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Foreign and Commonwealth Office

London SW1A 2AH

1 February 1983

Dear Sir,

/ I enclose three sets of the briefing for the
Prime Minister's talks on 2 February with President
/ Mubarak of Egypt, together with notes for a toast.

*Yours ever
J E Holmes*

(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

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DINNER IN HONOUR OF PRESIDENT MUBARAK OF EGYPT: 2 FEBRUARY.
TOAST

Welcome President and Mrs Mubarak, General Kamal Hassan Ali, Dr Boutros Ghali, other distinguished members of the President's party.

Good to see the President and Mrs Mubarak in Britain again. Almost a year to the day since we last saw him; hope we will sustain pattern of annual meetings, most important that we should keep in touch.

Know that the last year has been a very busy and difficult one for you and your country. Recession has affected Egypt's traditional sources of income, the Suez Canal, tourism, workers remittances. We have followed with interest the development of your new domestic policies, many of which affect us through our trading and other links with Egypt. You have been quick to identify priorities for domestic development to cope with the problems produced by the increasing pressure, of a growing population, on your country's infrastructure. We have been pleased to be able to help. Our own aid programme is concentrated in the ambitious Cairo Waste Water Scheme and more British firms than any others are involved in joint venture projects many of them in the development sphere.

The discovery of oil in Egypt has made an important contribution to your balance of payments. British Petroleum are heavily involved



in Egypt's oil industry. Oil sales to Britain have given Egypt a trading surplus. We hope that you will give British firms an opportunity in the next year to at least bring our trade back into balance. We know the problems but, as we have discussed in our talks, there are ways in which we can help make it easier for you to buy British, both in the Civilian and military fields.

Relations between Egypt and Britain are excellent; one of the reasons why we are so pleased to see you now is to repay the superb hospitality your government have extended to members of HMG over the past year.

Egypt was one of the first countries Mr Pym visited. General Kamal Hassan Ali came to London last June. Glad also that your Minister of Culture was able to come to London last year for the opening by Princess Alexandra of an exhibition to mark the Centenary of the Egypt Exploration Society, an organisation which reflects the fascination Egypt and its antiquities have for the British people.

Above all, Egypt represents to people in Britain a country prepared to take ^{with due} risks for peace, while preserving her honour and her principles. The peace treaty between Egypt and Israel was a remarkable triumph. We recognise that the treaty and the recovery of Egyptian territory were not achieved without a cost and will need hard work to sustain in the face of all the problems that beset the Middle East. But you, Sir, have made it unmistakably clear that the peace remains a foremost priority

/for



for Egyptian policy.

You have also demonstrated that the Egyptian Government will exert every effort to ensure that the peace between Israelis and Arabs is widened. Here too I am encouraged that British and Egyptian views are very close, as our talks clearly showed.

(1) We share your apprehensions that unless there is progress
(2) towards a comprehensive settlement, any partial peace will
(3) in the long term be threatened. We agree with you that it is
(4) essential to involve the Palestinian people themselves in
negotiations, because it is their future which is at stake
and they must play the leading part in determining it. We,
like you, call for recognition from each side that the other
has legitimate rights which must be respected if peace is to
have any hope. And I am sure you share our deep disappointment
that some of the parties concerned have shown great reluctance
to explore the various ideas that have been put forward, in
particular the Fez and Reagan proposals. It is encouraging
to hear that your recent talks in Washington revealed the
continuing determination of President Reagan to pursue his
initiative.

While I take comfort from the similarity of our views on those issues, I know that we both feel that there is a desperate need for a new impetus towards peace, both in the Lebanon negotiations and on the wider question of the future of the Palestinians. Much as we wish for it, neither of us can bring it about on our own. What I can assure you

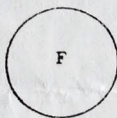
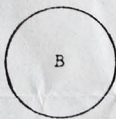
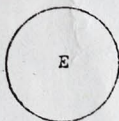
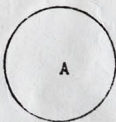
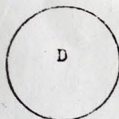
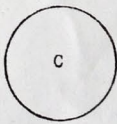
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is that Britain will remain active in the search for a way forward, and we shall want to work very closely with you in the process.

Your visit to Britain on this occasion has been all too short. You have a full schedule and I know that you have pressing business at home. I hope that it will not be too long before you and Mrs Mubarak can visit us again.

TOAST: Your Excellency The President of the Arab Republic of Egypt, and Mrs Mubarak [pronounced Moobarrack, with accent on the bar].



10 Downing Street
2 February 1983

ENTRANCE

TABLE A

THE RT HON THE PRIME MINISTER
His Excellency Mr Muhammed Hosni Mubarak
Mrs Francis Pym
Field Marshal Sir Edwin Bramall
The Lady Selsdon
The Right Reverend the
Lord Bishop of London
Lady Burgh
The Lord Limerick

TABLE B

MR DENIS THATCHER
Mrs Mubarak
The Rt Hon Lord Cockfield
The Lady Limerick
His Excellency General Kamal Hassan Ali
Lady Bramall
Sir John Leahy
Mrs Abou-Seeda

TABLE C

THE RT HON FRANCIS PYM
His Excellency Dr Boutros-Boutros Ghali
The Lady Chalfont
Mr P I Walters
His Excellency Dr Wagih Muhammad Shindy
Mrs Leonard
The Lord Selsdon
The Lady Weinstock

TABLE D

THE RT HON MICHAEL HESELTINE
His Excellency Dr Osama Al Baz
Mrs Walters
The Rt Hon Lord Chalfont
Mr Anthony Hill
The Lady Cockfield
His Excellency Ambassador Said Hamza
Mrs Page
The Lord Weinstock

TABLE E

SIR MICHAEL WEIR
His Excellency Dr Mohammed Atteya
Mrs Hill
His Excellency the Ambassador
of the Arab Republic of Egypt
Lady Parsons
Mr John Page
General Mahmoud El Masri
Mrs Coles
Dr Magdi Habib Yacoub

TABLE F

Sir Anthony Parsons
His Excellency Mr Ezz El Din Mokhtar
Lady Leahy
The Rt Hon Roland Moyle
Mr Gamal El Din Abdel Azziz
Mr John Coles
Mrs Yacoub
Sir John Burgh

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Mr John Coles

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY 1983 .

BRIEFS

1. Steering brief
2. UK/Egyptian Relations (Visits, Trade, Aid, Nuclear Power Co-operation).
3. UK/Egyptian Defence Cooperation (Military Assistance, minefield clearance, Defence Sales).
4. Arab Israel (including Lebanon, MNF)
5. Egyptian Relations with other Arab countries (Sudan, Iraq, Saudi Arabia, Jordan, PLO, Morocco, Libya, Syria).
6. World Issues (Soviet foreign policy, Afghanistan, Namibia, Chad, OAU, Iran/Iraq war, INF, Ethiopia)
7. Egypt Country brief (with 1982 Annual Review and Cairo Tel No 43 of 28 January).
8. Personality Notes on the President and members of his delegation.

VISIT OF PRESIDENT MUBARAK OF EGYPT 2-3 FEBRUARY 1983

BRIEF NO 1: STEERING BRIEF

1. Mubarak visiting London after Washington and Ottawa and before Paris. Last visited Britain in February 1982 for talks with the Prime Minister at Chequers. Mr Pym was in Cairo in October 1982. Mubarak will be accompanied by his wife, by his Deputy Prime Minister and Foreign Minister, Kamal Hassan Ali, by his Minister of State for Foreign Affairs, Dr Boutros Ghali, and his Chef de Cabinet, Osama Al Baz. Those three will participate in the talks, together with Egyptian Ambassador, Abou Seeda.

Objectives:

2. Our main objectives:-

(a) To underline importance we attach to our good political and economic relations with Egypt. To remind Egyptians of our hope for more balanced trade.

(b) To probe Mubarak's thinking, and to explain ours, on Middle East peace process, particularly the Palestinian problem, Reagan initiative and Fez, as well as the prospects in Lebanon.

(c) To hear Mubarak's views on other international and regional issues.

(d) To express regret that it was not possible for Mubarak to meet The Queen and to explain why timing of the visit ruled this out.

3. Egyptian objectives will be:-

(a) To probe latest British and European attitudes to Middle East peace settlement.

(b) To ensure that Egypt's point of view on Arab/Israel is understood. To probe our thinking of US policies.

(c) To encourage the Prime Minister to visit Egypt soon.

Programme:

4. The talks with the Prime Minister are to begin at 1800 on 2 February and will be followed by a dinner. The President will spend the night of 2 February in London before leaving for Paris at 1300 on the 3rd. The Egyptian Embassy are arranging a

/private

private programme, including meetings with opposition leaders, on the morning of 3 February.

5. It was not possible to arrange a meeting with The Queen as She is still at Sandringham where She does not receive visitors. TRH The Prince and Princess of Wales invited President and Mrs Mubarak to luncheon on 3 February but the President declined ostensibly because of commitments in Paris. There are indications that the President may have felt slighted by not being offered a meeting with The Queen. This is naturally a sensitive point for Egyptian face, though Mubarak's personal style and taste are more republican than his predecessor's.

Talks:

6. We would expect the talks to be dominated by the Middle East and the Arab/Israel dispute and Lebanon in particular. The return of the remainder of Sinai, once seen as a watershed, has been largely over shadowed by events in Lebanon, but Egyptians remain grateful for our agreement to participate in Sinai MFO. Egyptians were severely embarrassed by Israeli invasion of Lebanon and horrified by the Beirut massacre. Relations with Israel remain strained; Egyptian Ambassador to Tel Aviv was recalled in September 1982.

7. Mubarak, elected October 1981 after Sadat's assassination has assumed power smoothly. Internal security and the economy remain his chief pre-occupations. Although at present secure Mubarak has yet to develop popular rapport. Dissatisfaction among growing population with rate of economic and social progress poses long-term threat to regime. Government attempts to deal with Islamic extremism have met with only limited success.

8. Mubarak will be interested to hear our views on likely development of US policies, particularly in the Middle East. It will be interesting to hear his on Egypt's relations with other Arabs (especially with Jordan, Saudi Arabia and Iraq, whose war with Iran, continues to worry the Egyptians), and to hear what he has to say about the future of the PLO in general and Arafat in particular. Tension between Egypt and Libya

/has

has diminished, relations with Sudan have been strengthened with agreement on integration. Efforts have been made in Africa and among the non-Aligned to reduce Egypt's isolation. Improved relations with the Soviet Union have been largely optical.

