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Foreign and Commonwealth Office

London SW1A 2AH

9 December 1983

Dear John,

Call by President Nimeiri: Aid

You asked us to reconsider urgently the line in the brief which we provided last night for President Nimeiri's call on the Prime Minister this afternoon on the question of how to respond to the President's request for aid funds to cover the purchase of gas turbines.

I have asked ODA to re-examine this point. I now enclose a supplementary brief which sets out the facts and provides a revised line to take. This brief has been seen by Mr Raison, but not by the Foreign Secretary, who has not yet returned from Brussels.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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6179.
CALL BY PRESIDENT NIMEIRI OF SUDAN ON THE PRIME MINISTER

FRIDAY, 9 DECEMBER 1983 AT 3.15 PM

AID

Line to Take

Recognise your problems, but gas turbines a very expensive investment. Not sure they could all be in place by March. Would probably affect amount of balance of payments aid we hope to pledge at next week's Consultative Group. Is not that top priority? /If pursued/ Will ask Mr Raison to examine urgently.

Essential Facts

1. There has been a chronic shortage of power in the Khartoum area for several years and this continues. The IBRD devised Power III project begun in 1981 is designed to increase electricity production and transmission to reduce the shortage. ODA's contribution to Power III is £74m for a 40 MW extension to the existing Burri power station in Khartoum and a new 60 MW station at Khartoum North. The Burri extension is being commissioned. The Khartoum North station is seriously delayed primarily due to lack of performance by the British contractor, Northern Engineering Industries Projects (NEIP). The lack of expected 30 MW from Khartoum North by March is likely to mean power cuts in Khartoum as in previous years.
2. In addition to Power III ODA is financing the continuing rehabilitation, operation and maintenance of the old Burri station at an estimated cost of £8m over 3 years. When this assistance was agreed the alternative of gas turbines was considered but rejected on economic grounds given their operating costs.
3. However, because of the immediate shortages the Sudanese National Electricity Corporation have asked whether ODA would, in addition, finance a £9m package of gas turbines from Humphreys & Glasgow (a member of the Khartoum North consortium) and GEC. To date this has been rejected on the basis that ODA did not have the funds and Aid Trade Provision could not be considered because Sudan is off cover.
4. It is true that gas turbines are the only practicable way of meeting short-term shortfalls in generating capacity. However, they are uneconomic in the longer term. There are doubts whether all the turbines could be in place by March.

/If



If pursued, because of the timescale, ODA's normal approval procedures would have to be waived and normal economic criteria would not apply.

5. Once Khartoum North is on stream the mobile gas turbines could be used elsewhere to reinforce an existing system. If there are no further major problems the first 30 MW unit at Khartoum may be operational by August and the second by the end of 1984.

6. Subject to Mr Raison's approval it is proposed that the UK Delegation to the Sudan Consultative Group 14-16 December in Paris would make a conditional pledge of £5m towards Sudan's balance of payments in 1984. The funds would be available from April 1984 and the potential priority candidates we had in mind are agro-chemicals, vehicle spares, veterinary drugs, sugar and textile factory spares, and port equipment. If it was decided to provide the gas turbines their cost may have to absorb part or all of the £5m. We do not know what the Sudanese reaction to this would be.

7. If the Prime Minister does not wish to turn down the President's request immediately she may wish to say that Mr Raison will examine the matter urgently.

Mediterranean and Near East Department

ODA

9 December 1983



Foreign and Commonwealth Office

London SW1A 2AH

8 December 1983

Dear John,

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President Nimeiri of the Sudan

I enclose a brief, consisting of points to make and background, for the call on the Prime Minister by President Nimeiri at 3/15 p.m. on Friday 9 December. We agreed that Mr Luce would be present for this call.

Our reports on President Nimeiri's recent visits to Paris and Washington show that, though both the French and the Americans share our anxieties about the effect of President Nimeiri's policies on the Southern Sudan, both failed to express their concern to him. This is a pity because it will tend to confirm President Nimeiri in his opinion (which we believe to be misguided) that the troubles in the South are largely due to Ethiopian meddling, and not to discontent at his own policies. We therefore hope that the Prime Minister will agree to broach these points. This will not be easy, bearing in mind that President Nimeiri tends to react very badly to criticism direct or implied. But Mr Luce knows President Nimeiri and may be able to help put this point across.

Points no 10 and no 11 may be particularly sensitive for President Nimeiri. But if he presses ahead on his present course, reactions in Parliament here are likely to be bad. Moreover we have been asked for help by Mr Booth's employers, John Mowlem & Co, about his case, and the matter deserves attention at the highest level.

One question which has been covered in the background brief, but is not mentioned in the points to make, is the sale of strikemasters. This is a sensitive topic: if they were ever used for repression in the South, there could be a strong reaction in Parliament. But Mr Luce has suggested that this point is best covered in a short meeting of this kind by setting out in general terms our concern about the South (along the lines of paragraph 2 above) and referring in terms to the strikemaster problem only if a natural opportunity to do so occurs.

