in some way or another?

*CP*

C.D. Powell  
17 July 1985



BK // keep his journal  
at time of briefing  
for REgypt visit  
CDP



CHARLES POWELL

10 DOWNING STREET

8th July 1985

Dear David,

I am writing on the Prime Minister's behalf to thank you for your letter of 1st July, together with its enclosure. It is most helpful of you to have sent this, and I will ensure that it is taken into account in briefing for the Prime Minister's proposed visit to Egypt.

Yours truly  
Michael

MICHAEL ALISON

David Amess Esq MP



HOUSE OF COMMONS  
LONDON SW1A 0AA

DAVID AMESS MP  
Member of Parliament for Basildon

1st July 1985

Dear Prime Minister,

I am currently corresponding with Michael Jopling with reference to a firm in my constituency, Meatal Ltd, about the length of time the Intervention Board is taking to pay refunds on exports.

During one of the exchanges of correspondence, my constituents brought to my attention the general subject of trade with Egypt. They feel that with the United Kingdom being the seventh largest exporter of beef in the world and with Egypt being the largest importer of beef, little is being done to encourage the expansion of trade with that country.

In view of the fact that you are to visit Egypt this year, I thought you might be interested in the company's comments and I enclose a copy of the relevant letter.

Yours ever,  
David.

D.A. AMESS MP  
BASILDON

The Right Honourable Margaret Thatcher MP  
The Prime Minister



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MR. DAVID AMESS M.P.  
HOUSE OF COMMONS,  
LONDON SW1A 0AA.

18th June 1985.

Dear Mr. Amess,

We would be grateful to know if there has been any progress following our meeting, regarding the exceptional delays in payments of refunds due on beef exports from the Intervention Board for Agricultural Produce.

The situation of our company remains critical. We have almost completely ceased trading at our Teddington office, and production at our Basildon factory.

We live in hope that there will be a speedy solution to our cash flow problems and respectfully elaborate on the other subject mentioned at our meeting, that of beef exports to Egypt. It has come to our notice that France has recently obtained a contract of 30,000 tonnes of beef to be exported to Egypt over the next year. The significant factor being that finance for the Egyptian purchase has come from the French government, spread over four years and the guarantees required by their Intervention Board (offical) for payment of export refunds, have been guaranteed by the C.O.F.A.C.E (government supported Insurance company).

It was mentioned by Dr Shaalan, Chairman of the Egyptian company for meat at our recent Meat International Congress, that they were dissapointed not to have had visit from Mrs. Thatcher and in particular they felt that England was making little effort to sell into their market.

N.B. Egypt is currently the world's largest importer of beef and the United Kingdom is now the seventh largest world exporter of meat.



continued.

In view of the efforts made by other E.E.C. members, and noting Mrs Thatcher's reported visit to Egypt next September, we would be grateful if our comments could be made known to The Prime Minister.

The U.K. meat trade is currently endeavouring to form a consortium for the export of beef to Egypt, but finance is always a difficulty, especially in view of the current delays that the U.K. suffers in payment of refunds.

We would be delighted to elaborate on any of these points, should you feel it helpful.

Yours sincerely

*Jenny Burt*

JENNY BURT.  
DIRECTOR.



*Prime Minister  
ref. p 6.*

OV1/249

Programme of arrangements made by the  
Central Office of Information for the  
Foreign and Commonwealth Office

HIS EXCELLENCY DR RIF'AT AL MAHGOUB  
President, People's Assembly

and

His Excellency Dr Mohammed ABDELLAH  
Chairman, Foreign Relations Committee, People's Assembly

with

Mr Sharif KHAFAGI  
Chief of Protocol, People's Assembly

and

Colonel Mahmud NASSER  
Security Officer

Cairo

EGYPT

17 - 22 March 1985

Accompanied by Mr Roger Nicholson, Central Office of Information

Programme Organiser:

Miss Christine MacLean  
Overseas Visitors and Information Studies  
Central Office of Information  
Hercules Road  
LONDON SE1 7DU

Tel: 01-928 2345, Ext 480

Sunday 17 March

1135

ARRIVAL

Arrive with Mrs al Mahgoub and Mrs Abdellah, at London Heathrow Airport, Terminal 3, by Egypt Air, flight MS 777 from Cairo.

Met in the Hillingdon Suite and welcomed to Britain by Sir Edwin Arrowsmith KCMG, Special Representative of the Secretary of State for Foreign and Commonwealth Affairs.

Also present will be:

His Excellency Mr Yousef Sharara  
Ambassador Extraordinary and Plenipotentiary  
for the Arab Republic of Egypt

and

Miss Christine MacLean  
Central Office of Information

Continue in cars to the Hyde Park Hotel, Knightsbridge, London SW1 (Tel: 01-235 2000), where accommodation has been reserved.

The remainder of the day is free.

Monday 18 March

11.30 - 1200 noon

PROGRAMME DISCUSSION  
THE SPEAKER  
OFFICIAL LUNCHEON  
WESTMINSTER ABBEY  
THEATRE VISIT

Met at hotel for a brief discussion of the programme arrangements by:

Mr John Crompton  
Deputy Director  
Overseas Visitors and Information Studies  
Central Office of Information

Mr Tim Holmes  
Near East and North Africa Department  
Foreign and Commonwealth Office

Miss Christine MacLean  
Programme Organiser

and

Mr Roger Nicholson  
Central Office of Information



Monday 18 March cont'd

1220 Leave hotel in car with Mr Roger Nicholson, Central Office of Information, who will accompany HE Dr Rif'at al Mahgoub and HE Dr Mohammed Abdellah to their official appointments in London.

1235 Arrive at the Speaker's House, House of Commons, Palace of Westminster, SW1.

1240 Received by The Speaker, the Right Honourable Bernard Weatherill MP.

1300 Leave House of Commons in car.

1315 Arrive at Lancaster House, SW1.  
for  
1330 Attend an official luncheon given in honour of HE Dr Rif'at al Mahgoub by the Foreign and Commonwealth Office.

Host: Mr Richard Luce MP  
Minister of State for Foreign and  
Commonwealth Affairs

Later Leave Lancaster House in car for return to hotel.

1545 Leave hotel in cars with Mrs al Mahgoub and Mrs Abdellah.

1600 Arrive at Westminster Abbey, SW1.  
Welcomed by the Very Reverend Dr Edward Carpenter, Dean of Westminster.  
Accompanied on a tour of Westminster Abbey.

1645 Leave Westminster Abbey in cars for return to hotel.

1850 Leave hotel in cars with Mrs al Mahgoub and Mrs Abdellah.

1900 Arrive at the Theatre Royal, Haymarket, SW1.  
Met in the main foyer by:  
Mr David Crouch MP  
Chairman  
Anglo-Egyptian Parliamentary Group  
Refreshments will be served.

1930 Attend a performance of "The Way of the World", a play by William Congreve.  
Host: Mr David Crouch MP

Later Leave Haymarket in cars for return to hotel.

Tuesday 19 March

HM TOWER OF LONDON  
SIGHTSEEING DRIVE  
THE LORD MAYOR OF LONDON  
INTER-PARLIAMENTARY UNION  
LUNCH WITH MEMBERS OF PARLIAMENT  
HOUSE OF COMMONS GALLERY  
DINNER: THE SPEAKER

- 0825 Leave hotel in cars with Mrs al Mahgoub and Mrs Abdellah.
- 0855 Arrive at HM Tower of London, EC3 (West Entrance).
- 0900 Welcomed by Major General A P W MacLellan CB MBE, Resident Governor and Keeper of the Jewel House, and Mrs MacLellan.
- Accompanied on a private visit to the Jewel House, the Chapel of St Peter Ad Vincula and the Queen's House.
- 1030 Leave HM Tower of London for a short sightseeing drive around the City of London, to include St Katharine's Dock and St Paul's Cathedral.
- 1125 Arrive at the Mansion House, EC4.
- 1130 Received by the Right Honourable The Lord Mayor, Sir Alan Traill, GBE MA.
- 1145 Leave Mansion House in cars for return to hotel.
- 1230 Leave hotel in car.
- 1240 Arrive at the House of Commons, Palace of Westminster, SW1 (St Stephen's Entrance).
- Continue to the rooms of the Inter-Parliamentary Union, Westminster Hall.
- 1245 Welcomed and introduced to members of the Inter-Parliamentary Union by:
- Mr Peter Temple-Morris MP  
Chairman
- Sign the Visitors' Book.
- 1255 Continue to the Harcourt Room.
- Luncheon with Members of Parliament.
- Host: Mr Peter Temple-Morris  
Conservative Member of Parliament for  
Leominster, and Chairman,  
Inter-Parliamentary Union

Tuesday 19 March cont'd

Guests:

Mr David Crouch  
Conservative Member of Parliament for  
Canterbury, and  
Chairman, Anglo-Egyptian Parliamentary Group

Mr Dennis Canavan  
Labour Member of Parliament for  
Falkirk West, and  
Member, Select Committee on Foreign Affairs

Mr Roy Hughes  
Labour Member of Parliament for  
Newport East

Mr T Holmes  
Near East and North Africa Department  
Foreign and Commonwealth Office

and

Miss Christine MacLean  
Central Office of Information

- 1420 Continue to the Central Lobby.
- 1425 Watch The Speaker's Procession.
- 1430 Continue to The Speaker's Gallery to attend the afternoon's proceedings in the House of Commons, including presentation of the Government's Budget Speech by the Right Honourable Nigel Lawson, MP, Chancellor of the Exchequer.
- Later Leave Palace of Westminster in car for return to hotel.
- 1900 Leave hotel in cars with Mrs al Mahgoub and Mrs Abdellah.
- 1915 Arrive at the Speaker's House, Palace of  
for Westminster, SW1.  
1930
- Attend a dinner in the State Rooms given in honour of HE Dr Rif'at al Mahgoub by The Speaker and Mrs Bernard Weatherill.
- Later Leave Palace of Westminster in cars for return to hotel.



Wednesday 20 March

BBC: ARABIC SERVICE  
LUNCHEON: COUNCIL FOR ADVANCEMENT OF ARAB-BRITISH  
UNDERSTANDING (CAABU)  
THE PRIME MINISTER  
SECRETARY OF STATE FOR FOREIGN AND COMMONWEALTH  
AFFAIRS  
DINNER ENGAGEMENT

1115

Leave hotel in car.

1130

Arrive at the BBC External Services, Bush House,  
Aldwych, WC2 (Centre Block Entrance).

Met in reception by Miss Vanda Elliott, Arabic  
Service.

Welcomed by Mr Eric Bowman, Head of the Arabic  
Service.

Tea and introduced to senior representatives of the  
Arabic Service for general discussions on matters  
relating to Middle Eastern affairs.

1230

Leave Aldwych in car.

1300

Arrive at The Arab-British Centre, 21 Collingham  
Road, SW5.

Luncheon as guests of the Council of Advancement of  
British-Arab Understanding (CAABU).

Host: Mr David Watkins  
Director

Later

Leave Collingham Road in car.

1545

[ Received by the Right Honourable Margaret Thatcher,  
FRS, MP, Prime Minister. (NO 10)

1600

Leave 10 Downing St. in car.

1655

Arrive at the Foreign and Commonwealth Office, King  
Charles Street, SW1 (Ambassador's Entrance).

1700

Received by the Right Honourable Sir Geoffrey Howe,  
QC MP, Secretary of State for Foreign and  
Commonwealth Affairs and Minister of Overseas  
Development.

1720

Leave King Charles Street in car for return to  
hotel.

Wednesday 20 March cont'd

1945

Leave hotel in cars with Mrs al Mahgoub and Mrs Abdellah.

2000

Arrive at the residence of the Egyptian Ambassador, 75 South Audley Street, W1.

Attend a dinner as guests of His Excellency Mr Yousef Sharara, Ambassador Extraordinary and Plenipotentiary for the Arab Republic of Egypt, and Mrs Sharara.

Later

Leave South Audley Street in cars for return to hotel.

Thursday 21 March

HE Dr Rif'at Al Mahgoub and  
Colonel Nasser

DEPARTURE

1015

Leave hotel with Mrs al Mahgoub (and luggage), for London Heathrow Airport, Terminal 3, (Hillingdon Suite).

1200 noon

Leave Britain by Trans World Airlines, flight TW 703, for Washington.

HE Dr Mohammed Abdellah

SELECT COMMITTEE ON FOREIGN AFFAIRS  
ROYAL INSTITUTE OF INTERNATIONAL AFFAIRS

Morning

Free.

Early afternoon

Arrangements are being made for a meeting with Sir Anthony Kershaw, MP, Chairman, Select Committee on Foreign Affairs.

(Details to follow).

1600

Arrive at the Royal Institute of International Relations, Chatham House, St James's Square, SW1.

Met by Mr Keith Kyle, Meetings Secretary.

Tea and introduced to members for discussions relating to current events in the Middle East.

1730 approx

Leave St James's Square in car for return to hotel.

Mr Khafagi

Day

Free.

Friday 22 March

HE Dr Mohammed Abdellah

DEPARTURE

Depart Britain for Paris with Mrs Abdellah.

(Details to follow).

Mr Sharif Khafagi

DEPARTURE

Depart Britain for Cairo.

(Details to follow).

15 March 1985



CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

19 March, 1985

Dear Charles, Egypt

The Prime Minister has agreed exceptionally to receive Dr Rif'at al Mahgub, Speaker of the Egyptian People's Assembly for a brief courtesy call at 15.45 on 20 March. He will be accompanied by Dr Mohammed Abdellah, Chairman of the People's Assembly Foreign Affairs Committee. They are visiting Britain as Category I Sponsored visitors.

We understand that the Prime Minister met Dr al Mahgub when she visited Egypt as Leader of the Opposition in 1976. Dr al-Mahgub ranks second in the Egyptian hierarchy after the President whom he would succeed if President Mubarak should die suddenly. He is widely tipped to be the next Prime Minister if the present incumbent, Kamal Hassan Ali, is forced to resign through ill-health. Despite his ostensibly neutral role as Speaker, Dr al-Mahgub plays an important role in the formation of Egyptian foreign policy. He has been directly involved in President Mubarak's initiatives and attended the President's meeting with King Hussein on 6 March. President Mubarak briefed him personally on his own visit to Britain and his meeting with Mrs Thatcher last week.

Dr Mohamed Abdellah has also been directly involved in President Mubarak's initiative and was sent as the President's envoy to see Prime Minister Peres in Bucharest. He knows Mr Peres well and has been an important channel of contact with Israel.

I attach personality notes of Dr al Mahgub and Dr Abdellah and a copy of the programme for the visit.

*Yours ever,*  
*Peter Ricketts*  
(P F Ricketts)  
Private Secretary

C D Powell Esq  
10 Downing Street

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1985

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DEPARTMENT

Department of Justice for the United States

1985

1985

Department of Justice

DEPARTMENT

Department of Justice for the United States

1985

1985



MAHGUB, DR RIF'AT

Speaker of the People's Assembly since June 1984.

Born 1926 in the Delta. Studied law at Cairo University and then 1949-1953 at the Sorbonne, gaining a PhD for a thesis on Keynes. Thereafter he returned as lecturer - subsequently professor - of economics in Cairo University. 1971 Dean of the Faculty of Economics and Political Science. March 1973 relinquished his University appointment while retaining professorial status when appointed Arab Socialist Union Secretary of Ideology, Religion and Propaganda which was combined with the post of Minister for Political Affairs in the Presidency. August 1973 appointed to the Committee to draft revision of the National Charter. February 1974 appointed to National Council for Production and Economic Affairs. April 1975 First Secretary of the Arab Socialist Union, but after a disagreement with Sadat returned to Cairo University in 1976. He seemd to have left the political stage for good until Mubarak unexpectedly brought him out of retirement in June 1984, first appointing him simultaneously a member of the People's Assembly and its Speaker. At the time of writing strongly tipped to take over as Prime Minister should Kamal Hassan Ali's ill-health force him to relinquish the post.

Married, speaks adequate though not fluent English. Basically friendly and well-disposed. His wife is a law don at Cairo University. A sponsored visitor to Britain in 1974.





ABDELLAH, DR MUHAMMAD AHMAD

Chairman of the People's Assembly Foreign Affairs Committee  
(May 1980).

Born 1946 in Alexandria. Attended Victoria College, Alexandria. Doctorate in economics from Alexandria University where he now works occasionally as a lecturer in economics. During Nasser's rule spent eight years in France, gaining a diploma in higher political studies from the Sorbonne, and then working for five years as an AFP correspondent. Founder member of the Franco-Arab Union of Journalists. Member of the Politbureau of the old Egypt Party, responsible for Alexandria youth. Founder member of the National Democratic Party and was its Secretary-General for Alexandria. Elected for the Montazah and Mamurah division of Alexandria in 1979, and is now head of the Alexandria Parliamentary Group. Led a parliamentary delegation to Israel in January 1981, and was a member of the group which subsequently visited Britain on a COI tour.

Married (in late 1981) to the daughter of a millionaire businessman. Abdallah speaks excellent French and good English. His wife was formerly a moneybroker in London and Cairo. Though primarily French orientated he enjoys good relations with the Embassy.



## Background Note

QVI/249

HIS EXCELLENCY DR RIF 'AT AL MAHGOUB  
President, People's Assembly

and

His Excellency Dr Mohammed ABDELLAH  
Chairman, Foreign Relations Committee, People's Assembly

Accompanied by

Mr Sharif KHAFAGI  
Chief of Protocol, People's Assembly

and

Colonel Mahmud NASSER  
Security Officer

Cairo

EGYPT

17 - 22 March 1985

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The Foreign and Commonwealth Office has invited HE Dr Rif'at al Mahgoub and HE Dr Mohammed Abdellah to Britain to enable them to meet those with whom they share professional interests and to encourage good Anglo-Egyptian relations. The Central Office of Information has been requested to arrange the programme.

At present there is no Vice-President in Egypt and HE Dr Rif'at al Mahgoub ranks immediately after the President and would automatically assume the Presidency should misfortune befall the present incumbent. HE Dr Mohammed Abdellah is also a high-ranking and influential official. Accordingly, they will be received at ministerial level and will be meeting senior politicians and representatives of organisations interested in Egypt.

HE Dr Rif'at Al Mahgoub was elected President of the People's Assembly in 1984 and his position equates to that of Speaker of the House of Commons. Additionally, he has further duties to organise the work of the Assembly and to advise the President on party political and other matters.

Formerly, he led a distinguished academic career at Cairo University where he was Lecturer in Law from 1949-54 before becoming Professor, then Dean, in the Faculty of Economy and Political Science from 1964-72. He was appointed Minister of Political Affairs at Presidency from 1972-75 and returned to Cairo University until 1984. He had studied at Cairo University and graduated with a Bachelor of Law degree in 1948 before studying at Paris University, where he received Diplomas in Law, in 1949 and 1950, and his PhD in Economics and Political Science in 1953. He is 58 years of age.

HE Dr Mohammed Abdellah was appointed Chairman of the People's Assembly Foreign Affairs Committee in 1980. Formerly, he was foreign correspondent in Paris for several years. He is a founder member of the National Democratic Party and has been a member of the People's Assembly since 1979. He has a Doctorate in Economics from Alexandria University and a Diploma in Higher Political Studies from the Sorbonne, He is 39 years of age.

Both Dr al Mahgoub and Dr Abdellah speak fluent English and are Muslim with the usual dietary restrictions of no pig meat or alcohol. They will be accompanied by Mr Khafagi and Colonel Nasser to all appointments and, also, by their wives to any sightseeing or social engagements in the evening.

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Programme Organiser: Miss Christine MacLean  
Overseas Visitors and Information Studies  
Central Office of Information  
Hercules Road, London SE1 7DU

Tel: 01-928 2345 Ext 480

15 March 1985





File No

24

10 DOWNING STREET

*From the Private Secretary*

15 March 1985

VISIT BY THE SPEAKER OF THE EGYPTIAN  
PEOPLE'S ASSEMBLY

Thank you for your letter of 12 March about the visit of Dr. Rif'at al Mahgub.

I am bound to say that I think this is a pretty marginal case and it would have been better not to put it forward, especially so soon after President Mubarak's visit. However, the Prime Minister has reluctantly agreed to see him for 15 minutes at 1545 on 20 March.

BF ||

CHARLES POWELL

Peter Ricketts, Esq.,  
Foreign and Commonwealth Office.

RESTRICTED

cc



15 min or 20 min  
15/3/85  
RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AH

12 March, 1985

Dear Charles,

Prime Minister  
Agree to see him  
for 15 minutes?  
CD 14/3.

Visit by the Speaker of the Egyptian People's Assembly

Dr Rif'at al Mahgub, Speaker of the Egyptian People's Assembly, is visiting Britain as a Category I Sponsored visitor from 18-20 March.

Accompanied by Dr Mohamed Abdillah, Chairman of the Foreign Affairs Committee of the People's Assembly, Dr Mahgub will be having dinner with the Speaker and meetings with the IPU and the Anglo-Egyptian Parliamentary Group. Mr Luce will host a lunch on 18 March and Sir Geoffrey Howe will see him on 20 March. Meetings will also be arranged with the Council for the Advancement of Arab-British Understanding and the Lord Mayor of London

Dr Mahgub has set great store by an opportunity to meet the Prime Minister again. We understand that he met the Prime Minister during her visit to Cairo as Leader of the Opposition in 1976, when he was Professor of Economics at Cairo University. Dr Mahgub is now an important figure within Egypt. He ranks second in the Egyptian hierarchy behind the President and would succeed him if anything were to happen. He is widely tipped to be the next Prime Minister if the present incumbent, Kamal Hassan Ali, is forced to resign through ill-health.

We are of course very conscious of the pressures on the Prime Minister's diary and the very many overseas visitors she receives. On the other hand, this is a classic case of a visitor, prominent in his own country if not yet in the first rank, who hopes for a call on the Prime Minister on the basis of previous acquaintance, and who will clearly be disappointed if he is refused. We are concerned to avoid such visitors taking up any more than the minimum of the Prime Minister's time. Given that, and the Parliamentary connection, we wonder whether the Prime Minister might see Dr Mahgub for ten minutes after Questions on Tuesday 19 March in her room at the House. We could arrange for Dr Mahgub to be in

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/the

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the Gallery during Questions; this arrangement should make it possible to keep the call on the Prime Minister's time as short as possible.

*Yr ever,*  
*Peter Ricketts*

(P F Ricketts)  
Private Secretary

C D Powell Esq  
10 Downing Street

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ADVANCE COPIES

17

MIDDLE EAST

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15-11-84

IMMEDIATE

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FM CAIRO 111105Z MAR 85

TO IMMEDIATE FCO

TELNO 139 OF 11 MARCH

RFI IMMEDIATE: PARIS, WASHINGTON

ROUTINE: UKMIS NEW YORK

PRESIDENT MUBARAK'S VISIT TO FRANCE: EGYPTIAN PRESS REACTION

1. PREDICTABLE PROMINENCE GIVEN TO WHAT IS DESCRIBED AS A SUCCESSFUL VISIT. PRESIDENT MITTERRAND ASKED TO INITIATE A DIALOGUE WITH YASSER ARAFAT.

DETAIL

2. PREDICTABLY, THE EGYPTIAN PRESS HAVE GIVEN PROMINENCE TO REPORTS OF PRESIDENT MUBARAK'S VISIT TO PARIS AND HIS MEETINGS WITH PRESIDENT MITTERRAND. MUBARAK IS REPORTED TO HAVE URGED MITTERRAND TO SUPPORT THE JORDAN/PLO INITIATIVE. HE IS SAID TO HAVE EXPLAINED HIS OWN SUGGESTIONS AND TO HAVE TOLD THE PRESS AFTER HE SAW MITTERRAND THAT THE FRENCH AND EGYPTIAN POINTS OF VIEW WERE IDENTICAL, TO A GREAT EXTENT.


3. AL AHRAM ALSO REPORTS THAT MUBARAK CALLED UPON MITTERRAND TO INITIATE A DIALOGUE WITH YASSER ARAFAT WITH THE AIM OF ACTIVATING THE PEACE PROCESS BY MEANS OF FRANCE'S WEIGHT WITHIN THE EUROPEAN COMMUNITY.

Ephemera

Private Secretary

My Power, No: 10

The marked passage is  
of direct relevance to  
my letter to you of  
13 June, enclosing  
briefs for the  
Prime Minister's  
meeting with Hussein

Alan  16  
Li

3. AL AHRAH ALSO REPORTS THAT MUBARAK CALLED UPON MITTERRAND TO INITIATE A DIALOGUE WITH YASSER ARAFAT WITH THE AIM OF ACTIVATING THE PEACE PROCESS BY MEANS OF FRANCE'S WEIGHT WITHIN THE EUROPEAN COMMUNITY.

4. THE DIPLOMATIC ADVISER TO PRESIDENT MITTERRAND, VEDRINE, IS REPORTED TO HAVE SAID THAT FRANCE BELIEVED THAT THE PEACE PROCESS WAS NOW ON THE RIGHT TRACK AS A RESULT OF THE JORDAN/PLO AGREEMENT, AND THAT MUBARAK'S SUGGESTIONS HAD PAVED THE WAY FOR PEACE. FRANCE HOPED THAT NOTHING WOULD HAPPEN WHICH WOULD DAMAGE THE PROSPECTS FOR A SOLUTION: CONTACTS WHICH FRANCE HAD HAD WITH THE VARIOUS PARTIES GAVE RISE TO CAUTIOUS OPTIMISM.

URWICK

NNNN





CONFIDENTIAL

Prime Minister

*File*

④

BRITISH EMBASSY,

CAIRO.

*You might care to read this, in view of President Mubarak's forthcoming visit.*

*CJP 26/2*

*[Handwritten mark]*

VALEDICTORY FROM EGYPT

SUMMARY

1. Contrasts between the Egypt I first saw 40 years ago and the eras of Nasser and Sadat. Nasser created a welfare state at the cost of drab austerity, but the 1967 war left the country in ruins. Sadat restored national self-respect, material prosperity, and the innate exuberance of the Egyptians. (paragraphs 1 - 4)

2. The party is now over and economic problems are mounting, chiefly owing to inexorable population growth. But conservative instincts are strong, and most sectors of society have an interest in the status quo. No sign of a challenge to the regime, even from the Islamic fundamentalists. Barring an army coup, Egypt seems likely to remain in its present state of half-hearted revolution for the foreseeable future. (paragraphs 5 - 7)

3. Egyptians can be exempted from most of Sir James Craig's strictures on the Arabs. Their greatest weakness is the inability of those in authority to take decisions, perhaps because Egypt is the prisoner as well as the gift of the Nile. History has also bestowed a sense of security and identity, which allows Egyptians to consider themselves both part of the Arab nation and superior to the rest. They are determined to end the political isolation that followed Camp David, but will not repudiate the peace treaty. (paragraphs 8 - 11)

4. Sadat's journey to Jerusalem offered a great opportunity, but the Americans muffed it. Sadat paid the price with his life. Little sign that the lesson has been learned. For the West, the dangerous consequences of inaction remain the main argument for staying with the Palestine issue. The Europeans should nag the Americans in our own interests. (paragraphs 12 - 13)

5. Britain should be more actively involved in Egypt in every sphere foreign policy, defence, commerce and culture. Despite the historic

/advantages

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advantages we enjoy, we are slipping behind the competition. A visit by the Prime Minister is embarrassingly overdue, and a prerequisite for improved relations. (paragraphs 14 - 17)

6. Tributes to wife and colleagues and gratitude to the Diplomatic Service. Concern lest public criticism of the Service reflects a national mood of self-absorption and even isolationism. Egypt still credits us with an internationalist role. (paragraphs 18 - 21)



BRITISH EMBASSY,  
CAIRO.

28 January 1985

The Rt Hon Sir Geoffrey Howe Kt QC MP  
Secretary of State for Foreign and  
Commonwealth Affairs  
LONDON SW1

Sir

VALEDICTORY FROM EGYPT

1. Forty years after first seeing Egypt, on wartime passage to India, and after eight years total service within the country, it is time for a last retrospective. That timespan would cover most of the recorded history of the first country I served in, Qatar. For Egypt it is but an evening gone, as the hymn says. Considering that a great deal of what Herodotus had to say about Egypt remains valid today, it is difficult for the contemporary observer to find novel themes, though over the past six years I have seen some interesting variations on old ones.

2. When British veterans of the Second World War make a sentimental return visit, as many still do, to the city that offered the juiciest fleshpots of any theatre of war, they are apt to be shocked by the transformation Cairo has undergone. Instead of quiet tree-lined avenues, Parisian arcades, palatial villas, polo at the Gezira Club and green fields stretching to the Pyramids, they see a teeming megalopolis of 14 million souls, its streets and pavements choked with strident traffic, new skyscrapers mushrooming unplanned, magnificent Islamic monuments crumbling unmaintained, dirt and pollution abounding, most services on the point of breakdown, and the Pyramids overtaken by urban sprawl. Twenty years ago there was a different and in my view more depressing contrast to be observed, between pre-revolutionary Cairo and the drab city I came to in the 1960s, when Nasser's policies had emptied the shops of consumer goods, the streets of cars, and the country of its substantial non-Egyptian communities - Greeks, Italians, Maltese, Armenians, Syro-Lebanese, Jews. These minorities may have had more than their share

/of





of the national wealth but they preserved, especially in Durrell's only slightly overwritten Alexandria, the European outlook and culture that Egyptian rulers had deliberately fostered since Napoleon first opened their eyes. Ordinary Egyptians would have regarded the loss as a reasonable and even necessary price to pay for the substantial social and economic benefits that Nasser brought them, had it not been for the consequences of his last disastrous adventure in foreign policy which left Egypt prostrate for six years after 1967.

3. Sadat's greatest service to his fellow Egyptians, through the crossing of the Canal in 1973 rather than the eventual recovery of Sinai, was to restore their self-respect. Later on, by concluding the peace treaty with Israel, he imbued the nation with his vision that the crushing burden of defence expenditure which Egypt had borne for thirty years could be switched to civil purposes and inaugurate a new era of prosperity. Predictably perhaps in any country, the military saw to it that no reduction in defence expenditure took place. Nevertheless the burden has been considerably lightened by the \$1 billion of military aid (now grant) plus \$1 billion of economic aid that represents America's annual reward for Sadat's signature at Camp David. The fruits of the canal crossing were even greater, in much increased oil production from the Red Sea and revenue from the newly opened Suez Canal. With all these gains Sadat was able, through his open door policy, to finance a higher standard of living for all throughout the 70s.

4. Although the policy also permitted a few, including Sadat's own family, to amass fortunes which they flaunted with a vulgarity repugnant to traditional Egyptian values, the masses were broadly content with acquiring their own status symbols, so that the average Egyptian village, without running water or sewerage, now boasts a panoply of refrigerators, air-conditioners, videos and (thanks to the government) electricity to run them. At the same time, by dismantling Nasser's notorious secret police, informer network, and detention camps, Sadat dispelled the shadow of political repression under which the nation had lived. Thus, when I arrived here in early 1979 the atmosphere was unrecognisable to one who had known Egypt in the 60s. Conditions in Cairo may be chaotic and sordid, but there

/ is



a vibrancy about the place which invites comparison with New York rather than Calcutta.

5. Economic reality has cruelly reasserted itself during the 80s. On present trends domestic energy consumption, encouraged by subsidised prices ridiculously below international levels, will leave no oil for export by the end of this decade. Agricultural production, already abysmal, will dwindle steadily under the impact of subsidised imports, rising labour costs, the shift in popular taste from beans to meat, and the visible erosion of farm land by building, and by brick-making out of Nile mud that is no longer replenished annually. House building lags far behind the influx from the country to the cities, and landlords are able to charge extortionate rents and key-money for the most squalid accommodation. The bureaucracy, swollen by guaranteed jobs for graduates, must one day - like Cairo traffic - reach total paralysis, and end up stifling the private sector which offers the best hope of economic revival. And an inexorable population growth of nearly 3 per cent per annum will ensure an ever smaller share of the cake for the individual.

6. This situation is the despair of economists and the stuff of revolution. But what do we have? Last year the most nearly free elections since 1952 returned a substantial opposition party with the self-same name and leader as the 1952 revolution overthrew together with King Farouk. In their search for votes the New Wafd cynically co-opted a number of those Islamic fundamentalists whom their traditional supporters, the Christians and the middle class, consider the greatest threat to the established order. The opposition have not yet put together a programme but it will certainly not be revolutionary. The Left and the Nasserists were carefully denied representation in parliament, the latter forbidden even to form a party. In theory both groups are burning to reform society, but in practice they seem too content, living the typical intellectual's life divided between writing and lecturing in Egypt and attending conferences abroad, to have time for constructive political activity.

7. In social terms, the Egyptian upper class may have been destroyed but there is still a middle and a lower. The values of the former may be judged by the popularity of the British TV serial

/ "Upstairs





"Upstairs Downstairs" which was shown a year ago at peak viewing time seven days a week and repeated at least once, driving "Dallas" off the screen. For the millions of adult Egyptians for whom the nightly episode had absolute priority, it represented a nostalgic evocation of a society that still flourished in their life-time, though it had disappeared in England half a century before. Lower down the scale the peasant in the fields and the private in the army appear to accept the lot to which God and government have called them. The Cairo proletariat grumbles about economic hardship, but has no leaders to plead its cause. Furthermore almost every family has at least one member working abroad, a lucrative pattern which no one wants to disturb, though it is now threatened by recession in the host countries. And unlike the Gulf States Egypt has no Palestinian or Shia minority to subvert the regime from within. The real question-mark hangs over the Islamic fundamentalists, who are much written about but whom few outsiders meet. They are undoubtedly working underground - if that term can be applied to universities - to overturn the status quo, and their numbers will grow with the spread of education to levels of society previously untouched. But it seems likely to be some time before they are sufficiently well organised to mount a serious challenge. Finally, although I do not discount the possibility of an army coup, I suspect it is more likely to be mounted by a general, like the present Minister of Defence, who reckons he can run the show better than Mubarak, than by a revolutionary officer in the Qaddhafi mould. I now think that Egypt is likely to remain in its present state of half-hearted revolution, with a growing minority getting richer and a growing majority gradually poorer, for the foreseeable future (a term of infinite elasticity in this country). I have been forecasting doom annually for the past six years, and perhaps it is time to stop.

8. Last year my old friend James Craig wrote his valedictory essay on WWTA ("What's Wrong with the Arabs") in terms which must have made as comforting reading in clubland as Sir N Henderson's famous valedictory on WWTB (What's Wrong with the British"). I make bold to exempt the Egyptians from most of the strictures in the former work. While there is as much bombast, self-congratulation and self deception in the Egyptian media as in other Arab countries -

/ indeed





indeed much more by volume since the Egyptian media eclipse the others in scale and experience - it is offset by a priceless national gift of humour and humanity. I have not met any other Arabs who are capable of laughing at their own foibles; in Egypt making irreverent jokes about authority is a national sport (the current theme is that Mubarak is too dull to make jokes about). They are also extraordinarily forgiving, both of individuals and of institutions. As far as Britain is concerned, Suez disappeared from the Egyptian political vocabulary years ago, long before it did in Britain - if it has. Despite the occasional assassination and crime passionnel the Egyptians are not a violent people and abhor bloodletting; the fratricidal carnage of Hama could not have happened here. But there is no lack of moral integrity. Among the Egyptian intellectuals, creative writers, journalists, film producers, and scholars, who for generations have dominated the Arab cultural scene, there were many who went into voluntary exile or refused to write rather than submit to the censorship and "guidance" of the Nasser and Sadat regimes.

9. Restrictions on free speech, which James Craig deplors as an endemic feature of Arab society, are milder under Mubarak than at any time in living memory, and numerous independent writers are taking full advantage of the thaw. The trouble in Egypt is that there is too much speech and not enough action. Government ministers know, and are constantly reminded by the IMF, what remedies are needed for the country's problems, and I do not think that their failure to act stems solely from fear of riots or losing their jobs. There seems to be a deeper inhibition afflicting almost everyone in authority which amounts to an unwillingness or even perhaps an inability to take decisions. The instinctive preference is for procrastination; no deadline is ever final; and the decision when taken is usually to set up a committee. As with the Arabs, this could be the fault of either the educational system (which is all theory and no practice) or of Islam. But I think a more important factor may be Egypt's 5000 years' dependence on the annual Nile flood and a complex irrigation system that left no room

/ for



for individual initiative. Successive generations of Egyptians have always tended to turn their rulers into Pharaohs and to refer every decision to the top. We are seeing this happen to President Mubarak now, under the relentless sycophancy of the government media and the unchanging protocol that dictates that a circle of ministers and courtiers must accompany him everywhere he goes. Mubarak plainly lacks the decisiveness of a Nasser and is uncomfortable in the Pharaonic role. He would prefer to share responsibility, and I believe he sincerely wishes the democratic experiment which he launched with last year's elections to succeed. While one must share his hopes, my guess is that the system will defeat him, and that his experiment will end up in little more than a proliferation of debating societies designed to obscure the fact that there is going to be no devolution of power.

10. To that extent therefore one may say that Egyptian society exhibits some of the fecklessness which James Craig identifies as the principal and unlovable vice of the Arabs as a race. But the Pharaonic tradition has also given the Egyptians a sense of security and identity that allows them without shame to accept their incompetence, indecisiveness, lack of foresight, and public squalor as part of the natural order of things: the rest of the world can take it or leave it. My wife and I find that we can take it, for the sake of their compensating human qualities and of the extraordinary historical, cultural and physical panorama the country offers. We have made more genuine friendships here than in any other post.