9. Discussion of bilateral issues need not take up too much time. The UK aid programme is dominated by the Cairo Wastewater project to which ODA is contributing £50m (grant) and Samuel Montagues £100m (ECDG-backed loan). Ratification by the Egyptians of Montague loan is needed quickly if the project is not to be delayed.

10. Trade with Egypt is disappointing, we have moved from balance to an Egyptian surplus (we buy their oil and their own recession has made life difficult for British exporters). British contractors stand little chance in the public sector unless backed by soft finance.

11. Egypt is a potentially important market for defence sales but results have been disappointing so far. The US, as the major military aid donor, dominates the market and the French have done well by their ability to offer soft finance for sales. British firms have had some success with joint production projects.

12. Egyptians have announced plans to develop nuclear power. We hope eventually to secure consultancy and building contracts. Memorandum of understanding on nuclear cooperation signed in 1982. Mr Mellor visited Egypt as Energy Minister in September 1982.

13. Exchanges of ministerial visits in 1982 were affected by Egyptian cabinet reshuffles and showed a sharp drop from 1981, when six British ministers visited Egypt. Lord Cockfield hopes to go to Cairo this year and we have plans to invite Egyptian Defence Minister and Ministers of Trade, Health, Internal Affairs and Agriculture. Mubarak is likely to press for a visit to Egypt by the Prime Minister. A State visit by the Queen, on which Sadat was keen, has not been mentioned since Mubarak took over.

Near East and North Africa Department
Foreign and Commonwealth Office
28 January 1983

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY 1983

BRIEF 2: UK/EGYPT RELATIONS (VISITS, TRADE, AID, NUCLEAR POWER, CLAIMS)

POINTS TO MAKE

PROGRAMME IN LONDON

1. SORRY IT WAS NOT POSSIBLE TO ARRANGE A MEETING WITH THE QUEEN.
She is at Sandringham where She does not receive visitors.

VISITS

2. GRATEFUL FOR HOSPITALITY EXTENDED TO MINISTERS OVER PAST YEAR.
Important to maintain exchanges of ministerial visits. Hope Deputy Prime Minister and Defence Minister can take up his longstanding invitation soon.

TRADE

3. WE VALUE OUR TRADE LINKS WITH EGYPT, BUT HOPE THAT IT WILL BE POSSIBLE TO REDRESS THE GROWING TRADE IMBALANCE IN EGYPT'S FAVOUR.
Pleased to see that UK Interest in Joint venture investment in Egypt is being maintained, but understand there have been some problems. Sure Egyptian Government will do all it can to resolve them.

(Defensive)

4. ECGD cover readily available for Short and Medium Term credit. But cover for larger contracts has to be looked at on a case-by-case basis.

AID

5. SIGNIFICANT. WE ARE PUTTING MONEY INTO IMPORTANT CAIRO WASTEWATER PROJECT. We have confirmed £50m in aid. In addition, credit cover of £100m for contracts to be awarded to British firms.

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6. [If further UK support for project is raised.] Understand importance Egypt attaches to completing the recommended construction programme. Willing in principle to consider possibility of further ECGD backing at an appropriate time, but important to get the funded contracts under way first. Additional aid funds not available.

NUCLEAR POWER COOPERATION

7. We welcome closer ties between the UK and Egypt in the field of nuclear relations.

8. We are pleased to note that Egypt is proposing to take advantage of the UKAEA's consultancy services in planning her nuclear power programme, and hope that she continues to do so.

CLAIMS

9. STILL SOME OUTSTANDING COMPENSATION CLAIMS BY BRITISH SUBJECTS WHO LEFT EGYPT AFTER 1956. Hope these can be settled soon. Small amounts involved but they mean a lot to those concerned. Parliamentary interest.

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY 1983

BRIEF 2 UK/EGYPT RELATIONS (VISITS, TRADE, AID, NUCLEAR POWER, CLAIMS)

ESSENTIAL FACTS

POLITICAL RELATIONS

1. British involvement in Egypt longstanding. Disraeli bought Suez Canal shares in 1882. Protectorate declared in 1914, independence in 1922. Anglo-Egyptian Treaty of 1936 ended occupation but retained rights of British forces in Canal Zone until June 1956. Full diplomatic relations with Britain broken during Suez crisis re-established in 1961. Diplomatic relations broken off again from December 1965 (over Rhodesia issue) until December 1967. Relations now excellent (Egyptians value our support eg on Sinai MFO). Perhaps sometimes take our political support for granted - we should remind them of the need eg to ensure that British firms get their share of projects etc.

VISITS

2. Good relations maintained by ministerial and official visits but noticeable reduction in exchanges over the past year. Mubarak was last here in February 1982. Kamal Hassan Ali saw Mr Pym in June. My Pym was in Cairo in October 1982 preceeded by Lord Trenchard, Mr Hurd and Mr Mellor. Lord Cockfield has invited his opposite number to visit London soon. There is a standing invitation for the Defence Minister to come to UK. Visits by the Egyptian Ministers of Health and Agriculture are on the cards.

3. Egyptians are very keen for the Prime Minister to visit Egypt. No British head of state has ever visited Egypt except for Winston Churchill. The idea of a State visit to Egypt, on which Sadat was keen, has not been revived.

TRADE

4. Bilateral trade substantial (UK exports - largely capital equipment - £325m in 1981), but our competitors increasing their market share at our expense. Imports from Egypt (£416m

in 1981), mainly oil based, highlight growing trade imbalance, partly caused by Egyptian economic measures to control non-essential imports. Bilateral trade has been encouraged by frequent ministerial contact and other promotional events.

5. Success in winning major project business modest compared with some of our competitors, who provide more generous aid and more favourable credit terms. Numerous requests under the Aid and Trade Provision are being considered. British Gas and William Press making important contribution to Cairo Natural Gas network. Hope for more.

6. Joint venture investment by UK companies in Egypt continuing. UK in forefront among foreign investors. But many problems, eg difficulties in obtaining hard currency to purchase essential imports and repatriate profits; bureaucratic delays. Egyptian Minister of Investment, Dr Wagih Shindy, now in London and talking individually with interested UK firms about opportunities and problems.

7. ECGD cover readily available for Short Term credit (up to 180 days) and Medium Term credit for contracts up to £5m. But cover for larger contracts very restricted in view of Egypt's difficult financial circumstances and uncertain economic prospects. Present market limit under Section 2 (National Interest) virtually full. Current review may lead to modest increase in cover that can be justified, but not sufficient to accommodate all current applications. ECGD is third highest committed insurer in Egypt (after France and West Germany). ECDG's own financial position requires exercise of caution in undertaking more substantial commitments in developing of high risk countries. No commitments can be made in respect of any particular contract.

AID

8. Provisional Aid Framework Allocation:

<u>1982/1983</u>	<u>1983/1984</u>	<u>1984/1985</u>
£9.1m	£11.85m	£12m

UK Capital Aid

9. There are two main projects:-

a.

- a. The Abu Zaabal Fertiliser and Chemical Company.
£10m on grant terms towards the cost of developing a triple superphosphate factory near Cairo. The project, and ODA's commitment, is nearing its end. Commissioning of the factory is expected towards the end of the year.
- b. The Cairo Wastewater Project.

In 1978 the British Government, acting jointly with a similar US initiative, announced a pledge of £50m on grant terms towards the cost of a new sewerage system for Greater Cairo. Virtually all our remaining capital aid, which is being made available in conjunction with a £100m ECGD-backed line of credit from Samuel Montagu, is tied up in this project. About half the ODA £50m will be spent on design and supervision work. The balance will help finance the first part of the main tunnel. The Egyptians are financing the local costs, which are estimated to run to the equivalent of some £420m (outurn prices) in relation to the ODA and Montagu -funded contracts alone. It is intended that the first construction contracts should be let by the middle of this year, with most of the tunnelling work completed by mid-1987.

10. Following a serious sewage leak in Giza (on the Cairo West Bank) last November the Egyptians have been pressing for completion of the project by the end of 1986. We believe that an accelerated programme of this kind, if practical at all, will be much more expensive, and that any time saving would at best be small. Moreover, an accelerated programme could well lead to cash flow problems on the Egyptian side, as it would also for ODA. We shall be writing to the Egyptians shortly to remind them that our commitment to the present programme is based on the timescale originally recommended by the consultants, and to seek assurances that sufficient local finance will be made available to complete the contracts. We also still await news of Egyptian ratification of the Montagu loan, due to go to the Egyptian People's Assembly for approval on 31 January.

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11. President Mubarak may seek additional UK support for the project. While we should not want altogether to close the door to this it is difficult to offer anything solid at this stage. There is no provision for additional aid finance. Any significant increase in ECGD cover would require an increase in ECGD cover for Egypt as a whole. At this stage, with construction on the initial contracts not yet under way, this would be very difficult to justify, particularly as ECGD face an overwhelming demand from other sectors.

Aid and Trade Provision

12. In the past ATP assistance has been used to supply gas turbines, switch gear and crawler draglines. A recent offer of £7.3m for the West Sabaeya mining scheme has been formally accepted, but the agreement has not yet been ratified by the Egyptians. The mine will supply phosphate for processing at Abu Zaabal (paragraph 2 (a) above). Also on offer is £1.2m towards a new hospital in Cairo.

NUCLEAR POWER CO-OPERATION

13. Egypt has ambitious plans for a civil nuclear programme, involving the construction of 8 power stations between 1983 and the year 2000. The first two units are expected to be purchased from France but subsequent suppliers have yet to be decided on.

14. There have been increasing contacts between Egypt and the UK following the conclusion in 1982 of a Memorandum of Understanding on cooperation in the peaceful uses of nuclear energy. Officials of the UKAEA have visited Cairo on several occasions, and in September 1982 Mr Mellor (PUSS at the Department of Energy) visited Egypt. Professor Hammad, Chairman of the Egyptian Nuclear Safety Commission, is hoping to visit the UK in the Spring of 1983.

15. In August 1982 the UKAEA presented a Consultancy Proposal to the Egyptians, intended to help develop the infrastructure

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of Egypt's nuclear industry. In the long term, it is hoped that this will lead to major export opportunities for British firms. In January 1983 the Egyptian Nuclear Power Plan Authority asked the UKAEA to present detailed proposals for quality assurance and environmental studies at the first two stations to be sited at El Daboa.

CLAIMS

16. British assets in Egypt were sequestered in 1956 following Suez operation, and again in 1961 (when other nationals were also affected). Anglo-Egyptian Agreements of 1959 and 1971 provided in certain cases for payment of compensation and in others for return of sequestered assets and restoration of rights to United Kingdom nationals.

