



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

*From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO*

Ref: A04732

15th April 1981

Prime Minister's Visit to The Gulf:  
Dubai Aluminium Plant

I enclose a copy of a letter which Sir Robert Armstrong has received from the British Insurance Association, indicating that the Dubai authorities have a substantial insurance claim against British insurers over damage to the aluminium smelter at Dubai. The British Insurance Association think there is a possibility that this insurance claim might be raised with the Prime Minister.

Brief PMVK(81) 12 for the Prime Minister's visit to The Gulf deals with bilateral political and economic issues for the Prime Minister's visit to the UAE. Paragraph 4 contains a reference to the aluminium smelter but does not mention the possibility of an insurance claim. I imagine that the FCO and the Department of Trade officials will wish to ensure that the Prime Minister is furnished with a line to take on this insurance claim point should it be raised with her. Such a line to take will have to be telegraphed out to the Prime Minister's party. I should be grateful if you could make arrangements for this to be done and if you could also send No. 10 and ourselves a copy of the outgoing telegram.

I am sending copies of this letter and of the enclosure to Jonathan Phillips, Department of Trade, John Neve, Department of Industry and Mike Pattison, No. 10.

**D. J. WRIGHT**

(D. J. Wright)

Miss Barbara Hay





# BRITISH INSURANCE ASSOCIATION

CHAIRMAN: J. F. G. EMMS · DEPUTY CHAIRMEN: P. R. DUGDALE · P. W. SHARMAN  
SECRETARY GENERAL R. C. W. BARDELL

TELEGRAMS:  
BRINASSOC, LONDON - E.C. 4

ALDERMARY HOUSE,  
QUEEN STREET, LONDON, EC4N 1TU

TELEPHONE:  
01-248 4477

BY HAND

15th April 1981

Sir Robert Armstrong, KCB, CVO.,  
Secretary of the Cabinet,  
Cabinet Office,  
Whitehall, SW1A 2AS.



*Sir Robert*

Dubai Aluminium Plant: Insurance Claim

It may be that I am bothering you unnecessarily but I do think that Mrs. Thatcher ought to be aware that there is a possibility if she visits Dubai that the authorities there may raise with her the question of a substantial insurance claim which is currently outstanding.

Briefly there was an incident on 19th February 1981 as a consequence of which the aluminium smelter at Dubai ceased to operate with the result that solidification occurred. I don't think you will be very worried about the technical details: what matters is that the claim is estimated to be above £20 million.

Pressure is already being exerted by the authorities in Dubai on British insurers (two of our major members lead on this risk but there are over 40 insurers involved in all). Those concerned are doing the best they can to see this matter through to a conclusion and there is no question but that British insurers will honour their legal liabilities.

I understand that the brokers have had it confirmed that the local authorities accept there will be a delay of a couple of weeks. We are expecting to reach a conclusion on or around Friday, 24th April.

Sorry to bother you with all this. It just occurred to us here that the matter might be raised by the Ruler or one of his people because 80% of the smelter is owned by the Dubai Government. The Ruler is, I believe, taking a personal interest in the progress of the claim. Obviously, if you or any of your colleagues want more information it can be provided.

I think all we would ask is that reassuring noises are made if questions arise.

I am not sure if you are accompanying Mrs. Thatcher: if so, no doubt one of your colleagues will make sure the contents of this letter reach you quickly.

John Smith

Roger Sandly



DUBAI ALUMINIUM SMELTER INSURANCE

The British Insurance Association have written to the Secretary of the Cabinet to suggest that the Prime Minister should be made aware that Shaikh Rashid might raise with her the question of the substantial insurance claim outstanding following the damage to the aluminium smelter.

We think it unlikely that Rashid will do so. But in case the Prime Minister needs a defensive brief, we suggest the following:

"Concerned to hear of the damage to the smelter. British insurers have long tradition of meeting all legitimate claims against them, no matter how large. No question of their not honouring their legal liabilities arising out of Dubai incident. Am sure the insurers are dealing as quickly as they can with the claim."

You may wish to explain the circumstances of the damage to the smelter to the Prime Minister's Party either on arrival in Dubai or else (preferably) via Abu Dhabi where there will be a little more time.