11. One should perhaps pose the question, as many have, whether the Egyptians are Arabs at all, even within the broad terms of Craig's Law. The most telling evidence to the contrary is that when the average Egyptian speaks of Arabs he does not include himself, rather like the average Englishman speaking of Europeans. One has to put up with constant commiseration from those Egyptians who flock to London each summer on the fact that the place is being ruined by "the Arabs". At a deeper level, however, and unlike the British, I believe most Egyptians feel that by virtue of language and religion they are part of the wider Arab nation, though by virtue of / their





their ancient culture superior to the rest. When Nasser "rediscovered Egypt's Arabism" after 400 years of foreign domination, albeit for imperial purposes of his own, he evoked a spontaneous national response. Sadat's subsequent rallying cry of "Egypt for the Egyptians" was a natural reaction to the 1967 humiliation, and seemed equally popular at the time. Even now Mubarak and his principal colleagues continue to express privately the contempt that Sadat used to voice publicly for the Saudis, Palestinians and the Gulf Rulers as well as for the Libyans and Syrians whom he fears. In public policy, however, one only has to look at the innumerable short-lived unions that Egypt has contracted over the years with improbable Arab partners to appreciate the centripetal force of the idea of Arab nationhood. It is reasserting itself now, in Egypt's attempt to edge back into the main stream of Arab politics, on a common platform with the so-called moderates. The Israelis are deceiving themselves if they think, like Shamir, that they can force Egypt to choose between the peace with Israel and solidarity with other Arabs and the PLO. Neither the present regime nor any legitimate successor will repudiate the treaty, but they are anxious to put an end as soon as decently possible to Egypt's years of isolation. The Israelis for their part should surely welcome the process whereby Camp David has become generally accepted in the Arab world as a fait accompli, even if not yet as an example, and encourage the Egyptians in their efforts to build a moderate consensus.

12.

\_\_\_\_\_ it is probably fair to say that the best opportunity the West ever had \_\_\_\_\_ was offered by Sadat's journey to Jerusalem. And we - to be exact the Americans - muffed it. The Israelis were, understandably, intent on neutralising Egypt as a military threat. Sadat, as his speech to the Knesset made clear, was aiming from the outset for a comprehensive settlement. And in his post-Jerusalem euphoria he

\_\_\_\_\_ / convinced



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convinced himself, though few other Egyptians, that Begin would accept the essence of his proposals. Sadat's very naivete compounds President Carter's \_\_\_\_\_ in allowing him to be fobbed off with what was, for all his denials, a separate peace. It was a painful privilege to watch Sadat throughout his last three years as he struggled to supply fresh proof of Egypt's fidelity to Camp David and to keep the Americans up to the mark; as he followed one desperate gimmick with another (diverting Nile water to Israel, summit meetings with Begin, asylum for the Shah, facilities for the Iranian hostage fiasco and the US Rapid Deployment Force, expulsion of the Russian Ambassador), until the massive political purge of September 1981 which provoked his own assassination. I wrote at the time that this was perhaps Sadat's last great service to Egypt, since he had lost his way and the country needed a fresh start. His widow has since told me that she believes he had a premonition of his death and deliberately courted martyrdom.

13. One might have thought that Egypt's partners in Camp David would have heeded the lesson, but there is precious little sign of this. On the one hand President Reagan continues to harp on the need for "more Egypts, more Sadats", while on the other hand a Labour Prime Minister in Israel questions the "land for peace" principle of Resolution 242 on the grounds that it brought Israel no benefit in the case of Egypt. If both sides come to attach more importance to land than to peace the eventual result must surely be another round of war. Meanwhile, so long as the Arabs are militarily impotent, the militant Palestinians will continue to vent their frustration on their host countries in the diaspora. This argument is not especially compelling for the regional parties except those like King Hussein who see their regimes in imminent danger from continuing stalemate. Israel feels under no military threat, and the few Israelis like Abba Eban who point out the dangers of drift find themselves in the political wilderness. Many Arabs, including those Egyptians opposed to Camp David, see little point in negotiating from a position of military inferiority, and would shed few tears over the disappearance of some of the more reactionary Arab regimes. In the West, on the other hand, for as long as I can

/ remember

Well / House, 28/1/85





remember it has been the negative consequences of inaction, rather than abstract ideals of justice and peace, that constitute the decisive argument for persevering in the search for a negotiated settlement. The new and disturbing factor is that there is now a US Administration which appears either not to take seriously the risk of a gradual drift towards conflict; including perhaps the overthrow of a moderate Arab regime, or to be prepared to run it rather than stand up to the Jewish lobby. If we Europeans still hold the view that continued stalemate poses a grave threat to our own national interests then it behoves us to go on nagging the Americans to the extent of publicly disagreeing with them as necessary and expedient. There is nothing concrete they can do, any more than the Israelis, to penalise us for our importunity without damaging their own interests as well.

14. Although it is far from unusual for a British ambassador in a formerly dependent country to live surrounded by reminders of our imperial past, I doubt if there are many who still inhabit the premises from which it was ruled. In Egypt this merely reflects the fact that we ruled by might rather than right, while in theory the seat of authority remained with the Palace and the government. Lord Cromer's imposing residence was something of an embarrassment for the first 20 years of the revolution, when we were concerned to maintain a low profile while memories faded both of the British occupation and of the Suez affair. Since 1973 the pendulum has swung back to the point where the love-hate relationship has become an asset. Those Egyptians who recognise the old pile look on it affectionately as part of their history. And most of those one meets nowadays would like to see Britain much more actively involved here in every sphere - foreign policy, defence, commerce and culture. The motive is partly to offset the overwhelming predominance of the United States, but partly also I believe because there is an affinity between Egypt and Britain born of more than 100 years close contact that does not readily transplant across the Atlantic. We are better placed to take advantage of this sentiment than in many an Arab capital, for the ambassador of a major friendly country enjoys the easiest access to all levels of government from the President down.





15. Sadly I have to report that after several years steady progress, which peaked in Sadat's last summer, the British effort has tailed off and we have been overtaken not only by our old rivals the French but by other Europeans and in some respects even Canada. Bad luck has played a part. Our very success in getting the lion's share - production of Swingfire missiles and Lynx helicopters - of the tripartite Arab Organisation for Industrialisation, which could have been a model for further civil as well as military projects, meant that we suffered disproportionately when the Saudi and Gulf shareholders withdrew under the 1979 Baghdad boycott of Egypt. But our firms handled the resulting conflict of interest as between their Arab and Egyptian partners with such insensitivity that the scars have barely healed even now. I have given more recent examples in my Annual Review but there are some general points to be made, for the last time.

In trade the key to any contract here is soft finance, and so long as we refuse to play the game for reasons of economic principle we cannot hope for much. Yet we could still organise our effort better, by emulating the French method of identifying target countries and making them the object of a concerted campaign in which politicians, officials, companies and banks all play their part.

16. In the field of culture, the British Council, which owes its birth to the inspiration of a British High Commissioner in Cairo and opened its first overseas office here, is coining money for the Treasury by a first class teaching programme. Yet we are consciously jeopardising a century old Anglophile tradition in higher education by pricing the new generation of Egyptians out of British universities. In the arts we almost appear to be ashamed of our heritage. In my six years here the Council - as distinct from its admirable local initiatives - has not mounted one major artistic event, although they were common in the darker days and Shakespeare is a guaranteed sell-out. In the country which preserves the remains, literary as well as monumental, of a greater diversity of civilisations (Pharaonic, Greek, Roman and Islamic) than exists anywhere else in the world, Britain is almost the only Western nation of significance to have no institute of its own. In field archaeology a handful of dedicated British scholars keep alive the tradition of Flinders Petrie on a dwindling grant from the British Academy, but only by enduring conditions of

/extreme



extreme austerity and enlisting the help of unpaid amateurs. On the official side we teeter constantly on the brink of a decision to close the Consulate-General in Alexandria, the third largest city in Africa and a major commercial centre, to save some £50,000 a year. At least we are not burning the Library, like earlier conviction Christians, and if I am able to win a reprieve by extracting a few million from the Egyptians for our old consular premises sacked in 1967 this will no doubt qualify as a mission accomplished. But it will not efface the impression that we are becoming a nation of Philistines more preoccupied with pennies than with power, more interested in making quick profits from the oil sheikhdoms than in developing our assets and opportunities in a country of much greater size and influence.

17. One must not exaggerate. The Egyptians like most people are susceptible to flattery, and will respond to a renewed show of interest. Unfortunately, they have been spoiled in the years since Sadat became the darling of America by the attentions of world especially Western, statesmen at the highest levels. While the United Kingdom has managed to keep up a good working relationship through ministerial and official visits, the fact that no British Prime Minister has ever been to Egypt, despite repeated invitations and acceptances over the past ten years and numerous presidential visits to the UK, is beginning to assume the proportions of an affront to Egyptian national pride. I apologise for harping yet again on this familiar topic but I believe that the omission has now become an impediment to better relations such that they can only gradually deteriorate unless it is soon remedied.

18. I must end with the customary tribute to spouse and Service, empty gesture though it is to include a sentence or two of compliments in a despatch which will be read mainly by colleagues. In my case I have two wives to thank, both of whom have been a great support but the first of whom decided that diplomatic life was crippling to the spirit. The second had joined the Service before we met, and has no excuse. I am not therefore taking my leave in the same way as other valedictorians, and look forward to several further years service below stairs while my wife pursues her career.

/ Already





Already I owe to her a deeper insight into Egyptian society than I could otherwise have hoped to achieve. She has amply confirmed, from the personal friendships she built up with a range of Egyptian women from the wives of two Presidents to Marxists jailbirds, the view I formed during the testing time of Nasser that, broadly speaking, Egyptian women are much stronger characters than their menfolk. Leaving aside Queen Hatshepsut and Cleopatra, the earliest Egyptian feminists were active before Mrs Pankhurst, and achieved equality in politics and education well before the 1952 revolution. Regrettably the current female generation is suffering from, and indeed embracing, the Islamic revivalists' view of women's personal status, and these hard-won gains risk being eroded. This could have more than purely social consequences, for it is self-evident that the only solution for Egypt's greatest problem, over-population, lies in the continuing spread of enlightenment among its women.

19. To the Service I feel almost nothing but gratitude for 34 years of satisfying work and congenial companionship. For action and excitement there has been nothing to match the early, pre-oil, days in those one-man posts in the Gulf where the untrained equivalent of a District Commissioner found himself not only presiding judge, boundary demarcator, oil concession negotiator and manumitter of slaves, but also called upon to mobilise military resistance to the Saudi invader - all unencumbered by cypher communications bringing instructions or demanding reports. We made and unmade a few Rulers too in our time, and it was gratifying to note during a visit to the Gulf earlier this month that most of them appear to have at least as good prospects of permanence as the creations of Lawrence and Gertrude Bell. I am thankful also for the periodical relief afforded to me from the Arab world, especially 8 years total sojourn in the United States. Having had one's first experience of America in California and the West, in the days of Senator Knowland and the China Lobby, before moving to the East Coast, makes it easier to understand if not to sympathise with the mood in President Reagan's Washington.





20. A life-long friendship with many of the dedicated professionals in the State Department should also perhaps make it easier to react as philosophically as they when our own Service becomes the object of the same kind of public obloquy and misrepresentation as they have endured for decades. But it does not. Even after pleading collective guilt to occasional complacency, arrogance, spinelessness, misjudgement, high living and other human frailties I remain unable to fathom why journalists and politicians who have seen us at our work (and enjoyed our hospitality) should persist in both denigrating its value and attributing to the Office ulterior policies of its own; or indeed why the Treasury should choose to devote so many of its mandarin man-hours to the minutiae of our conditions of service. The motive of the superficial critic is perhaps to be found in that dogged British attachment, exemplified by Arthur Scargill, to the stereotype and the class outlook that provides an excuse for evading the more pressing and difficult challenges of changing times. If so the only course is to redouble our efforts of recent years to demonstrate that the stereotype is wrong. But if, as I sometimes fear, criticism of diplomacy reflects a growing national preoccupation with domestic problems and a feeling that the rest of the world - with certain exceptions - is not worth our attention, or at any rate not worth spending money on in the absence of a guaranteed return (a view expressed to me by one of our visiting ministers), then the task of a diplomat is indeed fruitless as well as thankless. There is no point in paying someone to obscure the fact that the emperor has no clothes.

21. At least there is honour outside one's country. The Egyptian Foreign Minister's last words to me today were in praise of the expertise, balanced judgement and consistency on Middle East affairs to be found not only among British diplomats but in British institutions as a whole, in contrast to the ever-changing scene in the United States. He hoped that these talents could be mobilised, and brought to bear across the Atlantic, in the cause of peace. This was more than just a pretty speech ad hominem, and I should like to see us doing more to justify the faith of people like him.



22. I am sending copies of this despatch to HM Representatives at Amman, Baghdad, Beirut, Damascus, Jedda, Khartoum, Tel Aviv, Washington and at the United Nations in New York.

I am Sir  
Yours faithfully

*Michael Weir*

---

M S Weir

CONFIDENTIAL

FROM CAIRO 221115Z JAN 85

TO PRIORITY FCO

TELNO 36 OF 22 JANUARY

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MEETING WITH PRESIDENT MUBARAK

SUMMARY

1. MUBARAK MADE A FAREWELL CALL YESTERDAY ON PRESIDENT MUBARAK. IN A 40 MINUTE CONVERSATION WE COVERED ARAB/ISRAEL, INTER-ARAB RELATIONS, BILATERAL RELATIONS AND EGYPTIAN INTERNAL MATTERS. MUBARAK HAD VIRTUALLY NOTHING NEW TO SAY ON ANY OF THESE TOPICS, BUT HE REPORT THE MAIN POINTS BELOW AS A LAST ROUND UP.

ARAB/ISRAEL

2. MUBARAK SAID THAT WHILE HE FULLY SUPPORTED KING HUSSEIN'S CURRENT EFFORTS (AND HAD JUST SENT THE EGYPTIAN FOREIGN MINISTER TO AMMAN WITH A FURTHER PERSONAL MESSAGE), PRIVATELY HE HAD LITTLE HOPE THAT THEY WOULD GET ANYWHERE. IT WAS IMPORTANT TO TRY TO DEVELOP A MODERATE ARAB NEGOTIATING POSITION INCLUDING THE PLO, AND ON HIS VISIT TO WASHINGTON IN MARCH HE WOULD ONCE AGAIN PRESS PRESIDENT REAGAN ON THE NEED FOR A US DIALOGUE WITH THE PLO. BUT BASICALLY HE DID NOT BELIEVE THE OTHER ARABS WERE INTERESTED IN PURSUING A SETTLEMENT NOR THAT REAGAN WAS PREPARED TO PUT SUFFICIENT PRESSURE ON ISRAEL. HE HAS NO OBJECTION TO THE AMERICANS DISCUSSING THE MIDDLE EAST WITH THE RUSSIANS, BUT IT COULD BE DANGEROUS TO GIVE THE LATTER AN OPENING.

INTER-ARAB RELATIONS

3. MUBARAK FULMINATED IN FAMILIAR VEIN AGAINST THE SYRIANS, WHO BY THEIR WRECKING TACTICS LIKE THE ASSASSINATION OF QAWASMEH WERE DOING THE ISRAELI'S WORK FOR THEM. HE REFERRED SCORNFULLY TO AN ALLEGED STATEMENT BY ASSAD THAT THE PLO COULD NO LONGER BE CONSIDERED THE LEGITIMATE REPRESENTATIVES OF THE PALESTINIANS, AND RECALLED THE FURIOUS ARAB REACTION WHEN SADAT HAD SPOKEN OF THE PALESTINIANS RATHER THAN THE PLO.

HE TRIED ON HIM  
THE STORY HE HAD GOT FROM YUSUF SHARAWI IN BAHRAIN LAST WEEK  
THAT AT MEETINGS OF THE GCC FAHD TENDS TO JUSTIFY SAUDI FENCE  
-SITTING ON THE GROUNDS THAT AFTER THE GULF WAR HAS  
ENDED THE GCC COUNTRIES WILL NEED SYRIA TO COUNTER THE RENEWED  
THREAT FROM IRAQ. MUBARAK DISMISSED THIS AS RATIONALISATION.  
SYRIA WAS NO MATCH FOR IRAQ, AND INDEED HE WONDERED HOW MUCH  
LONGER ASAD COULD MAINTAIN HIMSELF IN POWER.

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| EGYPT



4. MUBARAK SAID HE HAD NOTHING AGAINST PERES WHO WAS A GOOD MAN, AND WOULD DO WHAT HE COULD TO SUPPORT HIM AS THE AMERICANS KEPT ASKING. BUT HE COULD NOT AFFORD TO AGREE TO A MEETING WITH PERES WITHOUT FIRMER ASSURANCES OF A POSITIVE OUTCOME THAN AT PRESENT EXISTED. EGYPTIAN PUBLIC OPINION WOULD NOT STAND FOR IT. HE RECAPITULATED EGYPT'S THREE REQUIREMENTS AND DILATED ON ISRAEL'S UNREASONABLENESS OVER TABA. IT WAS UNWORTHY OF THEM TO HAVE DAMAGED THE WHOLE SPIRIT OF THE PEACE TREATY BY FORCING SUCH A MINOR ISSUE.

QADDHAFI.

5. THE USUAL DIATRIBE. BUT IT WAS OF SOME INTEREST THAT MUBARAK CONFIRMED THAT FOLLOWING THE THREATENED HIJACK OF AN EGYPTIAN AIRCRAFT IN RETALIATION FOR THE BAKKUSH AFFAIR HE HAD ORDERED A MILITARY ALERT AND SENT SEVERAL AIR FORCE SQUADRONS UP TO THE LIBYAN FRONTIER. HE ALSO CLAIMED TO HAVE TELEPHONED A WARNING TO TRIPOLI. HE HAD NO DESIRE FOR A MILITARY CONFRONTATION WITH QADDHAFI, BUT IF HE WERE FORCED INTO ONE HE WOULD ACCEPT THE CHALLENGE. THE EGYPTIAN ARMY WOULD NOT JUST STOP AT TOBRUK BUT WOULD GO ON AND FINISH THE JOB. (I HAVE NEVER HEARD MUBARAK USE SUCH MONTGOMERY-LIKE LANGUAGE BEFORE: THOUGH HARD TO TAKE SERIOUSLY IT SUGGESTS THAT THERE ARE AT LEAST CONTINGENCY PLANS.) HE MENTIONED NIMEHRHI BUT MUBARAK DID NOT RISE.

BILATERAL

6. HE NOTED THAT AFTER DISAPPOINTING TRADE FIGURES IN THE EARLY 1980S BUSINESS HAD PICKED UP IN 1984 AND SHOULD GROW AS THE MASSIVE UK AIDED CAIRO WASTEWATER PROJECT GOT UNDER WAY. HE ALSO HOPED FOR BETTER THINGS IN THE DEFENCE FIELD, AND REGRETTED THAT DESPITE THE ROYAL NAVY'S SUCCESS IN MINIEHUNTING IN THE RED SEA THE EGYPTIANS WERE ABOUT TO PROCURE THEIR OWN VESSELS FROM ELSEWHERE. MUBARAK COMMENTED THAT THE DECISION HAD NOT YET BEEN TAKEN AND THAT FINANCE REMAINED A PROBLEM (WE SHALL CHECK WHETHER THIS IMPLIES A RAY OF HOPE).

7. FINALLY MUBARAK SAID HE WAS LOOKING FORWARD TO HIS VISIT TO LONDON IN MID-MARCH, AND ASKED ME TO CONVEY HIS GREETINGS TO THE PRIME MINISTER. HE HOPED THAT SHE WOULD MANAGE TO VISIT EGYPT IN 1985.

FCO PLEASE PASS TO SAVING ADDRESSEES.

[REPEATED SAVING AS REQUESTED]

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Foreign and Commonwealth Office

London SW1A 2AH

21 August 1984

Dear David,

DUB  
21/8

New Egyptian Prime Minister: Message  
of Congratulations

/ I enclose a note verbale from the Egyptian Embassy containing a message from the new Egyptian Prime Minister, Mr Kamal Hassan Ali, thanking the Prime Minister for her message of congratulations.

Yours Sincerely,  
Colin Budd

(C R Budd)  
Private Secretary

David Barclay Esq  
10 Downing Street

SUBJECT



cc Ops  
Master

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T146/80

EMBASSY OF THE  
ARAB REPUBLIC OF EGYPT  
26, SOUTH STREET, LONDON, W.1  
TELEPHONE: 01-499 2401

The Embassy of the Arab Republic of Egypt presents its compliments to the Foreign and Commonwealth Office and has the honour to forward the following message received from H.E. Mr. Kamal Hassan Ali, Prime Minister of Egypt, to The Rt. Hon. Margaret Thatcher, MP, Prime Minister, First Lord of the Treasury and Minister for the Civil Service.

QUOTE

Thank you sincerely for your congratulations on the occasion of my appointment as Prime Minister of the Arab Republic of Egypt.

I am confident that the existing friendly relations and fruitful co-operation between our two countries will be further strengthened.

Please convey my sincere thanks to Sir Geoffrey Howe.

With my best wishes for good health and success.

Kamal Hassan Ali  
Prime Minister  
Egypt

UNQUOTE

The Embassy of the Arab Republic of Egypt avails itself of this opportunity to renew to the Foreign and Commonwealth Office the assurance of its highest consideration.

Foreign and Commonwealth Office  
LONDON  
SW1A 2AH



17th August 1984

Ref : JMV/661



BY: Nes



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file J R  
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Sir P Caban

10 DOWNING STREET

THE PRIME MINISTER

20 July 1984

**PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T.129/84**

Dear Prime Minister,

I send you my congratulations upon your nomination as Prime Minister of the Arab Republic of Egypt. Our two countries enjoy close and excellent relations and I look forward to working with you to build on these. Geoffrey Howe, who remembers with pleasure the talks he was able to have with you in Cairo in January, joins me in sending you best wishes for the future.

Yours sincerely

Rajiv Gandhi

His Excellency Mr. Kamal Hassan Ali

Mo

cc PC

000



Foreign and Commonwealth Office  
London SW1A 2AH

18 July, 1984

Dear David,

New Egyptian Prime Minister

President Mubarak has confirmed the appointment of Kamal Hassan Ali as Prime Minister in Egypt. He was previously Deputy Prime Minister and Foreign Minister and has been caretaker Prime Minister since the death of Dr Fuad Mohieddin on 5 June.

The Charge d'Affaires in Cairo has recommended that the Prime Minister send a message of congratulations to Kamal Hassan Ali. I enclose a draft.

Yours ever,  
Peter Ricketts

(P F Ricketts)  
Private Secretary

David Barclay Esq  
10 Downing Street



Egypt

Postage and Communication Office

London W4 7JH

Labels



SUBJECT

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PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. 938/84

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FM FCO 051600Z JUN 84

TO IMMEDIATE CAIRO

TELEGRAM NUMBER 184 OF 7 JUNE

YOUR TELNO 251: DEATH OF EGYPTIAN PRIME MINISTER

1. PLEASE PASS THE FOLLOWING MESSAGE FROM THE PRIME MINISTER

TO PRESIDENT MUBARAK:

QUOTE PLEASE ACCEPT MY PROFOUND CONDOLENCES ON THE DEATH OF DR FUAD MOHIEDDIN. IT IS PARTICULARLY SAD THAT HIS DEATH SHOULD FOLLOW SO SOON AFTER A NOTABLE SUCCESS IN YOUR RECENT ELECTIONS. HIS LIFE-LONG CONTRIBUTION TO THE DEVELOPMENT OF EGYPT WILL NOT BE FORGOTTEN. UNQUOTE

HOWE

NNNN

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10 DOWNING STREET

*From the Private Secretary*

7 June 1984

EGYPT

The Prime Minister has approved the message of condolence, enclosed with your letter of 5 June, on the death of Dr. Fuad Mohieddin.

I should be grateful if you could arrange for its despatch.

T. J. DOLES

Peter Ricketts, Esq.,  
Foreign and Commonwealth Office

BCC



①

520



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

Agree attached message of  
condolence?

5 June 1984

A.J.C.  $\frac{5}{6}$

Dear John,

Yes not

You will be aware that Dr Fuad Mohieddin, Prime Minister of Egypt, died of a heart attack this morning. HM Ambassador in Cairo has recommended that the Prime Minister should send a message of condolence to President Mubarak. I enclose a draft message for your agreement.

Yes ever

Peter Ricketts

(P F Ricketts)  
Private Secretary

A J Coles Esq  
10 Downing Street

MESSAGE OF SYMPATHY FROM THE PRIME MINISTER TO PRESIDENT  
MUBARAK ON THE DEATH OF THE PRIME MINISTER OF EGYPT

'Please accept my profound condolences on the death of Dr Fuad Mohieddin. It is particularly sad that his death should follow so soon after a notable success in your recent elections. His lifelong contribution to the development of Egypt will not be forgotten.'

MASTER  
~~CC SUBJECT~~

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10 DOWNING STREET

From the Private Secretary

6 March 1984

VISIT OF FIELD MARSHAL ABU GHAZALA

The Egyptian Defence Minister called on the Prime Minister today.

The discussion was largely of a general nature. The Field Marshal twice told the Prime Minister that he hoped she would visit Egypt.

In discussion of the situation in the Lebanon, the Prime Minister said that she believed that the Israelis had made a fundamental error in embarking on their military venture in that country. They had trapped themselves there and military expenditure was playing havoc with the Israeli economy.

On the Iran/Iraq war, the Field Marshal said that he believed that Iraq was sufficiently strong to resist Iran - and if it succeeded in defeating the imminent offensive, Khomeini might begin to change his tune. But if Iraq was lost to a Shia regime, the consequences would be very serious.

He dwelt at length on the concept of Khomeini as the absent Imam. For him to assume this mantle, three predictions had to be fulfilled - the fall of the Shah, the fall of Saddam Hussein and the capture of Karbala. Were these predictions to come to pass, Khomeini would be regarded by Shia all over the world as their leader and they would be obliged to obey him to the letter. The consequences for Arab countries with substantial Shia communities, such as Iraq, Kuwait, Bahrain, the UAE, the Yemen, Syria and Lebanon would be dire. Thus all had an interest in supporting Iraq and its regime.

He did not believe the Iranian charge that we had supplied Iraq with chemical weapons. Moreover, he was sure that Iraq had not used any. Had they done so, the casualties would have been very much greater.

He was much enjoying his present visit to Britain and was being very well looked after by the Defence Secretary. He had suggested to Mr. Heseltine that Britain and Egypt should co-operate in military production to meet the needs of the Middle Eastern market. Soviet equipment still dominated the area.

/ There

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(w)



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There were 20,000 Soviet tracked vehicles in the Middle East as opposed to 9,000 from the West. All this Russian equipment could in time be replaced with Western equipment.

He was very concerned about the Soviet presence in the Middle East and Africa. The 69,000 Cuban soldiers in Africa were a "rapid deployment force already deployed". The Russians controlled the Straits of Aden through their positions in South Yemen and Ethiopia. We needed to combine to defeat this threat.

The Prime Minister said that the Field Marshal's ideas on co-operation in the production of military equipment were interesting and she was sure that the Defence Secretary would follow them up.

I am sending a copy of this letter to Peter Ricketts (Foreign and Commonwealth Office).

A. J. COLES

Richard Mottram, Esq.,  
Ministry of Defence.

CONFIDENTIAL

cc/c

MO 14/8

6th March 1984



A.J.C. 7/3.

k.a.

NOTE FOR THE RECORD OF A MEETING WITH FIELD MARSHAL  
ABU GHAZALA AT 1010 ON MONDAY 5TH MARCH 1984

**Present:**

The Rt Hon Michael Heseltine MP  
Secretary of State for Defence

Mr R C Mottram  
PS/Secretary of State for Defence

HE Field Marshal Muhammad Abdul  
Halim Abu Ghazala  
Deputy Prime Minister and Minister  
of Defence and Military Production  
of the Arab Republic of Egypt

HE Mr Hassan A H Abou-Seeda  
Egyptian Ambassador

Lebanon

1. Field Marshal Abu Ghazala said that he was very pessimistic about the prospects for the Lebanon. Israel and Syria each had strong reasons for remaining there and were therefore likely to continue to set conditions for their withdrawal which they knew were not acceptable to the other side. The best outcome that might realistically be sought would be for the country to be divided into 5 "states" under a confederal system of government. But it was difficult to see how the problem of Beirut could be handled.

Jordan

2. Later in the conversation, Field Marshal Abu Ghazala said that the chaos in the Lebanon had suited Israel since it had diverted attention away from the consolidation of her position on the West Bank. Looking two years ahead, he believed that Jordan would be the next country to face de-stabilisation. The Israelis would extend their search for defensible borders on to the East Bank and the Syrians would be tempted to move into the North of the country. King Hussein might find the area under his effective control substantially reduced.

The Gulf War

3. Field Marshal Abu Ghazala said that he believed that Iraq would succeed in stopping the latest Iranian offensive. He discounted claims that the Iraqis were using chemical weapons - he believed that the burns were caused by Napalm. If Iraq stopped the present offensive, there would be a possibility - though this was fairly remote - of moderate opinion asserting itself in Iran. If, on the other hand,





the Iranian offensive was successful and the present regime in Iraq was toppled this would represent a major victory for Khomeini and for Shi'ite fundamentalism. Khomeini's position within the Shi'ite movement would be further strengthened since he would have achieved his second prediction following the toppling of the Shah. If Iraq fell, Kuwait would be the next country to go and the Shi'ite movement would be likely to spread throughout the Gulf. It was therefore very important to help Iraq to withstand the latest offensive.

4. Field Marshal Abu Ghazala said that he did not believe the Iraqis would deliver a knock-out blow against the Iranian oil installations. She would do this only if desperate and this stage had yet to be reached. Nor was it in Iran's interest to block the Straits. The Secretary of State asked whether, if the Straits were to be blocked, the Americans should immediately use military force to resolve the situation or should first pause to consider what options were open. Field Marshal Abu Ghazala said that he favoured the latter approach. The Americans could not become involved without inflaming passions in the area.

5. The Secretary of State suggested that there was no evidence of increasing Soviet involvement to exploit the war. Field Marshal Abu Ghazala said that the Russians had no need to get further involved since events were in any case moving in directions helpful to them. If the United States was forced to become involved militarily, this would represent a major propaganda benefit for the Soviet Union. The Secretary of State suggested that the Soviet Union had nothing to gain from the growth of Shi'ite fundamentalism given the possible implications for her own Muslim population. Field Marshal Abu Ghazala said that the Russians would ruthlessly suppress any such movement in their own country. He doubted in any case whether it would have much impact particularly on the young who were increasingly unaware of religion and of historic loyalties. He agreed however that the underlying power of Muslim fundamentalism was difficult to judge.

6. The tête à tête discussion ran over until 1105. In the subsequent plenary session, the Secretary of State formally welcomed the Field Marshal to this country. Field Marshal Abu Ghazala said that he wished to extend to the Secretary of State an invitation to visit Egypt at his convenience.

7. There was a brief discussion of the role of the MFO in Sinai and Field Marshal Abu Ghazala said that the British contingent was making a valuable contribution to an operation which was working well. On the provision of military training in Britain, it was recognised that we had difficulties in competing with the Americans since they provided their courses to the Egyptians for nothing. Field Marshal Abu Ghazala said that we should adopt for our charging policy the system the Egyptians used which recognised that the poorest countries should pay least and should place Egypt in that category!





8. It was agreed that the procurement and sales issues should be dealt with in discussion with Minister(DP).

*Rm*

Ministry of Defence

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Head of DS11  
SECCOS

PS/Prime Minister  
PS/Foreign and Commonwealth Secretary  
PS/Secretary of the Cabinet  
Defence Attaché, Cairo

17 MAR 1984



Covering CONFIDENTIAL



MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 6169 (Direct Dialling)

01-218 9000 (Switchboard)

MO 14/8

5th March 1984

Dear John,

//

I attach two copies of some briefing for the Egyptian Defence Minister's call on the Prime Minister at 1645 on Tuesday 6th March. This briefing includes a personality note on Field Marshal Abu Ghazala.

Yours sincerely,  
*B P Neale*

(B P NEALE)

A J Coles Esq

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CALL ON PRIME MINISTER BY FIELD MARSHAL ABU GHAZALA AT 18.45 ON TUESDAY, 6 MARCH

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Anglo-Egyptian Relations

Points to Make

General

1. Relations excellent. Grateful for hospitality extended to Ministers over past year. Important to maintain exchanges of Ministerial visits. Look forward to visit by Dr Boutros Ghali as soon as convenient.

Arab/Israel

2. Hussein/Arafat talks a positive development. But we should not expect rapid progress. Egyptian assessment?
3. PLO internal situation still uncertain. Note that some Pateh leaders did not accompany Arafat to Amman.
4. Egyptian readmittance to Islamic Conference Organisation the first step in readmittance to Arab League?

Arms Sales To Iran (if raised)

5. We remain strictly neutral and have not supplied lethal equipment to either side. (If pressed on chemical weapons). No truth in allegations that UK has supplied Iraq with chemical weapons.

Defence Issues

6. Flourishing Anglo/Egyptian defence relationship. Attach importance to maintaining close and mutually beneficial defence relations.
7. Glad to provide for Egyptian requirements in our training programme. Hope we can be of help in future. Always ready to look at specific requests.

Joint Naval Training Exercises

8. Pleased that HMS HERMES visit to Alexandria (28 October-3 November 1983) and associated naval and military exercises successful. Grateful for all the efforts in connection with this visit. Hope we

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are able to carry out further such joint exercises in future.

FM3 Invincible and Nuclear Weapons (if raised)

9. It is, of course, the British Government's policy neither to confirm nor deny the presence of nuclear weapons in any location at any given time.

Sinai MFO

10. Sorry to learn of Mr Hunt's sudden and tragic death. Sad loss to international community.

11. Pleased that we are able to continue to make a military contingent available to the force.

Defence Sales

12. UK industry has a lot to offer Egypt, and our equipment has benefitted from successful use during the Falklands Campaign.

Credit (if raised)

13. Very pleased that we are able to offer £300M credit on favourable terms and would be interested to learn of your equipment priorities.

Equipment Co-operation (if raised)

14. Hope that the co-operative ventures with the ROFs will lead to substantial work in Egyptian and UK factories.



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CALL ON PRIME MINISTER BY FIELD MARSHAL ABU GHAZALA AT 16.45 ON  
TUESDAY, 6 MARCH

POLITICAL BACKGROUND

Internal Situation

1. Mubarak, Vice President since 1975, was elected President on 16 October 1981. No Vice-President has yet been appointed: the Defence Minister Abu Ghazala may be in line for this. Legislative elections are due to be held in May 1984. Mubarak defines his domestic priorities as internal security and the economy. Progress in offering Egypt's youth (about half the population is under 15) a better material future has been slight and the respite can only be temporary. The regime has so far succeeded in containing the growth in the influence of Islamic fundamentalism. The economic outlook is clouded. The economy continues to expand but balance of payments has been hit by a decline in the country's four main sources of foreign exchange - oil, remittances from overseas workers, tourism and the Suez Canal. Population growth, at 2.5% pa, is steadily forcing up Egypt's huge expenditure on food imports and consumer subsidies.

Foreign Policy

2. Relations with Israel are correct but cool. The invasion of Lebanon was a major embarrassment for Mubarak, though he was able to deflect severe domestic and Arab pressure for a break with Israel until the Beirut massacres. Relations with other Arab countries are slowly improving. Mubarak's line on reconciliation has been that he is in no great hurry but there have been numerous informal contacts with a number of moderate Arabs (particularly Morocco, Jordan and Kuwait). Egypt was readmitted to the Islamic Conference Organisation in January, but readmission to the Arab League will prove more difficult. Relations with the United States



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remain extremely important. The Egyptians depend on the US for military aid and equipment and, in the absence of warm relations with the majority of other Arabs, the US is their principal friend (military assistance in 1983 totalled £1,365 billion). Relations with the USSR are poor. In 1981 the Soviet Ambassador was expelled along with some of his staff and nearly all the Soviet civilian advisers in Egypt.

Arab/Israel

3. The focus of attention is now on the talks in Amman between King Hussein and Arafat, who arrived there on 26 February. The King told the Prime Minister on 16 February that he intended to discuss the Jordanian/Palestinian relationship first, before 'other matters'. Both sides appear to have modest objectives for this first reunion since the breakdown of this dialogue in April 1983. A number of West Bank moderates are also present in Amman. Some leading Fatah hardliners, however, are not: eg Qaddumi (PLO 'Foreign Minister') and Abu Iyad (Arafat's no 2). Egypt strongly supports the resumption of the Hussein/Arafat dialogue. President Mubarak visited Washington in February (and coincided with King Hussein). He urged the Americans to enter a dialogue with the PLO, and annoyed them by repeating it in public.

Lebanon: Egyptian attitudes

4. The Egyptians take a close interest in Lebanon. Scope for Egyptian activity is limited, but they have used this issue, like others, to pull themselves back into the mainstream of Arab world. Full withdrawal of Israeli forces from Lebanon is one of the conditions for the return of Egyptian Ambassador to Israel. In Lebanon, as elsewhere, the Egyptians are concerned to avoid further destabilisation and radicalisation of the region. They supported the MNF and have accepted reasons for redeployment last month. As members of Security

## CONFIDENTIAL

Council they voted for French resolution authorising replacement of MNF by a new UN force (vetoed by Soviet Union on 29 February).

### Iran/Iraq

5. Recent Iranian offensives seem to have been contained by Iraq. The UN dual mission to Iran and Iraq to examine civilian damage and hold political discussions has been postponed following Iranian rejection of the proposal. We are urging UN Secretary-General to do all he can to resume his mediation efforts, and are trying to persuade the Iranians to be more positive. Algerians issued public appeal to Iran and Iraq on 28 February calling for dialogue, joint political solution, and negotiations. Egyptians have been urging the US, so far without success, to supply arms to the Iraqis. They have also tried to persuade North Koreans to stop supplying arms to Iran.