17. (i) Action by MR D T W FORSYTH to regain possession of his villa has been subject to many years delay. In October 1981, after no less than 36 postponed hearings, the Egyptian courts decided that Mr Forsyth was the legal owner of the villa. However, he still has to secure the eviction of the tenant (who was installed by the Egyptian Sequestrator General) in order to obtain possession of the villa. The tenant, a member of the influential Amer family, has counter claimed that the villa is now hers by virtue of her long occupancy of it. Given the very long delay that has already occurred, we hope that the Egyptian authorities will ensure that these issues (the hearings of which have been repeatedly postponed) and disposed of with all possible speed.

(ii) the late application of MR AND MRS B C MASSEY for release of sequestered funds was refused by Sequestrator-General in accordance with the regulations. While acknowledging that the Massey's did not apply for the release of their property within the period stipulated in the 1967 Exchange of Notes, we have expressed the hope that the Egyptian authorities might find it possible to agree to release their funds ex gratia, and in the light of our representations the Egyptian Government are reviewing the case.

18. Mr Hurd mentioned the Forsyth and Massey cases to Egyptian Ministers during his visit to Cairo in December 1979. Lord Carrington raised them with Gen Kamal Hassan Ali, the Egyptian Deputy Prime Minister and Minister of Foreign Affairs, when he visited Cairo in January 1981, and Mr Biffen mentioned them during his visit to Cairo in November 1981. Mr Hurd again raised them, with Gen Kamal Hassan Ali, during President Mubarak's visit to Britain in February 1982 and Mr Pym raised the matter yet again with Dr Kamal Hassan Ali last October in Cairo. HM Ambassador in Cairo has followed up these Ministerial approaches with representations to the Egyptian Government over the years.

Near East and North Africa Department
Foreign and Commonwealth Office
31 January 1983

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY 1983

BRIEF NO 3: UK/EGYPTIAN DEFENCE COOPERATION (INCLUDING DEFENCE SALES)

POINTS TO MAKE

PLEASED WE ARE ABLE TO ASSIST IN THE TRAINING OF EGYPTIAN SERVICEMEN IN THE UK.

1. Hope we can be of help in the future.

UK PARTICIPATING IN THE INTERNATIONAL COMMITTEE WHICH IS CONSIDERING THE PROBLEMS OF MINE CLEARANCE IN THE WESTERN DESERT.

2. Hope that the work of the Committee will be helpful to you in your efforts to undertake this difficult task.

DEFENCE SALES:

3. THE UK USED TO BE A MAJOR SUPPLIER OF DEFENCE EQUIPMENT TO EGYPT BUT NOT SINCE 1976. Co-operation has been excellent and extensive defence contacts have been continued in recent years but the results have been disappointing. We have much to offer from a wide range of modern and effective equipment much of which has proved itself in the Falklands.

4. UNDERSTAND THAT PROPOSALS FOR PATROL CRAFT, LIGHT GUNS, FIRE VEHICLES AND COMMUNICATIONS ARE CURRENTLY UNDER NEGOTIATION AND THAT THE ROYAL ORDNANCE FACTORIES ARE ASSISTING WITH INDUSTRIAL DEVELOPMENT. I trust our proposals are attractive both technically and financially. Credit is available at rates fully supported by the British Government and we are backing our suppliers to the full.

5. DEFENSIVE (If credit package raised) - We would be happy to consider any proposals you put forward.

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY 1983

BRIEF NO 3: UK/EGYPTIAN DEFENCE RELATIONS (INCLUDING DEFENCE SALES)

ESSENTIAL FACTS

1. UK MILITARY ASSISTANCE: Relations with the Egyptian Armed Forces are cordial but not extensive, although CDS visited Egypt in December 1982 for talks with the Egyptian Minister of Defence, Field Marshal Abu Ghazala. During 1981/82, 57 Egyptian students attended military courses in the UK (compared with 61 students in 1981 and 50 in 1980). In 1981 over half of the students attended RN courses and one third attended Army courses.
2. The UK Military Training Assistance Scheme (UKMTAS) allocation for 1982/83 is £120,000. The money is used to pay for Egyptian students on the Army Staff Course and at the Royal College for Defence Studies.
3. WORLD WAR II MINEFIELDS: Egypt has approached the UK, US, Germany, Italy and France for help in identifying and clearing World War II minefields in the Western Desert. All of these countries have agreed to participate in an International Committee, which will meet in Cairo between 19 February and 3 March.
4. Two UK experts (one Royal Engineers officer and one retired officer) will attend the meeting (at FCO cost). Our aim is not to become directly involved in mine clearing operations in Egypt, but to identify the types of mine involved and the scope of the problem so as to be able to offer places on suitable training courses in the UK. The RAF will also be offering to undertake an aerial photography flight in support of the mineclearing operations. This will form part of a normal training mission from Cyprus and will be at no cost to the UK.
5. EXERCISES: In late 1980 the Egyptians suggested to us that an exercise with British Forces would be welcomed. Their objective appeared to be a demonstration of military links other than those

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with the US. Because we already had a full exercise programme and did not want to upset our relations with Gulf States, we asked for details of what the Egyptians had in mind but did not volunteer our services. Nr Nott's proposal for Naval passages exercises with Egyptians made in July 1982 has not been followed up by Egyptians.

6. RAPID DEPLOYMENT FORCE: The US envisage developing Ras Banas as a possible base for their Rapid Deployment Force (RDF). Egypt has refused, however, to give a written commitment in advance to US use of the base or the prepositioning of troops and equipment (although they have agreed that Egyptian territory could be used if the RDF were to deploy to assist an Arab country under actual threat). The US Congress has insisted on such an undertaking as a condition for financing the development of Ras Banas.

DEFENCE SALES

7. BACKGROUND: Egypt was a major market for UK defence sales until 1976 but results have been disappointing after the cessation of Arab aid following Camp David. Successes have been limited to maintenance and spares contracts and local production agreements: total business of £100m over 4 years. By contrast France has achieved major sales in this period, mainly aircraft, by offering very soft credit terms and aid.

8. CREDIT: Egyptian funds immediately available for Defence purchases are very limited and attractive financing proposals are essential to secure any business. Separate credit proposals have been made to cover current business but following the precedent set by the French with £800m credit for Alpha Jet, Mirage and Crotale, the Egyptian Defence Minister (Field Marshal Abu Ghazala) asked Head of Defence Sales for a wider credit package to embrace patrol craft (£270m), Light Gun (£10m) and Fire Vehicles (£50m). We did not respond to this request to avoid prejudicing the exceptional credit terms agreed by EX outside the normal credit ceilings (85% over 8¹/₂ years from delivery at 8% interest).

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This offer has now expired and the interest rate cannot be repeated. The concept of a defence package of say £300m-£350m outside the Section 2 allocation is being examined but it has not been possible to reach agreement prior to Mubarak's visit. Most of the current Section 2 allocation is committed already and a separate defence package will have to be considered in conjunction with major new civil business which will also need credit. However, without such a package the UK is unlikely to obtain substantial Defence business in Egypt.

9. RAMADAN FAST PATROL CRAFT: Vosper Thornycroft have already supplied six Ramadan Class fast patrol craft to Egypt and since 1981 have been pursuing an order for six more. They face strong competition from other European and American suppliers. The work is badly needed at Portsmouth and credit will be essential.

10. COMMAND AND CONTROL COMMUNICATIONS SYSTEM - C³: This is a major new requirement, the first phase of which is worth £100m+. The French are our main competitors.

Near East and North Africa Department
Foreign and Commonwealth Office
31 January 1983

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY

BRIEF NO 4: ARAB/ISRAEL AND LEBANON

Points to make

1. Believe European and Egyptian assessments of Arab/Israel remain close. A window of opportunity to make progress on Reagan lines. But window is closing. Fez not enough for US to convince Israel that Arabs are serious about peace.
2. King Hussein/Arafat negotiations could make the link between Arab approach and Reagan. Both need support of moderate Arabs and Europeans if they are to stay the course. PLO must also realise significant progress impossible unless they accept Israel's rights in a settlement. Know you have also pressed PLO on this point. Impression of support for Arafat's line within PLO?
3. Breakthrough unlikely unless US demonstrate will to bring Israel to accept settlements freeze. We and Ten have urged them strongly on this. View in Washington?
4. Egypt/Israel relations: realise difficulty of Egyptian position and extent of damage done. Prospects for improvement once Israeli withdrawal from Lebanon agreed?
5. Sinai MFO: Glad Force operating smoothly. [if raised - MFO should police Taba]. Have your request in mind. Understand sensitivity of Taba question for Egypt: hope negotiated solution possible. MFO role would involve change in Force's mandate: would need to be sure both Egypt and Israel were in favour. US reaction?

LEBANON

6. Sympathize with Lebanon's dilemma in withdrawal negotiations: President Gemayel cannot make substantial concessions without endangering internal consensus and relations with Syria and

/Saudi

Saudi Arabia. Can Gemayel stand up to conflicting pressures?

7. British contribution to Multinational Force due to arrive early February.

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY

BRIEF NO 4: ARAB/ISRAEL AND LEBANON

Essential Facts

ARAB/ISRAEL

1. The Egyptians have not been directly involved in much of the recent activity. The focus of US interest as regards Arab participation in the peace process has shifted to Jordan. Egypt remains outside formal Arab counsels and did not attend Fez, although informal contacts with the moderates and the PLO are improving. The Israeli invasion of Lebanon put a heavy strain on Egypt/Israel relations: normalisation has come to a halt, and the substance of relations has largely withered. Nevertheless, President Mubarak has continued to play an active role in urging the Arabs to take the opportunities offered by the Reagan initiative and in using what leverage he has with Israel to encourage an early withdrawal from Lebanon. Egyptian and European positions on most of the major issues continue to be close. His reading of President Reagan's present attitude to Arab/Israel and Lebanon will be of interest.
2. Peace Process. The Egyptians accept that the Reagan initiative offers the most realistic way forward, although they have criticised some aspects of it (particularly the failure to endorse self-determination, or to define the borders to which Israel should withdraw). They regard the Fez communiqué as fine in principle, but lacking any mechanism (or prospect) of implementation. They have pressed for firm US action to compel Israeli acceptance of a settlements freeze, and have given King Hussein general encouragement in his efforts to bring the PLO to accept confederation and negotiations on the basis of the Reagan initiative. They have made clear that there is no question of the autonomy negotiations resuming in their old format (ie without Jordanian/Palestinian participation).
3. Egyptian relations with the PLO have improved in recent months. Earlier in the year, President Mubarak tried to obtain

/US

US commitment to a more balanced Palestinian policy in exchange for Egyptian agreement to take PLO fighters from Beirut. The US refused, and the Syrians undercut Mubarak's position by accepting many of the fighters without preconditions (the Egyptians have however claimed a share of the credit for the Reagan initiative which followed shortly afterwards). At about the same time, Mubarak suggested that the PLO should form a Government-in-exile in Cairo; the PLO declined, and Mubarak has since backed off, suggesting that Tunis would be the appropriate place. Since then there have been a series of well-publicised contacts between Kamal Hassan Ali and PLO representatives; the Egyptians seem to have been acting as a channel between the US and PLO, in order to explore the possibilities for a US/PLO dialogue. The US have evidently shown no flexibility, because Mubarak has recently urged the PLO to recognise Israel unilaterally, to enable a US/PLO dialogue to begin. Arafat, in the course of two long interviews published in Egypt in the last two weeks, turned this idea down, but otherwise spoke in warm terms of Egypt's role in the Arab world. Earlier plans for an Arafat visit to Egypt fell through, but Arafat and Mubarak may meet at the Delhi Non-Aligned Summit in March.