RESTRICTED

GRS 88  
RESTRICTED  
FM DUBAI 200617Z APR 81  
TO IMMEDIATE ABU DHABI  
TELEGRAM NUMBER 013 OF 20 APRIL  
AND TO IMMEDIATE RIYADH (FOR P.M.'S PARTY),  
PRIORITY FCO.

FCO TELNO 68 TO ME: PRIME MINISTER'S VISIT: DUBAI ALUMINIUM  
SMELTER INSURANCE.

1. I SAW LIVINGSTONE OF DUBAL TODAY. HE SAID THAT ALTHOUGH THE  
LOSS ADJUSTERS WERE STILL EXAMINING THE CLAIM, HE WAS ENTIRELY  
CONTENT WITH THE WAY IT WAS BEING HANDLED, AND HAD NO OBJECTION  
TO SHAIKH RASHID BEING SO INFORMED.
2. IF, WHICH SEEMS MOST UNLIKELY, RASHID RAISES THIS WITH THE  
PRIME MINISTER SHE COULD USE THE LINE SUGGESTED IN FCO TUR, ADDING  
THAT SHE UNDERSTOOD THE COMPANY WERE HAPPY WITH THE INSURER'S  
HANDLING OF THE CASE.

HASKELL  
LIMITED  
MED  
PCD  
PS  
PS/LPS  
PS/MR HURD  
PS/PUS  
SIR J. GRAHAM

MR. J. MOBERLY

COPIES TO:  
CRES, DOT.  
MR WRIGHT, CABINET OFFICE  
D.O.I.

COPIES SENT TO  
No. 70 DOWNING STREET

THIS TELEGRAM  
WAS NOT  
ADVANCED

RESTRICTED



DWF G 04/20

**IMMEDIATE**  
**ADVANCE COPY**

LXE 818 / 20

00 ABU DHABI (DESKBY 200830Z) (ACTIONED)

00 RIYADH (DESKBY 200830Z)

00 FCO

GRS 250

RESTRICTED

DESKBY 200830Z (ABU DHABI AND RIYADH ONLY)

FM DUBAI 200554Z APR 81

TO IMMEDIATE ABU DHABI

TELEGRAM NUMBER 012 OF 20 APRIL

AND TO IMMEDIATE RIYADH (FOR P.M.'S PARTY)

AND FCO.

Hd. MED (Ltr),

Hd. Pcb

Hd. News 1,

Ps/LPS, 3

Ps/Mr. Hurd,

Ps/Pus,

Mr. J.C. Mobley,

R.c.

Ps/No. 10, Downing St.

(9x).

YOUR TELNOS 4, 5 AND 6 TO JEDDA: PRIME MINISTER'S VISIT.

1. FOLLOWING ADDITIONAL POINTS HAVE EMERGED HERE DURING PAST FEW DAYS:

- (A) SHAIKH RASHID IS DEFINITELY EXPECTED TO HOST THE LUNCH IN ABU DHABI ON 22 APRIL. WE HAVE POINTED OUT TO PROTOCOL DEPT. THAT ALTHOUGH OTHER GUESTS HAVE BEEN INVITED FOR 1300, PRIME MINISTER HERSELF WILL NOT ARRIVE UNTIL 1330.
- (B) SHAIKH HAMDAN BIN RASHID, MINISTER OF FINANCE AND INDUSTRY, WILL MEET THE PRIME MINISTER ON ARRIVAL AT DUBAI AIRPORT AND ESCORT HER AT THE TRADE CENTRE, CHAMBER OF COMMERCE RECEPTION AND DHOW TRIP. (SHAIKH MOHAMMED BIN RASHID LEFT FOR JAPAN AND USA ON 14 APRIL AND IS NOT NOW EXPECTED BACK BEFORE THE END OF THE MONTH).
- (C) IT IS VIRTUALLY CERTAIN THAT THE WEIR WESTGARTH CONTRACT WILL NOT REPEAT NOT BE READY FOR SIGNATURE ON THE 22ND.
- (D) ALL REPEAT ALL THE NO 10 OFFICIALS AND ALL THE ACCOMPANYING PRESSMEN HAVE BEEN INVITED TO SHAIKH RASHID'S DINNER ON THE EVENING OF THE 22ND. IT IS FOR CONSIDERATION, HOWEVER, WHETHER THE NUMBERS SHOULD NOT BE LIMITED, TO MINIMISE DELAYS



(D) ALL REPEAT ALL THE NO 10 OFFICIALS AND ALL THE ACCOMPANYING PRESSMEN HAVE BEEN INVITED TO SHAIKH RASHID'S DINNER ON THE EVENING OF THE 22ND. IT IS FOR CONSIDERATION, HOWEVER, WHETHER THE NUMBERS SHOULD NOT BE LIMITED, TO MINIMISE DELAYS WHEN THE WHOLE PARTY RETURN TO BOARD THEIR AIRCRAFT.

