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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

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

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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 (C³ 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.