4. President Mubarak has strong views on Syria. He is deeply critical of the Syrian role in Lebanon and their efforts to turn the PLO against closer cooperation with Jordan. Relations with Saudi Arabia were improved, but contacts remain discreet. The Saudis have urged Egypt not to push for readmittance to the Arab League yet. Egypt accepts this is not on in the near future.

5. Egypt/Israel relations have fallen to a low ebb since the invasion of Lebanon. The formal structure remains, but normalisation has come to a halt, trade and tourism have fallen sharply, and the confidence of the Egyptian public in the policy of peace with Israel has been undermined. The Egyptian Ambassador in Tel Aviv has been withdrawn and will not return until a timetable for Israeli withdrawal from

/Lebanon

Lebanon is agreed. The Egypt/Israel border has remained generally quiet, but the border dispute at Taba drags on. The Egyptians were nettled by the Israeli decision to complete and open a hotel in the disputed strip last year. Since then the Israelis have refused Egyptian requests to resume negotiations over Taba in isolation from talks on other aspects of relations.

6. Sinai MFO. No reports of any problems in the Force's operation, except that it sustained its first casualties in early January when two US paratroopers were wounded in a landmine explosion. The Egyptians have asked us to agree that the MFO should police the disputed strip at Taba. We have said that we would need a joint request from the Egyptians and Israelis to change the Force's mandate: this is unlikely to be forthcoming.

LEBANON

7. The Egyptians have taken a close interest in the progress of the Israel/Lebanon withdrawal negotiations. The Egyptian Minister of State Dr Boutros Ghali and Mubarak's Chef de Cabinet Dr Osama al Baz paid a surprise one day visit to Beirut in early December 1982 to deliver a personal message of support to President Gemayel from President Mubarak. Few details of the talks emerged and Dr Ghali confined himself to a statement at the time that the Egyptian government supported the withdrawal of all foreign forces from Lebanon and national reconciliation in the country. But it is reasonable to assume that the Lebanese asked the Egyptians to exert what leverage they could on the Israelis and Americans. Leverage on Israel is being attempted by refusing to send back the Egyptian Ambassador to Tel Aviv (para 5 above).

8. The advance party of the British contingent for the Multinational Force is due to arrive in Beirut on 1 February with the remainder following on 8 February.

Near East and North Africa Department
Foreign and Commonwealth Office
27 January 1983

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY 1983

BRIEF 5

EGYPTIAN RELATIONS WITH OTHER ARAB COUNTRIES

Points to Make

1. PROSPECTS FOR RAPPROCHEMENT WITH OTHER ARABS
How is process of reconciliation likely to develop?
2. RELATIONS WITH JORDAN, MOROCCO, IRAQ, SAUDI ARABIA?
Syrians remain major obstacle.

SUDAN

3. NIMEIRI RECENTLY IN LONDON
British aid (second largest budget after India) and Army Training Team evidence of our support for Sudan. UK offering additional £7m emergency aid.
4. BILATERAL RELATIONS. MOVES ON 'INTEGRATION DECLARATION'
Egyptian plans for increased cooperation with Sudan. Nimeiri's position.

LIBYA

5. BILATERAL RELATIONS. QADHAFI ISOLATED IN AFRICA AND ARAB WORLD
OAU débâcle. Risk of a new Qadhafi adventure in Chad. Significance of Libya/Ethiopia PDRy agreement.

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY 1983

BRIEF 5

EGYPTIAN RELATIONS WITH OTHER ARAB COUNTRIES

Essential Facts

SUDAN

1. In its relations with the other Arab states Egypt has continued to give high priority to Sudan, Somalia and Oman, the only three states which did not break diplomatic relations with Egypt over Camp David. Sudan regards Egyptian political, and potentially, military support (against Ethiopia and Libya) as important for its security. This was probably behind the Sudanese initiative to press for the integration agreement concluded between the two countries in October, which appears to have little real substance but which gave Sudan an outward and visible sign of Egyptian backing. Despite Nimeiri's enthusiasm signs that Southern Sudan would reject the agreement if allowed to (Southern Assembly is closed). Mubarak was embarrassed by Nimeiri's untimely attempt to orchestrate an Arab/Egyptian reconciliation at the Arab Summit in September. Egyptians continue to see Nimeiri as their best bet for the future but can do little to help his economy.

IRAQ

2. Content of Egypt's relations with Iraq has grown steadily as Iraq has suffered military setbacks in the Gulf War and has been obliged to temper its radical fervour with pragmatism. Egyptian military supplies to Iraq began in the early stages of the war and have expanded to include artillery and armoured vehicles in addition to large quantities of ammunition and land mines supplies to Iraq have helped Egypt to expand its arms industry. Iraq appealed publicly and unsuccessfully for regular Egyptian troops to supplement the Egyptian volunteers already in Iraq. Commercial flights between Baghdad

/and

and Cairo have resumed and there have been several publicised visits by senior officials. Iraqi leaders have replaced invective with praise for Egypt.

SAUDI ARABIA

3. Anxiety in the Gulf about Iranian intentions has induced some of the smaller States to speak out in favour of reconciliation. They are unlikely to act however without Saudi Arabia. Saudis, although also concerned about Iran, want to wait for a Pan-Arab consensus on conciliation (Egyptians also suspect that Saudis do not want Egypt to resume leadership of the Arab world). Saudi hesitation appears to stem from its wish to avoid antagonising Syria and provoking new splits in the Arab world.

4. Saudi/Egyptian relations have nevertheless warmed of late. Mubarak attended King Khaled's funeral, the only exception to his rule about visits to countries not having diplomatic relations with Egypt. Egyptian newspapers have reappeared in Saudi Arabia and Saudi criticism of Egypt has dropped.

JORDAN AND THE PLO

5. Hussein has been open in espousing reconciliation, calling for Egyptian participation in the Arab Summit and for an end to the trade boycott. Jordan has also kept in close touch with Egypt over attempts to pursue the Reagan initiative and recently asked Egypt to intensify its efforts to persuade the PLO to cooperate in the peace process.

6. Contacts between the PLO and Egypt had begun before the final return of Sinai and have since intensified because of the Lebanon war and the Reagan initiative. Egypt has moved closer to the PLO on Palestinian rights and the PLO has seen Egypt as a useful channel to Washington. Arafat and the Egyptians have publicly welcomed the idea of a visit to Cairo by Arafat but privately both sides remain doubtful of the benefits without closer agreement on substance. Mubarak

/has

has now withdrawn his earlier offer of Cairo as a home for a Palestinian government-in-exile. Mubarak's conviction that the Reagan plan offers the only realistic hope of peace led to his recent calls for unilateral recognition by the PLO and to his current emphasis on the need for the PLO and Jordan to reach agreement on a delegation to peace talks acceptable to all parties.

MOROCCO

7. Moroccan leaders have been among the more vocal in supporting reconciliation. The Egyptians would be likely to discourage the Moroccans from acting unilaterally as premature. But the Moroccan Foreign Minister has visited Cairo. Morocco's motive has been to secure Egyptian support in the OAU on the Western Sahara question.

LIBYA

8. Libya remains implacably opposed to Camp David but there is now little exchange of invective in the Cairo and Tripoli media.

SYRIA

9. Alone among the Arab States Syria appears to have no links with Egypt. Its opposition to Camp David is undimmed and was most recently reiterated at the end of a meeting of Syrian, Iranian and Libyan Foreign Ministers, who rejected conciliation with Egypt unless it reneged on Camp David. Syria constitutes a significant barrier to formal reconciliation between other Arab States and Egypt. Mubarak reciprocates Asad's personal hostility and has castigated him as a Soviet puppet and a traitor to the Arab cause.

Near East and North Africa Department
Foreign and Commonwealth Office
27 January 1983

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY 1983

BRIEF NO 6: WORLD ISSUES

POINTS TO MAKE

SOVIET FOREIGN POLICY UNDER ANDROPOV

1. ANDROPOV FIRMLY IN CHARGE, ALTHOUGH COLLECTIVITY AND CONTINUITY STRESSED. A formidable operator - intelligent, assured, in command of the issues.
2. ANDROPOV'S MAJOR FOREIGN POLICY STATEMENTS HAVE SHOWN IMPRESSIVE FEEL FOR TIMING. Main thrust of his initiatives (including Warsaw Pact Summit Declaration of 6 January) directed against the West and INF deployment. But no real change in direction, eg on Afghanistan.

AFGHANISTAN

3. ANOTHER OVERWHELMING VOTE AT UN. International concern undiminished after three years. Hope that NAM Summit in Delhi will maintain pressure on Soviet Union. Following UN mediation with interest, Cordovez must adhere to fundamental UN principles.
4. RESISTANCE. Appear to be holding their own. Welcome your views. Vast REFUGEE problem must not be forgotten. UK aid to date (over 11 million) demonstrates HMG's continued concern.

NAMIBIA

5. NEED FOR EARLY SETTLEMENT. Situation in Southern Africa disturbing. Namibia settlement could be key to reduction of violence. With the Five, we remain committed to peaceful solution through negotiation.
6. CUBA/ANGOLA. Agreement now reached on nearly all issues preventing implementation of UN Plan. But timing of settlement now in practice depends on outcome of US/Angolan/South African talks on regional security. An agreement on Cuban troop withdrawal /remains

remains essential for both the US and South Africa.

7. UK ATTITUDE TO CUBAN WITHDRAWAL. Cuban withdrawal not part of UN Plan. But we accept the political reality, and believe that Angolan security requirements can be met without need of foreign troops.