### Anglo/Egyptian Relations

6. Relations are now excellent. They are sometimes inclined to take our political support for granted. Good relations are maintained by regular ministerial and official visits but these have been reduced in recent years. President Mubarak last visited in February 1983 accompanied by the Foreign Minister, Kamal Hassan Ali. Lord Cockfield, Mr Clarke, and Mr Luce visited Egypt in 1983 and Sir Geoffrey Howe in January 1984. Dr Boutros Ghali, Minister of State for Foreign Affairs, has been invited to visit Britain as a guest of the Government in the Spring. The Egyptians are hoping that the Prime Minister will visit Cairo soon.

### Defence Relations

7. Keen to improve our defence relations with Egypt which are at present good but not extensive. No UK loan service personnel are currently serving in Egypt, and UK training for Egyptians (around 30 places in each of the last two years) has been constrained by availability of heavily subsidised US courses and more limited defence



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sales than the US and France. Nonetheless, ready to consider specific Egyptian requests for training and other forms of military assistance.

8. Joint exercises were held with Egyptian Naval units during the visit of HMS HERMES last October/November, and the Royal Marines from HMS HERMES took part in exercises with the Egyptian Army. The Egyptians were not only keen to hold these exercises, but also gave them considerable publicity, possibly to counter any impression that they are totally dependent on the US. A further joint naval exercise is planned in April with RN ships returning from the Far East and Indian Ocean.

9. HMS INVINCIBLE is due to transit the Suez Canal on 6 March on return from the Far East. Although we do not expect difficulties with the Egyptians over our policy neither to confirm or deny the presence of nuclear weapons, we cannot be certain that there will be no last-minute problems.

10. The UK provides a small contribution (37 men) to the Multinational Force and Observers (MFO) Sinai, which was established to monitor implementation of the 1979 Egypt/Israel Security Treaty. The MFO has operated successfully so far, and we have recently advised that we are prepared to renew our commitment for a further year from next month (when the present commitment expires) with every prospect of another year beyond that. Of the other contributors whose commitments sales due for renewal next month, France, New Zealand and the Netherlands have extended their commitment. Decisions are awaited from Australia and Italy. The Director-General of the MFO, Mr Leaman Hunt, was assassinated in Italy last month, but his murder is thought to have been committed by the 'Red Brigade' and to have no direct connection with his MFO duties.

#### Defence Sales

11. The Egyptian military equipment market is a difficult one for the UK, and is dominated by the USA and France with aid and soft

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loan programmes. No major UK military equipment sales since 1979 when Camp David led to the withdrawal of third party funding and collapse of collaborative projects in Egyptian factories. Nonetheless, UK sales of about £25M a year are being achieved mainly on small contracts and there are possibilities of more major contracts. A special ECGD backed credit allocation of £300M has been offered to Egypt for military equipment purchases.

12. FM Abu Ghazala visited Defence Sales Floating Exhibition in Alexandria (March 83). Egyptians are planning an international military equipment exhibition (theme: Industrial Cooperation) in Cairo (November 84) and a number of UK companies will take part.

13. Assess the major opportunity being for six Ramadan 56 metre patrol craft. Vosper Thornycroft are preparing a credit backed offer (£296M). Egypt already has six (53 metre) Ramadans from Vosper Thornycroft. Other major prospects are Scorpion light tank (£50M); new military towns (£160M for three); Command, Control, Communications and Intelligence (C<sup>3</sup> I) (potentially £100M); Sea King helicopters (£150M, incl. weapon fits); ROF collaborative projects (potentially £50M); Stingray torpedoes (initially £7M); new Main Battle Tanks at the end of the decade, with a new factory (£500M).

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PERSONALITY NOTE

FIELD MARSHAL MUHAMMAD ABDUL HALIM ABU GHAZALA

DEPUTY PRIME MINISTER AND MINISTER OF DEFENCE AND MILITARY  
PRODUCTION (SEPTEMBER 1982)

Born 1 January 1930. Graduated Military Academy 1949 and entered the Artillery. Promoted Major General in 1974 and served as Chief of Staff to the Director of Artillery. In July 1976, after a course at the Nasser Higher Military Academy, appointed Defence Attache in Washington. In May 1980 appointed Chief of Staff of the Egyptian Armed Forces and promoted to Lieutenant General. In October 1980 visited the UK at the CGS's invitation. He became Minister of Defence on General Badawi's death in a helicopter accident. Appointed Field Marshall in April 1982.

He was reported to have been particularly successful as Attache in the United States and have influenced US military aid policy towards Egypt. As Chief of Staff he made a number of statements to the press on the politico-military scene in the Middle East and Africa, and appeared to be particularly concerned about the alleged Soviet encirclement of Egypt. President Mubarak has used him as an emissary to the US and Sudan.

During his visit to Britain he was impressive, friendly, and articulate, making points firmly but tactfully. Though fairly blunt he is well attuned to economic and political affairs. He is well disposed towards the United States, and is generally cordial towards Britain.

Speaks English, French and Russian.

bccr

FILE  
da



10 DOWNING STREET

*From the Private Secretary*

20 February 1984

Egyptian Defence Minister

Thank you for your letter of 16 February.

The Prime Minister has agreed to receive Field Marshal Abu Ghazala at 0930 on Tuesday, 6 March.

5.30

I shall be grateful for a brief by close of play on 5 March.

I am copying this letter to Peter Ricketts (Foreign and Commonwealth Office).

A. J. COLES

Miss Wendy Anderton,  
Ministry of Defence.



PRIME MINISTER

Egyptian Defence Minister

He is visting the UK next month.  
The Ministry of Defence and Foreign Office  
hope you will receive him. He is an important  
figure in Egypt, and there is some defence  
sales business in prospect.

Agree to receive Field Marshal Abu  
Ghazala at 9.30 on Tuesday, 6 March?

*Yes*

A.J.C.

17 February, 1984.



10 DOWNING STREET

No. Reply.

When? (45 minutes)

~~at~~ 1/2.

9.30 - 10.15  
TUE 17 Feb 61



MINISTRY OF DEFENCE  
MAIN BUILDING WHITEHALL LONDON SW1

Telephone 01-~~938 7022~~ 218 2111/3

MO 14/8

16th February 1984

*Dear Caroline.*

As you know, the Egyptian Defence Minister, Field Marshal Abu Ghazala, is to visit the UK next month from 4th-9th March at the Defence Secretary's invitation. It is very much hoped that the Prime Minister could agree to receive a brief courtesy call.

There have been some difficulties over arranging dates for this visit. Even at this relatively late stage, there remains a possibility that the Field Marshal will be unable to come on these dates. I will of course inform you immediately if there is any change. A draft programme which gives only the bare bones of the visit and makes no mention of a prospective call on the Prime Minister, has, however, been with the Egyptians for some weeks. The Egyptian Ambassador in London has made clear through official channels the importance attached to a call on the Prime Minister.

The FCO are also strongly in favour of such a call. The Field Marshal enjoys political influence extending well beyond his immediate defence responsibilities. A personality note is attached. He is one of 4 Deputy Prime Ministers and is tipped as a possibility to take over the vacant Vice-President position. The last high-level Egyptian visit was that of President Mubarak in February 1983. The Field Marshal did not, however, accompany him and has not, we understand, visited the UK since 1980. This will, therefore, be his first visit to the UK in his Defence capacity.

At the Field Marshal's own request, a large part of the visit will be devoted to defence equipment discussions. Although the UK used to be a major supplier of defence equipment to Egypt, our defence sales have been disappointing in recent years. This is due to lack of Egyptian funds and the influence of US aid. There are signs that the Egyptians now wish to diversify and are looking in our direction. In this context there are a number of key projects which could lead in the future to major sales.

Mrs C Ryder





/ If the Prime Minister felt able to receive a call by the Field Marshal, there are a number of slots in the Defence Minister's draft programme, also attached, where this could be pencilled in.

*Yours ever*

*Wendy*  
(W ANDERTON) (MISS)  
Private Secretary

ABU GHAZALA, FIELD MARSHAL MUHAMMAD ABDUL HALIM

Deputy Prime Minister and Minister of Defence and Military Production (September 1982).

Born 1 January 1930. Graduated Military Academy 1949 and entered the Artillery. Attended the Staff College in 1952. Artillery course at the Staff Academy from 1958 to 1961. Commander of Divisional Artillery 1967. During the October War commanded the 2nd Field Army artillery. Promoted Major General in 1974 and served as Chief of Staff to the Director of Artillery. In July 1976, after a course at the Nasser Higher Military Academy, appointed Defence Attache in Washington. In May 1980 appointed Chief of Staff of the Egyptian Armed Forces and promoted to Lieutenant General. In October 1980 visited the UK at the CGS's invitation. He became Minister of Defence on General Badawi's death in a helicopter accident. Appointed Field Marshal in April 1982.

Abu Ghazala has a number of publications to his credit, allegedly 27 articles and books all dealing with artillery. While in America he attended the War Academy and obtained a diploma with honours, being the first Egyptian to do so. He also has a Bachelor's Degree in Commerce from Cairo University.

He was reported to have been particularly successful as Attache in the United States and have influenced US military aid policy towards Egypt. As Chief of Staff he made a number of statements to the press on the politico-military scene in the Middle East and Africa, and appeared to be particularly concerned about the alleged Soviet encirclement of Egypt. President Mubarak has used him as an emissary to the US and Sudan.

During his visit to Britain he was impressive, friendly, and articulate, making points firmly but tactfully. Though fairly blunt he is well attuned to economic and political affairs. He is seen as a political operator, unlike his predecessor. President Sadat appointed him to the NDP Politbureau, an augury for future high office. Not surprisingly he is well disposed towards the United States, and is generally cordial towards Britain. He is, however, sufficiently realistic to favour those whom he thinks offer the best to his country and himself. His promotion had been rumoured for sometime before Badawi's death.

Speaks English, French and Russian. He works hard, and likes exercise, especially tennis. He likes a drink and there are indications that his sense of humour can become coarse. Married with two sons and three daughters: his wife wears Islamic dress and speaks almost no English. His family take little part in public affairs.

Draft Outline Programme

VISIT  
OF  
FIELD MARSHAL ABU GHAZALA  
MINISTER OF DEFENCE  
ARAB REPUBLIC OF EGYPT



SUNDAY 4 MARCH 1984

Dress: Non-Ceremonial Day Uniform

Arrive London Heathrow Airport by .....  
Hounslow Suite.

Met by the Minister of State for Defence Procurement,  
Mr Geoffrey Pattie. MP.

Leave the airport by car.

Arrive Sheraton Park Tower Hotel.

No official engagements.

1954 5 11 10 1 24

Dress: Non-Ceremonial Day Uniform

- 0945 Leave Sheraton Park Tower Hotel.
- 1000 Arrive Ministry of Defence, Horseguards Avenue Entrance.  
Met by the Secretary of State for Defence,  
The Right Honourable Michael Heseltine, MP.  
Received by a Guard of Honour found by the
- 1010 Private talks with the Secretary of State for Defence.
- 1025 Plenary discussions in the office of the  
Secretary of State for Defence.
- 1145 Talks with the Minister of State for Defence Procurement,  
Mr Geoffrey Pattie, MP.
- 1225 Leave Ministry of Defence.
- 1230 Arrive 1 Carlton Gardens SW 1.
- 1230 Luncheon given by Her Majesty's Government.  
for  
1245 Host: The Secretary of State for Defence,  
The Right Honourable Michael Heseltine, MP.
- 1400 Leave 1 Carlton Gardens.
- 1415 Arrive Sheraton Park Tower Hotel.
- 1615 Leave Sheraton Park Tower Hotel.
- [1630 (To be  
rescheduled)] Call on The Secretary of State for Foreign and Commonwealth  
Affairs, The Right Honourable Sir Geoffrey Howe, GC, MP.
- 1715 Leave the Foreign and Commonwealth Office.]
- 1730 Arrive the Sheraton Park Tower Hotel.

1915                      Depart Sheraton Park Tower Hotel.

1940                      Arrive        ?        Theatre.

22 ?                      Depart        ?        Theatre.

22 ?                      Arrive        ?        Restaurant.



REF ID: A66308 1104

Dress: Non-Ceremonial Day Uniform

0750 Leave Sheraton Park Tower Hotel.

0835 Arrive Royal Air Force Station, Northolt.

0840 Depart by

0950 Arrive Leeds and Bradford Airport.  
Met by Mr D. Cooke, Director Royal Ordnance Factory Leeds.

0955 Depart by car.

1030 Arrive Royal Ordnance Factory, Leeds.

1245 Luncheon given by Royal Ordnance Factory, Leeds.  
for  
1300 Host:

214.1.6.11.11.12.13 (continued)

1530 Leave Royal Ordnance Factory, Leeds by car.

1605 Arrive Leeds and Bradford Airport.

1610 Depart by

1710 Arrive Royal Air Force Station Northolt.

1725 Leave by car.

1810 Arrive Sheraton Park Tower Hotel.

1930 Leave Sheraton Park Tower Hotel.

Arrive

11-11-54

Event: Day-Operational Day Uniform

0800

Leave Sheraton Park Tower Hotel.

1030

Arrive Headquarters Strike Command, High Wycombe.

Met by

1230

Luncheon given by the Commander-in-Chief, Strike Command.

for  
1245

Host:

1345

Leave Headquarters Strike Command, High Wycombe.

1515

Arrive Sheraton Park Tower Hotel.

Calls by representatives from industry.



THURSDAY 8 MARCH 1964

Dress: Non-Ceremonial Day Uniform

0900

Leave Sheraton Park Tower Hotel.

1030

Arrive Military Vehicles Engineering Establishment.

Met by

1230

Luncheon given by the Military Vehicles Engineering Establishment.

Host:

1345

Leave Military Vehicles Engineering Establishment.

1500

Arrive Sheraton Park Tower Hotel.

11/11/54 9 MARCH 1954

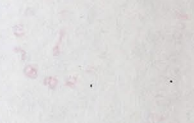
Leave Sheraton Park Tower Hotel.

Arrive London Heathrow Airport Hounslow Suite.

Board Flight                      departing at  
for

The Minister

will bid farewell.



EGYPT: Relations

Nov 80

16 JAN 91







10 DOWNING STREET

For the file

---

- ① MoD rang me and asked if PM. had see Egyptian Deyssee L who is also Dep. PM on 7 arch 5. Re day Mitterand is coming.
- ② I asked them to send letter. see ASC's note of 4/1.

CK.

14/2.

GDS 1454  
CONFIDENTIAL

CONFIDENTIAL

TOP COPY ON  
LEBANON: Int Sit  
Prime Minister P/B

FM RIYADH 101325Z JAN 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 008 OF 10 JANUARY

AND TO IMMEDIATE CAIRO, DAMASCUS

AND TO PRIORITY WASHINGTON, PARIS, ROME, BEIRUT, TEL AVIV AND  
KHARTOUM

Nothing new here.

A-3 c. 1/1.

FOLLOWING FROM PRIVATE SECRETARY

SECRETARY OF STATE'S VISIT TO EGYPT: CALL ON PRESIDENT MUBARAK

MF

SUMMARY

1. SECRETARY OF STATE HAD JUST OVER 45 MINUTES WITH MUBARAK AND DREW HIM OUT ON LEBANON, ARAB/ISRAEL, IRAN/IRAQ AND THE SUDAN. IN A BRIEF DISCUSSION OF BILATERAL RELATIONS, SECRETARY OF STATE PUT DOWN A MARKER ABOUT TRADE: WE WANTED TO SELL MORE, AND HAD HAD SOME RECENT DISAPPOINTMENTS. MUBARAK REPLIED THAT HE WOULD LIKE TO BUY MORE FROM US - BRITISH EQUIPMENT HAD AN EXCELLENT REPUTATION- BUT THE PROBLEM WAS MONEY: WHERE IT WAS AVAILABLE, WE WERE THE NATURAL CHANNEL. MUBARAK MADE CLEAR THE IMPORTANCE HE ATTACHES TO AN EARLY VISIT TO EGYPT BY THE PRIME MINISTER.

LEBANON

2. SECRETARY OF STATE POINTED TO A NUMBER OF DIFFICULTIES IN THE WAY OF A SATISFACTORY OUTCOME AND RAISED THE QUESTION OF A GREATER ROLE FOR THE UNITED NATIONS. THE MNF WAS THERE TO ACHIEVE A PURPOSE AND HE HOPED THAT WE WERE HELPING TO SECURE STABILITY: BUT IT COULD NOT STAY FOR EVER. MUBARAK MADE THE FOLLOWING POINTS IN REPLY:

(I) HE DID NOT SHARE GEMAYEL'S OPTIMISM ABOUT THE PROSPECTS FOR RECONCILIATION, AND GEMAYEL HAD RECENTLY SENT HIM A MESSAGE SUGGESTING THAT IN HIS VIEW THE SYRIANS WOULD NOT WITHDRAW COMPLETELY, EVEN IF THE ISRAELIS DID.

(II) IT WAS NEVERTHELESS ESSENTIAL THAT ISRAEL WITHDREW: THE ISRAELI INVASION HAD BEEN THE CAUSE OF THE PROBLEM, WHICH PUT THE UNITED STATES AND THE WEST IN A DIFFICULT POSITION AND STOOD TO BENEFIT ONLY THE SOVIET UNION. HE HAD TOLD SHAMIR AND SHARON AS MUCH BEFORE THE INVASION, AND HAD PRESSED THE UNITED STATES TO USE THEIR INFLUENCE AGAINST IT. BUT HAIG HAD HAD OTHER IDEAS.

(III) SYRIA WAS NOT A THREAT TO ISRAEL AND ISRAEL KNEW IT. IF THE ISRAELIS WITHDREW TO THEIR BORDERS AND MADE IT CLEAR TO THE SYRIANS THAT THEY WOULD TOLERATE NO INCURSIONS, EITHER FROM SYRIA OR THROUGH THE LEBANON, THE SYRIANS WOULD TAKE THE MESSAGE. BEGIN HAD BEEN CONSIDERING THE IDEA BUT HE DOUBTED WHETHER SHAMIR WOULD HAVE THE COURAGE TO IMPLEMENT IT.

(IV) AFTER ISRAELI WITHDRAWAL, THE ARABS WOULD BE IN A GOOD POSITION TO PRESS SYRIA TO DO LIKEWISE. THE SAUDIS SHOULD PLAY THEIR PART BY REDUCING THE FLOW OF FUNDS TO SYRIA AND THE AMERICANS SHOULD PRESS THEM TO DO SO (HE CLAIMED THAT SAUDI FUNDS REACHED SYRIA ONLY WITH US APPROVAL).

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1 (v)

(V) MUBARAK SAID THAT ARAFAT HAD COMPLAINED BITTERLY TO HIM ABOUT SYRIAN ATTACKS ON HIS PEOPLE IN THE LEBANON. HE ADDED THAT IT WAS STRIKING THAT ISRAEL HAD BLOCKED MILITARY TRAFFIC ON THE ROAD FROM DAMASCUS TO BEIRUT UNTIL THE SYRIANS HAD STARTED ATTACKING ARAFAT, WHEREUPON THEY HAD LET EVERYTHING THROUGH.

(VII) ON THE SYRIAN POSITION, MUBARAK SAID THAT HE HAD MADE IT CLEAR TO ASSAD THAT HE WAS GIVING THE ISRAELIS A PRETEXT FOR STAYING IN SOUTH LEBANON BY REMAINING IN THE BEKAA. BUT THE FACT WAS THAT THE SYRIANS HAD ONLY TOLD GEHAYEL THAT THEY WOULD WITHDRAW BECAUSE THEY HAD CALCULATED THAT THE ISRAELIS WOULD NOT. THE AGREEMENT OF 17 MAY HAD THEREFORE COME AS A SHOCK TO THEM. (VIII) IN CONCLUSION, MUBARAK EMPHASISED AGAIN THAT WITHOUT ISRAELI WITHDRAWAL THE SOVIET UNION WOULD BE ABLE TO INCREASE ITS INFLUENCE IN THE AREA. THEY KNEW THAT THE ARABS TURNED TO THEM ONLY WHEN THEY NEEDED ARMS. HE QUOTED, BY WAY OF EXAMPLE, SOVIET ATTEMPTS TO GET A FOOT IN THE DOOR IN EGYPT BY OFFERING TO SUPPLY HELICOPTERS AT KNOCK-DOWN PRICES.

ARAB/ISRAEL

3. MUBARAK ARGUED THAT THE AMERICANS SHOULD PRESS ISRAEL TO TALK TO ARAFAT AND SHOULD TALK TO HIM THEMSELVES, IN ORDER TO PULL THE RUG FROM UNDER THE RUSSIANS AND OTHERS WHO WERE OPPOSED TO A COMPREHENSIVE SETTLEMENT. IT WAS IMPORTANT THAT THE MODERATE PALESTINIANS BE ENCOURAGED. ARAFAT COULD NOT EXPLICITLY ENDORSE RESOLUTION NO 242 OR RECOGNISE ISRAELI RIGHT TO EXIST, BUT IT WAS CLEAR THAT THEY HAD ALREADY DONE SO INDIRECTLY. THERE WERE SIMILAR LIMITS TO WHAT OTHER MODERATE ARABS WERE PREPARED TO SAY IN PUBLIC (HE WAS CRITICAL OF SAUDI PUSILLANIMITY), BUT THERE WAS NO DOUBT THAT THEY WANTED PEACE.

4. MUBARAK EXPRESSED SOME DOUBTS ABOUT THE LIKELY EFFECT OF THE RECALL OF THE JORDANIAN PARLIAMENT WHICH THE REJECTIONISTS WOULD OPPOSE AND WHICH WAS CAUSING CONCERN ALSO AMONG SOME OF ARAFAT'S PEOPLE. BUT ARAFAT WOULD GO TO JORDAN SOON, AND MUBARAK WAS PRESSING KING HUSSEIN TO BE MORE FLEXIBLE ABOUT THE LINK.

5. MUBARAK DESCRIBED THE HIGH PROFILE DECLARATION ON THE US/ISRAELI STRATEGIC RELATIONSHIP AS A DISASTER. THERE WAS ABSOLUTELY NO REASON TO HAVE DONE THIS AT THIS VERY CRITICAL TIME, AND THE RESULT HAD BEEN ONLY TO ALLOW THE RUSSIANS AND OTHERS TO ARGUE THAT THE UNITED STATES WAS NOT SINCERE IN WANTING EITHER A PEACEFUL SETTLEMENT OR GOOD RELATIONS WITH THE ARABS. HE HAD MADE IT CLEAR TO RUMSFELD THAT HE WOULD HAVE EXPECTED AN OPPORTUNITY TO ADVISE BEFORE SUCH A DECISION WAS TAKEN.

6. HE CONCLUDED THAT IF 1984 PASSED WITHOUT A SIGNIFICANT MOVE FORWARD ON ARAB/ISRAEL, IT WOULD BE TOO LATE. THE SETTLEMENTS WOULD BE A FAIT ACCOMPLI.

2  
CONFIDENTIAL

/s/ MUBARAK



# CONFIDENTIAL

7. MUBARAK SAW NO PROSPECT OF AN EARLY END TO THE WAR AND ARGUED THAT KHOMEINI WANTED IT TO CONTINUE FOR DOMESTIC POLITICAL REASONS. SUDAN

8. MUBARAK MADE CLEAR IN RESPONSE TO QUESTIONS FROM THE SECRETARY OF STATE HOW ACTIVE HE HAD BEEN IN PERSUADING NIMEIRI OF THE DANGERS OF HIS POLICY OF ISLAMISATION. NIMEIRI HAD BEEN PERSUADED TO EMBARK ON THIS COURSE BY THE MOSLEM BROTHERHOOD, WHO HAD ARGUED THAT IT WOULD LEAD TO STABILITY. MUBARAK HAD IMPRESSED ON NIMEIRI THE FACT THAT IT WOULD ACHIEVE THE OPPOSITE, AND GIVE THE COMMUNISTS A WONDERFUL OPPORTUNITY TO CAUSE TROUBLE. HE THOUGHT THAT NIMEIRI HAD BEEN CONVINCED, BUT ADDED THAT HE HAD FOUND ATTRACTIVE THE IDEA OF RULING QUOTE LIKE A KING UNQUOTE IN A COUNTRY WITHOUT ELECTIONS. MUBARAK DISCOUNTED THE POSSIBILITY OF QADDAFI MEDDLING SUCCESSFULLY IN THE SUDAN, AND WAS TYPICALLY DISPARAGING ABOUT HIS MENTAL STATE.

FCO PSE PASS ALL ADDRESSEES

MUIR

[REPEATED AS REQUESTED]

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ARAB/ISRAEL DISPUTE

3  
CONFIDENTIAL

CR

A.S.C.

Egyptian  
relats.



Jay of  
Mintobson  
N.T.E. What  
do you think?  
CR.

10 DOWNING STREET

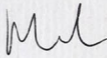
Wendy Anderton 'phoned.

Field Marshall ~~Adn~~ Ghazala

the Egyptian Minister of  
Defence and (possibly) the  
Deputy PM will be visiting  
the UK on 20 February.

MOD would like a 1/2 hour  
slot and will be writing  
within the next couple of  
days to that effect.

No reply.

I should like to see   
the MOD letter first. 3/1.

A.S.C. 4/1.

CC MASSER  
OP

FCE

MTJ

cc: FCO.



10 DOWNING STREET

THE PRIME MINISTER

9 June, 1983

**PRIME MINISTER'S  
PERSONAL MESSAGE**  
SERIAL No. T84/83

Dear President Tubarade,

Thank you for your letter which I received before I set out for the Williamsburg Economic Summit. I was grateful for your kind remarks about the Leeds Castle Conference. I know that Dr. Saad Abdel Fattah Khalil made a valuable contribution to its success.

I share your view of the interdependence of the world economy and agree that all countries are affected by the world recession. The Williamsburg Summit was not of course intended to design a plan for global recovery. But it did consider and agree upon the overall framework within which, I believe, the emerging recovery in the industrialised nations can be sustained and spread to other parts of the world. Its principal message was one of confidence in the prospects for such recovery. It is important for all countries, developing and developed alike, that recovery should be sound and that its benefits should be shared widely. The renewed Williamsburg commitment to the open trading system is particularly important in this respect.

I was pleased to note, Mr. President, that you yourself will address the forthcoming meeting of the United Nations on Trade and Development. Like other nations represented at Williamsburg, Britain shares the commitment of the developing

/countries

SH



countries to approach the Belgrade discussions in a spirit of understanding and co-operation. Our aim will be to agree upon practical action wherever possible.

I share your concern at the rising tension in the Middle East. We welcomed the Israel/Lebanon agreement as a substantial step towards securing peace in Lebanon. It is now vital that those concerned take the next step, that of withdrawing all foreign forces from the country as soon as possible, to enable the Lebanese Government to re-establish its authority throughout its territory. We have urged the Syrian Government to seize this opportunity to put an end to the Israeli occupation of Southern Lebanon by agreeing to withdraw their own forces, despite any reservations they may have about the agreement. The present dangerous situation must not be allowed to persist.

The lack of progress in efforts to settle the wider Arab/Israeli conflict is also disturbing. We have called for a major effort to revive President Reagan's initiative, which remains the best starting point for negotiations. Meanwhile, the continuing programme of Israeli settlements can only hinder further efforts to achieve a comprehensive peace settlement of the kind envisaged since Resolution 242. We and our European partners are determined to use our influence to encourage a moderate and constructive approach from all sides to this most complex and urgent problem. I know that you are doing the same. But progress can only be achieved if those most directly concerned show the political will to settle their differences by negotiation. Israel's rejection of the Reagan plan, and the PLO's decision to frustrate King Hussein's efforts to come to the negotiating table, are both serious setbacks which we must all work to overcome.

/I, too,

I, too, very much hope that we can keep in touch on these important matters.

Keep you good with

Yours sincerely

Nayana Dehita

His Excellency President Muhammad Hosni Said Mubarak.



FIVE SA

10 DOWNING STREET

*From the Private Secretary*

9 June, 1983

Reply to Message from President Mubarak

Thank you for your letter of 7 June. I enclose a reply by the Prime Minister to President Mubarak's undated letter about Williamsburg and the Middle East and should be grateful if you would arrange for its delivery.

A. J. COLES

John Holmes, Esq.,  
Foreign and Commonwealth Office





Foreign and Commonwealth Office

London SW1A 2AH

7 June, 1983

*Type into file.*

*Dear John,*

*A.S.C. 9/6.*

Reply to Message from President Mubarak

I wrote to you on 25 May enclosing a letter to the Prime Minister from President Mubarak primarily about Williamsburg. I now attach the text of a draft reply from the Prime Minister. This may seem a little long, but President Mubarak's own message was lengthy and he will appreciate a considered reply.

*Yours ever*

*John Holmes*

(J E Holmes)  
Private Secretary

A J Coles Esq  
Private Secretary  
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret  
 Secret  
 Confidential  
 Restricted  
 Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Thank you for your letter which I received before I set out for the Williamsburg Economic Summit. I was grateful for your kind remarks about the Leeds Castle Conference. I know that Dr Saad Abdel Fattah Khalil made a valuable contribution to its success.

↓ and  
 I agree that all countries are affected by the world recession and I share your view of the inter-dependence of the world economy. The Williamsburg Summit was not of course intended to design a plan for global recovery. But it did consider and agree upon the overall framework within which, I believe, the emerging recovery in the industrialised nations can be sustained and spread to other parts of the world. Its principal message was one of confidence in the prospects for such recovery. It is important for all countries, developing and developed alike, that recovery should be sound, and that its benefits should be shared widely. The renewed Williamsburg commitment to the open trading system is particularly important in this respect.

Enclosures—flag(s).....

I was pleased to note, Mr President, that you yourself will address the forthcoming Meeting of the United Nations on Trade and Development. Like other nations represented at Williamsburg, Britain shares the commitment of the developing countries to ~~engage with~~ <sup>approach the Belgrade discussions in a spirit of</sup> understanding and cooperation ~~at~~ <sup>in</sup> Belgrade. Our aim will be to agree practical action wherever possible.

I share your concern at the rising tension in ~~your region.~~ <sup>the Middle East.</sup> We welcomed the Israel/Lebanon agreement as a substantial step towards securing peace in Lebanon. It is now vital that those concerned take the next step, that of withdrawing all foreign forces from the country as soon as possible, to enable the Lebanese Government to re-establish its authority throughout its territory. We have urged the Syrian Government to seize this opportunity to put an end to the Israeli occupation of Southern Lebanon by agreeing to withdraw their own forces, despite any reservations they <sup>may</sup> ~~might~~ have about the agreement. ~~Like you we shall continue to do what we can.~~ The present dangerous situation must not be allowed to persist.

The lack of progress in efforts to settle the wider Arab/Israeli conflict is also ~~very~~ disturbing. We have called for a major effort to revive President Reagan's initiative, which remains the best starting point for negotiations. Meanwhile, the continuing programme of Israeli settlements can only hinder further efforts to achieve/a comprehensive peace



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I, too, very much hope that we can keep in touch on these important matters.

AM 5:  
6

EGYPT : Relations : Nov 80



Foreign and Commonwealth Office

London SW1A 2AH

25 May 1983

Jaw Khan

MS  
Prime Minister

JA

25/5

Message from President Mubarak

I enclose a letter from President Mubarak addressed to the Prime Minister which the Egyptian Ambassador delivered to Lord Belstead today. The letter covers the Economic Summit at Williamsburg and the Middle East. The Ambassador said that similar letters were being sent to other Heads of Government participating in the Williamsburg Summit.

On economic questions, President Mubarak commends to the Prime Minister's attention the plight of the least developed countries. His message is uncontroversial. He is notably moderate in his expression of hope that the UNCTAD meeting in June will be constructive and practical. He is also complimentary about the recent Leeds Castle seminar on UNCTAD and about Mr Pym's views on the Brandt Report.

On the Middle East, President Mubarak's views on the continuing presence of foreign forces in Lebanon and the expansion of Israeli settlements on the West Bank are similar to our own. He also states unequivocally that negotiations on the Palestinian problem will not be possible until after the withdrawal of foreign forces from the Lebanon.

We shall let you have a draft reply from the Prime Minister to President Mubarak after the Williamsburg meeting.

*J E Holmes*  
*[Signature]*

(J E Holmes)  
Private Secretary

A J Coles Esq  
10 Downing Street



SUBJECT

cc MASTER  
ops

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



الرئيس

*The President*

**PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 70A / 83**

Dear Prime Minister Thatcher,

In writing to Your Excellency, I am guided by Your sincere keenness on resolving the world economic crisis as demonstrated on several occasions, the most recent being the United Kingdom's invitation to some countries, both advanced and developing, to attend the Leeds Castle Conference last April, which was an invaluable opportunity for a frank and constructive exchange of views. In this regard, I would like to refer to the positive deliberations at the British House of Commons during the discussion of the "Brandt Memorandum" and to Mr. Charles Pym's keenness on the interests of developing nations whose trade volume with the U.K. represents 20% of the latter's total trade volume. We were impressed by his emphasis on the inevitability of interdependence and the necessity of its observance as a prerequisite for an effective solution to world economic crises.

Inspired by this spirit of cooperation, and keen on keeping the tradition we have established to consult and exchange views on matters of common interest, I have deemed it appropriate to share with you a few thoughts on the occasion of the forthcoming Economic Conference at Williamsburg.

*The President*

2.

The whole world is today afflicted with a serious economic crisis. You would agree with me that the adverse impact of this crisis is more clearly felt in the developing nations due to their weak economic structures. In view of this situation, the international community is called upon to coordinate its efforts towards finding practical solutions to this crisis, the persistence of which will undoubtedly constitute a serious threat to world peace and stability. I wish to emphasize that the whole world pins great hopes on the outcome of your important Summit.

I am fully confident that interdependence in the international economic life in general, and in resolving its problems in particular, has become a unanimously accepted principle over which there is no dispute whatsoever. Therefore, if there remains any differences, They are ones of approach and not of principle. I believe that the ample opportunities which Williamsburg Meeting affords for the discussion of international economic problems should be seized with a view to reaching an understanding concerning the measures to be taken so as to mitigate the impact of the current economic crisis, particularly in the developing nations which no longer have a "margin" that could allow them to bear more burdens.



*The President*

3.

I need not dwell on the lamentable conditions of developing nations as I am certain you are fully aware of the real dimensions of the crisis and its potential consequences. Egypt has consistently advocated alleviating the problem through a constructive and frank dialogue between the industrialized countries and developing nations. In this regard, I would like to point out the plight of the least developed nations, the vast majority of which exist in the African Continent. Those countries exert desperate efforts to maintain their livelihood.

I am confident that you share these views with me and that you will spare no effort to reflect this spirit in the deliberations of your Meeting.

In the second week of June. I shall address the UNCTAD Meeting. The thrust of our efforts will be to advocate cooperation and the reconciliation of interests rather than collision or polarization. We aspire to reach agreement on a formula for promoting cooperation among nations and to come out with a package of practical solutions to come to grips with world economic problems which no one can evade or solve in isolation.





The President

4.

Dear Friend,

I am certain that you are well aware of the latest developments in the Middle East. To our regret, peace is being endangered and tension is rapidly rising to the detriment of all the peoples of the region. We cannot allow this state of affairs to continue, for peace is at stake. Having worked so hard and taken great risks for a lasting and comprehensive peace in the area, we feel duty-bound to exert every effort in order to put the situation back on the track and persuade all the parties concerned to seek a peaceful settlement through negotiations.

Since Israeli forces invaded Lebanon in June 1982, we have strongly demanded an immediate Israeli withdrawal as a necessary step for normalizing the situation in the region and paving the way for the resumption of peace efforts. Unfortunately, certain obstacles appear to block that withdrawal for the time being, thus dealing a devastating blow to our mission. We are sparing no effort to remedy that situation. We do so in view of the fact that any prolongation of the status quo in Lebanon would certainly mean strengthening attempts to impose a de-facto partition of that state and sow dissension and strife among its peace-loving people. The damage to



The President

5.

the cause of peace would be immeasurable.

So long as this problem is not eliminated, it would not be possible to start the negotiations on the Palestinian problem which is the crux of the entire conflict. The negative impact of this development can be appreciated if we consider the effect of the Israeli settlement policy. Together with the repressive measures taken by the Israeli authorities in the West Bank and the Gaza Strip, such policy is dimming the hope of the Palestinian people in a just and lasting peace. Without this hope, it would be most difficult to begin the negotiations. The end result would be to miss another opportunity to effect a historic reconciliation between Israel and the Arabs. Undoubtedly, this would mean hurting the cause of world peace and stability, for it has been well-established that the prosperity of many nations in the different corners of the globe is closely linked to peace and stability in the Middle East.

We shall continue our endeavor in order to regain the momentum for peace and overcome these obstacles. I am sure you will do the same. I would be pleased to continue these consultations with you until we achieve our goals.

With all best wishes in your present endeavour.

Sincerely,

Mohammed Hosni Mubarak

Her Excellency Margaret Thatcher  
Prime Minister of the United Kingdom.







*From the Secretary of State*

The Rt Hon Francis Pym MC MP  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London  
SW1A 2AL

*Egypt*  
*cc R.J.*  
21 February 1983

N. B. P. M.

A. J. C.  $\frac{21}{2}$

*Francis Pym*  
EGYPT : ATP

Thank you for your minute of 7 February agreeing to my proposal to offer Egypt £16 million from the Aid and Trade Provision in order to secure two or three projects from their priority list.

I can assure you that there will be full consultation between interested Departments in the selection of the projects we shall propose to the Egyptians, and that we shall only select projects which under more general rules would have rated as priority targets. It has always been the intention that the £16 million would come from within the ATP allocation; the normal ATP machinery will be used; and there will be full and regular consultation among officials on all aspects of the proposals, including the rate of draw down.