/You

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flog A.
You might wish to consider drawing the Prime Minister's attention, in connection with this call, to the JIC assessment on the Sudan in the Weekly Survey of Intelligence for 25 November-1 December.

In the absence of the Foreign Secretary in Brussels, Mr Luce has seen this letter and its enclosures, and agrees.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

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CALL ON THE PRIME MINISTER BY PRESIDENT NIMEIRI OF SUDAN:
9 DECEMBER 1983

Points to Make

Bilateral Relations

1. Have noted President's busy schedule over the last month including medical treatment. Hope he is well and has managed to rest while in Britain.

Falklands

2. Grateful for the Sudanese abstention on the Argentinian resolution at UN General Assembly.

3. Our aid (an an annual level of £30 million the largest budget for any non-Commonwealth country) and the British Army Training Team demonstrate our continuing support.

4. Sympathetic to Sudan's economic problems. Will be deciding our position for the Paris Consultative Group Meeting on 14/16 December very shortly.

5. [Defensive] Unable to meet request for help with mobile gas turbines. Already heavily committed to power sector and have no additional funds available.

6. [Defensive] Aid is not available to make military purchases.

Bilateral problems

7. BBC: The BBC seeks to report objectively (but may make occasional mistakes in facts). No question of a British campaign against islamisation.

8. Have heard about recent changes that the President has introduced on the internal scene. Would be very interested to learn from him personally the reasons for them, the progress being made with them, and how he thinks they have been received.

9. How does the President see the present prospects for reconciliation with the South, of which he is the principal architect? Do the reforms cause particular problems there?

10. Concern for the safety of British subjects working on aid and development projects should the security situation worsen.

11 workers including 2 Britons have already been kidnapped (but quickly released). The implications for economic development are worrying.

11. The President should be aware of the danger that public executions and amputations under islamic law may harm the British public's image of Sudan as a friendly and tolerant country.

12. A British citizen, Mr Booth, has just been sentenced to 25 lashes plus a fine and imprisonment for the minor offence of being in charge of his company's legally imported beer stocks while awaiting official guidance on how to handle them. He is appealing. Such cases are only too apt to cause unnecessary damage. Do not condone breaking of host country's laws, but unintentional transgression during transitional period seems forgivable.

Foreign affairs

The President has travelled far during last month. Would be interested to hear about his impressions.

Egypt

Have relations developed since signing of integration agreement?

Libya/Chad

Prospects of a solution to Chad dispute? Any prospect of improved relations with Libya?

Ethiopia

Hope that recent tensions can be reduced and some degree of dialogue maintained with Ethiopia. We would like to encourage Mengistu to strengthen ties with West. Any scope for negotiations between Ethiopia and Eritrean secessionist movements?



CALL BY PRESIDENT NIMEIRI OF SUDAN 9 DECEMBER

Essential Facts

NIMEIRI'S VISIT TO LONDON

1. President Nimeiri left the Sudan on 8 November on visits to Rome, Paris and Washington. He was received in all three countries by their Presidents and had talks on a number of matters including the Middle East and Africa. In Rome he met the Pope.
2. While in Washington President Nimeiri underwent medical treatment (he has suffered from hypertension). The visit to Britain (3-9 December) is primarily to rest. The President will be much occupied by the deteriorating internal situation and Sudan's severe economic problems.

ANGLO SUDANESE RELATIONS

3. Sudan was under British Administration from 1898 to 1956 and her ties with Britain remain strong and friendly. Our civil aid was £30m in 1983/84 including refugee assistance. Programme concentrates on essential infrastructure including power and natural resource development. Our largest contribution is to £74m Power III project. Further assistance in this sector has been refused owing to lack of funds: since Sudan is off ECGD cover there is no possibility of Aid Trade Provision help either. Sudan also receives significant military assistance (£510000 in 1983/84) through the British Army Training Team and courses in Britain, though given Sudan's precarious finances Defence Sales are small. The Sudan provides useful opportunities for infantry training some 100 men of 22 SAS will complete such an exercise on 10 December. The Sudanese are in deep trouble financially and look to us for both political and economic help, with the IMF, the Paris Club and in arranging additional emergency aid. President Nimeiri's regime is friendly and pro-Western taking a moderate line on the Middle Eastern conflict and a constructive line on African problems. The Sudanese have been consistently helpful over the Falklands question. There is a continual flow of Sudanese ministers and businessmen to London. Trade which is largely aid linked is massively in UK favour (UK

exports £82.1m; imports from Sudan £6.5 in 1982) Mr Hurd visited Sudan in 1981. Our Ambassador has had good access to the President.