CHAD

8. CHADIANS SHOULD BE ALLOWED TO DETERMINE THEIR OWN FUTURE. Disapprove of Libyan meddling in Chadian politics (or anywhere else in Black Africa). Sincerely hope that peace will hold so that reconstruction may at last begin in earnest.

9. [IF RAISED] PRIORITIES FOR BRITISH AID LIE ELSEWHERE. However, we gave £400,000 to Chad in Emergency Aid last year and also contribute significantly through EDF.

OAU

10. Regret the current difficulties of the OAU. Hope they may be quickly resolved.

11. Grateful for President Mubarak's views on likely developments in the near future: When and where will a new Summit be held?

IRAN/IRAQ WAR

12. MILITARY SITUATION: Did recent meeting in Paris between Boutros Ghali and Tariq Aziz presage closer Egyptian involvement? If so, what form might this take?

13. MEDIATION: Prospects remain poor. The Algerians are still active, but the Iranians are not yet ready to settle. Any new thoughts on how the mediation process can be made more effective? (West has no power to bring Iran to the table).

INF (if raised) (no essential facts).

14. Strongly support nuclear arms control agreement based on balance. Important for East/West stability that Soviet monopoly on the relevant INF missiles be removed. Much the best way would be through NATO's zero option, on offer in INF negotiations. In absence of zero NATO would have to deploy some Cruise and Pershing II missiles.

ETHIOPIA

15. State of relations with Ethiopia? Egyptian/Somali relations? Egyptian military supplies to Somalia?

VISIT OF PRESIDENT MUBARAK OF EGYPT: 2-3 FEBRUARY 1983

BRIEF NO 6: WORLD ISSUES

ESSENTIAL FACTS

SOVIET FOREIGN POLICY UNDER ANDROPOV

1. Andropov has not yet introduced any real change into the direction of Soviet foreign policy. No evidence of genuine flexibility on Afghanistan, Poland or Eastern Europe generally.
2. He has nevertheless adopted a presentationally new (and superficially non-confrontational) note in his first major foreign policy speeches. Central Committee speech of 22 November emphasised Soviet commitment to détente (on Soviet terms), while stressing that there could be no question of making improved relations with the West conditional on concessions by the Soviet Union. 21 December Supreme Soviet speech, almost half of which was devoted to foreign policy, emphasised 'peace'. Strong element of trying to appeal to Western, particularly European, public opinion over the head of governments.

AFGHANISTAN

International Concern

3. In November, UN General Assembly voted 114-21-13 for resolution tabled by Pakistan and Islamic countries (including Egypt) which reiterated case for immediate withdrawal of foreign troops; and self determination for the Afghan people.

Soviet Position

4. Russians argue that their forces are a limited temporary presence at the request of the legitimate Afghan government and that external interference must end before any withdrawal can be considered. Despite press speculation, no sign of movement from the new leadership.

UN Mediation

UN Mediation

5. Diego Cordovez, Secretary-General's personal representative, is currently visiting Tehran, Islamabad and Kabul to propose a timetable and agenda for further talks. He will return to New York around 4/5 February.

Situation on the Ground

6. Fighting continues with many resistance attacks in Kabul itself, despite increased security around third anniversary of Soviet invasion.

Refugees

7. More than one-fifth of the Afghan population have fled homeland. Now some 2.7m in Pakistan alone.

Egyptian Position

8. Egypt supported all four UN resolutions, and the EC proposals in July 1981. Has also openly admitted supplying arms to the resistance. In September 1981 Sadat stated that Egypt had supplied weapons expressly at the request of the Americans. This embarrassed both the Pakistanis and the Americans. However, Mubarak has made no public statement on arms supplies and we should be interested in any indication of a change in policy.

NAMIBIA

9. Negotiations - Present Position. With agreement reached on nearly all issues preventing implementation of UN Plan for Namibia's independence, timing of a settlement now depends on outcome of talks between the US and Angola (but also involving the South Africans) on the withdrawal of Cuban troops from Angola. Angolans and South Africans also discussing bilaterally (starting in Cape Verde in December) a possible cease-fire in Southern Angola.

10. Linkage of Cuban Withdrawal with Namibia Settelement.

Cuban withdrawal not formally part of the UN Plan nor therefore of the Five's remit, although we have agreed to support American efforts. Despite occasional public criticism of linkage the generally muted African reaction suggests that they too recognise

/the

the political reality that South Africa will not be prepared to go forward on a Namibia settlement without some agreement on Cuban withdrawal.

11. EGYPTIAN ATTITUDES. Egypt has voted consistently with the African Group at the United Nations in favour of resolutions violently hostile in South Africa but also critical of the Five's efforts. We doubt if we can change this pattern; but we should make clear our belief that such posturing does not help the negotiations.

CHAD

12. President Hissein Habré (backed by Egypt and Sudan) overthrew President Goukouni Weddeye (supported by Libya) in June 1982. This brought to an end, temporarily at least, years of civil war. Habré has since formed a broadly-based government including many Southerners, and is in control of most of the country. But in October, a rival 'Government of National Salvation', backed by Libya and headed by Goukouni, was said to be in control of Bardai in the middle of the Sahara desert in northern Chad.

13. Just north of this lies the Aouzou strip, an area of northern Chad bordering on Libya. Libya claims this and has effectively occupied it for several years. Reports that Libya has introduced a large amount of armaments, and aircraft, into the Strip. But seems unlikely at present that Qadhafi wishes to become directly involved in another full-scale invasion of Chad after the loss of many troops during his previous occupation in 1980/81. He is, however, intent on supporting Goukouni and some local skirmishing has already been reported in the north.

14. Small number of Libyan troops have set up a training camp in Central African Republic. This could be used as a base to encourage dissident activity in Southern Chad. Some skirmishes there too. A convoy of Libyan mercenaries was intercepted in Cameroon earlier this month, apparently heading for southern Chad. So a series of raids from several directions, coupled with cultivation of dissidents, may be used by Qadhafi to undermine Habré's position.

15. Chad faces huge economic problems after years of civil war. Habré has already begun the huge task of reconstruction. But his priority is likely to be defence. Help most likely to come from USA, France and Egypt. At a donors' conference organised by the UN in Geneva in November pledges totalling \$150-170m were made for civil reconstruction.

16. UK direct interests are slight. British Embassy is resident in London: visits twice a year. Our very small bilateral aid programme has been supplemented by emergency humanitarian relief (£400,000 in 1982). UK's contribution to reconstruction mainly through EDF which has pledged nearly \$50m and has a further \$50m still available under Lomé I and Lomé II.

OAU

17. OAU is in disarray after the second failure in four months to hold the nineteenth Summit of the OAU in Tripoli.

18. In August the first attempt to hold a Summit failed to achieve its quorum of 34 due to a boycott resulting from dispute over the admission of the 'SADR' (Saharan Arab Democratic Republic), as the 51st member-state of the OAU.

19. Despite a compromise on this issue whereby the 'SADR' 'voluntarily and temporarily' withdrew, a second attempt to convene the Summit in November was wrecked by a similar disagreement over the representation of Chad. Whereas many of the moderate states insisted on the admission of Hissein Habré's delegation to the Council of Minister (preceding the Summit), Libya and her supporters (eg Algeria and Mozambique) opposed this. The Council of Ministers broke up in disarray. Egypt did not attend either meeting.

IRAN/IRAQ WAR

Military Situation:

20. Both sides have regrouped after the Iranian military gains in October and November. A major Iranian attack looks imminent in the Amara area. Iraqis are superior in numbers and equipment but their morale is suspect.

/Mediation:

Mediation:

21. Algerian efforts have so far met with little success. Iranians still reluctant to accept a settlement on the terms available. Iraqis are becoming increasingly desperate to bring conflict to an end and may resort to more attacks on economic targets, (Kharg and shipping).

Economic:

22. Iraq is in economic and financial difficulty and the situation is worsening. Reserves have been depleted and she is now looking for credit. Collapse of OPEC meeting in Geneva throws a host of uncertainties into the situation.

ETHIOPIA

23. Government of Colonel Mengistu which overthrew Emperor Haile Selassie in 1974 has gradually consolidated its hold on power. It remains closely aligned with Moscow on whom it depends for military support. Its major preoccupation is to hold Ethiopia together in the face of longstanding claims to autonomy by various parts of the country. Its chief problems are with Eritrea, the former Italian colony incorporated into Ethiopia by Haile Selassie, and the Ogaden, abutting on to Somalia and inhabited by ethnic Somalis.

24. Faint signs that Mengistu is increasingly disappointed by paucity of Soviet economic help and wishes to improve relations with the West. Actions of the regime make this difficult: eg treatment of political opponents and members of former imperial family, attacks on Somali border villages, still closer links with Soviet communist party, collaboration with Libya in undermining Nimeiri's regime in Sudan.

25. Unpleasant though Mengistu's regime is, problem for the West is that simple confrontation with it will drive Ethiopia even deeper into the Russian embrace. This problem compounded by fact that President Siad Barre's regime in Somalia, although vigorously pro-Western, is corrupt and unpopular.

26. Egypt, and Saudi Arabia, incline to the view that continuation of secessionist war in Eritrea and Somali claims to the Ogaden help perpetuate the Russian presence in Ethiopia.

27. Egypt/Somali relations good; Siad Barré visited Cairo April 1982. Discussion on Egyptian military supplies to Somalia.

Near East and North Africa Department
Foreign and Commonwealth Office
31 January 1983

VISIT OF PRESIDENT HUBARAK OF EGYPT: 2-3 FEBRUARY

BRIEF NO 7: COUNTRY BRIEF

ESSENTIAL FACTS

Political History

1. British protectorate from 1914 until independence in 1922. 'Free Officers' led by Nasser staged coup in 1952. Monarchy abolished and republic declared in 1953. Nasser appointed Prime Minister in 1954, died in 1970. Sadat became President, consolidated position after 1973 war. In May 1980 Sadat took over post of Prime Minister, threw out the Russians and embarked on a plan to modernise and revitalise Egypt's economic and social systems. Historic visit to Jerusalem in 1977 led to signature of Camp David agreement in 1979. Sadat assassinated 6 October 1981. Mubarak, Vice President since 1975, elected President 14 October. Cabinet reshuffle in January 1982 with appointment of Prime Minister (Dr Fouad Mohieddin). No Vice President yet appointed (speculation that Defence Minister Abu Ghazala may be in line). Mubarak elected Chairman of ruling National Democratic Party, replacing Sadat, on 26 January 1982. Second ministerial reshuffle in September 1982 with appointment of Defence Minister as Deputy Prime Minister and revamping of economic team.