You should know that in my letter to Dr Wagih Shindy making the offer I have suggested that we should formalise the arrangement by signing a protocol when I am in Egypt next month. I have in mind a Memorandum of Understanding on the lines of the 1981 MOU with Brazil under which our offer of ATP and ECGD-backed cover only lasted a relatively short time in order to encourage the other side to negotiate contracts in earnest. This does mean that the ATP machinery will have to respond quickly and efficiently to the proposals; but it has the merit of concentrating everyone's minds - theirs and ours - on the objective of getting contracts signed quickly.



*From the Secretary of State*

The Rt Hon Francis Pym MC MP  
Secretary of State for Foreign  
and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London  
SW1A 2AL

21 February 1983

N. S. P. M.

A. J. C.  $\frac{21}{2}$

*Francis Pym*  
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FCS/83/28

SECRETARY OF STATE FOR TRADE

✓  
Egypt  
N. S. P. R.

A.S.C. 7/2

1. Thank you for your letter of 25 January proposing a country allocation for Egypt within the Aid and Trade Provision. I have also seen the letters which you and Leon Brittan exchanged. I understand that subsequently it was agreed between you that ECGD limits should not stand in the way of your proposal.
2. I agree it would have been preferable to have considered this proposal in the context of the more general work on Criteria for Support of Overseas Projects but I take it that Egypt would figure on any priority list prepared by your Department. I am a little surprised by your proposal, in view of your department's preference to have the ATP managed on as flexible a basis as possible in order to match mixed credit offers of other countries, project by project. However, I recognise the difficulties in this approach especially as some other countries, notably France, do offer country lines of mixed credit.
3. I am content to accept your proposal subject to our agreement on three points which, judging from your letter, should not offer you any problems. First the £16m grant must be found from within the currently agreed ATP allocation for future years. Second the individual cases within the £16m should be put forward in the usual way through the existing interdepartmental machinery for ATP cases. Third it should be possible to arrange for our officials to review jointly the individual project possibilities at an early stage rather than waiting, as we tend to do now when matching on a project basis, until close to the tendering deadline.
4. We shall need to reach a clear understanding on the maximum permitted rate of drawdown over the three or more financial years involved, bearing in mind the other pressures on ATP funds. It is important that the Egyptians should not gain the misleading impression that the whole £16m will be available for immediate spending. I am content for our officials to pursue this aspect.



I am copying this minute to the recipients of yours.

*FP*

(FRANCIS PYM)

Foreign and Commonwealth Office

7 February, 1983

Egypt, No '80,  
Int Set.

1980 NOV 11  
H. G. I. S. L. B. S. K. M. U. I.



RESTRICTED

SECRET  
Egypt



Treasury Chambers, Parliament Street, SW1P 3AG

John Rhodes Esq  
Private Secretary to the  
Secretary of State  
Department of Trade  
1 Victoria Street  
London SW1H 0ET

3 February 1983

Dear Jsr.

JR  
4/2

ATP FOR EGYPT

I am writing to confirm that, after reading your Secretary of State's letter to the Foreign Secretary and speaking to him on the telephone last night, the Chief Secretary is content for £16 million from the Aid and Trade provision to be set aside to support projects in Egypt.

Copies of this go to John Kerr here, Jonathan Spencer, Brian Fall, Mike Power and John Coles.

Yours sincerely

Jsr. Gieve

JOHN GIEVE

RESTRICTED

Egypt,  
Nov '80, Relations

SECRET



UNITED STATES DEPARTMENT OF STATE

1980

OFFICE OF THE ASSISTANT SECRETARY FOR

FOR THE MIDDLE EAST

WASHINGTON, D.C. 20520

1980

✓ 11  
E4 Feb 1983



TO : ASSISTANT SECRETARY FOR THE MIDDLE EAST  
FROM : [Illegible]  
SUBJECT: [Illegible]

DATE: [Illegible]  
BY: [Illegible]

[Illegible]

[Illegible]

[Illegible]

SECRET

RESTRICTED

DEPARTMENT OF TRADE

1 VICTORIA STREET LONDON SW1H 0ET

Telephone 01-215 7877



From the Secretary of State

*Mr. Rhodes told me that  
this has now been agreed.  
N. B. P. R.*

*A. J. C. 3/2.*

RESTRICTED

The Rt Hon Francis Pym MC MP  
Secretary of State for Foreign and Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London  
SW1

2 February 1983

*Dear Secretary of State,*

ATP FOR EGYPT

I have seen Leon Brittan's letter of 31 January expressing reservations about my proposal to set aside some £16 m from the Aid and Trade provision for projects in Egypt.

I do not accept that the present limit could not accommodate an additional £70 m ATP - supported business. On the contrary, ECGD have assured me that, allowing for expected casualties among present commitments, sufficient cover remains within present Section 2 limits to accommodate the proposed business. At the very worst some marginal topping up from Section 1 might be necessary. If the ATP is fully spent there would be little cover left over for other project business. But the harsh reality is that there is little prospect of other Section 2-type contracts being secured in the Egyptian public sector without the ATP support which is necessary to bring our credit terms into line with our competitors.

While one needs to take a cautious view of Egyptian economic prospects, political and other considerations must also enter into our judgement. My proposal does not imply any additional exposure beyond limits already agreed by Ministers to be prudent. There has been no suggestion that we should retreat from this view. The essence of any proposal is that we should gather together two or three cases which would have greater impact if displayed as a package. These would be cases which we would expect to be approved on their individual merits. But bringing them together in a package would enable British exporters to secure contracts which will

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*From the Secretary of State*

otherwise certainly be lost because of the disproportionate weight Egypt attaches to favourable credit terms.

It is important in trade as well as political terms that we maintain our position in this market. We face serious competition from other countries who are prepared to quote very favourable terms and support them by aid. I am not suggesting anything that would result in the limits already agreed being exceeded. The proposal is essentially a presentational one - in a field in which presentation is particularly important.

I am copying this letter to the Prime Minister, Leon Brittan (Treasury) and Patrick Jenkin (Industry).

*Yours sincerely*

*RC* LORD COCKFIELD

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Faint, illegible text at the top of the page, possibly a header or title.

Main body of faint, illegible text, likely the primary content of the document.

2 FEB 1988

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John Smith  
[Signature]  
[Illegible text]

JH 749



Secretary of State for Industry

DEPARTMENT OF INDUSTRY  
ASHDOWN HOUSE  
123 VICTORIA STREET  
LONDON SW1E 6RB  
TELEPHONE DIRECT LINE 01-212 3301  
SWITCHBOARD 01-212 7676

2 February 1983

The Rt Hon Lord Cockfield  
Secretary of State for Trade  
1 Victoria Street  
London SW1

N. B. P. R.

10/2

L.

Dear Arthur,

Thank you for copying to me your letter of 25 January to Francis Pym about the possibility of identifying a special allocation of ATP for Egypt, with the necessary supporting ECGD cover. I have also seen Leon Brittan's letter of 31 January.

2 Egypt is an important market in terms of both present and future potential; for example, the consumption of electricity is forecast to grow at 10% per annum up to the end of the century. And we clearly cannot avoid, in the face of competition from other countries, the general Egyptian requirement for soft financing. With this in mind, I very much believe your suggested policy to be realistic and sensible: it is important that we take such a flexible, albeit limited, approach. I note what Leon Brittan says about Egypt's debt position, but all our competitors seem to be taking a more optimistic view of the country as an aid and credit risk. While we dither about a small commitment from an existing budget, the industries of our competitors are gaining much goodwill in the market place now from the support they are receiving.

3 The need for flexibility is clearly shown by the "shopping list" approach adopted by the Egyptians. In the power sector alone they have identified five projects totalling £250m. We shall need to be able to react quickly to changing Egyptian priorities and the taking up of various projects by our competitors. We really do need to be able to play our hand here in the freest possible way, given the established nature of Egypt as a credit-mixed market and that there is seldom a direct matching opportunity on any one project: the Egyptians will treat with whoever offers soft credit or aid in preference to seeking open competitive tender which may or may not bring credit mixed offers. The price to be paid in the market place by not offering mixed credit is a high one.



Egypt, New to  
Palestine



4 With this in mind, and whilst I too should have preferred that the issue could have been taken within the context of the work on Criteria of Support for Overseas Projects, I agree with your proposal.

5 I am copying this letter to the Prime Minister, Francis Pym, Geoffrey Howe, Leon Brittan and Timothy Raison.

You are  
Patrick

22 FEB 1983



RESTRICTED

*u as/tp*



NEW AD

*(CPS)  
PS/Mr Hind  
PS/Mr Paine  
Sir J Leahy  
Mr Greston  
Mr Thomas*

*SED  
APD*

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Francis Pym MC MP  
Secretary of State  
Foreign & Commonwealth Office  
Downing Street  
London SW1A 2AL

*Secretary of State*

*M* 31 January 1983

*2 Francis.*

*N. B. P. R.*

*AM 3/2  
k.a.*

ATP FOR EGYPT

I have seen a copy of Arthur Cockfield's letter of 25 January suggesting that we set aside some £16 million from the Aid and Trade Provision to support projects in Egypt.

As Arthur Cockfield will know, ECGD's section 2 limit for Egypt is currently under review. My latest information is that the present limit could not accommodate an additional £70 million ATP supported business. Even if it could, this would leave little, if any, cover available for anything else. The Bank of England have advised that we should be very cautious about medium term credit commitments because of Egypt's prospective debt position even on optimistic assumptions. Even on optimistic assumptions Egypt will have a current account deficit of \$3.5 billion in 1985 and a debt service ratio in excess of 50 per cent. In the circumstances, although I would not wish to rule out altogether consideration of future ATP cases for Egypt against the normal criteria, I cannot agree that it would be prudent to make any specific commitment to President Mubarak about the availability of ATP support.

I am copying this to the Prime Minister, Arthur Cockfield and other recipients of his letter of 25 January.

*Lea*

LEON BRITTON

RESTRICTED

RESTRICTED

*C. T. Jackling*



②

*Prime Minister*

*A.S.C. 21*

Treasury Chambers, Parliament Street, SW1P 3AG

*N. S. P. R.*

The Rt Hon Francis Pym MC MP  
Secretary of State  
Foreign & Commonwealth Office  
Downing Street  
London SW1A 2AL

*ML 3/2*

31 January 1983 *h-2*

*2 Francis*

ATP FOR EGYPT

I have seen a copy of Arthur Cockfield's letter of 25 January suggesting that we set aside some £16 million from the Aid and Trade Provision to support projects in Egypt.

As Arthur Cockfield will know, ECGD's section 2 limit for Egypt is currently under review. My latest information is that the present limit could not accommodate an additional £70 million ATP supported business. Even if it could, this would leave little, if any, cover available for anything else. The Bank of England have advised that we should be very cautious about medium term credit commitments because of Egypt's prospective debt position even on optimistic assumptions. Even on optimistic assumptions Egypt will have a current account deficit of \$3.5 billion in 1985 and a debt service ratio in excess of 50 per cent. In the circumstances, although I would not wish to rule out altogether consideration of future ATP cases for Egypt against the normal criteria, I cannot agree that it would be prudent to make any specific commitment to President Mubarak about the availability of ATP support.

I am copying this to the Prime Minister, Arthur Cockfield and other recipients of his letter of 25 January.

*Len*

LEON BRITTAN

RESTRICTED



Egypt, Jan 8. Int. Sec.



31 JAN 1938

RECEIVED  
U.S. DEPT. OF STATE  
JAN 31 1938

*[Faint, mostly illegible typed text, likely a memorandum or official letter, with some lines crossed out by red ink.]*

Egypt (2)



From the Secretary of State

The Rt Hon Francis Pym MC MP  
 Secretary of State for Foreign and Commonwealth Affairs  
 Foreign and Commonwealth Office  
 Downing Street  
 London  
 SW1

Prime Minister  
 for information.  
 President Mubarak will be  
 calling on you on 2 February.

A.J.C. 25

2 January 1983

Dear Francis,

In recent months, the Egyptian Government has taken every opportunity to press for further aid from Britain for major projects in their public sector. We expect President Mubarak to press the case yet again when he sees the Prime Minister on 2/3 February.

The Egyptian authorities have repeatedly made it plain that soft credit terms are readily available from our major competitors and that without comparable facilities from Britain, our companies will be excluded from project business no matter how effective the commercial terms they offer.

This threat is no idle one. ECGD have received more notifications of mixed credits to Egypt in the past two years (33) than for any other country. France Germany and Italy are the principal culprits and have been rewarded with a much larger share of project business than the UK. Strong representations from UK contenders confirm that we have been disadvantaged.

I understand that our bilateral capital aid programme for Egypt is fully committed for some time ahead. I have in mind therefore setting aside some £16 million from the Aid and Trade Provision to support say, one major and two smaller projects in Egypt over the next two to three years. The projects would be selected from an Egyptian priority list (which we already have) where British bids seem otherwise well placed to secure the business.



*From the Secretary of State*

Additional business on this scale would commit ECGD to providing cover of up to £70 million which could be accommodated within the existing Section 2 limit.

I am sure that you would agree that a healthy trading relationship with Egypt is of considerable political importance. Equally, our political support will only count with them if we are seen to have commercial confidence in Egypt too. Some positive gesture to demonstrate that, contrary to Egyptian suspicions, we do attach importance to playing a part in developing a strong and stable Egyptian economy, will not go unremarked particularly if signalled during President Mubarak's visit.

It would have been preferable to have pursued this proposal in the context of the more general work on Criteria of Support for Overseas Projects. But if the Prime Minister is to be able to respond positively to the anticipated pressures from President Mubarak we need a decision in principle now, accepting that the individual projects will be the subject of consultation with ODA and others in the usual way. I should therefore appreciate early agreement to the course of action proposed.

I am copying this letter to Geoffrey Howe, Patrick Jenkin and Timothy Raison and also for information to the Prime Minister.

LORD COCKFIELD



25 JAN 1988



END COPY



EMBASSY OF THE  
ARAB REPUBLIC OF EGYPT  
26, SOUTH STREET, LONDON, W.1  
TELEPHONE: 01-489 2401

*Mr Murtis*

*Egypt*

*TH*

*24/12*

*mt*

*NEW AD*

*PS*

*N Egenten*

*Mr Cole (No 10)*

*14/12/82*

23rd December 1982.

The Charge d'Affaires a. i. of the Arab Republic of Egypt presents his compliments to Her Majesty's Principal Secretary of State for Foreign and Commonwealth Affairs, and has the honour to forward the enclosed message received from H. E. Pr sident Mohamed Hosny Mubarak to The Rt. Hon. Mrs. Margaret Thatcher.

The Charge d'Affaires a. i. of the Arab Republic of Egypt avails himself of this opportunity to renew to Her Majesty's Principal Secretary of State for Foreign and Commonwealth Affairs the assurances of his highest consideration.

Her Majesty's Principal Secretary of State  
For Foreign and Commonwealth Affairs  
Foreign and Commonwealth Office  
London SW1





EMBASSY OF THE  
ARAB REPUBLIC OF EGYPT  
26, SOUTH STREET, LONDON, W.1  
TELEPHONE: 01-499 2401

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T24182

MADAM

ON THE OCCASION OF CHRISTMAS AND THE NEW YEAR ,  
IT GIVES ME PLEASURE TO EXPRESS MY SINCERE WISHES  
FOR YOUR GOOD HEALTH AND HAPPINESS . FURTHERMORE  
I WISH YOUR FRIENDLY PEOPLE PROSPERITY AND WELFARE.

MOHAMED HOSNY MUBARAK  
PRESIDENT OF THE ARAB  
REPUBLIC OF EGYPT.



GRS 700

CONFIDENTIAL

CONFIDENTIAL

FM CAIRO 220915Z MAR 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 132 OF 22 MARCH

INFO PRIORITY TEL AVIV, WASHINGTON.

TEL AVIV TELNO 36: TABA

1. BOUTROS GHALI ASKED TO SEE ME LAST NIGHT (BEFORE LEAVING ON ANOTHER AFRICAN TRIP TODAY) TO DISCUSS TABA. HE WONDERED WHETHER THERE WAS ANYTHING WE COULD DO TO HELP IN VIEW OF OUR ROLE IN THE ORIGINAL BOUNDARY DEMARCATION.
2. BOUTROS GHALI SAID THAT ONE DIFFICULTY WITH THE ISRAELIS WAS THAT THEY HAD NO UNDERSTANDING OF EGYPTIAN HISTORY. FOR THE EGYPTIANS THE NAME TABA, AS THE SCENE OF THE LAST CLASH AND SUBSEQUENT BOUNDARY SETTLEMENT BETWEEN EGYPT AND THE FORCES OF THE OTTOMAN EMPIRE, WAS AS SIGNIFICANT AND EMOTIVE AS FASHODA IN THE HISTORY OF THE SUDAN. THE ISRAELIS HAD BEEN SAYING THAT THE AVERAGE EGYPTIAN KNEW AND CARED LESS ABOUT THEIR TERRITORY IN SINAI THAN DID THE ISRAELIS AFTER ONLY 14 YEARS OF OCCUPATION. WHILE THIS MIGHT BE TRUE OF THE MAN IN THE STREET, SAID BOUTROS, IT WAS EMPHATICALLY NOT TRUE OF THE EGYPTIAN ARMED FORCES, IN WHOSE ANNALS TABA HAD AN HONOURED PLACE, NOR OF EDUCATED PEOPLE LIKE HIMSELF (AND NOT SIMPLY BECAUSE IT WAS HIS GRANDFATHER WHO AS PRIME MINISTER HAD SIGNED THE 1906 TREATY). THE SURRENDER OF TABA COULD WELL CAUSE DISAFFECTION AMONG THE EGYPTIAN MILITARY. AND FOR THE OTHER ARABS IT WOULD OF COURSE BE HAILED AS FINAL PROOF THAT CAMP DAVID MEANT THE LOSS OF ARAB TERRITORY.
3. DESCRIBING HIS OWN AND KAMAL HASSAN ALI'S TALKS IN ISRAEL LAST WEEK, BOUTROS GHALI CONFIRMED THAT THE ISRAELIS HAD NOT ACTUALLY REJECTED THE EGYPTIAN PROPOSAL OF ARBITRATION BY A FACT-FINDING COMMISSION. NOR HAD THEY REPEATED THEIR THREAT TO DELAY THE ENTIRE WITHDRAWAL IF THE ISSUE REMAINED UNRESOLVED, THOUGH IT WAS STRONGLY IMPLIED. BEGIN TOOK THE LINE THAT AS THE TREATY PROVIDED FOR NEGOTIATION IN THE FIRST INSTANCE THEY SHOULD MAKE A MORE SERIOUS EFFORT TO NEGOTIATE AND SHOULD NOT BE MESMERISED BY TARGET DATES (AT ONE POINT SHARON REMARKED THAT NEGOTIATIONS COULD HAPPILY DRAG ON FOR 12 YEARS, TO WHICH BOUTROS HAD REFLECTED THAT THAT WAS EXACTLY WHAT HE WAS AFRAID OF). THE ISRAELIS PURPORTED TO ACCEPT THE EGYPTIAN IDEA THAT THE AREA SHOULD BECOME A NEUTRAL AND DEMILITARISED ZONE PENDING A SETTLEMENT, BUT REJECTED ANY SUGGESTION THAT IT SHOULD BE ADMINISTERED BY A NEUTRAL AUTHORITY OR THAT ISRAELI CIVILIANS AND TOURISTS SHOULD BE DEBARRED FROM CONTINUING TO USE IT.

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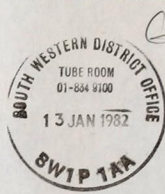
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*Egypt*

*Seen*

H. E. MRS MARGARET THATCHER  
PRIME MINISTER OF BRITIAN  
LONDONS W1

EXCELLENCY,

I HAVE RECEIVED WITH APPRECIATION YOUR WARM MESSAGE  
OF CONTRATLATIONS ON THE OCCASION OF MY APPOINTMENT AS  
PRIME MINISTER  
I AM DEEPLY CONFIDENT THAT THE FRIENDLY RELATIONS  
EXISTING BETWEEN EGYPT AND BRITIAN WILL FLOURISH FOR THE  
WELFARE AND PROSPERITY OF OUR TWO NATIONS  
WITH MY BEST N AND I WISHES  
SINCERELY

DR. FOUAD MOHIEDDIN PRIME MINISTER EGYPT

NNNN

889113 PO SW G  
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for enquiries dial the number  
shown in your dialling instructions

British TELECOM

ies dial the number  
your dialling instructions

TELECOM for enquiries dial the number  
shown in your dialling instructions

Telegram for enquiries dial the number  
shown in your dialling instructions



THEY HAD HAD TO LISTEN TO A LOT OF SPECIOUS RHETORIC FROM BEGIN ABOUT NOT PREJUDICING THE TREATY FOR THE SAKE OF A FEW HUNDRED METRES AND ABOUT THE UNREASONABLENESS OF DENYING ISRAELI HOLIDAYMAKERS ACCESS TO THE ONE DECENT BEACH IN THE AREA. THE EGYPTIANS FOR THEIR PART HAD ARGUED THAT BY ESCALATING THE ISSUE THE ISRAELIS WOULD BLIGHT ALL THEIR OWN HOPES IN THE FRUITS OF PEACEFUL RELATIONS WITH EGYPT AND NORMALISATION, AND WOULD SCUPPER THE AUTONOMY TALKS FOR GOOD. UNDERNEATH ALL THE ISRAELIS' OBSTINACY AND BLUSTER BOUTROS THOUGHT HE DETECTED A DISTINCT SENSE OF THE WEAKNESS OF THEIR CASE.

4. BOUTROS GHALI TOLD ME THAT THE CABINET UNDER MUBARAK HAD DISCUSSED THE PROBLEM YESTERDAY FOR 3 HOURS, AND DECIDED TO MAKE ONE MORE EFFORT TO NEGOTIATE A SOLUTION DIRECT. OSAMA AL BAZ WOULD GO TO ISRAEL TODAY AND IF NECESSARY THEY WOULD CONTINUE WITH SHARON WHEN HE COMES TO CAIRO. IF THIS FAILED THEY WOULD INVOKE AMERICAN HELP IN ACCORDANCE WITH PRESIDENT CARTER'S LETTER OF MARCH 1979. BUT BOUTROS FEARED THAT THE AMERICANS WITH ALL THEIR OTHER PREOCCUPATIONS WOULD HAVE LITTLE STOMACH FOR A FIGHT WITH THE ISRAELIS ON THIS ISSUE. HE HAD ALREADY HAD AN HOUR'S LECTURE FROM THE US AMBASSADOR IN TEL AVIV ON THE ABSURDITY OF JEOPARDISING THE PEACE TREATY FOR THE SAKE OF A FEW HUNDRED METRES TERRITORY. BUT WHATEVER THE AMERICANS DID OR DID NOT DO EGYPT COULD NOT AFFORD TO ACQUIESCE IN CONTINUED ISRAELI OCCUPATION OF THE DISPUTED AREA.

5. IN ASKING ME TO REPORT ALL THIS BOUTROS EXPRESSED THE HOPE THAT WE WOULD FEEL ABLE TO SAY, ON THE BASIS OF OUR ROLE IN THE 1986 SETTLEMENT AND AFTER STUDYING THE CONTEMPORARY DOCUMENTS, THAT WE BELIEVED - IF WE DID - THAT THE EVIDENCE SUPPORTED THE EGYPTIAN CASE. HE DID NOT SUGGEST THAT YOU SHOULD RAISE THE SUBJECT ON YOUR FORTHCOMING VISIT TO ISRAEL, BUT HE THOUGHT IT WOULD BE HELPFUL IF WE COULD IMPRESS OUR UNDERSTANDING OF THE FACTS OF THE CASE UPON THE US ADMINISTRATION, WHO HE FEARED WERE UNWILLING TO LOOK THEM IN THE FACE. AS TO THE MOTIVES OF THE ISRAELIS, BOUTROS SAID HE DOUBTED WHETHER THERE WAS A DELIBERATE INTENTION ON BEGIN'S PART TO HUMILIATE EGYPT OR TO EXTRACT MORE THAN HIS POUND OF FLESH. HE THOUGHT THE ORIGINAL DECISION TO BUILD THE HOTEL COMPLEX BEYOND THE BOUNDARY HAD BEEN TAKEN (AFTER MARCH 1979 INCIDENTALLY) BY OFFICIALS, PERHAPS EVEN AT LOCAL LEVEL, BUT MINISTERS NOW FELT THEY COULD NOT GO BACK ON IT.

WE:ra

STANDARD

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ARAB/ISRAEL DISPUTE



~~PRIME MINISTER~~  
~~PERSONAL MESSAGE~~  
SERIAL No. 73/82

RESTRICTED

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OO CAIRO  
GRS90  
RESTRICTED  
FM PCO 081730Z JAN 82  
TO IMMEDIATE CAIRO  
TELEGRAM NUMBER 8 OF 8 JANUARY  
YOUR TELNOS. 3 AND 4: MESSAGE TO NEW PRIME MINISTER FROM  
MRS THATCHER.

1. PLEASE ARRANGE FOR THE FOLLOWING MESSAGE FROM THE PRIME  
MINISTER TO BE DELIVERED TO MR MOHIEDDIN AS SOON AS POSSIBLE.  
BEGINS: MAY I OFFER YOU MY WARMEST CONGRATULATIONS ON YOUR  
APPOINTMENT AS PRIME MINISTER OF THE ARAB REPUBLIC OF EGYPT. I  
AM CONFIDENT THAT THE EXCELLENT RELATIONS WHICH EXIST BETWEEN  
BRITAIN AND EGYPT WILL DEVELOP UNDER YOUR ADMINISTRATION.  
MARGARET THATCHER. ENDS.

CARRINGTON

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NNNN

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6 FM FCO 081730Z JAN 82  
7 TO IMMEDIATE CAIRO  
8 TELEGRAM NUMBER

9 Your telnos. 3 and 4: MESSAGE TO NEW PRIME MINISTER FROM  
10 MRS THATCHER.

11 1. Please arrange for the following message from the Prime  
12 Minister to be delivered to Mr Mohieddin as soon as possible.  
13 Begins: May I offer you my warmest congratulations on your  
14 appointment as Prime Minister of the Arab Republic of Egypt. I  
15 am confident that the excellent relations which exist between  
16 Britain and Egypt will develop under your administration.  
17 Margaret Thatcher. Ends.

18  
19 CARRINGTON  
20 NNNN  
21

NNNN ends telegram	BLANK	Catchword
File number	Dept NENAD	Distribution Limited NENAD News Dept PCD PS PS/Mr Hurd Mr Moberly
Drafted by (Block capitals) D A Roycroft		PS PS/Mr Hurd Mr Moberly
Telephone number 233 4134		
Authorised for despatch <i>BAH.</i>		
Comcen reference	Time of despatch	

Jur

Egypt

B/P for tel

8 January 1982

NEW EGYPTIAN PRIME MINISTER

Thank you for your letter of 7 January. The Prime Minister agrees to send a message to Dr. Fouad Mohieddin and has approved the text enclosed with your letter subject to the deletion of "develop" and its replacement by "continue to flourish".

A. J. COLES

F.N. Richards, Esq.,  
Foreign and Commonwealth Office.





Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

7 January 1982

Agree message.

A.J.C. 7.

Yes no  
attached.

Dear John,

You will have seen Cairo telegrams 3 and 4 of 4 January giving details of the new Egyptian Cabinet announced on 3 January which was due to be sworn in on 4 January. Lord Carrington recommends that the Prime Minister should send a message of congratulations to the new Prime Minister Dr Fouad Mohieddin, who was formerly First Deputy Prime Minister. President Mubarak made it clear shortly after his election that he wished to revert to the system which prevailed before May 1980 when Sadat decided to take over the post himself. The other main changes are among the economic ministers with the Deputy Prime Minister for Economic Affairs, Meguid being replaced by the Governor of the Central Bank Mohamed Abdel Fatah Ibrahim. The Foreign Minister and Minister of State for Foreign Affairs remain the same.

I enclose a draft message from the Prime Minister. I should be grateful to know if the Prime Minister agrees that this may be delivered at his discretion by the Charge d'Affaires in Cairo.

Yours ever.

(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing St



Draft Message to the new Egyptian Prime Minister

May I offer you my warmest congratulations on your appointment as Prime Minister of the Arab Republic of Egypt.

✓ I am confident that the excellent relations which exist between Britain and Egypt will <sup>continue to flourish</sup> ~~develop~~ under your administration.

*amb*



-7.11.1982

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GRS 350

CONFIDENTIAL

CONFIDENTIAL

FM CAIRO 040935Z JAN 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 4 OF 4 JANUARY

INFO IMMEDIATE UKREP BRUSSELS

INFO ROUTINE AMMAN, BEIRUT, DAMASCUS, JEDDA, KHARTOUM, TRIPOLI,

TEL AVIV, WASHINGTON, UKMIS NEW YORK.

SAVING ALL OTHER MIDDLE EAST POSTS

MIPT: NEW EGYPTIAN GOVERNMENT

1. THIS RESHUFFLE REFLECTS MUBARAK'S MAIN PRIORITY OF IMPROVING ECONOMIC PERFORMANCE AND GOVERNMENT EFFICIENCY.

2. THE OTHER OUTSTANDING (AND CURIOUS) FEATURE IS THE REMOVAL OF THE POWERFUL INTERIOR MINISTRY FROM NABAWI ISMAIL, WHILE ALLOWING HIM TO RETAIN HIS DEPUTY PRIME MINISTERSHIP. HE HAS ALSO GIVEN NABAWI THE VERY MINOR MINISTRY OF LOCAL GOVERNMENT, PREVIOUSLY SUPERVISED BY FOUAD MOHIEDDIN. NABAWI WAS WIDELY BLAMED FOR FAILING TO CONTAIN THE SPREAD OF THE ISLAMIC GROUPS, AND FOR THE MISTAKES IN ROUNDING UP THOSE RESPONSIBLE FOR SADAT'S ASSASSINATION. HIS SUCCESSOR, HASSAN ABU BASHA, HAS SPENT HIS ENTIRE CAREER IN THE EGYPTIAN SECURITY SERVICE AND WAS HEAD OF THE SERVICE FROM 1976 TO 1978. HE WAS REAPPOINTED HEAD OF THE SERVICE IN OCTOBER 1981 AND HAD BEEN NABAWI'S DEPUTY SINCE THAT TIME.

3. IN SACKING ABDEL MEGUID AND HIS TWO MINISTERS OF STATE, MUBARAK WILL BE MEETING WIDESPREAD CONCERN ABOUT ECONOMIC POLICY AND PARTICULARLY ABOUT ABDEL MEGUID'S PERFORMANCE. THE NEW TEAM HAVE ALL SERVED IN SENIOR GOVERNMENT POSTS BEFORE, AND AT FIRST SIGHT GIVE LITTLE CONFIDENCE THAT THEY WILL BRING ABOUT THE RADICAL CHANGES NEEDED IN ECONOMIC POLICY. WE PRESUME THAT THIS WILL STILL BE DECIDED AT THE ECONOMIC CONFERENCE, PROMISED FOR THE END OF THIS MONTH.

4. MUBARAK HAS ALSO TAKEN THIS OPPORTUNITY TO REMOVE SOME OF THE DEADWOOD FROM THE CABINET AND TO STREAMLINE ITS OPERATING PROCEDURES. BY PROMOTING THE CABINET SECRETARY-GENERAL TO MINISTERIAL RANK AND BY TRANSFERRING SOME OF FOUAD MOHIEDDIN'S RESPONSIBILITIES (INFORMATION, LOCAL GOVERNMENT) HE NO DOUBT HOPES TO IMPROVE COORDINATION AT THE CENTRE. TO THE SAME END IT IS ALSO ANNOUNCED THAT THERE ARE TO BE NO MORE THAN 4 CABINET COMMITTEES. IT IS WORTH NOTING THAT THE NEW MINISTERS OF HEALTH, AGRICULTURE, INFORMATION, TOURISM AND CABINET AFFAIRS ARE ALL TECHNOCRATS AND FORMER CIVIL SERVANTS.

FCO PLEASE PASS SAVING TO ALL OTHER MIDDLE EAST POSTS

REEVE

[PASSED AS REQUESTED]

FCO/WHITEHALL

NENAD

CONFIDENTIAL

GRS 500

UNCLASSIFIED

FM CAIRO 040925Z JAN 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 3 OF 4 JANUARY

INFO IMMEDIATE UKREP BRUSSELS

INFO ROUTINE AMMAN, BEIRUT, DAMASCUS, JEDDA, KHARTOUM, TRIPOLI,

TEL AVIV, WASHINGTON, UKMIS NEW YORK.

AND SAVING TO ALL OTHER MIDDLE EAST POSTS

NEW EGYPTIAN GOVERNMENT

1. ON 2 JANUARY MUBARAK APPOINTED FORMER FIRST DEPUTY PRIME MINISTER FOUAD MOHIEDDIN PRIME MINISTER, AND ASKED HIM TO FORM A NEW GOVERNMENT, HAVING ACCEPTED THE RESIGNATION OF THE OLD CABINET. THE NEW MINISTRY, WHICH WILL BE SWORN IN TODAY, WAS ANNOUNCED ON 3 JANUARY.

2. IT CONSISTS OF (FORMER POSTS IN BRACKETS WHERE DIFFERENT FROM PRESENT POSTS):

(A) PRIME MINISTER - DR FOUAD MOHIEDDIN (FIRST DEPUTY PRIME MINISTER)

(B) FIVE DEPUTY PRIME MINISTERS

FIKRY MAKRAM EBEID, DEPUTY PRIME MINISTER FOR PEOPLE'S ASSEMBLY AND SHURA COUNCIL AFFAIRS.

KAMAL HASSAN ALY, DEPUTY PRIME MINISTER AND MINISTER OF FOREIGN AFFAIRS

AHMED EZZ EDDIN HILAL, DEPUTY PRIME MINISTER FOR PRODUCTION AND MINISTER OF PETROLEUM

MOHAMMED NABAWI ISMAIL, DEPUTY PRIME MINISTER FOR SERVICES AND MINISTER OF LOCAL GOVERNMENT

MOHAMMED ABDEL FATAH IBRAHIM, DEPUTY PRIME MINISTER FOR ECONOMIC AFFAIRS AND MINISTER OF INVESTMENT AND ECONOMIC COOPERATION (GOVERNOR OF THE CENTRAL BANK).

(C) ELEVEN NEW MINISTERS.

MINISTER OF THE INTERIOR, MAJOR GENERAL HASSAN ABOU BASHA (HEAD OF THE SECURITY SERVICE)

MINISTER OF THE ECONOMY, DR FOUAD HASHIM (PROFESSOR OF ECONOMICS, CAIRO UNIVERSITY AND ECONOMIC ADVISER TO THE PRESIDENT)

MINISTER OF FINANCE, DR SALAH HAMID (MINISTER OF FINANCE IN 1976-79, PRESIDENTIAL ADVISER AND ECONOMICS PROFESSOR OF HELWAN UNIVERSITY)

MINISTER OF PLANNING, ENGINEER KAMAL EL GANZOURI (PRESIDENTIAL ADVISER AND FORMER GOVERNOR OF BENI SUEF)

MINISTER OF HEALTH, DR SABRY ZAKI (GOVERNOR OF ASWAN, FORMALLY HEAD OF THE SOCIAL INSURANCE ORGANISATION)

MINISTER OF INDUSTRY, ENGINEER FOUAD ABU ZAGHLA (CHAIRMAN OF THE EGYPTIAN IRON AND STEEL COMPANY)

MINISTER OF WAQFS, SHEKH GAD AL HAQQ ALY GAD AL HAQQ (MUFTI OF THE REPUBLIC)

MINISTER OF INFORMATION, SAFWAT AL SHERIF (HEAD OF THE EGYPTIAN RADIO AND TV FEDERATION)

/ MINISTER

MINISTER OF STATE FOR CABINET AFFAIRS, ARDEL ABDEL BAQI  
(SECRETARY-GENERAL OF THE CABINET)  
MINISTER OF AGRICULTURE, DR YOUSSEF WALI (TECHNICAL ADVISER TO  
THE MINISTER)  
MINISTER OF TOURISM AND CIVIL AVIATION, ADEL TAHER (UNDER-SECRETARY,  
MINISTER OF TOURISM)  
(D) SEVENTEEN OTHER MINISTERS WHO RETAIN THEIR PREVIOUS PORT-  
FOLIOS.

3. TWO NEW MINISTRIES, OF INFORMATION AND OF CABINET AFFAIRS,  
ARE ESTABLISHED. NINE FORMER CABINET MINISTERS ARE DROPPED:  
DR ABDUL RAZEK ABDUL MEGUID, DEPUTY PRIME MINISTER FOR ECONOMIC  
AFFAIRS

DR MAHMOUD MUHAMMED DAWUD, MINISTER OF AGRICULTURE  
HILMY AHED AKHER, MINISTER OF STATE FOR PEOPLE'S ASSEMBLY  
AND SHURA COUNCIL AFFAIRS

GAMAL EL NAZER, MINISTER OF TOURISM AND CIVIL AVIATION

DR MAMDOUH GABR, MINISTER OF HEALTH

ENGINEER TAHER ZAKI, MINISTER OF INDUSTRY

DR ZAKARIA EL BARRI, MINISTER OF WAQFS

FOUAD HUSSEIN, MINISTER OF STATE FOR FINANCE

DR SOLIMAN NUREDDIN, MINISTER OF STATE FOR THE ECONOMY.

4. SEE MIFT FOR COMMENT. FULL LIST OF NEW CABINET AND LPRS  
OF NEW MINISTERS FOLLOW BY BAG.

FCO PSE PASS SAVING TO ALL OTHER MIDDLE EAST POSTS.

REEVE

[REPEATED AS REQUESTED]

FCO/WHITEHALL

NENAD



Egypt

20

23 November, 1981.

Visit to Egypt: 6-11 November

The Prime Minister has seen and taken note of your Secretary of State's minute to her of 18 November about his visit to Egypt.