2. I SHALL TELEGRAPH SEPARATELY TO ABU DHABI ONLY GUIDANCE ON CAR ARRANGEMENTS FOR THE ARRIVAL IN DUBAI, DETAILS OF THE CHAMBER OF COMMERCE RECEPTION AND A LIST OF THE 20 BRITISH RESIDENTS INVITED TO MEET THE PRIME MINISTER AT MY HOUSE.

3. SINCE UK-BASED STAFF IN ABU DHABI WILL HAVE HAD A CHANCE TO MEET THE PRIME MINISTER AT THE QBP WHEREAS STAFF HERE WILL NOT, I HOPE I CAN BE ALLOWED FIVE MINUTES TO PRESENT THE UK-BASED STAFF AND WIVES (TOTALLING 12 PERSONS) IMMEDIATELY BEFORE THE BUSINESSMEN'S MEETING AT 1830.

HASKELL

NNNN

Handwritten notes and stamps at the bottom right of the page, including a date stamp that appears to read "10 10 1971".

DUBAI

HH Shaikh Rashid bin Said Al  
Maktoum, GCMG  
Ruler of Dubai

Shaikh Muhamamad bin Rashid bin  
Said Al Maktoum

Hawk Delighted at interest.  
UK ready to assist in meeting  
Dubai's needs. — *through*

*Fed. ROD.*



RESTRICTED

6950 - 1

OO DUBAI  
OO ABU DHABI  
OO DELHI

GRS 220

RESTRICTED

FM FCO 161400Z APRIL

TO IMMEDIATE DUBAI

TELEGRAM NUMBER 68 OF 16 APRIL 1981

INFO IMMEDIATE ABU DHABI, NEW DELHI

PRIME MINISTER'S VISIT : DUBAI ALUMINIUM SMELTER INSURANCE

1. THE BRITISH INSURANCE ASSOCIATION HAVE WRITTEN TO THE SECRETARY OF THE CABINET TO SUGGEST THAT THE PRIME MINISTER SHOULD BE MADE AWARE THAT SHAIKH RASHID MIGHT RAISE WITH HER THE QUESTION OF THE SUBSTANTIAL INSURANCE CLAIM OUTSTANDING FOLLOWING THE DAMAGE TO THE ALUMINIUM SMELTER.

2. WE THINK IT UNLIKELY THAT RASHID WILL DO SO. BUT IN CASE THE PRIME MINISTER NEEDS A DEFENSIVE BRIEF, WE SUGGEST THE FOLLOWING : QUOTE CONCERNED TO HEAR OF THE DAMAGE TO THE SMELTER. BRITISH INSURERS HAVE LONG TRADITION OF MEETING ALL LEGITIMATE CLAIMS AGAINST THEM, NO MATTER HOW LARGE. NOTION OF THEIR NOT HONOURING THEIR LEGAL LIABILITIES ARISING OUT OF DUBAI INCIDENT. AM SURE THE INSURERS ARE DEALING AS QUICKLY AS THEY CAN WITH THE CLAIM UNQUOTE.

3. YOU MAY WISH TO EXPLAIN THE CIRCUMSTANCES OF THE DAMAGE TO THE SMELTER TO THE PRIME MINISTER'S PARTY EITHER ON ARRIVAL IN DUBAI OR ELSE (PREFERABLY) VIA ABU DHABI WHERE THERE WILL BE A LITTLE MORE TIME.

CARRINGTON

COPIES SENT TO  
No. 10 DOWNING STREET

NNNN

LIMITED

MED

PCD

PS

*PS/LPS*  
*PS/HARD*  
*PS/PCD*  
*H. J. HOBELLY*

COPIED TO CRE 5

MR WRIGHT CABINET OFFICE

DOI

1

RESTRICTED