INTERNAL SITUATION

2. Mubarak has disappointed hopes aroused by his earliest pronouncements and actions as President when he deliberately disavowed the more unpopular features of Sadat's domestic policies. Dropped personality cult of President, condemned favouritism, privilege, profiteering and corruption, released political prisoners, relaxed government control of the press, received opposition personalities and launched a national debate to solve Egypt's economic problems.

3. See HM Ambassador's Annual Review for 1982 and Cairo telno 43 (attached for detail).

/FOREIGN

FOREIGN POLICY

4. Mubarak's first test came with the Israeli withdrawal from Sinai in April 1982. The Egyptians withstood provocation both before and after the withdrawal allowing neither Israelis' scorched earth policy nor their attempts to appropriate Taba to deflect them. The Lebanon war, was the first Arab/Israeli war without Egypt, was a major embarrassment for Mubarak, particularly since many Egyptians believed the United States had tacitly agreed to the Israeli invasion. Mubarak deflected severe domestic and Arab pressure for a break in relations with Israel as long as he could, by halting further progress on normalisation and by using the Franco/Egyptian initiative at the United Nations as a diversion. But the Beirut massacres finally drove him to withdraw the Egyptian Ambassador from Tel Aviv. His commitment to the peace treaty (and his refusal to make concessions for the sake of rapprochement with the Arabs) could be tested over the next few months against the background continuing negotiations over Lebanon and the Palestinian question.

Relations with Israel

5. The Egyptians have been disturbed by Begin's behaviour since the Sinai withdrawal, principally his insistence that neither Mubarak's projected visit nor the autonomy talks could take place unless they included Jerusalem. Egyptians had no faith in US proposals for a tripartite summit, and they declined President Reagan's invitation to New York, fearing that Begin would spring some disagreeable surprise that would damage Mubarak in both Egyptian and Arab eyes, as he had done to Sadat with the raid on Baghdad after their meeting at Sharm el Sheikh. Mubarak was more prescient than he knew.

6. Invasion of Lebanon dealt the final blow to Egypt's stubborn justification of Camp David: that it had reduced the risks of war, that Egypt had not abandoned her Arab responsibilities, and on the contrary was thereby better placed to secure the rights of the Palestinians. Israel

/compounded

compounded the humiliation by proclaiming proudly that the peace with Egypt was holding fast. The regime had difficulty in keeping popular indignation within bounds, and it was surprising that they were able to confine themselves to verbal reactions until the Beirut massacres compelled the withdrawal of their Ambassador from Tel Aviv.

Relations with the United States

7. Mubarak's surprising refusal to accept PLO fighters from Beirut was due not only to the need for Israel's treaty partner to avoid any suspicion of connivance but to genuine fear of the domestic trouble the Palestinians could cause within Egypt. The fact that he maintained this refusal in the face of strong American pressure reflected an impatience with Washington that had been growing throughout the year; Haig's preoccupation with 'regional strategic consensus' at the expense of the Palestine problem, Washington's inability to move the Israelis on any issue affecting Egypt. Above all reflected the conviction that the Americans had been privy to the Israeli invasion.

Mubarak visited Washington 26-28 January

8. Americans satisfied that visit repaired bilateral relationship strained by Israeli invasion of Lebanon. Predictable Egyptian pressure for early progress towards withdrawal of all foreign troops from Lebanon, a precondition inter alia for Egyptian/Israeli relations.

Relations with other Arab countries

9. See brief 5 for detail.

10. Mubarak's line on reconciliation has been that he is in no hurry and has made a rule of not visiting any Arab state with whom Egypt does not have relations (exception made for Khaled funeral).

. /11.

11. Egypt has welcomed Fez declaration but believes summit proposals to be unworkable. Although question of Egyptian return to Arab fold was discussed at Fez, Egyptians have not pressed the issue believing that it is for those who made the break to re-establish relations rather than for Egypt to run after other Arabs. Process of formal rapprochement has not been helped by Israeli action but private contacts with moderate Arabs continue (particularly Morocco, Jordan, and Kuwait). Military cooperation with Iraq has developed over the past year. Saudi Arabia remains aloof and Egyptians suspect Saudis may be in no hurry to see a potential rival return to the fold. But Mubarak's relations with individual leaders have paved the way for closer cooperation when Saudis are convinced that the time is right and that rapprochement with Egypt will not provoke a wider split in the Arab world. Syria remains adamantly opposed to reconciliation. Libya is becoming increasingly isolated from all other Arab opinion. Egyptians fear that if Reagan fails the discredit will rub off on Egypt, whose dilemma will then be acute within the Arab world.

OAU/Non-Aligned Movement

12. Mubarak has underlined Egypt's commitment to the Organisation of African Unity (OAU) and to the Non-Aligned Movement and the Egyptians have worked hard on improving their relations with a wide range of countries in Africa, Asia, Latin America and Eastern Europe. Egypt stayed away from the 1982 OAU Summit which should have been held in Tripoli because of opposition to Qadhafi's chairmanship rather than the Saharan Arab Democratic Republic or Chad issues.

13. Mubarak's recent decision to visit a number of Eastern Europe countries, including Romania, appear to have been intended as a sign (particularly to the Americans) that his political horizons extend further than Sadat's apparently unquestioning commitment to the West. Egypt was represented at the Non-Aligned preparatory conference held in Kuwait

/and

and is keen to attend the next Non-Aligned Summit. Egypt's neutral public position on the Falklands invasion reflected her wish to avoid antagonising either the Non-Aligned or Britain. Privately Egyptian leaders were more forthcoming in their support for British action to recover the islands.

Relations with the Soviet Union

14. Some signs of an improvement in Egyptian/Soviet relations which deteriorated steadily under Sadat culminating in expulsion in September 1981 of Soviet Ambassador, some staff and nearly all of several hundred civilian advisers. Speculation that the return of the Ambassador might be used to counterbalance the reinstatement of Egyptian Ambassador to Tel Aviv. Some advisers, eg those who work on the High Dam and are indispensable have returned. Much Egyptian industrial infrastructure and military equipment is of Soviet origin. Mubarak, who remembers his pilot training in USSR and Soviet behaviour in Egypt has no illusions about Soviet intentions and will tread carefully.

Near East and North Africa Department
Foreign and Commonwealth Office
31 January 1983

EGYPT FACT SHEET

TITLE	ARAB REPUBLIC OF EGYPT
CAPITAL	CAIRO
AREA	1,002,000 Kms ²
POPULATION	44 million
GROWTH RATE	(1970-79) 2%
GNP	\$US 23,140 million (1980)
GNP/CAPITA	\$US 580 (1980)
TOTAL ARMED FORCES	367,000
TOTAL MILITARY EXPENDITURE	\$US 2,170 million (1979-80)
TOTAL EXPORTS	1980 \$US 3,854 million
	1981 \$US 3,999 million
TOTAL IMPORTS	1980 \$US 6,814 million
	1981 \$US 7,918 million

UK EXPORTS TO	£m	<u>1979</u> 265	<u>1980</u> 325	<u>1981</u> 325	<u>1982 (Jan-Nov)</u> 305
UK IMPORTS FROM	£m	253	336	416	403
UK BALANCE	£m	+2	-11	-91	-98
UK AID FRAMEWORK	£m	<u>1982/3</u> 9.1	<u>1983/4</u> 11.85	<u>1984/5</u> 12	

MEMBERSHIP OF PRINCIPAL INTERNATIONAL ORGANISATIONS:

UN
NAM
G77
OAU

10 January 1983

The Rt Hon Francis Pym MC MP
Secretary of State for Foreign and
Commonwealth Affairs
London SW1


Sir

EGYPT: ANNUAL REVIEW FOR 1982

1. A Special Report on Egypt in The Times last month pronounced that after years when Egypt was rarely out of the headlines it had faded from the limelight since the death of Sadat. I suspect that President Mubarak minds this state of affairs less than most of his ministers, journalists and even fellow-citizens who had grown accustomed to a ruler who created events rather than followed them. Like it or not, however, a review of 1982 has to be a review of Mubarak's stewardship, now nearly 15 months old. The consensus in Egypt as well as abroad is that he has precious little to show for it, except that things might be worse. My guess is that they probably will get worse, for the West as well as for Egypt.

2. In foreign affairs Mubarak was dealt a bad hand, and has played it with surprising skill. Taking over with six months still to go before Israel's withdrawal from Sinai, he was faced with a crescendo of Israeli complaints and threats during the count-down that suggested an intention at least to delay matters beyond the sacred date of 25 April. Self-interest dictated that the Egyptians should not react, but one still had to admire their ability to shrug off this barrage as a combination of brinkmanship and domestic politicking by Begin; even more the dignity with which they swallowed the legacy of

/scorched




scorched earth the Israelis left behind in northern Sinai and the appropriation of a slice of Egypt's coastline simply because it was the only attractive beach near Eilat. Eyeless in Gaza, or topless in Taba, the Israelis do not leave a country as they found it.

3. The Egyptians were more disturbed by Begin's post-withdrawal symptoms, principally his insistence that neither Mubarak's projected visit nor the autonomy talks could take place unless they included Jerusalem. When several ministerial missions failed to move him, the Egyptians concluded that he was aiming either to buy time until calling an election or to provoke Egypt into denouncing the autonomy talks, whereupon he would be free to proclaim the annexation of the West Bank like that of Golan a few months before. They had no faith in the American nostrum of a tripartite summit; and Mubarak told me on 2 June that he had declined President Reagan's invitation to New York. He feared that Begin would spring some disagreeable surprise that would damage Mubarak in both Egyptian and Arab eyes, as he had done to Sadat with the raid on Baghdad after their meeting at Sharm el Sheikh. He was more prescient than he knew.


4. The invasion of Lebanon came as the last straw. It dealt the final blow to Egypt's stubborn justification of Camp David: that it had reduced the risks of war, that Egypt had not abandoned her Arab responsibilities, and on the contrary was thereby better placed to secure the rights of the Palestinians. Israel compounded the humiliation by proclaiming proudly that the peace with Egypt was holding fast. The regime had difficulty in keeping popular indignation within bounds, and it was surprising that they were able to confine themselves to verbal reactions until the Beirut massacres compelled the withdrawal of their Ambassador from Tel Aviv. To outrage was

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added bewilderment at Israeli motives/ⁱⁿ- as Egypt saw it - jeopardising the peace treaty and Egyptian goodwill. Now however that agreement to a peace treaty and "normalisation" has emerged as the price of Israel's withdrawal from Lebanon, the Egyptians are beginning to detect a glimmering of logic if not of reason. They believe that the Israelis, or at least the Begin/Sharon school, are not interested in a peace between equals but consider that to be durable it must be imposed. And Israel must retain certain advantages (commercial and cultural links - and Taba - in the case of Egypt, settlements in an autonomous West Bank, security enclaves in Lebanon) to give her leverage in case the other party is tempted to back out. The Egyptians are confident that the sheer mass of their country and its impenetrable bureaucracy can withstand any such Israeli infiltration. But they fear that Israel's present terms could quickly turn Lebanon into a helpless satellite; they advised President Gemayal in this sense, and earned an American rebuke for their pains.