M. O'D. B. ALEXANDER

John Rhodes, Esq.,  
Department of Trade.

20



PRIME MINISTER

VISIT TO EGYPT: 6-11 NOVEMBER

The reason for my visit was primarily economic. The Committee for Middle East Trade (COMET), the CBI and the government of Egypt had arranged a Conference on Investment at which there were an impressive list of United Kingdom participants covering both manufacturing and service industries. The Conference proceeded despite the death of President Sadat. This display of confidence in the stability of Egypt was immensely appreciated by its government.

I was the first United Kingdom Minister to meet President Mubarek with whom I had a ten minute meeting and later introduced him to a group of businessmen from the Conference led by Lord Selsdon. I also made calls on various Egyptian ministers. My host was Dr Abdel Razzak Abdel Meguid, Deputy Prime Minister for Economic and Financial Affairs. I also called upon Mr Taha Zaki, Minister of Industry, Dr Ahmed Fouad Mohie Eddine, Senior Deputy Prime Minister and Mr Gamal El-Nazer, Minister of Tourism and Civil Aviation.

Whilst I was there President Mubarek made a speech to the Egyptian Parliament indicating the continuation of the Open Door economic policy but revealing that there would be a greater emphasis upon investment in basic structures and less for luxury consumption.

The United Kingdom should be well able to respond to the slightly re-ordered Egyptian economic priorities. Recent United Kingdom trade has expanded from £190.5 million in 1977 to £364.7 million in 1980 - a rise of 31%. This has been matched by a corresponding growth in Egyptian exports, although these are over-whelmingly dominated by oil. Our mutual trade performance in the next few months is likely to be influenced, amongst other factors, by the speed with which the Minister of the Economy implements changes in the import regulation regime and profit repatriation which



he publicly announced during my visit.

My own impression is that there are good prospects for broad-based growth of United Kingdom exports to Egypt particularly in areas of infra-structure including the ambitious Cairo wastewater sewage scheme, engineering, and agriculture.

The general political climate seems friendly but the development of the Egyptian economy could well be related to a resumption of friendlier relations with the Conservative Arab States. This in turn touches upon the potential Egyptian/Saudi co-operation. In this context I am doubtful if much can be confidently asserted until the Israeli withdrawal from Sinai is an established fact.

1 Finally I was impressed by the number of occasions on which both British businessmen and Egyptians paid testimony to the successful work of the British Embassy in promoting British commercial interests.

Copies of this note go to Peter Carrington, John Nott, Patrick Jenkin and H M Ambassador, Cairo.

W. J. B.

W.J.B.

Department of Trade  
1 Victoria Street  
London SW1H 0ET



GRS 748

CONFIDENTIAL

FM CAIRO 151035Z OCT 81

TO IMMEDIATE FCO

TELEGRAM NUMBER 587 OF 15 OCTOBER

INFO PRIORITY AMMAN, BEIRUT, DAMASCUS, JEDDA, TEL AVIV, TRIPOLI,

WASHINGTON, UKMIS NEW YORK, MODUK (FOR D14)

SAVING EC POSTS, ALL OTHER MIDDLE EAST POSTS

CONFIDENTIAL

*See paragraph 5  
particularly*

*wn  
16/81*

*mb*

**INAUGURATION OF PRESIDENT MUBARAK**

1. AT 12.20PM LOCAL TIME ON 14 OCTOBER HUSNI MUBARAK WAS DULY SWORN IN AS THE FOURTH PRESIDENT OF EGYPT AT A JOINT SESSION OF THE PEOPLE'S ASSEMBLY AND SHURA COUNCIL.

2. EARLIER THE SPEAKER OF THE ASSEMBLY, DR SUFI ABU TALEB, HAD READ OUT A STATEMENT FROM THE MINISTER OF THE INTERIOR ANNOUNCING THE RESULTS OF THE REFERENDUM ON 13 OCTOBER, WHICH ENDORSED THE NOMINATION OF MUBARAK AS PRESIDENT BY THE PEOPLE'S ASSEMBLY ON 7 OCTOBER. ACCORDING TO THE MINISTRY, THE TOTAL VOTES CAST WERE 9,754,766 (81.03%) OF THE 12,038,462 REGISTERED VOTERS, OF WHICH THOSE IN FAVOUR WERE 9,567,904 (98.46%), WITH 149,650 VOTES AGAINST. THE FIGURES FOR VOTES CAST AND VOTES IN FAVOUR ARE LOWER, AND FOR VOTES AGAINST HIGHER, THAN HAS BEEN CUSTOMARY IN RECENT EGYPTIAN REFERENDUMS, SUGGESTING THAT MUBARAK MAY BE KEEN TO NARROW THE GAPS BETWEEN PSEPHOLOGICAL FACT AND FICTION. OBSERVATION ALSO SUGGESTS THAT THE AUTHORITIES' EFFORTS TO MOBILISE MORE VOTERS ON THIS OCCASION WERE AT LEAST PARTIALLY REWARDED: NEWS AGENCIES REPORTED A STEADY TRICKLE OF VOTERS AT SOME POLLING STATIONS, INCLUDING MRS SADAT AND FAMILY AND (ODDLY) NUMEIRI.

3. WE ARE REPORTING SEPARATELY ON THE ADDRESS GIVEN TO THE JOINT SESSION BY PRESIDENT NIMEIRI (MY TELNO 588, NOT TO ALL).

4. IN HIS 55 MINUTE SPEECH MUBARAK, AFTER PAYING FULSOME TRIBUTE TO SADAT AS HIS MENTOR AND TO SADAT'S ACHIEVEMENTS, SPOKE OF HIS GRATITUDE FOR NIMEIRI'S SYMPATHY AND THANKED SULTAN QABOOS AND SOMELI PRESIDENT SIAD BARRE FOR SHARING EGYPT'S MOURNING IN TRUE ARAB TRADITION. HE ALSO THANKED THE PRESIDENTS, KINGS AND DELEGATIONS WHO HAD ATTENDED THE FUNERAL.

5. **IN THE REST OF HIS SPEECH MUBARAK MADE THE FOLLOWING POINTS:**

(A) THE PRESIDENCY. SADAT HAD PLANNED TO RETIRE NEXT YEAR, THE ONE DECISION OF SADAT'S WHICH MUBARAK HAD OPPOSED. MUBARAK WOULD SHOULDER HIS RESPONSIBILITIES ACCORDING TO THE PRINCIPLES OF THE LATE LEADER.

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*/(B)*

(B) INTERNAL. EGYPTIAN WAS NOBODY'S DEBTOR. UNDER MUBARAK THERE WOULD BE NO HYPOCRISY, NO DISTINCTION BETWEEN RULER AND RULED, RICH AND POOR, GREAT AND SMALL. THE SWORD OF THE LAW WOULD DEAL WITH ALL EQUALLY. FREEDOM CONSISTED IN RESPECTING THE FREEDOM OF OTHERS. THOSE WHO PLAYED WITH FIRE IN VIOLATING THE FREEDOM OF THE PEOPLE SHOULD REALISE THAT THE STRONGEST FIRE WAS THE PEOPLE. MUBARAK WOULD APPLY THE EMERGENCY DECREE ONLY TO THE LIMITED EXTENT NECESSARY.

(C) ECONOMIC STABILITY. NATIONAL PROGRESS DEPENDED LARGELY ON ECONOMIC AND SOCIAL DEVELOPMENT. THE INFITAH POLICY WOULD BE STRENGTHENED. EMPLOYMENT OPPORTUNITIES WOULD BE INCREASED, AND THE LATEST TECHNOLOGY ENGAGED. ARAB AND FOREIGN CAPITAL WOULD BE ATTRACTED IN ACCORDANCE WITH EGYPT'S PRIORITIES.

(D) PEACE. EGYPTIAN WOULD CONTINUE TO PURSUE COMPLETE AND LASTING PEACE ACCORDING TO THE LETTER AND SPIRIT OF THE CAMP DAVID ACCORDS AND THE PEACE TREATY. SADAT'S PEACE INITIATIVE BELONGED TO 42 MILLION EGYPTIANS AND ALL THE PEOPLES OF THE WORLD. IN PURSUING THE AUTONOMY NEGOTIATIONS, EGYPT WOULD SPARE NO EFFORT TO SECURE FOR THE PALESTINIAN PEOPLE THE RIGHT TO SELF-DETERMINATION. EGYPT WOULD RESPECT ALL HER INTERNATIONAL OBLIGATIONS AND EXPECTED OTHERS TO DO THE SAME. THE ISRAELI WITHDRAWAL FROM SINAI ON 25 APRIL 1982 WOULD BE COMPLETED ON SCHEDULE.

(E) THE SECURITY FORCES. MUBARAK PRAISED THE ARMED FORCES AND POLICE FOR SAFEGUARDING THE RULE OF LAW, AND THE PEOPLE AND LAND OF EGYPT. THE FACT THAT ONE TRAITOR OUT OF THOUSANDS OF HEROES HAD STEPPED OUT OF LINE WOULD NOT AFFECT THE GLORIOUS ACHIEVEMENTS OF THE WORLD'S GREATEST ARMY.

6. MUBARAK SPOKE SLOWLY AND CAREFULLY FROM A WRITTEN TEXT IN CLASSICAL DICTION, IN MARKED CONTRAST TO SADAT'S EMOTIONAL COLLOQUIAL EXTEMPORISING. THE SPEECH WAS CLEAR AND WELL ORDERED AND, WITH MORE DEMONSTRATIVE DELIVERY, WOULD HAVE BEEN A STATESMAN-LIKE PERFORMANCE. BUT MUBARAK WAS DIGNIFIED AND PURPOSEFUL, AND ON THE INTERNAL SITUATION CONCILIATORY AS WELL AS FIRM. HE HAS MADE A GOOD BEGINNING.

7. THE PRESIDENCY YESTERDAY CONFIRMED THAT THE CABINET WOULD REMAIN THE SAME, WITH ONE OR TWO MINOR ADJUSTMENTS IN TITLES AND DUTIES (DETAILS BY BAG).

FCO PSE PASS TO ALL SAVING ADDRESSEES.

WEIR

(REPEATED AS REQUESTED)

FCO WHITEHALL  
NENAD

2  
CONFIDENTIAL



PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 143 E / 81

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*hm 13/100*

*Mark*  
*Op*

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OO CAIRO (DESKBY 151800Z)

GRS 120

RESTRICTED

DESKBY 151800Z

FM FCO 151700Z OCT 81

TO IMMEDIATE CAIRO

TELEGRAM NUMBER 472 OF 15 OCT

YOUR TELNO 584 MESSAGE FROM THE PRIME MINISTER TO PRESIDENT  
MUBARAK

1. PLEASE ARRANGE FOR THE FOLLOWING MESSAGE FROM THE PRIME  
MINISTER TO BE DELIVERED AS SOON AS POSSIBLE TO PRESIDENT  
MUBARAK. REPORT DELIVERY BY IMMEDIATE TELEGRAM SO THAT  
10 DOWNING STREET CAN RELEASE TEXT:  
QUOTE. I SEND YOU MY WARMEST CONGRATULATIONS AND BEST WISHES  
ON YOUR ELECTION AS PRESIDENT OF THE ARAB REPUBLIC OF EGYPT.  
I AM CONFIDENT THAT THE EXCELLENT RELATIONS WHICH EXIST BETWEEN  
BRITAIN AND EGYPT WILL PROSPER AND DEVELOP. I REMEMBER WITH  
PLEASURE YOUR VISIT TO LONDON LAST YEAR AND HOPE TO HAVE AN  
OPPORTUNITY TO SEE YOU AGAIN SOON.  
MARGARET THATCHER  
UNQUOTE.

CARRINGTON

[COPIES SENT TO NO 10 DOWNING STREET]

DIST:

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PS/LPS

PS/MR HURD

PS/PUS

SIR J GRAHAM

SIR A ACLAND

MR MOBERLY

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RESTRICTED



Egypt



Foreign and Commonwealth Office

London SW1A 2AH

15 October 1981

Agreed by PM and despatched by  
FCO. (I have copied to Press Office)  
WM 18/10

Dear Willie,

Mr Mohammad Husni Mubarak has been confirmed in a national referendum as the new President of Egypt. The Foreign and Commonwealth Secretary recommends that the Prime Minister should now send a message of congratulations to Mr Mubarak whom she met last in September 1980, when, as Vice President, he paid a visit to this country as guest of the government. Subject to the Prime Minister's views, a message along the following lines would be appropriate:

elwin

<sup>-err</sup>  
"I send you my warm congratulations and best wishes on your ~~confirmation~~ as President of the Arab Republic of Egypt. I am confident that the excellent relations which exist between Britain and Egypt will prosper and develop. I remember with pleasure your visit to London last year and hope to have an opportunity to see you again soon."

Yours ever,

(F N Richards)  
Private Secretary

W Rickett Esq  
10 Downing Street

B. R.

Bf hotel

Egypt

DRAFT MESSAGE TO PRESIDENT MUBARAK

I send you my warmest congratulations and best wishes on your election as President of the Arab Republic of Egypt. I am confident that the excellent relations which exist between Britain and Egypt will prosper and develop. I remember with pleasure your visit to London last year and hope to have an opportunity to see you again soon.

mt

MIDDLE EAST: ADVANCE COPIES 17 ~~23~~

NO 10 DOWNING STREET  
CABINET OFFICE DIO

PS  
PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
SIR J GRAHAM  
MR J C MOBERLY  
Hd NEWS >  
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Sir A Acland.

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M.E. Standard]

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FM CAIRO 150950Z OCT 81  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 584 OF 15 OCTOBER

*overaken by  
FCO Office*

IMMEDIATE

*wh  
17/10*

MUBARAK'S ELECTION AS PRESIDENT

1. I RECOMMEND THAT THE PRIME MINISTER SEND PRESIDENT MUBARAK AN EARLY MESSAGE OF CONGRATULATIONS. THERE ARE CERTAIN TO BE MANY OTHERS. I SUGGEST SOMETHING ON THE FOLLOWING LINES:

"ON BEHALF OF THE GOVERNMENT AND PEOPLE OF THE UNITED KINGDOM, PLEASE ACCEPT MY WARMEST CONGRATULATIONS ON YOUR ELECTION AS PRESIDENT. THE OVERWHELMING BACKING WHICH THE EGYPTIAN PEOPLE GAVE YOU IN THE REFERENDUM MUST HAVE BEEN EXTREMELY HEARTENING. YOU WILL HAVE THE FULL SUPPORT OF THE BRITISH GOVERNMENT IN THE CHALLENGING MONTHS AND YEARS TO COME. I LOOK FORWARD TO WORKING WITH YOU AND TO BUILDING ON THE CLOSE RELATIONSHIP WHICH OUR TWO COUNTRIES ESTABLISHED".

2. A SIMILAR MESSAGE FROM THE QUEEN WOULD ALSO, I AM SURE, BE MUCH APPRECIATED, IF JUDGED APPROPRIATE.

WEIR



RK

Prime Minister  
13/11

GRS 900  
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FM CAIRO 120855Z OCT 81  
DESKBY 121000Z  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 574 OF 12 OCTOBER

CONFIDENTIAL

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FREEDOM OF INFORMATION  
ACT 2000

FOR PRIVATE SECRETARY

MEETING WITH PRESIDENT-ELECT HUSNI MUBARAK

1. FOLLOWING IS MY RECOLLECTION OF MAIN POINTS OF THE DISCUSSION  
THE SECRETARY OF STATE HAD WITH MUBARAK  
AT 5.00 P.M. ON 10 OCTOBER, AFTER SADAT'S FUNERAL. MR  
CALLAGHAN WAS ALSO PRESENT.

2. MUBARAK BEGAN WITH AN ACCOUNT OF THE ASSASSINATION. HE HAD  
BEEN JOKING AND ARGUING WITH SADAT ABOUT HOW TO RE-ORGANISE THE  
PEOPLE'S ASSEMBLY NEXT APRIL, WHILE WATCHING THE AIR FORCE FLY-PAST  
AND AEROBATICS. HE HAD THUS NOT NOTICED THE ARMY TRUCK STOP NOR  
THE SOLDIERS JUMP OUT, AND HAD ONLY BEEN DIMLY CONSCIOUS OF THE  
LARGE FIGURE OF A MAN THROWING SOMETHING FOLLOWED BY A BANG. THE  
PRESIDENT HAD STOOD UP AS IF TO RECEIVE A SALUTE, EXCLAIMED "WHAT'S  
THAT", AND AT THE SAME TIME AS TELLING SADAT AND THE OMANI  
REPRESENTATIVE TO GET DOWN MUBARAK HIMSELF HAD BEEN THROWN TO THE  
GROUND. WHEN THE FIRING STOPPED HE GOT UP AND SAW THE PRESIDENT  
LYING WITH BLOOD GUSHING FROM HIS MOUTH, AND HE REALISED THERE WAS  
NO HOPE. MUBARAK'S HAND WAS BANDAGED BUT HE MADE LIGHT OF THE  
WOUND (I UNDERSTAND IT IS GRENADE FRAGMENTS, WHICH CAN ONLY BE  
REMOVED WHEN HE CAN FIND TIME FOR AN OPERATION WITH A GENERAL  
ANAESTHETIC).

3. MUBARAK STRESSED THAT SUCH ACTS OF VIOLENCE WERE ALIEN TO THE  
EGYPTIAN CHARACTER AND TRADITION, AND WOULD HAVE NO EFFECT ON  
INTERNAL STABILITY. EGYPT UNDER HIS PRESIDENCY WOULD PURSUE EXACTLY  
THE SAME POLICIES AS SADAT, AND THERE NEED BE NO FEAR OF FURTHER  
DISTURBANCES OR CHANGE.

4. ASKED ABOUT THE REACTIONS OF THE OTHER ARABS MUBARAK SAID THAT  
IT WAS SHAMEFUL THAT THEY HAD BEEN UNABLE TO RISE ABOVE THEIR  
POLITICAL DIFFERENCES TO SHOW RESPECT FOR THE MEMORY OF A GREAT MAN.  
EVEN KING HASSAN OF MOROCCO, WHO HAD TELEPHONED CONDOLENCES AND  
ANNOUNCED THAT HIS PRIME MINISTER WOULD ATTEND THE FUNERAL, HAD  
THEN BACKED OFF ON THE ABSURD PRETEXT THAT THE PRESENCE OF MR BEGIN  
WOULD AFFECT PROSPECTS FOR THE SUMMIT CONFERENCE THAT MOROCCO  
WAS TO HOST LATER THIS YEAR. KING HUSSEIN HAD SENT MESSAGES, AS  
HAD THE SAUDIS, BUT STIPULATED THAT THE FACT SHOULD NOT BE MADE  
PUBLIC. AS TO THE POSSIBILITIES FOR A RAPPROCHEMENT IN THE FUTURE

CONFIDENTIAL / BETWEEN

BETWEEN EGYPT AND THE OTHER ARABS. MUBARAK SAID THAT THERE WAS NO REASON WHY THIS SHOULD WAIT UNTIL APRIL 1982. THERE HAD BEEN CONTACTS FOR SOME TIME, LIKE HIS OWN MEETING WITH PRINCE BANDAR IN WASHINGTON, AND THROUGH EGYPTIAN VISITORS TO SAUDI ARABIA, AND THESE WOULD CONTINUE. LORD CARRINGTON MENTIONED (I THINK, THOUGH PERHAPS IT WAS ONLY TO BOUTROS GHALI) HIS COMING VISIT TO SAUDI ARABIA TO DISCUSS PRINCE FAHD'S POINTS AND SAID HE WOULD GET IN TOUCH WITH THE EGYPTIANS AGAIN AFTERWARDS.

5. MUBARAK WAS CONFIDENT THAT THE ISRAELI WITHDRAWAL NEXT APRIL WOULD TAKE PLACE ACCORDING TO PLAN. AT HIS MEETING WITH BEGIN THE PREVIOUS DAY HE HAD TOLD HIM VERY BLUNTLY THAT HE WAS FAMILIAR WITH EVERY WORD OF WHAT HAD PASSED BETWEEN BEGIN AND SADAT AT THEIR RECENT MEETINGS AT ALEXANDRIA AND SHARM EL SHEIKH, AND EXPECTED HIM TO ADHERE SCRUPULOUSLY TO THE COMMITMENTS HE HAD GIVEN. BEGIN HAD PROMISED TO KEEP HIS WORD. AS TO THE POSSIBILITY OF OBSTRUCTIONISM BY ISRAELI SETTLERS, THIS WAS BEGIN'S PROBLEM, AND HE WOULD HAVE TO DEAL WITH IT.

6. ASKED FOR HIS OPINION ABOUT THE ROLE OF THE MULTILATERAL FORCE FOR SINAI, MUBARAK SAID THAT ITS PRIME IMPORTANCE WAS AS A POLITICAL (HE ACTUALLY SAID "MORALE") ASSURANCE TO ISRAEL OF AMERICAN SUPPORT FOR HER DEFENCE. IN HIS VIEW IT DID NOT HAVE MUCH MILITARY SIGNIFICANCE. SINAI WOULD REMAIN LARGELY DE-MILITARISED, AND THERE WAS NO QUESTION OF EGYPT TRYING TO INFILTRATE ADDITIONAL FORCES. HER SOLE CONCERN WAS TO GET ON WITH PEACEFUL ECONOMIC DEVELOPMENT.

7. MUBARAK ADMITTED THAT HE WAS VERY WORRIED ABOUT THE SUDAN, WHERE THE ECONOMY WAS IN A MESS AND THE POLITICAL SITUATION BADLY UNSETTLED AND THREATENED BY QADDHAFI. THIS HAD BEEN THE MAIN REASON FOR HIS RECENT TRIP TO WASHINGTON. THE SAUDIS HAD NEVER HONOURED THEIR PROMISES OF ECONOMIC AID, AND OWED AT LEAST 150 MILLION DOLLARS. HE HAD URGED MR HAIG TO PUT IT TO THE SAUDIS THAT THEY WERE MENACED BY SOVIET CLIENT STATES TO THE SOUTH AND ACROSS THE RED SEA, AND IF THE SUDAN WERE TO FALL UNDER SOVIET INFLUENCE THEY WOULD BE VIRTUALLY SURROUNDED, ESPECIALLY AS THEY WERE ONCE AGAIN AT LOGGERHEADS WITH IRAQ. HE BELIEVED THAT HAIG HAD SPOKEN ON THESE LINES TO PRINCE SAUD IN NEW YORK. HE EXPECTED THAT THE SUDAN WOULD BE THE MAIN TOPIC OF DISCUSSION WITH MR HAIG ON 11 OCTOBER.

8. AS TO THE AUTONOMY TALKS, MUBARAK THOUGHT THERE MIGHT BE SOME LIFE IN THEM YET, AND EGYPT WOULD CERTAINLY PERSEVERE. HE HOPED THEY MIGHT GET AGREEMENT ON A SET OF PRINCIPLES, BUT THERE COULD BE ENDLESS ARGUMENT OVER TRANSLATING THEM INTO DETAIL. IN ANY

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CONFIDENTIAL

/EVENT



## CONFIDENTIAL

EVENT EGYPT DID NOT REGARD NEXT APRIL AS A DEADLINE AND WOULD BE READY TO CONTINUE THE TALKS BEYOND THAT DATE. THE ISRAELIS MIGHT FIND IN THE DATE SOME INCENTIVE FOR MAKING PROGRESS BEFORE THEIR EVACUATION WAS COMPLETE, BUT EGYPT'S ATTITUDE WOULD REMAIN THE SAME. HE KNEW THE ISRAELIS WERE HOPING THAT IN THE MEANTIME EGYPT WOULD GIVE THEM AN EXCUSE FOR RENEGING ON THE WITHDRAWAL, BUT THEY WOULD BE DISAPPOINTED.

9. MUBARAK SAW NO ROLE FOR KING HUSSEIN AT THIS STAGE, APART FROM THE CONTINUING CONTACTS ALREADY MENTIONED. HE WAS CONTEMPTUOUS OF THE PALESTINIANS, MOST OF WHOM HE BELIEVED DID NOT REALLY WANT A PALESTINIAN STATE. THEY WERE DOING TOO WELL IN THEIR ADOPTIVE COUNTRIES LIKE KUWAIT AND THE GULF STATES, AND HATED THE IDEA OF A HOMELAND TO WHICH THEY MIGHT BE OBLIGED TO RETURN. ARAFAT WAS EQUALLY HYPOCRITICAL, AND ONLY WANTED TO GO ON ENJOYING HIS MASSIVE ARAB SUBSIDIES, WHICH HE WAS SALTING AWAY IN INVESTMENT OVERSEAS, E.G. JAPAN.

10. FINALLY ON BILATERAL RELATION, AFTER SOME PLEASANTRIES ABOUT MRS MUBARAK'S WELSH CONNECTIONS, MUBARAK VOLUNTEERED THAT EGYPT'S RELATIONS WITH THE UK WERE NOW EXCELLENT. HE HOPED THAT OUR CLOSE COLLABORATION IN THE VARIOUS FIELDS WOULD BE MAINTAINED AND INDEED IMPROVED.

11. AT THE AIRPORT ON DEPARTURE THE SECRETARY OF STATE HAD A BRIEF CONVERSATION WITH BOUTROS GHALI, OF WHICH I ONLY HEARD SNATCHES. GHALI SAID THAT BEGIN WAS NOW A VERY WORRIED MAN, FEARING THAT THE LOSS OF HIS FRIEND SADAT MIGHT MEAN THE UNRAVELLING OF THE TREATY OR AT LEAST A LESS SYMPATHETIC RECEPTION FOR HIS WORDS AND ACTIONS. IT WOULD BE IMPORTANT TO REASSURE HIM. ON THE MULTINATIONAL FORCE GHALI SAID HE WOULD BE CONTENT IF THE UK WOULD INDICATE A WILLINGNESS IN PRINCIPLE TO PARTICIPATE.

12. SUBJECT TO ANY CORRECTIONS BY THE SECRETARY OF STATE, PLEASE REPEAT TO POSTS AS NECESSARY.

WEIR

LIMITED PS/HA HURD  
NENAD PS/PUS  
ME D SIR A ACLAND  
DEF. D SIR J GRAMAM  
PS MR GILMORE  
PS/LPS MR NOBILITY

CLOSED UNDER THE  
FREEDOM OF INFORMATION

COPIES SENT TO  
No. 10 DOWNING STREET

ACT 2000

CONFIDENTIAL



GWS 1000  
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PS TO NO 10 DOWNING STREET

Egypt

FM CAIRO 101220Z SEP 81  
TO IMMEDIATE FCO

TEL NO 504 OF 101220Z SEP 81  
INFO ROUTINE AMMAN, JEDDA, DAMASCUS, BEIRUT, TEL AVIV, UKHISNEW YORK  
WASHINGTON, MODUK(FOR D14)  
SAVING ALL OTHER MIDDLE EAST POSTS.

MY TEL NO 500: SADAT'S CRACK DOWN

1. SADAT ANSWERED IN ENGLISH QUESTIONS FROM FOREIGN AND EGYPTIAN JOURNALISTS FOR 90 MINUTES YESTERDAY IN HIS VILLAGE OF MIT ABUL KUM. HE WAS FLANKED BY THE VICE-PRESIDENT AND MANSOUR HASSAN, ALL EGYPTIAN EDITORS-IN-CHIEF WERE IN ATTENDANCE. SADAT APPEARED TENSE, AND LOST HIS TEMPER AT LEAST ONCE. IN LINE WITH THE POLICY OF GIVING THE CRACK-DOWN FAIR COVERAGE IN THE DOMESTIC MEDIA, EGYPTIAN TELEVISION LAST NIGHT CARRIED A FULL RECORDING OF THE PRESS CONFERENCE, AND TODAY'S PAPERS PRINT FULL TRANSCRIPTS.

2. SADAT STUCK CLOSELY TO THE THEMES OF HIS 5 SEPTEMBER SPEECH, REPEATEDLY STRESSING THAT HIS PURPOSE WAS TO ELIMINATE SECTARIAN STRIFE, NOT TO CRACK DOWN ON HIS OPPONENTS, WHICH WAS HOW THE WORLD'S PRESS HAD MISTAKENLY AND PERVERSELY REPRESENTED HIS MEASURES. JUDGING FROM THIS AND SATURDAY'S SPEECH IT SEEMS THAT SADAT REALLY DOES BELIEVE THAT SECTARIAN STRIFE, THE RISE OF THE ISLAMIC GROUPS AND THE INCREASINGLY STRIDENT LEFTIST OPPOSITION ARE ALL PART OF THE SAME SYNDROME. YESTERDAY'S PERFORMANCE CONFIRMED BOTH THAT HIS EVIDENCE FOR A GENERAL CONSPIRACY TO PROMOTE SECTARIAN STRIFE REMAINS FLIMSY AND THAT HE ATTACHES ENORMOUS IMPORTANCE TO THE COVERAGE HE RECEIVES IN THE WESTERN PARTICULARLY AMERICAN MEDIA. BUT ONE HAS TO ADMIRE HIS COURAGE IN INVITING A FREE-FOR-ALL WITH WESTERN JOURNALISTS ON SUCH A SENSITIVE TOPIC.

3. SADAT MADE THE FOLLOWING POINTS OF INTEREST:  
(A) EGYPT WAS STABLE, AND NOT TO BE COMPARED TO IRAN, NOR THE PRESIDENT TO THE SHAH. THE FACT THAT THE SHAH'S FUNERAL HAD TAKEN PLACE PUBLICLY IN CAIRO WITHOUT INCIDENT SHOWED THAT THE PEOPLE SUPPORTED SADAT.  
(B) EGYPT HAD A STRONG GOVERNMENT, AND NOW NEEDED A STRONG OPPOSITION. SADAT WOULD SOON SUMMON A MEETING OF THE PEOPLE'S ASSEMBLY, SHURA COUNCIL, PROFESSIONAL SYNDICATES AND TRADES UNIONS TO PUT BEFORE THEM A CHARTER FOR POLITICAL OPPOSITION.

CONFIDENTIAL

(C) EGYPT

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CONFIDENTIAL

CONFIDENTIAL

Egypt

FM CAIRO 071330Z SEP 81

TO IMMEDIATE FCO

TEL NO 497 OF 7 SEPTEMBER

INFO PRIORITY AMMAN, BEIRUT, DAMASCUS, JEDDA, TEL AVIV, UKIMIS NEW YORK, WASHINGTON, MODUK (FOR D14.)

SAVING ALL OTHER MIDDLE EAST POSTS.

ms

MIPT : SADAT'S SPEECH ON SECTARIAN STRIFE.

1. SADAT'S PROFESSED AIM IN TAKING THE MEASURES ANNOUNCED IN HIS SPEECH, AND IN ARRESTING OVER 1500 PEOPLE, WAS TO PUT AN END TO SECTARIAN STRIFE IN EGYPT ONCE AND FOR ALL. THERE IS NO DOUBT THAT HE WILL SUCCEED, TEMPORARILY AT LEAST, IN CURBING THE ACTIVITIES ON OF THE BROTHERHOOD AND THE ISLAMIC GROUPS, ON AND OFF THE CAMPUSAS AND IN FRIGHTENING THE COPTS, AT LEAST INSIDE EGYPT, INTO REFRAINING FROM PUBLIC CRITICISM OF THE PRESIDENT. BUT BY HIS OWN ADMISSION THE INCIDENTS AT ZAWIA AL HAMRA WERE CONFINED TO ONE POOR SUBURB OF CAIRO, AND INVOLVED AT MOST SEVERAL HUNDRED PEOPLE. APART FROM A BOMB EXPLOSION AT A COPTIC WEDDING (MY TELNO 320), THERE HAS BEEN NO FURTHER TROUBLE. YET HE HAS BROUGHT THE ISSUE OF SECTARIAN STRIFE TO THE CENTRE OF THE STAGE, CREATING AN ATMOSPHERE OF NATIONAL CRISES, AND USED IT TO JUSTIFY THE MOST SWEEPING ARRESTS SINCE NASSER AND A SERIES OF DRACONIAN MEASURES INCLUDING THE SACKING OF THE COPTIC POPE.

2. THE EXPLANATION FOR THIS LAST MEASURE CAN ONLY LIE IN SADAT'S NEED TO BALANCE HIS CRACK-DOWN ON ISLAMIC RADICALS WITH A MOVE AGAINST THE CHRISTIANS, AND IN HIS PERSONAL ANTI-PATHY TO SHENOUDA'S CONFRONTATIONAL STYLE OF LEADERSHIP. BUT SHENOUDA HAS GIVEN SADAT LITTLE OR NO CAUSE FOR COMPLAINT SINCE SADAT'S SPEECH OF MAY LAST YEAR (MY TELEGRAM NUMBER 318 OF 1980). THIS MOVE WILL MOREOVER HAVE OFFENDED MANY COPTS WHO, WHILE HAVING PRIVATE DOUBTS ABOUT SHENOUDA, WILL REGARD SADAT'S OVER-TURNING OF GODS' WILL BELIEVED TO BE INHERENT IN THE ELECTION OF THE COPTIC POPE AS CLOSE TO BLASPHEMY.

3. THE MAIN AIM OF THIS PURGE MUST THEREFORE BE TO ELIMINATE OPPOSITION TO TO THE REGIME FROM THE ISLAMIC RADICALS AND THE LEFT. AGAIN AND IN HIS SPEECH SADAT ASSERTED THAT HE WAS NOT STRIKING AT THE OPPOSITION FOR ITS OWN SAKE, BUT BECAUSE IT HAD INCITED SECTARIAN STRIFE. HE SIGNALLY FAILED TO ESTABLISH THIS CHARGE. (THE MINISTER OF THE INTERIOR IS BUSY RECTIFYING HIS OMISSION BY PUBLISHING FURTHER DETAILS). NOR DOES THE APPOINTMENT OF RELIGIOUS ADVISERS BY THE TWO LEFTIST PARTIES, AND VISITS BY ONE OR TWO LEFTISTS TO MOSQUES, AMOUNT TO PROOF OF A NATION-WIDE CONSPIRACY. PROBABLY SADAT HIMSELF DOES NOT MAKE THE DISTINCTION, AND REGARDS ALL WHO ARE NOT WITH HIM AS AGAINST HIM. HE WILL HAVE PERSUADED HIMSELF THAT THE RIOTS COULD NOT HAVE TAKEN PLACE UNLESS THEY HAD BEEN INSTIGATED FROM POLITICAL MOTIVES.

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(C) EGYPT'S TRANSITION FROM TOTALITARIANISM TO A MULTI-PARTY SYSTEM COMPARED FAVOURABLY WITH PORTUGAL'S DEGENERATION FROM TOTALITARIANISM TO CHAOS IN JUST TWO YEARS.

(D) HE WOULD WAIT UNTIL THE PUBLIC PROSECUTOR HAD COMPLETED HIS INVESTIGATIONS BEFORE SAYING WHETHER THERE HAD BEEN A FOREIGN HAND IN THE DISTURBANCES.

(E) AFTER ALL THE DAMAGE HE HAD DONE TO EGYPT SHENOUDA WAS LUCKY TO HAVE MERELY BEEN REMOVED FROM OFFICE. HEIKAL HAD BEEN ARRESTED BECAUSE HE HAD WRITTEN ARTICLES AND GIVEN INTERVIEWS ABROAD WHICH HAD DAMAGED EGYPT. THE SOCIALIST PROSECUTOR WOULD PUT THIS BEFORE THE WORLD. HEIKAL'S EDITOR FRIENDS COULD NOT GIVE HIM IMMUNITY.

4. SADAT DWELT AT LENGTH ON THE AMERICAN RELATIONS NP., 230605 WAS XXXXXX

4. SADAT DWELT AT LENGTH ON THE AMERICAN RELATIONSHIP. EGYPT WAS INDEBTED TO THE AMERICAN PEOPLE FOR THEIR "GALLANT ASSISTANCE", AND FOR THEIR HELP IN THE PEACE PROCESS FROM THE FIRST DISENGAGEMENT AGREEMENT TO THE FINAL EVACUATION OF SINAI. AS ALWAYS, EGYPT WAS READY TO GIVE THE UNITED STATES FACILITIES, BUT NOT BASES, TO AID ANY MOSLEM COUNTRY. JOINT EGYPTIAN /AMERICAN MANOEUVRES WOULD TAKE PLACE SHORTLY. BUT EGYPT'S DECISIONS WERE HER OWN. SADAT BECAME VERY ANGRY WHEN ASKED WHETHER REAGAN HAD BEEN CONSULTED ON THE RECENT MEASURES.

5. SADAT VIGOROUSLY ATTACKED FOREIGN NEWS COVERAGE, IN PARTICULAR DAVID HIRST (THE GUARDIAN CORRESPONDENT WHOM HE EXPELLED IN 1973) AND ABC TELEVISION. HE ALSO READ OUT AND CORRECTED LONG PASSAGES FROM AN ARTICLE BY WILLIAM SAFIRE QUESTIONING THE STABILITY OF HIS REGIME.

