



MINISTRY OF DEFENCE
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MO 14/8E

23 June 1986

Dear Charles

*Re MOD can't
spell Field Marshal!*

MEETING WITH FIELD MARSHAL ABU GHAZALA

My Secretary of State met with Field Marshal Abu Ghazala, the Egyptian Minister of Defence at the British Army Equipment Exhibition earlier today. As the Field Marshall will be meeting with the Prime Minister tomorrow morning you may find it helpful to have a note of the main points discussed.

I understand that within the last twenty-four hours most of the outstanding problems over the draft loan agreement have apparently been resolved in negotiations between the Defence Export Services Organisation and the Egyptian Ministries of Defence (EMOD) and Military Production (MOMP). The Field Marshall indicated that he would approve the arrangements which had been agreed and which permit the MOMP to take up some £94M of the £150M credit on offer and the EMOD the remainder on his return to Cairo. This should permit the Loan Agreement to be signed by the 30th June deadline.

During the short but cordial meeting the Field Marshall was critical of US Foreign Military Sales arrangements which he described as bureaucratic and unnecessarily expensive and emphasised the importance as far as his Government was concerned of joint ventures involving both foreign suppliers and Egyptian industry. He made no mention of additional credit facilities but issued an open ended invitation to Mr Younger to visit Egypt.

I am sending a copy of this letter to Robert Culshaw (Foreign and Commonwealth Office).

[Handwritten signature]

(I C F ANDREWS)
Private Secretary

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