5. In a wider political sense Egypt is far from immune. Mubarak's surprising refusal to accept PLO fighters from Beirut was due not only to the need for Israel's treaty partner to avoid any suspicion of connivance but to genuine fear of the domestic trouble the Palestinians could cause within Egypt. The fact that he maintained this refusal in the face of strong American pressure reflected an impatience with Washington that had been growing throughout the year, first on account of Haig's preoccupation with his "regional strategic consensus" at the expense of the Palestine problem, secondly with Washington's inability to move the Israelis on any issue affecting Egypt. Above all it reflected the conviction that the Americans had been privy to the Israeli invasion and thus to Egypt's discomfiture. On several /occasions



occasions the Egyptians appealed to Britain to join them in pressing for a more active American policy not only on Arab/Israel but also towards the Gulf War. Unfortunately our response was inhibited by the Falklands crisis and the Egyptians turned to the French, who have since skilfully transformed their joint Security Council draft from an ephemeral balloon to a new benchmark for peace formulae that supersedes the Venice Declaration and enables France to claim a privileged relationship with Egypt and the other Arabs alike.

6. Given Egypt's dependence on US aid Mubarak has carried this disengagement process about as far as he dare, for example in resisting American wishes over the projected Red Sea airfield "facilities" and exercises with the Rapid Deployment Force. The government therefore received the Reagan initiative with both relief and self-congratulation, although the wave of anti-American feeling aroused by Lebanon persists and seems to be spreading. Excluded from Fez, the Egyptians are intensifying their contacts with the PLO in the hope of improving their pan-Arab credentials and retaining an equal role in the initiative with King Hussein. Their ministers have visited Beirut, Amman and other capitals in the same cause, but there is a forlorn and implausible air about such forays. Having, as Boutros Ghali observes, lost count of the assurances they have received from an American president that this time he really is in earnest, they have little hope that Begin will not succeed in filibustering this one too into the doldrums of the 1984 presidential election.

7. Mubarak is doing his best to prepare for that eventuality. As well as cultivating the West Europeans, he is rediscovering Egypt's African personality through integration with the Sudan and other

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excursions, re-furbishing her non-aligned credentials through trips to India and Eastern Europe, and even hinting at a rapprochement with Moscow. What is missing from the public record is any emphasis on what must privately be his top priority, namely reconciliation with the moderate Arabs. This is partly a matter of pride - let those who broke off relations make the first move (as Iraq, Jordan, Morocco, and even Arafat are doing at least verbally). But Saudi Arabia is the key, and the Egyptians suspect that the Saudis may be in no hurry to see a potential rival to their own pre-eminence return to the fold. I detect also the fear that if Reagan fails the discredit will inevitably rub off on Egypt, whose dilemma will then be acute. For the other Arab moderates the collapse of the Reagan "last chance" will by common consent be bad enough - leading via a recrudescence of PLO extremism to the "radicalisation" of the regimes. For Egypt, there will be domestic as well as Arab pressure to close ranks, but in these circumstances the price of reconciliation is almost bound to include some concrete gesture like the removal of the Israeli Ambassador from Cairo. The Israelis could be relied on to exploit such a clear breach of Camp David to the utmost during a US election campaign, and the Administration would be hard put to it to maintain their economic commitment to Egypt. Mubarak could not afford to allow such a sequence of events to develop. But the unpalatable alternative will be a relapse into isolation internationally, and increasing repression of dissentient voices at home.

8. How strong then is Mubarak's domestic position? He has certainly disappointed the hopes he aroused by his earliest pronouncements and actions as President, when he deliberately disavowed the more unpopular features of Sadat's domestic policies:

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he dropped the personality cult of the President and the "First Lady", abandoned Sadat's peripatetic and spasmodic working style for an unremitting six-day week, condemned favouritism, privilege, profiteering and corruption, released political prisoners, relaxed government control of the press, received opposition personalities and launched a national debate on how to solve Egypt's economic problems. A year later the exhaustive debate has given birth to a 5-year plan, but there is little sign of new policies and Mubarak is reduced to explaining that there are no magic solutions and calling for increased productivity. Indeed the familiar problems have got worse, as revenues from oil, remittances, and tourism have declined with the world recession, while the cost of subsidies on food and fuel mounts up with the inexorable growth of population. Although a programme of retrenchment in subsidies and in Egypt's bloated bureaucracy would always have involved some risk, Mubarak might have got away with it in the period up to the final Israeli withdrawal when people were braced for reform and unwilling to rock the boat. Having been dissuaded by cautious politicians mindful of the 1977 riots he has probably now missed the moment, and seems likely to settle for small and gradual steps that will make little impact on the basic problems. The economy will become increasingly dependent on foreign aid and investment, with the highest hopes pinned on a renewed inflow of Arab money, which has begun but seems unlikely to materialise on a decisive scale.


9. The government's more intelligent critics, like Mohamed Hassanein Heikal and others silenced by Sadat, recognise that economic miracles are impossible but argue that this makes it all the more important

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to promote social and political reform. People must be given a greater feeling of belonging to a democratic society that has their rather than individual and sectional interests at heart. Otherwise they, and in particular the youth, will be engulfed by the advancing tide of Islamic fundamentalism, which feeds upon the materialism and corruption of existing society and the glaring contrast between the wretchedness of their living conditions and the conspicuous affluence of a few. There is no doubt that the arrest and prosecution of Sadat's brother on corruption charges was Mubarak's most popular move in 1982, and a sustained campaign against corruption could do more than anything else to rally public support. Unfortunately the signs are that fear of skeletons in the cupboard will combine with bureaucratic resistance to frustrate him.

10. The political panacea of the critics, a return to multi-party democracy through fresh elections and the dissolution of the discredited NDP, while attractive in theory looks even less likely to be realised. Mubarak would have to overcome the combined resistance of the military, the security services, and the party hacks, who would see it as an invitation to anarchy, and he has shown no disposition as yet to impose his will on them. He deserves credit for candour, tolerance, perseverance, for setting his face against change for the sake of change, and for such limited ministerial changes as he has made. But the impression is growing that Mubarak has no sense of direction, and is being led along by others like the Defence Minister Abu Ghazala and the colourless Prime Minister Fuad Mohieddin, acting from more personal motives - respectively ambition and self-preservation. Such is the long-suffering nature of the Egyptian people that the pattern of drift could continue for a year or two yet, but unless Mubarak can find some way of inspiring and mobilising the


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nation's energies as both his predecessors did I fear that sooner or later he may be pushed aside by a more masterful and dynamic rival. Whether this came about as a reaction to an internal upheaval or to pre-empt one, it would be a change of management rather than a revolution. But a successor bent on economic and social reform would probably need to offset its harsher effects at home with an assertion of Egyptian national interests abroad. It seems unlikely that these interests would continue to be so closely identified with those of the West, and the United States in particular, as they are now.

11. This is the sort of prediction one is tempted to make when writing one's fourth annual review from the same post and looking for something original to say. I may well have to find variations on the same theme for the fifth and the sixth, and we may still be muddling along with Mubarak. But there is something of the sleeping giant about Egypt, as its conquerors and antagonists have found over the millenia, and as the visitor to the chaotic megalopolis of Cairo senses today. It can be a powerful force for disruption as well as stability, and in recent years at least British policy has seen a national interest - both political and commercial - in encouraging the latter. But we are too prone to cool off when the going begins to look rough, rather than, say, to treat disenchantment with America as an opportunity for Europe. Last year French exports to Egypt were more than 50% up on 1981, nearly double the prospective British figure - largely because we cannot match the financing packages that all our competitors offer, and ECGD are again talking about restricting cover. President Mitterand crowned an annus mirabilis for France in Egypt with a triumphal visit in late November, whereas British visits were sharply down from the peak reached in 1981.

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This is no doubt an irritating point to make, given Britain's other preoccupations in 1982. But it remains I submit a striking anomaly that no British head of state or government has ever visited Egypt, except for Winston Churchill during the war. We shall have to do something to redress the balance, in material as well as political terms, if we wish to be taken seriously.

11. I am sending copies of this despatch to Her Majesty's Representatives at Abu Dhabi, Algiers, Amman, Baghdad, Beirut, Damascus, Jedda, Khartoum, Kuwait, Muscat, Rabat, Tehran, Tel Aviv, Tripoli, Tunis, Washington and UKMis New York.

I am Sir
Yours faithfully

(M S Weir)

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TO IMMEDIATE FCO

TELNO 43 OF 28 JANUARY

SAVING AMMAN, BAGHDAD, BEIRUT, DAMASCUS, JEDDA, KHARTOUM, TEL AVIV, TRIPOLI, TUNIS, PARIS, UKMIS NEW YORK, WASHINGTON.

MUBARAK'S VISIT TO BRITAIN : 2-3 FEBRUARY.
SUMMARY.

1. IN 15 MONTHS PRESIDENT MUBARAK HAS CONSOLIDATED HIS POSITION AT HOME AND ABROAD. BUT PEOPLE ARE BECOMING RESTIVE AT HIS FAILURE TO DEAL DECISIVELY WITH EGYPT'S ECONOMIC PROBLEMS, AS WELL AS AT EGYPT'S UNCHANGED ISOLATION WHILE THE REAGAN INITIATIVE MARKS TIME. MUBARAK DEPENDS ON THE US AND THE WEST FOR POLITICAL AND ECONOMIC SUPPORT. BRITISH INTERESTS LIE IN DEMONSTRATING OUR SUPPORT, MAINLY BY PRESSING FOR EARLY PROGRESS ON LEBANON, PEACE NEGOTIATIONS AND ISRAELI SETTLEMENTS. WE ALSO NEED TO PROMOTE OUR COMMERCIAL INTERESTS.

DETAIL.

AGENDA IN LONDON.

2. THE FOREIGN MINISTER WHOM I SAW ON 25 JANUARY EXPECTS THAT PRESIDENT MUBARAK WILL WISH TO COVER SOME OR ALL OF THE FOLLOWING SUBJECTS IN HIS TALKS WITH THE PRIME MINISTER.