FCO PSE PASS SAVING ALL OTHER MIDDLE EAST POSTS.  
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MIDDLE EAST STANDARD

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ARAB/ISRAEL DISPUTE

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4. MOST EGYPTIANS, INCLUDING COPTS, WILL BE PLEASED THAT SADAT HAS FINALLY DECIDED TO ACT AGAINST THE RISING TIDE OF ISLAMIC FUNDAMENTALISM IN THE UNIVERSITIES AND ELSEWHERE. HIS APPEAL TO PARENTS TO PROTECT THEIR CHILDREN FROM THE CLUTCHES OF THE "PRINCES" WILL HAVE STRUCK A CHORD IN MANY FAMILIES. FURTHER REACTION WILL DEPEND ON HOW THE FOLLOW-UP MEASURES ARE CARRIED OUT. EVEN IF MOST OF THE DETAINEES ARE SOON RELEASED, THE SCALE AND MANNER OF THE ARRESTS WILL LEAVE SCARS, PARTICULARLY AMONG THE INTELLIGENTSIA. THE ISLAMIC RADICALS WILL NO DOUBT SEEK TO CONTINUE THEIR ACTIVITIES UNDERGROUND. ON THE OTHER HAND, THOUGH BOTH LEFT AND RIGHT MAY NOW HAVE A GREATER INCENTIVE TO ESTABLISH THE LINKS THAT SADAT ALLEGES ALREADY EXIST, THE SECURITY FORCES SHOULD HAVE LITTLE DIFFICULTY IN KEEPING ON TOP OF THEM. ONE SHOULD ALSO REMEMBER THAT ON PAST FORM SADAT CAN REASONABLY CLAIM TO KNOW HIS PEOPLE BETTER THAN US ARMCHAIR CRITICS ( OR THAN THE SHAH KNEW HIS). I THINK WE SHOULD BEWARE OF JUMPING TO HASTY CONCLUSIONS ABOUT HIS PERSONAL FUTURE OR EGYPT'S LONG-TERM STABILITY.

FCO PSE PASS ALL OTHER MIDDLE EAST POSTS.

WEIR

[REPEATED AS REQUESTED]

MIDDLE EAST STANDARD

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TO IMMEDIATE FCO

TEL NO 494 OF 5 SEPTEMBER

INFO WASR NGTON

MY TELNO 492

1. AN OFFICER FROM EGYPTIAN GENERAL INTELLIGENCE TELEPHONED A MEMBER OF MY STAFF THIS MORNING AND ASKED THAT THE APPROPRIATE BRITISH AUTHORITIES SHOULD BE REQUESTED TO REPORT ANY QUOTE INCIDENTS UNQUOTE OR THREAT OF INCIDENTS DIRECTED AGAINST EGYPTIAN INTERESTS IN THE UK. THE OFFICER COMMENTED THAT IN VIEW OF THE ARREST OF MEMBERS OF THE OPPOSITION IN CAIRO AND THE MEASURES TO BE ANNOUNCED BY PRESIDENT SADAT THIS EVENING THERE WAS A POSSIBILITY OF ANTI-EGYPTIAN DEMONSTRATIONS OR MORE SERIOUS INCIDENTS ABROAD.

2. THE EGYPTIANS DO NOT APPEAR TO HAVE EVIDENCE OF A SPECIFIC THREAT. HOWEVER, THERE ARE A NUMBER OF EGYPTIAN OPPOSITION FIGURES IN THE UK (NOTABLY ABD AL-MAGID FARID OF THE ARAB RESEARCH CENTRE) AND THERE ARE LIKELY TO BE MANY DISSIDENTS AMONG THE EGYPTIAN STUDENT COMMUNITY. IT IS ALSO POSSIBLE THAT ONE OR TWO OF THOSE DUE FOR ARREST IN EGYPT MAY BE IN LONDON.

3. THE FACT THAT THE EGYPTIANS HAVE CONSULTED US IN THIS UNPRECEDENTED FASHION ABOUT WHAT THEY WOULD NORMALLY TREAT AS A STRICTLY INTERNAL MATTER SUGGESTS SOME APPREHENSION LEST THE EFFECTS OF SADAT'S CURE MAY NOT PROVE WORSE THAN THE DISEASE. MOST OBSERVERS SEEM TO THINK THAT THE SCALE OF THE OPERATION HAS BEEN GROSSLY OVER-DONE.

WEIR

LIMITED PS/PS  
MENAD PS/MR HURD  
ME.D PS/PUS  
PUS.D MR MOBERLY  
NAD  
SEC.D  
PS  
10 Downing St.

COPIES TO:

SIR R. ARMSTRONG } CABINET  
MR R.L. WADE-GERRY } OFFICE  
MR M.D.M. FRANKLIN }

SECRET

Egypt  
1990

MIDDLE EAST: ADVANCE COPIES

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CABINET OFFICE DIO

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PS/SIR I GILMOUR  
PS/MR HURD  
PS/PUS  
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MR J C MOBERLY

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FM CAIRO 041205Z SEP 81

TO IMMEDIATE FCO

TEL NO 491 OF 4 SEPTEMBER

INFO PRIORITY AMMAN, BEIRUT, DAMASCUS, JEDDA, TEL AVIV, UKMIS NEW YORK,  
WASHINGTON.

SAVING ALL OTHER MIDDLE EAST POSTS.

ARREST OF OPPOSITION ELEMENTS

1. ON THE NIGHT OF 2/3 SEPTEMBER THE STATE SECURITY SERVICE

ARRESTED 553 ( 633 ACCORDING TO REUTERS OFFICE HERE) OPPOSITION  
FIGURES FROM ALL OVER EGYPT INCLUDING 40 FROM ALEXANDRIA.

AMONG THOSE TAKEN INTO CUSTODY AND ACCUSED IN THE MEDIA OF STIRRING  
UP, DIRECTLY OR INDIRECTLY, SECTARIAN STRIFE ARE : MEMBERS OF THE  
SOCIALIST LABOUR PARTY ( THE OFFICIAL OPPOSITION), THE PROGRESSIVE  
NATIONAL UNIONIST PARTY (THE MARXIST EXTRA-PARLIAMENTARY OPPOS-  
ITION) AND THE NEW WAFD PARTY ( WHICH DISSOLVED ITSELF IN 1979);  
SEVERAL COPTIC BISHOPS AND PRIESTS; LEADERS OF THE ISLAMIC ASSOC-



ARRESTED 553 ( 693 ACCORDING TO REUTERS OFFICE HERE) OPPOSITION FIGURES FROM ALL OVER EGYPT INCLUDING 40 FROM ALEXANDRIA.

AMONG THOSE TAKEN INTO CUSTODY AND ACCUSED IN THE MEDIA OF STIRRING UP, DIRECTLY OR INDIRECTLY, SECTARIAN STRIFE ARE : MEMBERS OF THE SOCIALIST LABOUR PARTY ( THE OFFICIAL OPPOSITION), THE PROGRESSIVE NATIONAL UNIONIST PARTY (THE MARXIST EXTRA-PARLIAMENTARY OPPOSITION) AND THE NEW WAFD PARTY ( WHICH DISSOLVED ITSELF IN 1979): SEVERAL COPTIC BISHOPS AND PRIESTS; LEADERS OF THE ISLAMIC ASSOCIATIONS AND THE MOSLEM BROTHERHOOD; AND SEVERAL IMAMS AND PREACHERS KNOWN FOR THE FORTHRIGHT EXPRESSION OF THEIR VIEWS. THOSE ARRESTED ARE REPORTED TO INCLUDE 119 PERSONS INVOLVED IN THE ZAWIA AL HAMRA INCIDENT IN JUNE (MY TELNOS 366 AND 368). IN ADDITION THE GOVERNMENT HAS WITHDRAWN THE LICENCES OF SIX NEWSPAPERS AND MAGAZINES FOR HELPING TO FOMENT SECTARIAN STRIFE. THESE ARE : 'AL DA'AWA', THE MONTHLY MAGAZINE OF THE ISLAMIC ASSOCIATION: ' AL ITTISA' AND 'AL MUKHTAR AL ISLAMI', BOTH EXTREME ISLAMIC MAGAZINES: 'AL WATANI', THE NORMALLY VAPID COPTIC WEEKLY: 'AL KARAZA', THE JOURNAL OF THE COPTIC CHURCH: AND 'AL SHA'AB', THE WEEKLY NEWSPAPER OF THE SOCIALIST LABOUR PARTY.

2. THE GOVERNMENT-CONTROLLED MEDIA HAVE ANNOUNCED THAT THE SOCIALIST PROSECUTOR GENERAL (WHO INVESTIGATES POLITICAL CASES BROUGHT UNDER THE SO-CALLED LAW OF VALUES) WILL ANNOUNCE CHARGES AND NAMES OF THOSE HELD WITHIN TWO DAYS. BUT ALL ARE SAID TO HAVE BEEN ARRESTED EITHER FOR TAKING PART IN, OR FOR EXPLOITING, SECTARIAN STRIFE.

3. AMONG THE NAMES THAT HAVE EMERGED SO FAR ARE: MOHAMED HASSANEIN HEIKAL, THE FORMER EDITOR OF AL AHRAH: FUAD SERAGEDDIN PASHA, THE FORMER WAFDIST MINISTER OF THE INTERIOR AND FOUNDER OF THE NOW DISSOLVED NEW WAFD PARTY: DR HILMI MURAD, THE DEPUTY LEADER OF THE SOCIALIST LABOUR PARTY AND ONE OF THE MOST OUTSPOKEN CRITICS OF THE PRESIDENT AND MRS SADAT IN HIS PARTY'S PAPER: HAMID ZEIDAN, EDITOR OF 'AL SHA'AB': OMAR AL TILMASANI, THE EDITOR OF 'ALDA'AWA' AND DE FACTO LEADER OF THE MOSLEM BROTHERHOOD, TOGETHER WITH VIRTUALLY THE ENTIRE STAFF OF 'AL DA'AWA': HILMI AL-GAZZAR, THE NATIONAL LEADER OF THE ISLAMIC ASSOCIATIONS: DR MILAD HANNA, A PROMINENT COPTIC FORMER POLITICIAN: AND AHMED AL FARGHALI , THE SLP MEMBER RECENTLY EXPELLED FROM THE PEOPLE'S ASSEMBLY. NOTABLE OMISSIONS ARE KHALID MOHIEDDIN, THE FORMER FREE OFFICER AND LEADER OF THE PNUP: OBRAHIM SHUKRI, THE LEADER OF THE SOCIALIST LABOUR PARTY: AND MONTAZ NASSAR, A PROMINENT SOCIALIST LAWYER MP. (THE LAST TWO WERE PROBABLY SAVED BY THEIR PARLIAMENTARY IMMUNITY, AND THE FIRST BY HIS PROMINENCE AND STATUS AS A FREE OFFICER).

SAVED BY THEIR PARLIAMENTARY IMMUNITY, AND THE FIRST BY HIS PROMINENCE AND STATUS AS A FREE OFFICER).

4. THESE ARE THE MOST SWEEPING ARRESTS IN RECENT EGYPTIAN HISTORY (CERTAINLY SINCE NASSER'S TIME), AND FORM PART OF THE BUILD-UP TO A SPEECH TO BE MADE BY SADAT ON 5 SEPTEMBER TO AN EXTRAORDINARY JOINT SESSION OF THE PEOPLE'S ASSEMBLY AND SHURA COUNCIL IN WHICH HE INTENDS TO DEAL WITH THE PROBLEMS OF SECTARIAN STRIFE AND THE OPPOSITION. THE MOST RECENT ISSUES OF 'AL SHA'AB' AND 'AL DA'AWA' HAD ALREADY BEEN CONFISCATED. IN SANCTIONING THIS OPERATION WHICH IS THOUGHT TO HAVE BEEN COORDINATED BY VICE PRESIDENT MUBARAK, SADAT WAS AIMING BOTH TO DAMP DOWN SECTARIAN STRIFE AND, MORE IMPORTANT FOR HIM, TO SILENCE HIS CRITICS ON THE LEFT AND AMONG THE ISLAMIC RADICALS. HE WILL ALSO HAVE WISHED TO ENSURE THAT HIS SPEECH IS TAKEN SERIOUSLY, AND THAT THOSE WHO WOULD REACT MOST UNFAVOURABLY TO THE NEW GUIDE-LINES FOR THE OPPOSITION WHICH HE IS EXPECTED TO ANNOUNCE ARE OUT OF CIRCULATION. WE CAN EXPECT THE GRADUAL RELEASE OF MOST OF THOSE ARRESTED IN THE WEEKS TO COME, POSSIBLY WITHOUT TRIAL.

5. SADAT WILL CERTAINLY SUCCEED IN HIS OBJECTIVE OF TEMPORARILY SILENCING HIS CRITICS, BUT AT THE COST OF STET DAMAGE TO THE CREDIBILITY AT HOME AND ABROAD OF HIS CHERISHED DEMOCRATIC EXPERIMENT. BY INVOKING SECTARIAN STRIFE TO HIT AT HIS CRITICS, SADAT ALSO RISKS INFLAMING WHAT WAS PREVIOUSLY LARGELY A LOCAL PROBLEM CONFINED TO DEPRIVED AREAS AND UNIVERSITY CAMPUSES. HE IS ALSO IN DANGER OF GIVING THE HETEROGENEOUS OPPOSITION ELEMENTS AN ISSUE ON WHICH TO UNITE. THE REGIME IN RECENT YEARS HAS TRIED TO PLACATE THE ISLAMIC OPPOSITION AND DISCOURAGE IT FROM SEEKING LINKS

WITH MORE ESTABLISHED OPPONENTS. THESE ARRESTS MARK A SHARP CHANGE OF DIRECTION, AND TO MY MIND A LOSS OF TOUCH. FURTHER REACTIONS AND COMMENT WILL DEPEND ON TOMORROWS SPEECH.

FCO PSE PASS SAYING ALL OTHER MIDDLE EAST POSTS  
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IMMEDIATE

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Egypt

17 March 1981

Message from President Sadat

You may wish to be aware that President Sadat has acknowledged receipt of the Prime Minister's message of condolence on the death of Field Marshal Badawi. I enclose a copy of his message.

MODBA

F.N. Richards, Esq.,  
Foreign and Commonwealth Office.

HK



*SUBJECT*

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. *T4918*

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ETAT

HER HON MRS MARGARET THATCHER  
PRIME MINISTER OF THE UNITED KINGDOM  
LONDON SW1

GENERAL MANAGER  
LONDON TELEGRAMS  
15 MAR 1981  
ST. BODOLPHS TTD  
NO 01 236 122 Ex. 2048

I RECEIVED WITH MUCH RECOGNITION THE KIND MESSAGE OF  
CONDOLENCE YOU SENT ME ON THE DEATH FIELD MARSHAL  
AHMED BADAWI AND HIS COLLEAGUES WHILE THANKING YOU FOR YOUR  
NOBLE FEELINGS I PRAY GOD ALMIGHTY TO

PAGE2/12

PROTECT YOUR AND YOUR PEOPLE FROM ALL MISFORTUNES  
MOHAMED ANWAR EL SADAT

POST OFFICE INTERNATIONAL TELEGRAMS  
To send Telegrams - CONSULT TELEPHONE DIRECTORY OR TELEX DIALING CARD  
POST OFFICE INTERNATIONAL TELEGRAMS  
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RECEIVED  
GENERAL MESSAGE  
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STATE  
RECEIVED  
GENERAL MESSAGE  
JAN 10 1953

I RECEIVED WITH MUCH REGRET THE NEWS MESSAGE OF  
CONDOLENCE YOU SENT ME ON THE DEATH OF MRS. MARGARET  
ANNED GARDNER AND HIS COLLEAGUES WHILE THANKING YOU FOR YOUR  
KIND FEELINGS I AM SO GLAD TO

1750801

PROTECT YOUR AND YOUR NEARLY FROM ALL INFECTIONS  
NORWEGIAN ARMY IN GREAT

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FM CAIRO 161215Z MAR 81

TO PRIORITY FCO

TELEGRAM NUMBER 184 OF 16 MARCH

INFO AMMAN, BAGHDAD, JEDDA, MUSCAT, WASHINGTON

MY SECOND IPT (NOT TO ALL): MEETING WITH PRESIDENT SADAT: IRAQ.

WE HAD A BRIEF EXCHANGE ABOUT THE WAR AND GULF SECURITY. SADAT WELCOMED OUR READINESS TO CONTRIBUTE TO A RAPID DEPLOYMENT FORCE, AND REPEATED HIS OFFER OF FACILITIES IN EGYPT. HE WAS NOT IMPRESSED BY THE RECENT AGREEMENT ON CO-OPERATION AMONG THE GULF STATES. QABUS WAS SENSIBLE, BUT THE OTHERS TOO PAROCHIAALLY MINDED AS WELL AS TOO SUSCEPTIBLE TO SAUDI INFLUENCE. HE EXPECTED THE GULF WAR (FOR WHICH HE STILL HOLDS CARTER MORALLY RESPONSIBLE) TO COME TO AN END IN A MATTER OF MONTHS AND THOUGHT SADDAM HUSSEIN WOULD NOT LAST MUCH LONGER AS HE WAS STEADILY LOSING SUPPORT AT HOME.

2. AS NOTED IN MY TUR SADAT BROUGHT UP THE STORY OF EGYPTIAN ARMS SUPPLIES TO IRAQ AS EVIDENCE OF SAUDI INTEREST IN A RAPPROCHEMENT WITH EGYPT, WHICH PERHAPS WE EUROPEANS COULD EXPLOIT. THE STORY AS IT EMERGED PIECEMEAL, WITH EMPHAIS ON ITS CONFIDENTIALITY, RAN AS FOLLOWS. A FEW WEEKS AGO THE FRENCH (PERHAPS GISCARD IN PARIS?) HAD APPROACHED SADAT ON BEHALF OF THE SAUDIS ABOUT THE POSSIBILITY OF EGYPT SUPPLYING SPARES AND AMMUNITION FOR IRAQ'S SOVIET-MADE WEAPONRY. EGYPT HAD HAD SIMILAR APPROACHES EARLIER FROM THE YUGOSLAVS. NOW MUCH AS HE DISLIKED SADDAM EGYPT DID OWE IRAQ A DEBT FOR HER HELP IN THE 1973 WAR. IRAQ HAD SENT A SQUADRON OF HAWKER HUNTERS TO THE CANAL FRONT (THOUGH THEY HAD BEEN WITHDRAWN AS SOON AS THE GOING GOT ROUGH). MORE IMPORTANT SHE HAD ALSO SUPPLIED MEDIUM-RANGE LUNA MISSILES AFTER THE RUSSIANS REFUSED TO DO SO. HE HAD THEREFORE AGREED TO THE FRENCH REQUEST. EGYPT HAD SENT A TOTAL OF 8000 TONS OF AMMUNITION, MAINLY 130 AND 122 MM MANUFACTURED IN HER OWN ORDNANCE FACTORIES, PLUS MISSILES INCLUDING SWINGFIRE. THIS WAS A ONE-OFF GESTURE AND HE WOULD NOT REPEAT IT.

3. AS TO MODALITIES, SADAT SAID THE IRAQIS HAD SENT TO HIGH-RANKING OFFICERS SECRETLY TO CAIRO TO NEGOTIATE DETAILS. THEY HAD

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DRAWN UP AN AGREEMENT WHICH WAS SIGNED IN MUSCAT (THE IRAQIS HAD SUGGESTED RIYADH AS AN ALTERNATIVE BUT SADAT WAS NOT HAVING THAT). AT AN EARLIER STAGE QABUS, WHO WAS PRIVY TO THE WHOLE BUSINESS, HAD URGED SADAT TO SEND ONE C-130 LOAD TO IRAQ SIMPLY AS A GESTURE. HE HAD PROPOSED SENDING TEN, BUT THE IRAQIS SAID THEY WOULD RATHER NOT HAVE EGYPTIAN AIRCRAFT AS THEY WOULD HAVE TO LAND IN JORDAN AND THEY DID NOT TRUST KING HUSSEIN EXCLAM. IN THE EVENT THE IRAQIS MOUNTED A SHUTTLE OF TWO TU TRANSPORTS WITH A CAPACITY OF 40 TONS EACH DIRECT TO CAIRO EVERY NIGHT FOR A FORTNIGHT, USING OMANI CALL-SIGNS. THE BALANCE OF THE 8000 TONS WAS BEING SENT BY SHIP - SADAT DID NOT SAY TO WHICH PORT. SADAT DID NOT SUGGEST THAT THE FRENCH PLAYED A CONTINUING ROLE IN THE TRANSACTION AFTER THEIR INITIAL APPROACH.

4. I REPORT THE ABOVE FOR WHAT IT IS WORTH, AND WOULD BE INTERESTED TO KNOW IF YOU HAVE ANY COLLATERAL. WE SHOULD NO DOUBT MAKE ALLOWANCES FOR EXAGGERATION OR WISHFUL THINKING ON SADAT'S PARTY, E.G. THE ALLEGED IRAQI DISTRUST OF KING HUSSEIN, BUT THE REST SOUNDS CIRCUMSTANTIAL ENOUGH.

WEIR

THIS TELEGRAM  
WAS NOT  
ADVANCED

LIMITED  
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PS/LPS  
PS/MR HURD  
PS/PUS

SIR J GRAHAM  
SIR A ACHLAND  
MR BULLARD  
MR. P. MOBERLY  
MR J. C. MOBERLY

COPIES SENT TO  
No. 10 DOWNING STREET

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SECRET

GRS 900  
CONFIDENTIAL

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FM CAIRO 161145Z MAR 81

TO PRIORITY FCO

TELEGRAM NUMBER 182 OF 16 MARCH

INFO AMMAN, BEIRUT, TEL AVIV, JEDDA, WASHINGTON, PARIS

YOUR TELNO 176: MESSAGE TO SADAT. *ms*

I DELIVERED YOUR MESSAGE TO PRESIDENT SADAT ON 14 MARCH. HE SAID HE WOULD READ IT LATER (HE READS ENGLISH SLOWLY), BUT IN AN HOUR'S TALK WE COVERED SEVERAL OF THE POINTS IN IT.

2. SADAT WAS GLAD TO HEAR THAT THE AMERICANS HAD ON THE WHOLE BEEN REASSURED ABOUT THE EUROPEAN INITIATIVE, AND CONFIRMED THAT HE CONTINUES TO ATTACH GREAT IMPORTANCE TO IT. HE PARTICULARLY ASKED WHETHER YOU HAD DISCUSSED THE SUGGESTION HE PUT TO YOU IN ASWAN THAT THE EUROPEANS SHOULD DEVISE A WAY OF BRINGING THE SAUDIS INTO THE PEACE PROCESS. I SAID THAT THE POINT DID NOT FIGURE SPECIFICALLY IN YOUR MESSAGE BUT THAT I NEW YOU HAD DISCUSSED THE RELATED QUESTION OF THE ROLE OF JORDAN AND KING HUSSEIN. THIS SET SADAT OFF ON HIS FAMILIAR LINE THAT HUSSEIN SHOULD STOP SHELTERING BEHIND SLOGANS WHICH HE DID NOT BELIEVE IN HIS HEART (LIKE THE PLO THE SOLE REPRESENTATIVE OF THE PALESTINIANS), AND START PREPARING TO GET INVOLVED IN SERIOUS NEGOTIATION. THERE WAS NOT ALL THAT MUCH TIME, FOR SADAT FULLY EXPECTED TO SIGN AN AUTONOMY AGREEMENT BEFORE THE END OF THE YEAR.

3. LATER IN THE CONVERSATION I ASKED SADAT HOW HE HAD GOT ON WITH DAYAN, WHO WAS HERE ON 9/12 MARCH NOMINALLY AS THE GUEST OF THE EDITOR OF OCTOBER MAGAZINE (LIKE PERES AND CO LAST NOVEMBER). SADAT SAID THAT PERES WAS FURIOUS WITH HIM FOR RECEIVING DAYAN, BUT HE HAD TOLD HIM THAT HE COULD NOT HAVE REFUSED. HE WAS SURPRISED THAT DAYAN STILL SEEMED TO HAVE A FOLLOWING IN ISRAEL, BUT BELIEVED HE COULD STILL PLAY A USEFUL PART BECAUSE OF HIS UNDERSTANDING OF ARAB PSYCHOLOGY. THUS HE HAD WELCOMED DAYAN'S IDEAS ABOUT UNILATERAL ISRAELI WITHDRAWAL (THOUGH NOT ABOUT THE RETENTION OF SETTLEMENTS) BECUASE WHILE ARABS WOULD ALWAYS REJECT ANY SOLUTION OFFERED THEY WOULD SECRETLY ACCEPT THE FAIT ACCOMPLI. HIS OWN JERUSALEM INITIATIVE WAS BASED ON SIMILAR REASONING. THIS LED HIM INTO A LONG DIGRESSION ABOUT PREVIOUS MISSED OPPORTUNITIES, SUCH AS NASSER'S INITIAL REJECTION IN DEFERENCE TO THE OTHER ARABS OF AN EARLY US /SOVIET VERSION OF RESOLUTION 242, WHICH HE LATER ACCEPTED ONLY TO BE TOLD BY AMBASSADOR GOLDBERG THAT IT WAS A DEAD HORSE. I CAPPED THIS WITH MR STRACHAN'S REACTION (BEIRUT TELNO 49) TO ARAFAT'S ACCEPTANCE OF THE JOINT US/SOVIET STATEMENT OF 1977, CHIEFLY IN ORDER TO REMIND SADAT THAT WE ARE WORKING ON THE PALESTINIANS FOR SOME KIND OF MUTUAL RECOGNITION WITH ISRAEL. HE WAS ENTIRELY IN FAVOUR.

CONFIDENTIAL /4.



# CONFIDENTIAL

4. I ASKED SADAT ABOUT PRESS REPORTS THAT AT THEIR MEETING ON 11 MARCH HE AND HIS FOREIGN MINISTER HAD DISCUSSED THE POSSIBILITY OF SENDING THE LONG-DELETED EGYPTIAN AMBASSADOR-DESIGNATE TO MOSCOW. HE SAID HE DID NOT LIKE THE PRESENT POLARISATION (SIC) WHEREBY THE SYRIAN, PALESTINIANS, LIBYANS AND - TO AN EXTENT - IRAQIS WERE VIRTUALLY SOVIET SATELLITES, BUT ANY DRAMATIC MOVE ON EGYPT'S PART WOULD BE MISINTERPRETED.

5. SADAT SAID HE INTENDED TO GO OVER ALL THIS GROUND WITH GENERAL HAIG WHEN HE VISITED CAIRO ON 4 APRIL, AND WOULD PROBABLY SEND THE PRIME MINISTER AND YOURSELF A MESSAGE ABOUT THE CONCLUSIONS THEY REACHED. MEANWHILE HE HAD TWO POINTS HE WOULD LIKE TO KNOW ABOUT IN CONFIDENCE:

- (A) IN REGARD TO THE RUSSIANS, HE HAD INSTRUCTED HIS FOREIGN MINISTER TO ASK WHETHER THEY WOULD SUPPORT THE CREATION OF AN INTERNATIONAL SUPERVISORY FORCE FOR SINAI. OF COURSE THEY WOULD REFUSE, BUT HE WANTED THEIR VETO IN ORDER TO CLEAR THE WAY FOR A PURELY AMERICAN FORCE. THIS WAS WHAT THE ISRAELIS WERE PRESSING FOR, THOUGH FOR THE TIME BEING HE DID NOT WISH THEM TO KNOW THAT HE WAS READY TO AGREE.
- (B) IN REGARD TO THE SAUDIS, THEY HAD RECENTLY MADE AN APPROACH TO SADAT THROUGH THE FRENCH ABOUT THE POSSIBILITY OF EGYPT'S SUPPLYING IRAQ WITH SPARES AND AMMUNITION FOR SOVIET ARMAMENTS. IN THE END HE TOLD ME WHAT HE CALLED THE WHOLE STORY (DETAILS IN MY SECOND ITF NOT TO ALL), BUT HIS POINT WAS THAT THIS APPROACH SHOWED HOW ANXIOUS THE SAUDIS WERE TO GET BACK ON GOOD TERMS WITH EGYPT. THEY HAD TRIED TO KILL THE AOI, YET HERE THEY WERE SOLICITING ITS PRODUCTS FOR HARD-PRESSED IRAQ. HE HAD FELT IT RIGHT TO MAKE A LIMITED RESPONSE, AS EGYPT OWED IRAQ A DEBT FOR THE (LIMITED) HELP SHE HAD GIVEN IN THE 1973 WAR. THE SAUDIS WOULD CERTAINLY KNOW HOW HE HAD RESPONDED, THOUGH HE DECLINED TO COMMUNICATE WITH THEM DIRECT. ON THE POLITICAL PLANE SADAT BELIEVED THAT THIS DEVELOPMENT COULD BE EXPLOITED BY THE EUROPEANS TO HELP BRING SAUDI ARABIA BACK INTO THE FOLD.

COMMENT (LAST WORD UNDERLINED)

6. THERE WAS NOTHING ESSENTIALLY NEW IN WHAT SADAT HAD TO SAY ABOUT THE PEACE PROCESS, KING HUSSEIN, OR DAYAN. HIS REPLIES TO MY QUESTIONS ABOUT RELATIONS WITH MOSCOW, ON TOP OF THE PRESS STORIES, SUGGEST THAT THERE IS RENEWED INTEREST HERE IN RECONCILIATION, OR AT LEAST THAT EGYPT WANTS THE AMERICANS TO THINK SO. THE MOST INTERESTING POINT IS THE STORY ABOUT ARMS FOR IRAQ. THERE HAVE BEEN RUMOURS ABOUT THIS FOR SOME TIME AND WE DISCUSSED THEM AT THE LAST EC AMBASSADORS MEETING (THE FRENCHMAN SAID NOTHING). I CAN IMAGINE THAT SADAT WELCOMED AN OPPORTUNITY TO SHOW MAGNANIMITY TO SADDAM HUSSEIN, WHILE PRIVATELY PRAYING FOR HIS

2.  
CONFIDENTIAL

DOWNFALL.



# CONFIDENTIAL

DOWNFALL. I SUSPECT HE EXAGGERATES THE POTENTIAL THIS OFFERS FOR A RECONCILIATION WITH SAUDI ARABIA, BUT TO MY GALLOPHOBIC MIND THE MOST STRIKING<sup>G</sup> FEATURE OF THE STORY, IF TRUE, IS ITS ILLUSTRATION OF FRENCH INGENUITY IN THE GAME OF RUNNING WITH THE HARE AND HUNTING WITH THE HOUNDS.

WEIR

LIMITED  
NENA)  
MEI)  
PEI)  
DEF.)

PS

PS/KPS

PS/MR HURD

PS/PUS

SIR J. GRAHAM

SIR A. ACLAND

MR BULLARD

MR. P. MOBERLY

MR J.C. MOBERLY

THIS TELEGRAM  
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OO CAIRO

GRS 900

CONFIDENTIAL

FM FCO 091259Z MAR 81

TO IMMEDIATE CAIRO

TELEGRAM NUMBER 177 OF 9 MARCH

MIPT

MESSAGE TO PRESIDENT SADAT

1. I THOUGHT YOU MIGHT FIND IT USEFUL TO HAVE MY PERSONAL IMPRESSIONS OF THE VISIT THE PRIME MINISTER AND I MADE LAST WEEK TO WASHINGTON.
2. THE VISIT WENT VERY WELL. THE OPEN AND FRIENDLY APPROACH OF PRESIDENT REAGAN AND HIS COLLEAGUES MADE IT POSSIBLE FOR US TO HAVE VERY USEFUL TALKS WITH THE MINIMUM OF FORMALITIES. INDEED THE PROBLEM WAS THAT THERE WAS JUST NOT SUFFICIENT TIME TO COVER EVERYTHING WE WANTED.
3. IT IS CLEAR THAT THE NEW ADMINISTRATION WILL BE PAYING A GREAT DEAL OF ATTENTION TO EAST/WEST RELATIONS IN THEIR BROADEST SENSE: I THINK WE CAN EXPECT THEM TO ADOPT A ROBUST BUT VERY RATIONAL APPROACH TO THEIR DEALINGS WITH THE SOVIET UNION. IN OUR DETAILED TALKS WITH PRESIDENT REAGAN AND WITH GENERAL HAIG WE EXCHANGED VIEWS ON THESE MATTERS AND IN PARTICULAR ON BREZHNEV'S SPEECH TO THE SOVIET PARTY CONGRESS. I AGREED WITH MR HAIG THAT THE SPEECH HAD BEEN A WELL-TIMED AND SOPHISTICATED MANEUVERE BUT THAT DESPITE A NUMBER OF UNACCEPTABLE ELEMENTS, IT POINTED TO A GENUINE SOVIET WISH TO CONTINUE A DIALOGUE WHICH NEEDED TO BE EXPLORED. THE AMERICANS BELIEVE THAT THE STRONG LANGUAGE USED EARLIER BY THEIR NEW ADMINISTRATION CONTRIBUTED TO THIS SOVIET REACTION. THEY DO NOT INTEND, HOWEVER, TO BE RUSHED INTO AN EARLY SUMMIT MEETING WHICH WOULD NEED CAREFUL PREPARATION. WE AGREED THAT PROGRESS ON ARMS CONTROL WOULD BE A NECESSARY COMPLEMENT TO DEFENCE AND DETERRENCE.
4. ON EL SALVADOR, THE AMERICANS EXPRESSED THEIR CONCERN ABOUT THE DEVELOPING CONFLICT AND MADE CLEAR THEIR OPPOSITION TO THE SUPPORT WHICH THE GUERRILLA MOVEMENT IS SECURING FROM EXTERNAL SOURCES. WE INDICATED THAT WE SHARED THE AMERICAN VIEW OF

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10273 - 1

OUTSIDE INTERFERENCE IN THE INTERNAL AFFAIRS OF EL SALVADOR. WE EXPLAINED THAT WE CONDEMNED VIOLENCE FROM ANY QUARTER AND CONSIDERED THAT THE PEOPLE OF EL SALVADOR SHOULD BE ABLE TO DETERMINE THEIR FUTURE PEACEFULLY AND DEMOCRATICALLY.

5. IN OUR TALKS ON THE MIDDLE EAST WE EXPLAINED THAT THE EUROPEAN INITIATIVE WAS INTENDED TO COMPLEMENT NOT TO COMPETE WITH THE CAMP DAVID PROCESS. I THINK WE HAD SOME SUCCESS IN REASSURING THE ADMINISTRATION ON THIS POINT, ALTHOUGH THEY HAVE RESERVATIONS ABOUT OUR POSITION ON THE PLO AND PALESTINIAN SELF-DETERMINATION. WE MADE CLEAR THAT THE TEN WILL CONTINUE THEIR EFFORTS TO CONTRIBUTE TO PEACE BUT THAT NO MAJOR MOVE IS LIKELY BEFORE THE ISRAELI ELECTIONS. WE WERE AGREED ON THE IMPORTANCE OF THE US AND EUROPE WORKING TOGETHER TOWARDS THE COMMON OBJECTIVE OF COMPREHENSIVE PEACE. MR HAIG CLEARLY WISHES TO TAKE HIS TIME BEFORE DECIDING HOW THE PEACE PROCESS CAN BEST BE TAKEN FORWARD. I WAS ENCOURAGED TO FIND THAT HE HAS AN OPEN MIND ABOUT THIS. I KNOW HE REGARDS HIS FORTHCOMING VISIT TO THE MIDDLE EAST AS A MOST VALUABLE OPPORTUNITY TO SEE THE AREA AND ITS PROBLEMS FOR HIMSELF AND LISTEN TO THE VIEWS OF THOSE MOST CONCERNED AT FIRST HAND.

6. THE PRIME MINISTER DISCUSSED WITH PRESIDENT REAGAN THE STABILITY AND SECURITY OF THE GULF AND SOUTH-WEST ASIA FOLLOWING THE SOVIET INVASION OF AFGHANISTAN. THEY BOTH SHARE THE DETERMINATION TO DO ALL THAT IS POSSIBLE TO PREVENT SOVIET ENCROACHMENT IN THIS REGION. WE CONTINUE TO BELIEVE THAT THE STATES WHICH FACT SOVIET EXPANSION SHOULD THEMSELVES TAKE A LEAD. FOR THIS REASON WE WELCOME THE RECENT AGREEMENT BY SIX GULF STATES TO ENHANCE THEIR COOPERATION. WE BELIEVE THAT WE AND OTHER WESTERN COUNTRIES SHOULD CONTINUE TO CONSULT CLOSELY WITH THE GULF STATES ABOUT OUR COMMON INTEREST IN PRESERVING THE STABILITY AND SECURITY OF THE REGION AND THAT WE SHOULD TAKE CAREFUL ACCOUNT OF THEIR VIEWS BEFORE ANY POLICY DECISIONS ARE TAKEN.

7. AS FOR A RAPID DEPLOYMENT FORCE, THIS WAS, AS YOU KNOW, ORIGINALLY THE IDEA OF THE PREVIOUS US ADMINISTRATION. THE AMERICANS HAVE BEEN CONSIDERING IT SINCE THEN. THERE IS STILL A



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10273 - 1

GREAT DEAL OF CONSULTATION AND DISCUSSION TO BE DONE. AS MRS THATCHER HAS MADE CLEAR, WE ARE NOT SEEKING TO CONNECT A RAPID DEPLOYMENT FORCE WITH ANY PARTICULAR AREA OUTSIDE NATO, ALTHOUGH IN VIEW OF THE RUSSIANS' OCCUPATION OF AFGHANISTAN, THEIR STRONG PRESENCE IN ADEN AND THEIR INTEREST IN THE GULF IT IS ONLY NATURAL THAT WE SHOULD KEEP THE GULF IN THE FOREFRONT OF OUR THOUGHTS. SINCE THE OUTBREAK OF THE GULF WAR IN OCTOBER WE HAVE HAD A NUMBER OF VESSELS IN THE AREA, THOUGH NOT IN THE GULF ITSELF, AND WE HAVE MADE CLEAR THAT IF A RAPID DEPLOYMENT FORCE WERE TO BE CREATED, THE UNITED KINGDOM WOULD IN PRINCIPLE BE READY TO CONTRIBUTE TO IT. THERE IS NO QUESTION OF THE PERMANENT STATIONING OF BRITISH TROOPS IN THE GULF AREA. ALTHOUGH WE HAVE RECOMMENDED THAT MEMBERS OF NATO SHOULD INDIVIDUALLY RECOGNISE THE GLOBAL NATURE OF THE SOVIET CHALLENGE, WE HAVE NO INTENTION OF TRYING TO EXTEND THE COMMITMENT OF NATO ITSELF OUTSIDE THE NATO AREA.

