



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 0BT

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