

1213  
Hoye  
Hura in the afternoon  
to Mr. Haskell  
12/21/81  
RECORD OF A MEETING BETWEEN THE MINISTER OF STATE FOR FOREIGN AND  
COMMONWEALTH AFFAIRS AND THE RULER OF SHARJAH, IN SHARJAH ON  
7 JANUARY 1981

Present

The Hon Douglas Hurd CBE MP  
Mr D K Haskell CVO  
Mr C T W Humfrey

HH Shaikh Sultan bin Mohamed  
al Qasimi

1. Mr Hurd gave Shaikh Sultan an assessment of the current situation in the Iran/Iraq war. Shaikh Sultan feared that if Khomeini and his fundamentalist supporters lost power, they would lose it to the Communists. The masses in the streets controlled the Iranian revolution but were unable to make policy. If Bani Sadr negotiated a settlement with the US on the US hostages, the masses would call for his execution. No solution to the hostage problem was therefore possible until the masses could be controlled. The Communists had been active in recent disturbances. Bani Sadr was a good man whom the West should be careful not to destroy and thereby put the Communists in power.
2. Mr Hurd congratulated Shaikh Sultan on the recent discoveries of oil and gas in Sharjah. Shaikh Sultan said that there were about 8 structures and oil exports would begin in 14 months. There was also a quantity of gas. The UAE Federation was helping Sharjah financially. The recent establishment of an industrial development bank and a real estate bank by the UAE Central Bank would benefit Sharjah.
3. Asked what would happen when the present UAE constitution expired, Shaikh Sultan said that he thought that the constitution should be renewed with only minor changes that would not affect its basic structure. The constitution should then be fixed permanently. The Federal National Assembly would want to discuss the matter, but it had no authority to force decisions on the National Council. Presentationally, although there should only be minor changes, the constitution agreed should be presented as being both new and permanent.
4. Shaikh Sultan said that he had heard that Mrs Thatcher would visit the UAE in April, and Mr Hurd confirmed this. Mr Haskell mentioned the forthcoming visit of the Duke of Kent. He hoped that the Duke could visit Sharjah for lunch and see the airport.
5. Mr Hurd referred to Shaikh Sultan's letter to Mrs Thatcher about air services. He said that the matter was being considered in London but no decision had been reached. We would be sending a reply. Shaikh Sultan complained that some people were trying to damage Sharjah's relations with Britain. He had recently received from the UAE Ministry of Foreign Affairs a communication about debts which it was alleged that Sharjah owed to British companies.

/When he had

CONFIDENTIAL

When he had spoken to the companies, they had disclaimed responsibility and said that they were satisfied with the current position. Mr Haskell said that a number of British companies had expressed concern to the Embassy about the debts. Some smaller companies, eg Kennedy & Donkin, had been particularly hard hit as a result of the debts. The matter of the outstanding debts of certain Emirates, not just Sharjah but also Ras-al-Khaimah and Ajman, had been discussed in the UK/UAE Joint Committee. The UAE Ministry of Foreign Affairs had as a result asked the British side to let them have details of the debts. These had been communicated to them. Shaikh Sultan disputed the figures given for the debts. Mr Haskell said that the figures had been collected from the companies themselves. He agreed that the basis on which they had been computed varied. We had not been trying to force action on the matter but simply making the Federal authorities aware of the position. He offered to call on Shaikh Sultan to discuss the matter further. Shaikh Sultan said that he hoped that the new oil discovery would enable Sharjah to establish good relations again with the companies. He had hoped that British/Sharjah relations would be close. Mr Haskell pointed out that the Duke of Kent's proposed visit to Sharjah demonstrated our willingness for close relations with Sharjah. Mr Hurd said that we would not wish to handle the problem in a way which caused difficulties for Shaikh Sultan. He would discuss this with our Embassy.

6. Shaikh Sultan alleged that the British Embassy was against Laker Airways being allowed to come to Sharjah. Mr Haskell said that this was not so. A decision on the matter had yet to be taken in London. Shaikh Sultan said that people seemed to want to give the traffic rights to British Caledonian and Dubai. Laker wanted to come to Sharjah but the British Government would not designate more than two carriers. If British Caledonian got rights, then Laker could not have them. British Caledonian was not taking on passengers in Dubai but it would be given them so as to block Laker coming to Sharjah. Mr Haskell said that this was not so. Providing Laker got traffic rights to fly to Hong Kong, then they had priority over British Caledonian in Dubai and Sharjah. Mr Hurd stressed that the British Government had no wish to discriminate against Sharjah or between the Emirates. Shaikh Sultan said that he wanted Britain to give Sharjah a chance in this matter.

Distribution

PS/Mr Hurd  
Sir J Graham  
Mr J Moberly  
MED  
MAED ✓

Chanceries Abu Dhabi  
Dubai

CONFIDENTIAL

21 JAN 1981