8. OUR AMBASSADDR WILL BE PASSING ON TO YOU MRS THATCHER'S INVITATION FOR YOU TO SPEND A FEW DAYS IN LONDON AS A GUEST OF THE GOVERNMENT. THERE ARE A NUMBER OF IMPORTANT ISSUES ON WHICH IT WOULD BE MOST USEFUL FOR US TO HAVE TALKS WITH YOU AND IT WOULD ALSO GIVE US GREAT PLEASURE TO BE ABLE TO REPAY THE HOSPITALITY YOU HAVE OFFERED MYSELF AND OTHER MEMBERS OF THE GOVERNMENT RECENTLY. I VERY MUCH HOPE THAT YOU WILL BE ABLE TO ACCEPT THE PRIME MINISTER'S INVITATION.

CARRINGTON

[COPIES SENT TO NO 10 DOWNING STREET]

LIMITED	PS/MR HURD
NENAD	PS/PUS
MED	SIR J GRAHAM
PCD	SIR A ACLAND
DEFENCE DEPT	MR BULLARD
PS	MR P MOBERLY
PS/LPS	MR J C MOBERLY

- 3 -

CONFIDENTIAL

signed on  
USA; PM's visit to  
Washington (PDR): PT 2.

*Copy*

9 March 1981

Messages to President Sadat  
and King Hussein

The Prime Minister has seen your letter to me of 6 March and has agreed that the draft messages enclosed with it may be despatched.

MODBA

F.J. Richards, Esq.,  
Foreign and Commonwealth Office

VLS



Original on: USA  
Pm's visit to  
Washington. (Pm's) P12

Foreign and Commonwealth Office

London SW1A 2AH

A speed  
not

6 March 1981

(1)

Prime Minister

Dear Michael, ✓

All this seems unambitious:  
I think "briefing" messages of this kind go  
better from the FCS than from you except where allies  
are concerned. You can reserve you file for substantial  
messages.

Messages to President Sadat and King Hussein

When the Egyptian Ambassador called on Lord Carrington last month, he said that President Sadat would find it useful to be briefed on the Prime Minister's and Secretary of State's visit to Washington; Lord Carrington undertook to see that this was done. HM Ambassador in Amman has also recommended that a message on the Washington talks be sent to King Hussein.

2. Hope texts  
can come.  
Amk

I attach the texts of messages which, if you see no objection, Lord Carrington has it in mind to send to President Sadat and King Hussein.

Yours ever,  
Francis P. [Signature]

(F N Richards)  
Private Secretary

M O'D B Alexander Esq  
10 Downing St



OUT TELEGRAM

Classification and Caveats  
CONFIDENTIAL

Precedence/Desk/By  
IMMEDIATE

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TEL NO

1 ZCZC  
2 GRS  
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6 FM FCO Z MARCH 81  
7 TO IMMEDIATE CAIRO  
8 TELEGRAM NUMBER  
9 YOUR TELNO 153 of 3 MARCH

10 1. MIFT contains personal message from me to Sadat giving  
11 account of the visit by the Prime Minister and myself to  
12 Washington.

13 2. The Prime Minister has agreed that President Sadat should  
14 be invited to visit Britain as a guest of the government if  
15 suitable dates can be found. It would only be possible for the  
16 Prime Minister to participate in a programme for President  
17 Sadat on 24-25 June.

18 3. Please now seek an audience with President Sadat to hand  
19 over my message and extend the invitation from the Prime  
20 Minister. We hope that President Sadat will be able to come on  
21 the above dates.

/// 22 4. We understand from the IISS that he had accepted their  
// 23 invitation to deliver a lecture in London and proposed July, but  
/ 24 sent a later message cancelling this because of Ramadan. We  
25 have told the IISS of our plans to invite Sadat for June. IISS

NNNN ends telegram	BLANK	Catchword have
File number	Dept S/S Office	Distribution Limited NENAD MED PCD Defence Dept PS PS/LPS
Drafted by (Block capitals) F N Richards		Copies to: PS/Mr Hurd PS/PUS Sir J Graham Mr J C Moberly Sir A Acland Mr P Moberly Mr Bullard
Telephone number 233 4831		
Authorised for despatch		
Comcen reference	Time of despatch	

Classification and Caveats		Page
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 have asked that we should not mention their dealings, which were through Ghorbal, to the London Embassy or MFA.  
 5. We would hope that President Sadat could spend at least two nights in London. A programme would include talks with the Prime Minister and myself. We hope to be able to arrange for Sadat to be received by the Queen. It would be useful in due course to know if Sadat has any ideas of his own on what he might do in London.

CARRINGTON  
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OUT TELEGRAM

Classification and Caveats  
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 TO IMMEDIATE CAIRO  
 TELEGRAM NUMBER

MIPT  
 MESSAGE TO PRESIDENT SADAT  
 1. I thought you might find it useful to have my personal impressions of the visit the Prime Minister and I made last week to Washington.  
 2. The visit went very well. The open and friendly approach of President Reagan and his colleagues made it possible for us to have very useful talks with the minimum of formalities. Indeed the problem was that there was just not sufficient time to cover everything we wanted.  
 3. It is clear that the new Administration will be paying a great deal of attention to East/West relations in their broadest sense: I think we can expect them to adopt a robust but very rational approach to their dealings with the Soviet Union. In our detailed talks with President Reagan and with General Haig we exchanged views on these matters and in particular on Brezhnev's speech to the Soviet Party Congress. I agreed with

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NNNN ends telegram		BLANK	Catchword Mr Haig
file number		Dept	Distribution As MIPT
Drafted by (Block capitals)			
Telephone number			
Authorised for despatch			
Comcen reference	Time of despatch		



OUT TELEGRAM (CONT)

Classification and Caveats

CONFIDENTIAL

IMMEDIATE

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Mr Haig that the speech had been a well-timed and sophisticated manoeuvre but that despite a number of unacceptable elements, it pointed to a genuine Soviet wish to continue a dialogue which needed to be explored. The Americans believe that the strong language used earlier by their new Administration contributed to this Soviet reaction. They do not intend, however, to be rushed into an early summit meeting which would need careful preparation. We agreed that progress on arms control would be a necessary complement to defence and deterrence.

4. On El Salvador, the Americans expressed their concern about the developing conflict and made clear their opposition to the support which the guerrilla movement is securing from external sources. We indicated that we shared the American view of outside interference in the internal affairs of El Salvador. We explained that we condemned violence from any quarter and considered that the people of El Salvador should be able to determine their future peacefully and democratically.

5. In our talks on the Middle East we explained that the European initiative was intended to complement not to compete with the Camp David process. I think we had some success in reassuring the Administration on this point, although they have reservations about our position on the PLO and Palestinian self-determination. We made clear that the Ten will continue their efforts to contribute to peace but that no major move is likely before the Israeli elections. We were agreed on the importance of the US and Europe working together towards the common objective of comprehensive peace. Mr Haig clearly wishes to take his time before deciding how the peace process can best be taken forward. I was encouraged to find that he has an open mind about this. I know he regards his forthcoming visit to the Middle East as a most valuable opportunity to see the area and its problems for himself and listen to the views of those most concerned at first hand.

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Catchword

6.

OUT TELEGRAM (CONT)

Classification and Caveats  
CONFIDENTIAL

IMMEDIATE

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2 6. The Prime Minister discussed with President Reagan the  
3 stability and security of the Gulf and South-West Asia following  
4 the Soviet invasion of Afghanistan. They both share the  
5 determination to do all that is possible to prevent Soviet  
6 encroachment in this region. We continue to believe that the  
7 states which face Soviet expansion should themselves take a  
8 lead. For this reason we welcome the recent agreement by six  
9 Gulf states to enhance their cooperation. We believe that we  
10 and other Western countries should continue to consult closely  
11 with the Gulf states about our common interest in preserving the  
12 stability and security of the region and that we should take  
13 careful account of their views before any policy decisions are  
14 taken.

15 7. As for a rapid deployment force, this was, as you know,  
16 originally the idea of the previous US Administration. The  
17 Americans have been considering it since then. There is still a  
18 great deal of consultation and discussion to be done. As  
19 Mrs Thatcher has made clear, we are not seeking to connect a  
20 rapid deployment force with any particular area outside NATO,  
21 although in view of the Russians' occupation of Afghanistan,  
22 their strong presence in Aden and their interest in the Gulf it  
23 is only natural that we should keep the Gulf in the forefront of  
24 our thoughts. Since the outbreak of the Gulf war in October we  
25 have had a number of vessels in the area, though not in the  
26 Gulf itself, and we have made clear that if a rapid deployment  
27 force were to be created, the United Kingdom would in principle  
28 be ready to contribute to it. There is no question of the  
29 permanent stationing of British troops in the Gulf area.  
30 Although we have recommended that members of NATO should  
31 individually recognise the global nature of the Soviet challenge,  
32 we have no intention of trying to extend the commitment of NATO  
33 itself outside the NATO area. The Prime Minister looks forward  
34 to discussing all these matters during her visit to the Gulf in

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Catchword

April.



OUT TELEGRAM (CONT)

Classification and Caveats

CONFIDENTIAL

IMMEDIATE

Page

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<< 1 <<<<

2 April.

3 8. Our Ambassador will be passing on to you Mrs Thatcher's  
 4 invitation for you to spend a few days in London as a guest of  
 5 the Government. There are a number of important issues on which  
 6 it would be most useful for us to have talks with you and it  
 7 would also give us great pleasure to be able to repay the  
 8 hospitality you have offered myself and other members of the  
 9 government recently. I very much hope that you will be able to  
 10 accept the Prime Minister's invitation.

11  
 12 CARRINGTON

13 NNNN

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NNNN ends  
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Catchword



subject

cc: Hester  
Oyo

Egypt

PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T 40/81

GRS 65  
UNCLASSIFIED  
DESKBY 041430Z  
FM FCO 041245Z MAR 81  
TO IMMEDIATE CAIRO  
TELEGRAM NUMBER 166 OF 4 MARCH  
INFO TO PS/S OF S DEFENCE MOD AND DS11 MOD

YOUR TELNO 151 AND FCO TELNO 162.  
EGYPTIAN DEFENCE MINISTER

1. PLEASE ARRANGE FOR THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO BE DELIVERED AS SOON AS POSSIBLE TO PRESIDENT SADAT:  
QUOTE - I WAS SHOCKED AND SADDENED TO HEAR OF THE TRAGIC ACCIDENT IN WHICH YOUR DEFENCE MINISTER LIEUTENANT GENERAL AHMED BADAWI AND SO MANY OF YOUR SENIOR GENERALS DIED. THEIR DEATHS ARE A GREAT BLOW TO EGYPT. MAY I CONVEY MY DEEPEST SYMPATHY TO YOU AND TO THEIR FAMILIES. UNQUOTE.

CARRINGTON

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LIMITED  
NENAD  
DEFENCE D  
NEWS D  
P & C D  
PS  
PS/LPS  
PS/MR HURD  
PS/PUS  
SIR J GRAHAM

SM  
Egypt

4 March, 1981.

Message to President Sadat

As I have already told you on the telephone, the Prime Minister has approved the message enclosed with your letter to me of 3 March, subject to the substitution of "Egypt" for "your nation" in the second sentence.

M. O'D. B. ALEXANDER

Francis Richards, Esq.,  
Foreign and Commonwealth Office.

b



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

Apex list?

Yes

3 March 1981

Phms 3/3

Dear Michael,

The Prime Minister will no doubt have heard of the death yesterday in a helicopter crash of the Egyptian Defence Minister, Lt. General Ahmed Badawi along with thirteen other military commanders.

Mr Nott has agreed to send a message of sympathy to be delivered by HM Ambassador at a suitable level. HM Ambassador in Cairo has recommended that the Prime Minister should also send a message of sympathy to Sadat; Lord Carrington agrees that this would be appropriate, given the seriousness of the accident and our close and friendly relations with Egypt and President Sadat. I attach a draft message.

Yours ever,

(F N Richards)  
Private Secretary

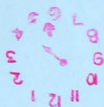
M O'D B Alexander Esq  
10 Downing Street



MESSAGE FROM MRS THATCHER TO PRESIDENT SADAT

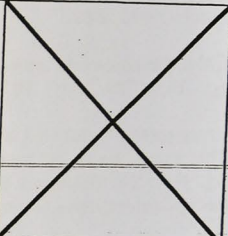
I was shocked and saddened to hear of the tragic accident in which your Defence Minister Lieutenant General Ahmed Badawi and so many of your senior generals died. Their deaths are a great blow to <sup>KAYAL</sup> your nation. May I convey my deepest sympathy to you and to their families.

mb



3 MAR 1981

# A The National Archives

DEPARTMENT/SERIES ..... PREM 19 ..... PIECE/ITEM ..... 1733 ..... (one piece/item number)	Date and sign
Extract details: letter from Richards to Dawson dated 27 February 1991 1981	
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Enter the department and series,  
eg. HO 405, J 82.

Enter the piece and item references, .  
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Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

PBS SA

# British Wastewater Limited

Lord Selsdon  
Chairman

Suffolk House Laurence Pountney Hill  
London EC4R 0EU England  
Telephone 01-606 9944 Telex 888401

The Right Hon. Margaret Thatcher, MP  
Prime Minister  
10 Downing Street  
London SW1

R4

✓ MAF

3rd February 1981

Dear Prime Minister,

## Greater Cairo Wastewater Project

Thank you for your helpful letter of 2nd February.

We are all most grateful for the interest you have shown.

Yours sincerely  
Lord Selsdon

Selsdon



cc D/T  
FCO  
ODA

RH

CF ✓  
3/2/81

10 DOWNING STREET

THE PRIME MINISTER

2 February 1981

Dear Lord Selsdon

Thank you for your letter of 16 January. I was very encouraged to learn of your company's success in negotiating the Protocol on the East Bank Cairo Sewerage project. My colleagues and I entirely share your view that we should be able to capitalise on our substantial aid commitment to the maximum advantage of Cairo's citizens and British companies. It is for this reason that both John Biffen and Neil Marten are taking a close personal interest in it.

Since you wrote, Neil Marten has visited Egypt and discussed the project with Minister Kafrawi. I am pleased to tell you that as a result of these discussions work will now begin on draft agreements covering both the aid and commercial elements in the East Bank project in the hope that these can be signed when the Minister visits London next month. I understand that officials are already in touch with you about British Wastewater's request for ECGD cover which, as you know, requires further discussions, and more generally on the structure and the timing of the project.

I appreciate the political significance of the project to Minister Kafrawi and I hope therefore that his visit to London will be successful. But I do not think that it is going to be possible for me to see him personally.

Yours sincerely  
Raymond Marten

The Lord Selsdon

468





*Egypt*

From the Secretary of State

Michael Alexander Esq  
Private Secretary  
10 Downing Street

29 January 1981

*Where is Lord Selsdon's letter?  
Type for PM's Signature.*

*Dear Michael,*

*And  
attached*

You asked for advice on Lord Selsdon's letter of 16 January about the efforts of British Wastewater Limited to win a major contract to modernise the Cairo sewerage system.

Both my Secretary of State and the Minister of Overseas Development regard the efforts of this consortium, to capitalise on the £50 million bilateral aid commitment for this project by securing substantial additional business of at least £150 million sterling, as potentially an extremely helpful development. Mr Biffen and Mr Marten discussed this project before Mr Marten's departure for the Aid Donors Conference in Aswan last week and agreed that while HMG should not make the award of a major commercial contract a condition of the provision of bilateral aid, the primary objective should be to secure an inter-governmental agreement with the Egyptians committing them to place all the foreign content for the work on the East Bank with British suppliers. I understand that Mr Marten was able to make encouraging progress towards this objective during his discussions with the Egyptian Minister for Reconstruction. As a result, Departments will now be considering the provision of commercial cover for this project and commencing work on a draft inter-governmental agreement for signature during the Minister's visit to Britain in the middle of March. Unless events take a very unusual turn, we will not be recommending that the Prime Minister should herself see Mr Kafrawi.

I am copying this letter to Roderick Lyne (Foreign and Commonwealth Office) and Sue Unsworth (Overseas Development Administration).

*Yours ever,*

*Nicholas McInnes*

Nicholas McInnes  
Private Secretary

DRAFT LETTER TO BE SENT BY THE PRIME MINISTER

Lord Selsdon  
Chairman  
British Wastewater Limited  
Suffolk House  
Laurence Poutney Hill  
London EC4R 0EU

Thank you for your letter of 16 January. I was very encouraged to learn of your company's success in negotiating the Protocol on the East Bank Cairo Sewerage project. My colleagues and I entirely share your view that we should be able to capitalise on our substantial aid commitment to the maximum advantage of Cairo's citizens and British companies. It is for this reason that both John Biffen and Neil Marten are taking a close personal interest in it.

Since you wrote, Neil Marten has visited Egypt and discussed the project with Minister Kafrawi. I am pleased to tell you that as a result of these discussions work will now begin on draft agreements covering both the aid and commercial elements in the East Bank project in the hope that these can be signed when the Minister visits London next month. I understand that officials are already in touch with you about British Wastewater's request for ECGD cover which, as you know, requires further discussions, and more generally on the structure and the timing of the project.

I appreciate the political significance of the project to Minister Kafrawi and I hope therefore that his visit to London will be successful. *But I do not think that it is going to be possible for me to see him* I do not expect to be free to see the Minister personally.

Lord Selkirk

Chairman

British Waterways Board

25 Abchurch Lane

London EC4A 3DF



29 JAN 1981

Thank you for your letter of 15 January. I was very encouraged to learn of your company's progress in negotiating the proposal on the East Bank Cairo Sewerage project. My colleagues and I entirely share your view that we should be able to capitalize on our substantial aid commitment to the maximum advantage of Cairo's citizens and British companies. It is for this reason that both John Kilian and Neil Harton are taking a close personal interest in it.

Since you wrote, Neil Harton has visited Egypt and discussed the project with Minister Karam. I am pleased to tell you that as a result of these discussions work will now begin on draft agreements covering both the aid and commercial elements in the East Bank project in the hope that these can be signed when the Minister visits London next month. I understand that officials are already in touch with you about British Waterways' request for ECU cover which, as you know, requires further discussions and more generally on the structure and the timing of the project.

I appreciate the political significance of the project to Minister Karam and I hope therefore that his visit to London will be successful. I do not expect to be free to see the Minister personally.



CONFIDENTIAL

Egypt



OVERSEAS DEVELOPMENT ADMINISTRATION  
ELAND HOUSE  
STAG PLACE LONDON SW1E 5DH

Telephone 01-213 5409

From the Minister

27 January 1981

Dear John,

NRN  
Pms 29/1

CAIRO WASTEWATER

In the course of my visit to Cairo last week I called on Mr Kafrawi, who as Minister for Reconstruction, Housing and Land Reclamation has responsibility for the Cairo Wastewater project.

As we agreed at our meeting on 16 January, I referred to the protocol which Mr Kafrawi has signed with Lord Selston's consortium promising to award to British firms contracts on the East Nile project for which UK commercial finance is forthcoming. Mr Kafrawi readily agreed to my suggestion that we should sign a formal inter-governmental agreement confirming the agreement set out in this protocol, and indeed volunteered the suggestion that we should provide him with a suitable draft. My officials will be in touch with yours about this.

I am sure you will agree that this is a very satisfactory outcome, and confirms that we were right to decide not to try to press the Egyptians to accept formal conditions making our £50 million loan dependent on the award of further contracts.

Copies of this go to the recipients of your letter to Peter Carrington of 16 January.

Yours  
Neil

NEIL MARTEN

The Rt Hon John Biffen MP  
Secretary of State for Trade

CONFIDENTIAL

Egypt Anglo Egypt  
Nov. 80

MINISTRY OF DEFENSE  
GENERAL STAFF  
Cairo

28 JAN 1981



*[Faint handwritten signature]*

GENERAL STAFF

In the course of my visit to Cairo last week I called on the  
Minister for Defense, Haggag, and had a long discussion  
concerning the Anglo-Egyptian project.

As we agreed at our meeting in London, I returned to the  
Ministry of Defense in Cairo with a letter of introduction  
to the Minister of Defense in the name of the British  
Ambassador in Cairo. It is my hope that this letter  
will be of some assistance to you in your work in  
Cairo.

I am sure you will agree that this is a very important  
project and we are sure to hear from you in the near  
future. We are sure to hear from you in the near  
future. We are sure to hear from you in the near  
future.

Yours faithfully,  
The British Ambassador

*[Faint handwritten signature]*

GENERAL STAFF

The British Ambassador  
Cairo

GENERAL STAFF



FCS/81/6

SECRETARY OF STATE FOR TRADE

NRM

*Egypt*

*NRM*  
*- 21*

Cairo Wastewater

1. On my return from Egypt I have seen your exchange of letters with Neil Marten about this project and the record of your discussion in the House on 16 January.
2. I quite understand your concern about arrangements to ensure that the contracts for the Cairo Wastewater project which are to be financed from commercial credit should be placed in the United Kingdom, but I am very glad to see that agreement has now been reached that this should be done without the imposition of formal conditionality on our aid offer of £50 million. Neil Marten will be pursuing this issue during his visit to Egypt. There will now be no need for the matter to be referred to the EX Committee.
3. I am sending copies of this minute to the Prime Minister, Geoffrey Howe, Neil Marten and Sir Robert Armstrong.

*C*

(CARRINGTON)

Foreign and Commonwealth Office

21 January 1981



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21 JAN 1944



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19 January 1981

The Prime Minister has asked me to thank you for your letter to her of 16 January. Your letter is receiving attention and a substantive reply will be sent as soon as possible.

MICHAEL ALEXANDER

The Lord Selsdon

Lord SELSDON

file

ds



10 DOWNING STREET

*From the Private Secretary*

19 January 1981

I enclose a copy of a letter which the Prime Minister has received from Lord Selsdon. I should be grateful if you could let me have a draft reply which the Prime Minister might send to Lord Selsdon. It would be helpful if your draft could reach me by close of play on Wednesday 28 January. I do not think the Prime Minister would wish to receive Mr. Kafrawi unless the arguments were very strong indeed.

I am sending copies of this letter to Francis Richards (Foreign and Commonwealth Office) and Sue Unsworth (Overseas Development Administration).

M. O'D. B. ALEXANDER

Stuart Hampson, Esq.,  
Department of Trade.

DK



# British Wastewater Limited

Lord Selsdon  
Chairman

Suffolk House Laurence Pountney Hill  
London EC4R 0EU England  
Telephone 01-606 9944 Telex 888401

The Rt.Hon. Margaret Thatcher, MP  
Prime Minister  
10 Downing Street  
London S.W.1

16th January 1981

Dear Prime Minister,

You may recall that at the lunch you gave for the Vice President of Egypt last September, we discussed amongst other things trade cooperation and Egypt's Development Plan.

With so much talk of gloom and despondency, I thought you might like to know that there is now a very good chance indeed of the United Kingdom winning the contract for the new sewerage system in Cairo, which could in due course be worth several hundred millions of pounds.

This particular company was formed specifically to coordinate British efforts on this project and we were fortunate enough to sign the attached Agreement with the Egyptian authorities and the Minister concerned, who at the time referred to the goodwill generated during the visit to London of the Vice President.

The United Kingdom had promised a substantial amount of aid for this project and we are working closely with Government Departments to try and maximise the size of the order which could be placed with British companies.

We hope very much that for once, by skilful use of aid and credit facilities, we will succeed in an area where all too often we lose out to our foreign competitors, who seem more pragmatic in their approach to cooperation between government and industry, when bidding for overseas projects.

The Egyptian Minister responsible, Minister Kafrawi, is very eager to sign all relevant agreements in London as soon as the British side is ready. In view of the political and economic significance of the project, I wonder whether you yourself would be willing to spare a few moments to see him.

*Yours*  
  
Selsdon

Enclosure

Registered in England no 1461849 at  
17 Throgmorton Avenue London EC2N 2DD

DATED 5th December 1980

PROTOCOL

relating to

THE EAST BANK OF  
CAIRO WASTEWATER PROJECT

between

GENERAL ORGANIZATION FOR SEWERAGE  
AND SANITARY DRAINAGE  
OF THE ARAB REPUBLIC OF EGYPT

and

BRITISH WASTEWATER LIMITED  
OF THE UNITED KINGDOM

GENERAL ORGANIZATION FOR SEWERAGE AND SANITARY DRAINAGE (GOSSD) and BRITISH WASTEWATER LIMITED (British Wastewater) recognising the desire of the Governments of the Arab Republic of Egypt and of the United Kingdom to co-operate in the early implementation of the project known as the Greater Cairo Wastewater Project (The Project), acknowledging the Protocol signed by the Anglo-Egyptian Joint Commission on 8th October 1980, and considering the recommendations of AMBRIC, the consultants appointed by GOSSD, do hereby agree that, subject to satisfactory aid agreements being entered into between the appropriate Egyptian and British governmental agencies and to the arrangement of the Export Credit finance referred to in paragraph 3 below:-

1. GOSSD, in accordance with specifications and the documents prepared by its consultants and in conformity with the rules and regulations in force, shall award contracts (within the amount of financing and aid provided by UK agencies and or guaranteed by ECGD) relating to that part of the Project known as the "East Bank Project" to suppliers and contractors from the United Kingdom working where relevant with appropriate suppliers and contractors from the Arab Republic of Egypt.
2. The procurement of equipment, goods and services for the East Bank Project from United Kingdom shall be in a manner which complies with all British aid and Export Credit finance terms and with the terms applied by GOSSD and including competitive tenders against documents prepared by GOSSD.
3. British Wastewater voluntarily will seek to arrange an Export Credit facility from the United Kingdom for that part of the project and for that portion of the foreign currency cost not covered by other aid agreements.



It is understood that the loan would be for a period of 10 years and at a concessionary rate of interest (currently  $7\frac{3}{4}$  per cent per annum) which the British Export Credit Guarantee Department shall determine to be appropriate for such export credit at the time the applicable East Bank contracts are awarded. The terms of making available such Export Credit finance will include an undertaking from the appropriate Egyptian authorities that Egyptian currency will be available from those authorities in order to finance the costs of the Egyptian element of the East Bank Project.

4. British Wastewater working in close co-operation with GOSSD, USA and British interests involved in the Cairo Sewerage Project, if so requested by GOSSD will assist in the arranging of whatever additional services and finance may be necessary to ensure the implementation of both East and West Bank Projects at an early time.

5. Neither GOSSD, the government of Egypt, nor any other Egyptian agency shall be responsible for the payment of any fees to British Wastewater or the reimbursement of any expenses which British Wastewater might incur, and British Wastewater shall not be responsible for reimbursement of any expenses incurred by GOSSD.

SIGNED in Cairo

5th day of December 1980.

.....  
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..... British Wastewater Limited.

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.....  
.....

\* Provided that the British Wastewater Limited submits a legalized copy of its registration.



EGYPT.

*From the Secretary of State*

The Rt Hon The Lord Carrington KCMG MC  
Secretary of State for Foreign and  
Commonwealth Affairs  
Foreign and Commonwealth Office  
Downing Street  
London  
SW1A 2AL

NRPA yet

Pmt

16 January 1981

*Dear Peter.*

## CAIRO WASTE WATER

I was disappointed to receive Neil Marten's letter of 14 January.

It seems to me that our obligations are being looked at in a rather narrow way. Events have moved forward since the £50m pledge was given and we now have the opportunity to do ourselves and the citizens of Cairo a great deal of good by securing a far larger contract or series of contracts than is implied by the expenditure of £50m in aid. In view of the changes in the Egyptian Government that must be inevitable over the period of years in which the project is implemented and the fact that it will not necessarily be the Selsdon consortium which carries out the bulk of the work, the desirability of getting it agreed now in an inter-governmental document that the British are given all the foreign contract business is of major importance. As John Nott pointed out in his letter of 5 January, this would mean that we would need to make a decision now to reserve £100m of export credit for this particular project.

I would suggest that Neil Marten should handle this issue at the Aswan conference by indicating that since making its earlier commitment of £50m, the UK had heard further from the Egyptian Government and proposed to discuss with them the possibility of a much larger contract involving commercial credit which in total could



*From the Secretary of State*

make a much more substantial contribution to the existing problem. If this approach causes Neil difficulty I think it is desirable that the matter should be discussed in the EX Committee next week.

On Neil Marten's return I suggest he and I meet Lord Selston to give him the guidance that his group has legitimately sought on the way his group should now pursue their interests.

I am sending a copy of this letter to the Prime Minister, Geoffrey Howe, Neil Marten and Sir Robert Armstrong.

*Yours  
John Biffen*

JOHN BIFFEN



176 JAN 1981



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MINISTRY OF DEFENCE  
 MAIN BUILDING WHITEHALL LONDON SW1  
 Telephone 01-907522x 218 2111/3

MO 26/9/13

15th January 1981

*ms*  
*Mr. [unclear]*  
*Prime Minister*  
*to note.*  
*②*  
*Mr 16/1*

*Alan Michael,*

DEFENCE SALES TO EGYPT

When the Prime Minister saw Sir Austin Pearce and Sir Frederick Page of British Aerospace in December, one of the items they mentioned was the potential sale of HS 748 aircraft to the Egyptian Air Force. You may wish to have a note on the latest position.

The Egyptians need to replace a number of Russian DC3-type aircraft which are now coming to the end of their useful life. British Aerospace have for several years been trying to interest the Egyptians in the 748 (a twin-engined turboprop aircraft) and three years ago reached the stage of initialling a contract for 20 aircraft. Unfortunately the contract was never finalised because in the wake of the Camp David accords the Saudis and certain Gulf States refused to let Egypt have the funds they had promised for the purchase of the aircraft.

British Aerospace have nevertheless persisted in their attempts to get an order and they have been fully supported by the Defence Sales Organisation and by our Embassy in Cairo. Egyptian interest has recently been revived and British Aerospace sent an aircraft to Egypt in mid-December which gave a successful demonstration.

On 3rd January in Cairo, largely at the instigation of HM Ambassador, a meeting was held between British Aerospace's Marketing Manager from Manchester (where the HS 748 is made) and General Ghazala, the Egyptian Chief of Staff, and Air Vice Marshal Shabana the Commander in Chief of the Egyptian Air Force. HM Ambassador and

M O'D B Alexander  
 10 Downing Street



the Air Attache were also present. The meeting went well and is to be followed up by more detailed discussions between the Egyptian Air Force and British Aerospace (probably on 24th January) when, at Egyptian request, British Aerospace will submit quotations for 10 and 20 standard aircraft and 2 reconnaissance versions. I understand that Credit terms are likely to be necessary. The main competition is coming from the Canadians with the Buffalo aircraft.

I am sending copies of this letter to John Wiggins (Treasury), Francis Richards (FCO), Ian Ellison (DOI), Stuart Hampson (DOT) and to David Wright (Cabinet Office).

Your sincerely  
Peter Dawson

(J D S DAWSON)  
Private Secretary





CONFIDENTIAL



OVERSEAS DEVELOPMENT ADMINISTRATION

ELAND HOUSE

STAG PLACE LONDON SW1E 5DH

Telephone 01-213 5409

*Egypt*

*N/30/1*

*Ans 14/1*

14 January 1981

From the Minister

*Dear John,*

CAIRO WASTEWATER

I have seen a copy of John Nott's letter of 5 January to Peter Carrington in which he reaffirms the desire of the Department of Trade to make our participation in this project conditional upon the award to UK contractors of all the contracts for the supplies and works for the East Nile part of the project. Our pledge of £50 million of aid finance for this project was made many months ago and was unconditional beyond the usual requirement tying procurement to British goods and services.

I have investigated this matter in detail with my officials and I am convinced that an attempt to impose formal conditionality of the kind proposed by John Nott would be a grave blunder which might put at risk the very British interests which it was designed to further. I think it probable that after Lord Selsdon's negotiations with the Egyptian Minister of Reconstruction, the Egyptian authorities understand very well that it is our just expectation that these contracts will be awarded to British firms. But to go further than this and try to make our existing pledge conditional in a formal way on the award of these other contracts would in my view risk the disaffection of other Egyptian Ministers (who have only just forgiven us for our necessary withdrawal from another and smaller project some months ago for purely financial reasons).

I myself am to attend an Aid Donors' meeting at Aswan next week, when this project will certainly come under discussion and since it is a very large and significant one resting on an existing British undertaking I cannot avoid both reaffirming our overall pledge of £50 million and agreeing to the allocation of the first £4.6 million for design and immediate rehabilitation work. I cannot, either at the meeting or in discussions outside, do other than reaffirm our present commitment, and I personally would not be willing to take an action which would amount to renegeing on an existing commitment made in the name of the present government.

/This is not to say

CONFIDENTIAL



This is not to say that by methods which have already been advocated by HM Ambassador in Cairo and which will be rendered easier by the very creditable negotiations undertaken over the past few months in Cairo by Lord Seltsdon, we shall not in fact secure an informal undertaking with the Egyptian authorities that the orders to be covered by commercial credit for the whole of the East bank scheme not financed by aid will in fact be placed in Britain.

John Nott also suggested that a representative of DOT should accompany me to Egypt. I do not think that this would be appropriate in the circumstances. The Aswan meeting will be concerned with the whole of the international aid effort in Egypt and our own participation in it will not be confined to the Cairo wastewater project. It is not the kind of meeting at which the fine details of individual projects will be discussed. Once we have finally cleared out of the way this question of conditionality (which, by the way, has imposed a considerable delay on the proceedings) we shall then be in a position to negotiate an agreement for the project with the Egyptians in the course of which we can pursue the tactics for the British interest strongly recommended by HM Ambassador.

I am sending copies of this letter to the Prime Minister, Geoffrey Howe, Peter Carrington and Sir Robert Armstrong.

Yours,  
Neil

NEIL MARTEN

The Rt Hon John Biffen MP  
Secretary of State for Trade





14 JAN 1951

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This is not to say that the methods which have already been used by the Government in Egypt and which will be regarded as the very best in the world are not to be discarded. It is only to be said that in the future we shall not be content with the present methods but shall try to improve them. It is not the intention to discard the present methods but to improve them. It is not the intention to discard the present methods but to improve them. It is not the intention to discard the present methods but to improve them.

I am sending copies of this letter to the Prime Minister, Secretary of State, Foreign Office and Sir Robert Clayton.

WEL  
/ *WEL*

The Secretary of State for Foreign Affairs  
Foreign Office, London, W.1



From the Secretary of State

The Rt Hon Lord Carrington KCMG MC  
Secretary of State  
Foreign and Commonwealth Office  
Downing Street  
SW1A 2AL

NBPN

Egypt

Ant  
- 7/1

5 January 1981

Dear Peter.

#### CAIRO WASTEWATER PROJECT

Before your visit to Egypt next month, I think you would wish to give consideration to some of the issues raised by the British involvement in the Cairo Wastewater Project. The responsible Egyptian Minister, Hassaballa Kafrawi, has already sent you a copy of his letter to me on this subject and I enclose also a letter from Lord Selsdon, the Chairman of the British consortium, which has been most active in pursuing this business at the commercial level.

There is general agreement between Departments that it is extremely important to maximise the commercial benefit of the £50m aid commitment. I understand that the main difference between the view taken by this Department and ODA is over the issue of the UK Government formally seeking the agreement of the Egyptian authorities that it will be a condition of our participation in the whole East Nile project (estimated value \$600m) that all the foreign content should be purchased from the UK. I think it would be helpful for you to know that my own instinct is strongly to support the idea of conditionality. The memorandum signed by Mr Kafrawi which he enclosed with his letter demonstrates that the Egyptians are prepared to proceed in this way. This confirms the informal indications from the Egyptian side to my officials that they expect this sort of aid/credit package approach which has the advantage for them of securing a much larger overall British contribution. I accept of course that the implications of this package approach is that ECCG cover will need to be available for the £100m of British content not covered by aid funds and this aspect will need discussion in the Export Guarantees Committee.

My second concern is that we should do as much as possible to press forward this project quickly. I understand that Neil Marten will be visiting Egypt in the last week of January and will undoubtedly be seeing Mr Kafrawi. I would suggest that this might provide an opportunity for further discussions at official level about the drafting of agreements between the two Governments which could be signed at a later date when Mr Kafrawi visits London. In order to help matters along, I would welcome it if Neil was able to agree that a representative of DOT and ECCG form part of his team for this visit.



From the Secretary of State

If you foresee major difficulties about this approach, I believe that Ministers should meet early in the New Year to try and sort matters out.

I am copying this letter to the Prime Minister, Geoffrey Howe, Neil Marten, and Sir Robert Armstrong.

Yours ever  
John

JOHN NOTT

PS:

I welcome our Ambassador's assessment that Lord Selsdon's achievement should secure substantial benefits for the UK beyond our £50 million pledge, but I do not think it is sufficient to assume that a document signed by a British industrial group (rather than HMG) and the Egyptian Minister will necessarily ensure that all the foreign content supplies for the East Nile Project will go to the UK.





*From the Secretary of State*

Mr Hassaballa Kafrawi  
Minister for Reconstruction  
and State for Housing and  
Land Reclamation  
Arab Republic of Egypt

5 January 1981

*Dear Minister*

Many thanks for your letter of recent date.

I am pleased to hear of progress made this month between your Ministry and British Wastewater Limited. I believe that our two Governments share the objective of wanting to see the East Nile Wastewater Project progressed quickly.

Neil Marten will be visiting your country for the IBRD Conference at the end of January and this will be a useful opportunity for you to review progress. I myself would be only too pleased to welcome you to the UK subsequently. I will be asking our Ambassador to keep in touch with you so that a mutually convenient date can be arranged.