Bilateral Problems

4. The President's recent policies towards the South (see para 10) have led to an increasing number of irritations in our relations which may well worsen as the situation deteriorates:

a) The introduction of Islamic law in September 1983 and the absence of guidance as to how far it will be applied to non-Muslims has led to a deterioration in relations between North and South and a consequent worsening of the security situation. This led to the kidnapping, in two separate incidents of 11 expatriates (including two British citizens) working on oil and development projects. All those kidnapped were subsequently released in reasonable shape without intervention by the Sudanese security forces. An American citizen working for an oil company has since been killed by bandits.

b) Absence of guidance about the interpretation of the new laws on alcohol have led to the arrest of a British citizen, Mr David Booth, of Mowlem and Company for trading in alcohol. Mr Booth was keyholder for his company's supply of legally imported alcohol and was awaiting official clarification of what to do with it when arrested. Despite a written opinion that there was no case to answer, Mr Booth has been sentenced to 25 lashes, a substantial fine and 6 months in gaol. He is appealing.

c) BBC. Since the introduction of Islamic law the BBC has been repeatedly attacked for its reporting of Sudanese affairs which has been generally accurate. President Nimeiri is reported as claiming that the British are leading a public conspiracy against his Islamic reforms.

d) Strikemaster. British Aerospace re-signed a contract to supply ten Strikemaster aircraft (ground attack and pilot training) valued at £24m. The aircraft are suitable for counter insurgency work and could be used against the South should the situation deteriorate further. The Sudanese have paid for the first three and following

ministerial approval they have now been delivered. Because of the internal situation approval was limited to the first three only and approval of licences for delivery of the remainder (to be phased over 20 months) will be given only subject to an assessment of the situation at the time. There have been no other major sales of Defence equipment in recent years. Sudan dependent on foreign aid largely from US (but also Egypt, France and China).

INTERNAL SITUATION

Economic

5. Sudan is the largest country in Africa (1 million square miles) and one of the poorest (average income per capita \$380). Under populated and suffering a brain-drain Sudan has been a victim of the oil crisis. Indigenous oil deposits hold out some hope for the future and a major pipeline is planned though production will not begin for several years. Sudan faces a balance of payments and debt servicing crisis. Current IMF agreements include a standby arrangement for SDR 170 million for 1983. The Sudanese have already imposed some severe measures (increases in commodity prices including petrol and exchange rate adjustments).

6. Rescheduling of Sudan's external debt of around \$8 billion and generous assistance of aid community required. A Consultative meeting of major aid donors and creditors will be held in Paris on 14-15 December. UK will, subject to final ministerial agreement, pledge an additional £5 million balance of payment support (conditional on agreement with the IMF and on satisfactory rescheduling of debts).

7. Sudan has a major problem with refugees from Ethiopia, Uganda and Chad who have placed an additional burden on the economy. There are currently 570,000 refugees in the country.

Political

8. The present Government came to power in a virtually bloodless coup d'etat. Authority is vested in an executive President, Nimeiri, elected in 1971 and re-elected in 1983. Officially there is a single party, the Sudanese Socialist Union, which cuts across regional and sectarian loyalties, which are still strong and which

form the basis for the main opposition groups.

9. The economy has long been Nimeiri's chief worry. He has had little option but to impose severe IMF conditions but largely got away with it. Ultimately Nimeiri has to rely on the Army but, despite rumours of plots, there is no evidence of its willingness to support an alternative President, and there is at present no focus for serious political opposition.

10. Nevertheless, following a period of quiescence brought about by the Addis Ababa agreement of 1972 which brought to an end the 17 year civil war between North and South, relations between North and South have again deteriorated. Despite Nimeiri's claims of foreign intervention (by Libya and Ethiopia) this has been brought about largely by his own policies which Southerners regard as an abrogation of the 1972 agreement. Attempts to rotate southern soldiers to the North in May led to mutinies and defections to dissident groups like Anyanya II. Then in June Nimeiri decreed that the Southern region should be redivided into the three old regions, an act which sought to profit from traditional rivalries temporarily set various tribal groups and regional interests against one another. Finally in September he introduced Islamic Law which is seen by all Southerners as a serious threat and which seems, in the absence of any concessions by Nimeiri, likely to unite them against the Muslim North and lead the country back to civil war. The security situation has already deteriorated badly with much of two of the southern regions being prey to dissident activity and even the legitimate politicians of the South prepared to attack Nimeiri's policies publically. Even in the North the introduction of Islamic law has been criticised for its hastiness and opportunism leading to the imprisonment of one important opposition figure, Sadiq al-Mahdi leader of the large Ansar sect.

Foreign Policy

11. Sudan's foreign policy strives to maintain a balance between Egypt, her military guarantor against Libya and Ethiopia and the oil-rich states on whom she relies for economic support. She has leaned closer to the West since the abortive Communist coup of 1971 and the consequent increase in economic dependence on Western aid

and finance. Following the Libyan invasion of Chad Sudan veered closer to Egypt and in 1983 Sudan and Egypt signed an integration agreement though this has so far had little practical effect. United States involvement has also increased greatly. Relations with Libya are bad and the threat of Libyan subversion remains though Nimeiri is inclined to exaggerate this to suit his own ends. Relations with Ethiopia are also bad. Sudan has long provided asylum for Eritrean secessionists and Ethiopia provides a refuge for Southern Sudanese dissidents though despite Nimeiri's claims there is little evidence that they are actively threatening Sudan's security.

12. Sudan takes little part in the search for an Arab/Israel solution where they fall into the moderate camp broadly supporting the Egyptian line. Nimeiri has shown great interest in solving the Chad dispute though Ethiopia is currently leading mediation efforts.