*Kind regards  
John Nott*

JOHN NOTT



*From the Secretary of State*

Lord Selsdon  
Midland Bank International Ltd  
Suffolk House  
Laurence Poutney Hill  
London EC4

5 January 1981

*Dear Lord Selsdon,*

Many thanks for your letter of 8 December about British Wastewater Limited's success in negotiating a protocol with the Egyptian authorities on the East Nile project.

I understood that you have now had an opportunity to discuss matters further with Department of Trade, ECGD and ODA officials. You will appreciate that there are a number of important issues which are being given attention in Whitehall as a result of the group's potentially valuable initiative. These are being given active consideration and Roy Williams will keep you in touch with developments.

Unfortunately I myself will be out of the country during most of January and will not be able to see you and your colleagues for a discussion with Neil Marten. Neil himself will be visiting Cairo in the last week of January. What I suggest therefore is that I should take stock of the situation with Neil Marten on his return from Egypt and we can see whether a meeting at that time with your group would be advantageous.

I would of course be very pleased to welcome Mr Kafrawi to the United Kingdom as soon as it makes sense for him to come. I will be writing to him to that effect.

*Kind regards  
John Nott*

JOHN NOTT



ARAB REPUBLIC OF EGYPT  
MINISTRY OF DEVELOPMENT AND NEW COMMUNITIES

TO Secretary EGD	COPIES
FOR ACTION (AND DRAFT REPLY IF APPROPRIATE)	251205 Mr G Mr B Mr W Mr H 5/6/80
PLEASE BY:	17.12.80.

RECEIVED IN  
SECRET

MINISTER'S OFFICE  
1, Ismail Abaza Street,  
Cairo, A.R.E.

Your Ref. :  
Our Ref. :

The Right Honourable John Nott PC MP  
Secretary of State for Trade  
1 Victoria Street,  
London S.W.1.

*Dear Mr Nott*

We are most grateful to your Government for the amount of E50 million of Grant Aid, which together with E100 million of Export Credit will make the realisation of the much needed East Bank Wastewater Project possible.

I confirm that my Government will provide the necessary funds to cover the local cost of the project which are estimated at LE.440 million at mid 1980 prices.

The cooperation between our two countries on this matter is very much appreciated and I hope that an early meeting may be arranged in London to finalise and sign all relevant agreements and contracts.

*with my best regards*

*Hassaballa Kattawi*

Hassaballa Kattawi  
Minister of Reconstruction  
and State for Housing  
and Land Reclamation

Copy to Right Honourable Lord Carrington PC MP Secretary of State for Foreign Affairs.  
H.B.M. Ambassador Cairo

Enclosure Greater Cairo Wastewater Project Protocol.



DATED 5th December 1980

PROTOCOL

relating to

THE EAST BANK OF  
CAIRO WASTEWATER PROJECT

between

GENERAL ORGANIZATION FOR SEWERAGE  
AND SANITARY DRAINAGE  
OF THE ARAB REPUBLIC OF EGYPT

and

BRITISH WASTEWATER LIMITED  
OF THE UNITED KINGDOM

GENERAL ORGANIZATION FOR SEWERAGE AND SANITARY DRAINAGE (GOSSD) and BRITISH WASTEWATER LIMITED (British Wastewater) recognising the desire of the Governments of the Arab Republic of Egypt and of the United Kingdom to co-operate in the early implementation of the project known as the Greater Cairo Wastewater Project (The Project), acknowledging the Protocol signed by the Anglo-Egyptian Joint Commission on 8th October 1980, and considering the recommendations of AMERIC, the consultants appointed by GOSSD, do hereby agree that, subject to satisfactory aid agreements being entered into between the appropriate Egyptian and British governmental agencies and to the arrangement of the Export Credit finance referred to in paragraph 3 below:-

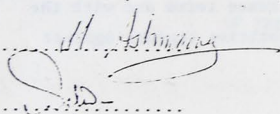
1. GOSSD, in accordance with specifications and the documents prepared by its consultants and in conformity with the rules and regulations in force, shall award contracts (within the amount of financing and aid provided by UK agencies and or guaranteed by ECCD) relating to that part of the Project known as the "East Bank Project" to suppliers and contractors from the United Kingdom working where relevant with appropriate suppliers and contractors from the Arab Republic of Egypt.
2. The procurement of equipment, goods and services for the East Bank Project from United Kingdom shall be in a manner which complies with all British aid and Export Credit finance terms and with the terms applied by GOSSD and including competitive tenders against documents prepared by GOSSD.
3. British Wastewater voluntarily will seek to arrange an Export Credit facility from the United Kingdom for that part of the project and for that portion of the foreign currency cost not covered by other aid agreements.

It is understood that the loan would be for a period of 10 years and at a concessionary rate of interest (currently 7½ per cent per annum) which the British Export Credit Guarantee Department shall determine to be appropriate for such export credit at the time the applicable East Bank contracts are awarded. The terms of making available such Export Credit finance will include an undertaking from the appropriate Egyptian authorities that Egyptian currency will be available from those authorities in order to finance the costs of the Egyptian element of the East Bank Project.

4. British Wastewater working in close co-operation with GOSSD, USA and British interests involved in the Cairo Sewerage Project, if so requested by GOSSD will assist in the arranging of whatever additional services and finance may be necessary to ensure the implementation of both East and West Bank Projects at an early time.

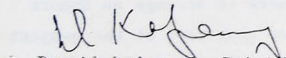
5. Neither GOSSD, the government of Egypt, nor any other Egyptian agency shall be responsible for the payment of any fees to British Wastewater or the reimbursement of any expenses which British Wastewater might incur, and British Wastewater shall not be responsible for reimbursement of any expenses incurred by GOSSD.

SIGNED in Cairo 5th day of December 1980.

  
.....

GOSSD  
.....

BRITISH WASTEWATER LIMITED  
.....

  
.....

\* Provided that the British Wastewater Limited submits a legalized copy of its registration.



# British Wastewater Limited

Lord Sealdon  
Chairman

Suffolk House Laurence Pountney Hill  
London EC4R 0EU England  
Telephone 01-606 9944 Telex 888401

The Rt.Hon. John Nott, MP  
Secretary of State for Trade  
1 Victoria Street  
London SW1H 0ET

8th December 1980

*Dear John,*

## GREATER CAIRO WASTEWATER PROJECT

TO: Mr. Haggard	cc:es	CO. No. 10
FROM: Mr. Williams		PS/MAF
RE: GREATER CAIRO WASTEWATER PROJECT		PS/MAF
PLEASE BY:		Mr Benjamin PEP
(17.12.80)		PS/Soc ECD
		Mr Williams cc:es
		S of co case

I am writing to seek your advice and guidance in connection with the British initiative relating to the Greater Cairo Wastewater Project - a major project for the rebuilding of the Cairo sewerage system.

On Friday last, 5th December, in Cairo a Protocol was signed between the General Organisation for Sewerage and Sanitary Drainage (GOSSD) and British Wastewater Ltd of the United Kingdom. A copy of this Protocol is attached and as you will note, the two most significant points raised in it are:-

- (a) Subject to satisfactory Aid agreements and arrangement of export credit finance, the entire East Bank Project will be awarded to the United Kingdom.
- (b) The Egyptian Government will undertake to provide the local finance needed and Minister Kafrawi is sending a letter to you confirming this. The amount of the local finance is around £E440 million (mid 1980 prices) and the foreign content is estimated at £150 million Sterling.

The Egyptian Authorities are naturally eager to begin the implementation of the project as soon as possible. Firstly because the sewage problem is becoming more and more serious, and secondly in order to preserve the value of both the Egyptian and the U.K. financial commitment. Further delays will undoubtedly reduce the significance of the British aid proposal.

I believe that British Wastewater has advanced matters as far as we reasonably can at this time and we would be most grateful for the advice of yourself and Neil Marten as to how we should now proceed.

/...

8th December 1980

2.

I would like to make it clear that British Wastewater in no way challenges the need for proper accountability on the disbursement of aid funds. Nevertheless, unless we can dovetail the private and public sector inputs to this major development project, we run the risk that instead of an order of £150 million plus we will win something substantially less, and perhaps little more than our own aid contribution.

Throughout we have worked to try and maximise the level of U.K. participation and hence I would welcome an opportunity of a meeting with you and Neil Marten, together with relevant members of British Wastewater.

The Egyptian Minister concerned, Hassaballa El Kafrawi, will in his letter to you propose an early meeting in London in order to finalise all relevant agreements and contracts. He would understandably expect a firm proposal from us as to how we would like the project handled and I hope that this may be possible.

We ourselves are most encouraged by the response and reception we have had, recognising as we do the importance being attached to sewerage and water projects world-wide over the next decade.

With kind regards,

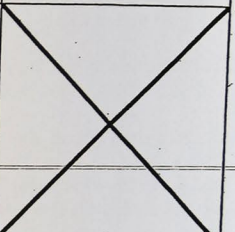
Yours  
John Nott



Selsdon

Enclosure

# A The National Archives

DEPARTMENT/SERIES <i>REM 19</i> ..... PIECE/ITEM <i>1733</i> (one piece/item number)	Date and sign
Extract details: <i>minute and attachment from Armstrong to the Prime Minister dated 2 December 1980</i>	
CLOSED UNDER FOI EXEMPTION <i>27(1)</i>	<i>19/2/18</i> <i>M. M.</i>
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eg. HO 405, J 82.

Enter the piece and item references, .  
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.

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eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.

Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.



PM/80/80

PRIME MINISTER

Prime Minister  
 You have already seen a note  
 from the Defence Secretary on all  
 this. *md* *Paul*

Sale of Hawk Aircraft to Egypt

1. I am sorry to say that the Egyptian contract for a defence trainer and ground attack aircraft to which Francis Pym and I referred in minutes of 6 November appears to have been won by the French for their Alpha Jet.
2. When British Aerospace representatives and officials called on the Chief of Staff of the Egyptian Air Force, on 16 November, he informed them that a contract for Alpha Jet was signed on 15 November. The decision was defended on the grounds that the French were 12% cheaper and offered earlier delivery than British Aerospace. Your message to the President was said to have caused the Egyptians to instruct their negotiating teams not to sign up with the French until time had been given for the Air Force to study the new proposals that British Aerospace were submitting. In the event, however, no further real negotiations took place with the Company and they were left without a chance of submitting their final proposals. This is obviously highly unsatisfactory and leaves room for doubts about the propriety of Egyptian procurement procedures. I am also concerned that you have not had a reply to your message.
3. The Ambassador, Sir Michael Weir, is trying to secure an opportunity for the Company to submit formally their final proposals, but I think it would be unrealistic to think that we will be able to overturn the Egyptian decision at this stage. I am therefore instructing my officials to co-operate fully in any post-mortem which the Ministry of Defence and ECGD may conduct. I or Francis Pym will keep you informed.
4. I am sending a copy of this minute to Francis Pym, Geoffrey Howe and John Nott.

CONFIDENTIAL



MO 26/9/13

Prime Minister <sup>(2)</sup>

L.S. Am

Am

Am

PRIME MINISTER

HAWK FOR EGYPT

I thought that you and the other members of OD should see the report I have just received from one of my senior officials who, at British Aerospace's request, went to Cairo last week with the Company's team.

2. We must not give up the struggle, but I cannot be other than pessimistic about the outcome. The immediate moral I draw is that British Aerospace did not pursue this important potential sale with either sufficient expertise or the necessary vigour. As to the longer term, the issues raised are germane to the proposals I have just put to the Committee in OD(80)70.

3. I am sending copies of this minute, with Mr Anderson's, to the other members of OD and the Secretary of State for Industry; and to Sir Robert Armstrong.

reference:  
Sales Sept 80

79  
1

Ministry of Defence

25th November 1980

CONFIDENTIAL





26/9/13  
DUS (PMS)

~~CONFIDENTIAL~~ UK EYES A

DUS (PMS)/434/80  
2/23

PS/Secretary of State

Copy to: PS/Minister of State  
PS/PUS  
CDP  
FOS  
AUS (Sales)  
D Sales 1  
Mr J Moberly FCO

Egyptian Requirement for a New Trainer/  
Ground Attack Aircraft

Although you have seen some of the telegrams reporting recent events on the Egyptian aircraft requirement I think you will wish to have a fuller report.

2 The procurement was handled in a very odd way by Air Vice Marshal Helmi Chief of Staff of the Egyptian Air Force. When we finally got to meet him he told us of the procedure he had adopted. He said he had drawn up a matrix to embrace matters such as performance, delivery, cost, industrial benefits and credit. He had then sought written offers from BAE and Dassault and had made comparisons on the basis of those offers and the reports of the EAF teams who had evaluated the two competing aircraft. He explained that there had been no real negotiation with either of the Companies until he had completed his comparison of their written proposals. He added that whenever he had been approached either by Dassault or BAE he had asked them to improve their offers and this process had gone on until the 10th October at which time on the basis of the offers then available a decision had been taken in favour of the Alphajet. As a result an EAF team had been sent to France for detailed negotiations with Dassault.

3 He went on to say that these negotiations had been held up when BAE had submitted their third proposal on the 1st November because this represented a significant improvement on their earlier offers. His subsequent assessment however had been that the French proposal was still ahead in terms of price, delivery, industrial participation

1

~~CONFIDENTIAL~~ UK EYES A

and the credit arrangements. The negotiations with the French had then resumed. The next action followed from the Prime Minister's message to President Sadat which was delivered to Vice President Hosni Mubarak by the British Ambassador on the 8th November. Amongst other things the message had foreshadowed yet more proposals from BAe, so, according to Helmi, he had instructed his team in France that while they could continue negotiations they were not to sign anything.

4 The final BAe proposals, Helmi said, had been delivered to him on the 3th November. He had considered them but although they now matched the French offer in terms of industrial participation and payment arrangements there was still a significant price difference (he said 12%) and the French were offering earlier delivery. He argued moreover that the BAe final proposal which gave an apparent price reduction was in fact little different in this aspect from the earlier proposal since a lower standard of aircraft was being offered. He said that he had reported this position to "higher authority" who had given their agreement to the signature of a contract with the French. He informed us that the contract had been signed on Saturday 15th November ie on the day before we met him.

5 The BAe representatives argued strongly that they had never been given a proper opportunity to negotiate - if they had they would have been able to offer improvements in delivery and price reductions. Helmi denied this and said that he had in fact had more meetings with representatives of BAe than he had had with Dassault. When we asked whether the decision was final Helmi said that it was.

6 Past experience has shown that final decisions in Egypt can be reversed - this happened with a large contract for fast patrol boats for the Egyptian Navy where we managed to overturn a deal that had been signed between the Egyptian Navy and the French. Gamal Said the Minister of Military Production, whom I have known for some years, told me, when I saw him during the recent visit, that I would remember that in Egypt "all things are debatable". BAe, HM Ambassador and I subsequently discussed what the tactics should be in the wake of Helmi's announcement: there was universal agreement that while the chances of upsetting the Alphajet deal must be considered remote we should make clear to everyone concerned in Egypt that we considered that the British offers had not been properly evaluated - in other words we would cry "foul" and seek to get an opportunity for BAe to have a proper negotiation with the EAF. We should also continue to press for a formal reply to the Prime Minister's letter.

7 Any postmortem must include the following points

a the Hawk is a better aircraft than the Alphajet and BAe were told after the EAF evaluation of the Hawk in April and the subsequent Alphajet evaluation in May that the EAF regarded the Hawk as the superior aircraft. This induced complacency on the part of BAe. As Gamal Said said to me "BAe had the flower in their hands but they did not irrigate it".

b the French obviously realising that they were behind mounted strong efforts at governmental and Dassault level. In particular



they homed in on Air Vice Marshal Helmi as being the key man in the evaluation. Dassault re-employed the tactics that had originally won them the AOI contract (which was cancelled when the Saudis etc withdrew from the AOI) ie they offered the Alpha-jet as a stepping stone to Franco/Egyptian collaboration on the Mirage 2000 and the Mirage 4000.

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ACT 2000

e Bae's local representation was of poor quality. They relied on a man, an engineer by profession, who was in Cairo for the maintenance and repair contract on Mig 21 aircraft for the EAF. He sent back reports that were invariably optimistic. He had no contact with Helmi and only very late in the day did he discover how far things had gone with the French. Bae dabbled with a number of potential local Agents but the quality was poor eg one of them reported that the Hawk was bound to win the competition because of its vertical take off capability! At no time have BAE had access to the levels that really matter in this particular competition. Nor did they ever get information on the offers Dassault were making.

f BAE were very slow to accept that the amount of work that could be undertaken in Egypt was a major concern. Dassault on the other hand placed speculative work on Egyptian factories some months ago.

g The BAE final offer was not well considered since it was of a nature that Helmi could easily dismiss as being not on all fours with the French offer.



enc. Pym to Am, 25/11/80

h HMG's intelligence too was not good. We relied too much on the local BAe representative. On the other hand HMG did pull out all the stops as soon as BAe found out what was really happening ie we offered some training and competitive credit terms. Above all the Prime Minister intervened personally on behalf of the Hawk.

8 Before I left Egypt I saw Kamal Hassan Ali, the Egyptian Foreign Minister, who was formerly Minister of Defence, and made our position clear to him. I pressed particularly that he should use his influence to bring about a meeting between the Vice President and BAe. He undertook to do his best. The Ambassador pressed the same point at a meeting he had on Thursday 20th November with General Ghazala at which he also emphasised HMG's unhappiness at the way matters had developed and debated effectively when Ghazala attempted to argue that BAe had indeed been given a fair crack of the whip.

9 I think we must continue to make as much fuss as we possibly can even though there is the danger that we shall antagonise the Egyptian Air Force. However they have not been pro-British on equipment matters since we refused to let them have the Jaguar some years ago.

10 BAe must learn from this episode. First of all they must make sure that the current Rapier/Crotale competition is not handled in the same way by the Egyptians and the French. There is reason for disquiet because Ghazala made criticisms of Rapier that are obviously inspired by the French. One item of comfort is that the BAe Dynamics Group representative in Cairo is a much better operator than his BAe Aircraft counterpart. Another necessity is that both the Military Aircraft and the Dynamics Groups of BAe find themselves effective Egyptian Agents.

11 Some final points are:-

- 1 the Egyptians have said they would like quotations for up to 4 Nimrod AEW aircraft - this is an obvious attempt to make us feel less aggrieved about the trainer deal. There is also talk of a 748 purchase.
- 2 the Westlands/AOI situation did not help BAe at all. The Egyptians feel considerable bitterness at the way Westlands have "let them down" and also about their action in suing Egypt. In an attempt to harm BAe the rumour was spread that BAe owned shares in Westlands.
- 3 there are hints that the Egyptian police are investigating certain aspects of Dassault's activities in Egypt. It is said for example that they are concentrating on an Egyptian named Shemi who spent 4 years in France but who is now employed in Helmi's office as a translator and general aide. In this capacity he would have been ideally placed, first, to let Dassault have immediate copies of BAe's proposals and second to mis-translate BAe's documents.

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FREEDOM OF INFORMATION  
ACT 2000

enc. Pym to Am 25/11/80



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~~CONFIDENTIAL~~ WICKETTES A

Everyone is puzzled for example at the origin of a widely held assertion that in one of their documents BAE said they were not prepared to offer any Egyptian industrial participation.

4 it is very odd that no announcement has yet been made about the signing of the contract. Let us hope our tactics have thrown a spanner in the works.

12 I will let you know if and when the Vice President agrees to meet BAE.

  
R ANDERSON

24th November 1980

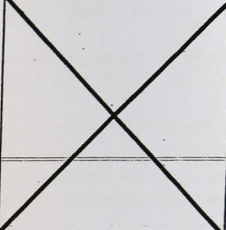
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# A The National Archives

DEPARTMENT/SERIES ..... PREM 19 .....	Date and sign
PIECE/ITEM ..... 1733 .....	
Extract details: Telegram 442 dated 8 November 1980	
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Enter the department and series,  
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Enter the piece and item references, .  
eg. 28, 1079, 84/1, 107/3

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CONFIDENTIAL

cc FCO  
HMT  
D/T  
DII  
Demp  
CO

H8

Egypt



10 DOWNING STREET

*From the Private Secretary*

10 November 1980

Sale of Hawk aircraft to Egypt

The Prime Minister has seen the Defence Secretary's minute to her of 6 November about the credit terms for the possible sale of Hawk aircraft to Egypt. She has also seen the letters from John Wiggins and Stuart Hampson to me of 7 November on the same subject.

The Prime Minister would prefer to wait and see what effect her message to President Sadat has on the negotiations before taking a view about the offer of improved credit terms. She would in general prefer that we should limit ourselves to matching whatever terms the French offer.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office), John Wiggins (H.M. Treasury), Stuart Hampson (Department of Trade), Ian Ellison (Department of Industry), Richard Dykes (Department of Employment) and David Wright (Cabinet Office).

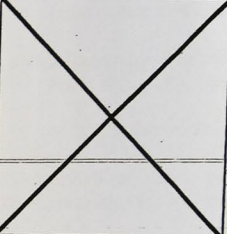
M. O'D. B. ALEXANDER

Brian Norbury, Esq.  
Ministry of Defence

CONFIDENTIAL

98

# A The National Archives

DEPARTMENT/SERIES	Date and sign
<p>..... <i>PREM 19</i> .....</p> <p>PIECE/ITEM ..... <i>1733</i> .....</p> <p>(one piece/item number)</p>	
<p>Extract details:</p> <p><i>Telegram 442 dated 28 November 1960</i></p>	
CLOSED UNDER FOI EXEMPTION .....	
<p>RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958</p>	
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Egypt



Foreign and Commonwealth Office  
London SW1A 2AH

10 November 1980

Dear Walter,

hs. *Paul* 11/11/80

Cluster Bombs for Egypt

Lord Carrington has seen your letter of 4 November. He is prepared to agree to supply the BL755 Cluster Bomb to Egypt in order to try to secure the Hawk contract. Lord Carrington assumes that such agreement would be part of a package and that we would not supply BL755 if the Egyptians did not in the event buy Hawk.

I am copying this letter to the recipients of yours.

Yours etc

*Paul*

(P Lever)  
Private Secretary

J-D S Dawson Esq  
Private Secretary  
Ministry of Defence

cc:

Michael Alexander Esq.  
10 Downing Street  
Catherine Bell,  
Dept of Industry  
Richard Dykes Esq,  
Dept of Employment  
David Wright,  
Cabinet Office  
Pete Jenkins Esq,  
Treasury  
Stuart Hampson Esq,  
Department of Trade







*From the Secretary of State*

M Alexander Esq  
Private Secretary  
10 Downing Street  
London, SW1

7 November 1980

*Dear Michael*

SALE OF HAWK AIRCRAFT TO EGYPT

My Secretary of State has seen the minutes of 6 November to the Prime Minister from the Foreign Secretary and the Secretary of State for Defence concerning the sale of Hawk aircraft to Egypt.

The position of ECGD is that for the past 10 days officials have kept in close and constant touch with their opposite numbers in the French Ministry of Economy as to precisely what the French were doing, and might be prepared to do, as opposed to what the Egyptians have been alleging they were doing. Much confusion has deliberately been introduced in this case by the Egyptians feeding both British and French with false information as to the intentions of the other. On the afternoon of 6 November M Prevel, the Senior Adviser to M Monory, told the British Embassy in Paris, who were enquiring on behalf of ECGD, that M Monory was going to Cairo but not to discuss this matter; neither had he any intention of making an offer of 10 years' credit for the Alphajets whilst there. M Prevel gave his personal assurance that in the event of Dassault taking a private initiative to offer 10 years in the belief that they would get subsequent approval of this from the Minister, he would not advise M Monory to agree. Furthermore he promised to telephone Dassault immediately to make clear to them that such tactics would not receive his support.

In the face of such assurances there seems no reason to believe that the French are not being frank with us as to their intentions in this case and there is no reason to believe that M Monory intends to offer 10 years' credit whilst in Cairo. Should he do so, however, British Aerospace would be at no disadvantage as they already have authority to match such an offer should it be made. Were permission to be given for British Aerospace to initiate the offer of 10 years' credit they would gain no ultimate advantage as their offer would undoubtedly be matched immediately by the French and would be doing no more than contributing to an unnecessary and undesirable pushing out of credit terms.



*From the Secretary of State*

Whilst my Secretary of State approves of the message sent to President Sadat in the terms recommended by the Foreign Secretary, he does not think that British Aerospace should be given authority to offer 10 years' credit except to match such an offer by the French. To take such an initiative in a case where there has been such close co-operation with the French could seriously harm our chances in the future of setting up agreement with them in order to prevent unnecessary competition in the escalation of credit.

I am copying this letter to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, to the Secretaries of State for Defence, Industry and Employment and to Sir Robert Armstrong.

*Yours sincerely*

*Stuart Hampson*

S HAMPSON  
Private Secretary



From the Secretary of State

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*[Faint, illegible handwriting]*

Private Secretary





Treasury Chambers, Parliament Street, SW1P 3AG  
01-233 3000

7 November 1980

M. O'D.B. Alexander, Esq.,  
No.10, Downing Street,  
LONDON S.W.1

*Dear Michael,*

SALE OF HAWK AIRCRAFT TO EGYPT

The Chancellor has seen the minutes to the Prime Minister of 6 November from the Foreign and Defence Secretaries. He was very content with the draft message to President Sadat, which I understand has now been sent.

As to the question of credit terms, the Chancellor's understanding is that the terms offered by British Aerospace (BAe) and their French competitors have hitherto been comparable, and less generous than suggested in paragraph 3 of Mr. Pym's minute. The Chancellor would be content for BAe to match whatever the French offer, but he does not think that it would be appropriate at this stage for BAe to make a preemptive strike in offering more generous terms than the French. Such a course would be directly counter to our current policy and would prejudice our international stance on export credit terms.

I am copying this letter to George Walden, Brian Norbury, Ian Ellison, Stuart Hampson and David Wright.

*yours ever*

*John Wiggins*

(A.J. WIGGINS)

**SUBJECT**

**PRIME MINISTER'S  
PERSONAL MESSAGE  
SERIAL No. T218/80**

CONFIDENTIAL

2159 - 2

OO CAIRO DESKBY 071230Z  
GRS 480  
CONFIDENTIAL  
DESKBY 071200Z NOV 80  
FM FCO 071115Z NOV 80  
TO IMMEDIATE CAIRO  
TELEGRAM NUMBER 443 OF 7 NOVEMBER  
INFO MODUK (FOR MOD SALES AND DUS (PMS))  
MIPT: HAWK

*Handwritten signature*

1. FOLLOWING IS TEXT OF MESSAGE:

QUOTE

I HOPE YOU WILL ALLOW ME, AT A TIME WHEN YOU LIKE ALL OF US MUST BE GREATLY PREOCCUPIED WITH EVENTS IN THE MIDDLE EAST, TO TAKE UP SOME OF YOUR TIME WITH A BILATERAL PROBLEM IN WHICH I HAVE BEEN TAKING A CLOSE INTEREST.

AS VICE PRESIDENT MUBARAK MAY HAVE TOLD YOU, DURING HIS VERY INTERESTING AND USEFUL VISIT TO BRITAIN IN SEPTEMBER HE DISCUSSED WITH GOVERNMENT AND INDUSTRY EGYPT'S REQUIREMENT FOR A NEW TRAINER AND GROUND-ATTACK AIRCRAFT, FOR WHICH BRITISH AEROSPACE ARE OFFERING THE HAWK. HE ALSO SAW THE AIRCRAFT IN A FLYING DISPLAY AT THE FARNBOROUGH AIR SHOW. I UNDERSTAND THAT IT MADE A FAVOURABLE IMPRESSION ON VICE PRESIDENT MUBARAK AND ALSO ON THE SENIOR PERSONNEL OF THE EGYPTIAN AIR FORCE WHO HAVE FLOWN AND EVALUATED THE AIRCRAFT. FOR OUR PART, WE ARE CONVINCED THAT HAWK IS A BETTER AIRCRAFT THAN ITS RIVALS: IT IS NOT JUST A TRAINER BUT AN EFFECTIVE AND HARD HITTING GROUND ATTACK AIRCRAFT TOO, AND IT HAS PROVED ITS QUALITIES IN SERVICE WITH THE RAF. MOREOVER, I CAN ASSURE YOU THAT BRITISH AEROSPACE WITH THE BACKING OF MY GOVERNMENT, WILL BE ABLE TO OFFER COMPETITIVE AND ATTRACTIVE CREDIT TERMS. I ALSO BELIEVE THAT THE BRITISH AEROSPACE PROPOSALS FOR CO-OPERATION IN EGYPT ARE REALISTIC AS WELL AS IMAGINATIVE, AND WILL ENABLE EGYPT TO BUILD UP THE EXPERTISE AND SKILLS REQUIRED FOR A MODERN AIRCRAFT INDUSTRY. I HAVE INSTRUCTED MY OFFICIALS THAT THE ROYAL AIR FORCE SHOULD PREPARE A PROGRAMME OF ATTACHMENTS FOR THE EGYPTIAN AIR FORCE TO RAF STATIONS WHICH

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CONFIDENTIAL

CONFIDENTIAL

2159 - 2

OPERATE HAWK. THIS WOULD HELP TO FAMILIARISE YOUR PILOTS WITH THE TACTICAL OPERATION OF THE AIRCRAFT AND WOULD SUPPLEMENT THE PILOT CONVERSION AND ENGINEERING TRAINING THAT BRITISH AEROSPACE WILL BE PROVIDING UNDER CONTRACT.

I AM SENDING THIS MESSAGE TO YOU DIRECT BECAUSE I WANTED TO MAKE IT CLEAR THAT THE BRITISH GOVERNMENT CONSIDER THIS CONTRACT TO BE OF VERY GREAT IMPORTANCE, NOT ONLY TO BRITAIN BUT TO EGYPT AND TO OUR FUTURE BILATERAL RELATIONS. I BELIEVE THAT IT WOULD BECOME A UNIQUE AND SIGNIFICANT MILESTONE IN THE FRUITFUL PROCESS OF COLLABORATION IN THE DEFENCE FIELD WHICH HAS DEVELOPED BETWEEN OUR TWO COUNTRIES IN RECENT YEARS.

UNQUOTE

[COPIES SENT TO NO 10 DOWNING ST]

CARRINGTON

DISTRIBUTION  
STANDARD  
NENAD  
TRED  
MR J C MOBERLY

COPIES TO:  
MR MOUNTFIELD, TREASURY  
CRE5 D/TRADE





Prime Minister.

①

MO 26/9/13

PRIME MINISTER

Yes not

1 said I would submit this minute  
with comments from Trade & Treasury.  
These I attach. As you will see BAE  
has authority to make the French. On  
present evidence there is no need to take the  
initiative i.e. "offering the ante". Agree to pause

SALE OF HAWK AIRCRAFT TO EGYPT for the moment & see what  
after your message to Sadat has?

I have just seen Peter Carrington's minute to you of today.

Am

2. I too am deeply concerned at the danger that we may lose the Egyptian order to the French. I have seen a telegram of yesterday from HM Ambassador Cairo (extract attached) and I believe that we must act now to allow British Aerospace to offer to the Egyptians the terms agreed earlier by ECGD but withdrawn when the French authorities denied Government backing for Dassault's improved credit terms. (In this context the current visit to Cairo by the French Minister of Economy is highly relevant).

3. I understand that ECGD's revised credit terms were 80% credit over 10 years from final delivery at 7%. Dassault's were 90% credit over 9½ years (including a two year moratorium) at probably the same rate of interest offered by ECGD.

4. I agree with Peter that the time is ripe for you to send a message to President Sadat and in the terms he recommends. But if Geoffrey Howe and John Nott agree I believe that British Aerospace should be authorised to go ahead and make an early offer of improved credit to the Egyptians in the terms described in paragraph 3.

5. I am copying this minute to the Foreign and Commonwealth Secretary, to the Chancellor of the Exchequer, to the Secretaries of State for Industry, for Employment and for Trade, and to Sir Robert Armstrong.

Ministry of Defence

6th November 1980



EXTRACT FROM TELEGRAM 051020Z  
from HM Ambassador, Cairo

BAe's agent has been told by Helmi (Egyptian Air Force) that the deadline for the submission of revised final proposals is 10 am on Saturday 8th November. He added that the BAe offer was very satisfactory on co-production, but that they must improve their credit terms. BAe believe that on overall price their offer is already better than the French.

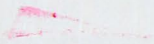
It may unfortunately be relevant that the French Minister of Economy, M Monory arrives in Cairo today on a three day official visit ..... As Monory is quoted in Paris tel No 899 as the ultimate authority on credit terms for Alphajet there is presumably a risk that he will intervene on the spot to agree the favourable terms which the French have denied offering. I hope ECGD will agree that we must pre-empt this risk.



UNITED STATES DEPARTMENT OF STATE  
OFFICE OF THE ASSISTANT SECRETARY FOR PUBLIC AFFAIRS

Washington, D.C. 20520  
November 5, 1988

Dear Sir:



NOV 6 1988





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Pmt

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Prime Minister: (may have to resubmit these papers on the issue of just how the credit terms should be improved (the Chancellor has views).

PM/80/76

PRIME MINISTER

Yes - it is necessary we must help with a credit guarantee scheme of Hawk Aircraft to Egypt. This is essential for our approach on our own terms to help with the sale of Hawk Aircraft to Egypt. Meanwhile after that the message to Sadat should be sent.

1. We are in serious danger of losing a major arms contract in Egypt to French competition.
2. The Egyptians have for some years been seeking an advanced trainer and ground attack aircraft for their Air Force. Since 1976 the British Aerospace Hawk Aircraft has been in the running to fill this need. It is widely held to be a better aircraft than its main competitor, the French Alpha Jet. Nevertheless, an Egyptian decision is believed to be imminent and the French appear to be poised to sign a contract for about 30 aircraft. The sale to Egypt has great significance for future sales throughout the region. In these circumstances, I am sure you will agree that we should do all we can to help British Aerospace secure this contract which would be worth over £120 million.
3. My officials are looking with the Ministry of Defence at ways in which we could support the Company, for example by offering attachments to RAF Squadrons if the sale of Hawk were to go through. Nevertheless it is the opinion of the Company and of our Ambassador in Cairo that what is really needed is a message from you to President Sadat indicating the political importance we attach to British Aerospace securing this contract. I support this view and very much hope that you will be prepared to send the President a message. Attached to this minute is a draft for your consideration.
4. One area of crucial importance will be the credit terms that ECGD will allow British Aerospace to offer the Egyptians. The Egyptians have consistently claimed that the French company, Dassault, have offered very generous terms indeed, but COFACE, the French credit agency whom we are obliged to consult about credit offers under consensus rules, have denied this. The Egyptians clearly have an interest in extracting the best possible terms out of their suppliers by fostering competition

/on terms

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on terms between them, but there seems a possibility that the French manufacturers have assured the Egyptians that they will be able to secure the agreement of the French Government to their offer as soon as the contract is signed. These circumstances present ECGD with great difficulties. If they stick to the consensus rules they cannot match terms that have not been approved by COFACE but if they fail to match a Dassault offer we could lose out. I attach great importance, therefore, to our ensuring that the Egyptians realise that our credit arrangements are still negotiable. We clearly cannot offer to match any terms the French might produce, particularly if they provided aid for the contract, but a message to Sadat could make clear that we will support the Company in offering attractive and competitive terms. This aspect of the draft message has been cleared with ECGD.

5. I am sending a copy of this minute to the Secretary of State for Defence, the Chancellor of the Exchequer and the Secretary of State for Trade.

A handwritten signature in blue ink, consisting of a stylized 'C' with a horizontal line underneath it.

(CARRINGTON)

Foreign and Commonwealth Office  
6 November 1980

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DRAFT MESSAGE FROM PM TO PRESIDENT SADAT

'I hope you will allow me, at a time when you like all of us must be greatly preoccupied with events in the Middle East, to take up some of your time with a bilateral problem in which I have been taking a close interest.

As Vice President Mubarak may have told you, during his very interesting and useful visit to Britain in September he discussed with Government and industry Egypt's requirement for a new trainer and ground-attack aircraft, for which British Aerospace are offering the Hawk. He also saw the aircraft in a flying display at the Farnborough Air Show. I understand that it made a favourable impression on Vice President Mubarak and also on the senior personnel of the Egyptian Air Force who have flown and evaluated the aircraft. For our part, we are convinced that Hawk is a better aircraft than its rivals: it is not just a trainer but an effective and hard hitting ground attack aircraft too, and it has proved its qualities in service with the RAF. Moreover, I can assure you that British Aerospace with the backing of my Government, will be able to offer competitive and attractive credit terms. I also believe that the British Aerospace proposals for co-operation in Egypt are realistic as well as imaginative, and will enable Egypt to build up the expertise and skills required for a modern aircraft industry. I have instructed my officials that the Royal Air Force should prepare a programme of attachments for the Egyptian Air Force to RAF stations which operate Hawk. This would help to familiarise your pilots with the tactical operation of the aircraft and would supplement the pilot conversion and engineering training that British Aerospace will be providing under contract.

I am sending this message to you direct because I wanted

/to make it clear





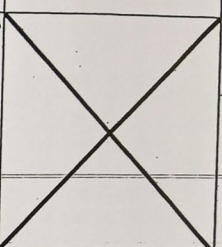
to make it clear that the British Government consider this contract to be of very great importance, not only to Britain but to Egypt and to our future bilateral relations. I believe that it would become a unique and significant milestone in the fruitful process of collaboration in the defence field which has developed between our two countries in recent years.'



-6 NOV 1980



# A The National Archives

DEPARTMENT/SERIES ..... <i>REM 19</i> ..... PIECE/ITEM ..... <i>1737</i> ..... (one piece/item number)	Date and sign
Extract details: <i>letter from Driscoll to Leaver dated 4 November 1980</i>	
CLOSED UNDER FOI EXEMPTION ..... <i>27(1)</i> .....	<i>13/2/18</i> <i>M. L.</i>
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