(I) THE REAGAN INITIATIVE AND THE SITUATION IN LEBANON. MUBARAK'S ASSESSMENT, AFTER HIS TALKS IN WASHINGTON, OF THE CHANCES OF PROGRESS THIS SIDE OF THE US PRESIDENTIAL ELECTION. HIS VIEW OF THE EUROPEAN ROLE.

(II) THE IRAN/IRAQ WAR.

(III) AFRICAN QUESTIONS (THE SUDAN AND THE HORN, AND THE OAU) AND EGYPT'S ROLE AMONG THE NON-ALIGNED.

HE ALSO HOPES TO HEAR THE PRIME MINISTER'S VIEWS ON:

(IV) THE PROBLEM OVER THE ARAB LEAGUE DELEGATION VISIT TO LONDON AND OUR MOVES TO RESOLVE IT.

(V) US/EUROPE, EAST/WEST RELATIONS, AND THE NEW SOVIET REGIME.

3. MUBARAK IS UNLIKELY TO RAISE ANY PURELY BILATERAL ISSUES. WE SHOULD NEVERTHELESS REGISTER OUR DEFENCE AND COMMERCIAL INTERESTS ESPECIALLY SINCE WE MAY NOT HAVE MUCH NEW TO SAY ABOUT ARAB/ISRAEL. THE MOST IMPORTANT ARE:

(A) DEFENCE SALES. WE HAVE A GOOD CHANCE OF CONTRACTS WORTH ABOUT £300 MILLION FOR SHIPS AND OTHER EQUIPMENT. DETAILS ARE CONTAINED IN MY TELNO ACA/ZMC/ZMD/286 OF 21 JANUARY TO THE MOD.

(B) OUR COMMITMENTS IN AID (£50 MILLION) AND EXPORT CREDITS (£100 MILLION) TO THE CAIRO WASTEWATER SCHEME. THE FIRST CONTRACTS SHOULD BE LET THIS YEAR.

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(C) WILLIAM PRESS'S LEADING ROLE IN THE NATURAL GAS DISTRIBUTION PROJECT.

(D) THE INTEREST OF SEVERAL BRITISH COMPANIES IN FURTHER JOINT VENTURES IN EGYPT IF BUREAUCRATIC OBSTACLES CAN BE OVERCOME.

MUBARAK'S POSITION.

4. AFTER 15 MONTHS IN OFFICE MUBARAK'S MOST DISTINCTIVE ACHIEVEMENT REMAINS THE PROFOUND CHANGE HE HAS BROUGHT IN THE STYLE OF THE PRESIDENCY, AND THUS IN THE POLITICAL ATMOSPHERE OF THE COUNTRY. HIS APPROACH TO GOVERNMENT IS PRAGMATIC AND, ABOVE ALL, CAUTIOUS. THE NEW STYLE HAS ITS ADVANTAGES: HIS SPEECHES ARE SHORTER AND FEWER THAN SADAT'S AND FREE OF RHETORIC AND VAIN PROMISES. HE CONSULTS WIDELY AND REGULARLY, AND HIS PERSONAL INTEGRITY IS UNQUESTIONABLE.

5. BUT WHAT WAS AT FIRST AN ASSET MAY HAVE BECOME A LIABILITY. THERE IS NO SIGN THAT HE HAS COMMUNICATED HIS OWN WORK ETHIC TO HIS FELLOW COUNTRYMEN. HE APPEARS TO HAVE ABANDONED ANY SERIOUS ATTEMPT TO PROMOTE ECONOMIC REFORM OR TO REDUCE EGYPT'S SUFFOCATING BUREAUCRACY. HIS MINISTERIAL APPOINTMENTS HAVE BEEN UNINSPIRING, SOMETIMES DISMAL. THE CAMPAIGN AGAINST CORRUPTION, PARTICULARLY THE PROSECUTION OF SADAT'S BROTHER, HAS WON WIDESPREAD APPROVAL, BUT HAS DONE LITTLE TO DISPEL THE SUSPICION THAT THE REALLY BIG FISH ARE SWIMMING FREE.

FOREIGN POLICY

6. MUBARAK'S CHIEF OBJECTIVE IN FOREIGN POLICY IS REAL PROGRESS IN WIDENING THE PEACE PROCESS BECAUSE:

(A) IN THE ABSENCE OF ACTIVE NEGOTIATIONS TOWARDS A COMPREHENSIVE SETTLEMENT THE SEPARATE PEACE TREATY WILL ALWAYS BE VULNERABLE TO ATTACK. SO WILL THE EGYPTIAN LEADERSHIP.

(B) THE ISRAELI INVASION OF LEBANON, WHICH MOST EGYPTIAN BELIEVE HAD TACIT US APPROVAL, GENERATED STRONG ANTI-AMERICAN FEELING AND SEVERE PRESSURE FOR A COMPLETE BREAK WITH ISRAEL, TO THE ACUTE EMBARRASSMENT OF THE REGIME.

(C) MUBARAK WOULD LIKE A RAPPROCHEMENT WITH THE MODERATE ARABS. THE LATTER ARE UNLIKELY TO RESTORE FORMAL RELATIONS WITH EGYPT WITHOUT EITHER A PRICE IN TERMS OF EGYPTIAN/ISRAELI RELATIONS (SUCH AS EXPELLING THE ISRAELI AMBASSADOR OR RENOUNCING CAMP DAVID, BOTH OF WHICH ARE UNACCEPTABLE TO MUBARAK) OR PROGRESS TOWARDS A WIDER PEACE.

7. MUBARAK BELIEVES THAT ONLY THE REAGAN PLAN HAS ANY CHANCE OF SUCCESS, SINCE IT IS BASED ON CAMP DAVID, STILL THE ONLY PEACE AGREEMENT TO WHICH THE ISRAELIS ARE COMMITTED. HE IS WORRIED THAT IT WILL BE BLOCKED BY ISRAELI (AND SYRIAN) PROCRASTINATION IN THE LEBANON WITHDRAWAL TALKS. HE HAS THEREFORE BEEN URGING THE AMERICANS TO INSIST ON AN EARLY START TO WITHDRAWAL, AND DECLARED

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THAT MEANWHILE EGYPT WILL NOT RESUME PEACE NEGOTIATIONS. BUT HE HAS ALSO DECLINED TO SUPPORT HADID'S ATTEMPTS TO MEET ISRAEL'S DEMANDS FOR A QUID PRO QUO FOR HER WITHDRAWAL. HE HAS CONSISTENTLY CALLED FOR MUTUAL AND SIMULTANEOUS RECOGNITION BETWEEN THE PLO AND ISRAEL, FOR A US/PLO DIALOGUE AND (GOING BEYOND CAMP DAVID) FOR US RECOGNITION OF THE PALESTINIANS' RIGHT TO SELF-DETERMINATION. RECENTLY, HOWEVER, MUBARAK HAS ILUNTLY URGED THE PLO (WITH WHOM HE IS IN CLOSE TOUCH) TO RECOGNISE ISREAL UNILATERALLY: "IF YOU HAVE ONLY ONE CARD, PLAY IT BEFORE IT LOSES ITS VALUE". HIS ADVISERS FIND THIS SHIFT AS INCOMPREHENSIBLE AS PDO THE REST OF US.

8. MUBARAK HAS SOUGHT TO DISGUISE EGYPT'S EMBARRASSMENT ON THE ARAB/ISRAEL FRONT BY ACTIVITY IN OTHER AREAS. FRANCE HAS EMERGED AS A MAJOR PARTNER IN THIS, PROVIDING NOT ONLY THE FRANCO-EGYPTIAN "INITIATIVE" BUT ALSO ALPHAJET, A METRO FOR CAIRO, NUCLEAR POWER STATIONS, SURPLUS FOOD SUPPLIES (ALL ON GENEROUS TERMS) AND FREQUENT MINISTERIAL VISITORS. HE HAS RESPONDED WITH REPEATED STOPOVERS IN PARIS (THE FIRST AND LAST PORT OF CALL ON HIS PRESENT JOURNEY) AND WITH HIS LAVISH RECEPTION OF MITTERRAND FOR A STATE VISIT LAST NOVEMBER. OTHER INTERLOCUTORS AND AID-GIVERS, SUCH AS THE FRG, JAPAN, AND OURSELVES ARE VALUED IN PROPORTION TO THEIR CONTRIBUTION AND ATTENTIONS. MUBARAK IS ALSO SEEKING TO RESTORE EGYPT'S STANDING IN THE OAU AND AMONG THE NEUTRAL AND NON-ALIGNED, VISITING INDIA, ROMANIA AND YUGOSLAVIA, AND THERE IS INCREASING (P) (59. OF RESUMING AMBASSADOR-LEVEL RELATIONS WITH THE SOVIET UNION (SADAT EXPELLED THE SOVIET AMBASSADOR IN SEPT 1981). A MAJOR MOTIVE IN ALL THIS, PARTLY IN RESPONSE TO POPULAR FEELING, IS TO DILUTE THE ALMOST TOTAL IDENTIFICATION OF EGYPTIAN WITH US INTERESTS THAT MUBARAK INHERITED FROM SADAT. BUT HE HAS TO PROCEED CAUTIOUSLY AS CONGRESS APPEARS SENSITIVE TO EVEN UNEXCEPTIONABLE MOVES.

INTERNAL/ECONOMIC.

9. MUBARAK STILL DEFINES HIS DOMESTIC PRIORITIES AS INTERNAL SECURITY AND THE ECONOMY. ON THE FORMER, BY A SHREWD COMBINATION OF CARROT AND STICK, THE REGIME HAS SUCCEEDED IN CONTAINING THE SPREAD OF ISLAMIC FUNDAMENTALISM ON THE UNIVERSITY CAMPUSES. BUT, WITHOUT PROGRESS IN OFFERING EGYPT'S YOUTH (ABOUT HALF THE POPULATION IS UNDER 16) A BETTER MATERIAL FUTURE THE ROPITE CAN ONLY BE TEMPORARY. NO-ONE NOW DISCOUNTS THE POSSIBILITY OF AN ISOLATED ACT OF VIOLENCE OR A RESURGENCE OF RADICAL ISLAM IN OTHER FORMS OR AREAS.

10 THE ECONOMIC OUTLOOK IS EQUALLY CLOUDY. THE ECONOMY CONTINUES TO EXPAND AT AROUND 8 PERCENT P.A., BUT THE BALANCE OF PAYMENTS HAS BEEN HIT BY A DECLINE IN THE COUNTRY'S FOUR MAIN SOURCES OF FOREIGN EXCHANGE - OIL, REMITTANCES FROM OVERSEAS WORKERS, THE SUEZ CANAL AND TOURISM. MEANWHILE POPULATION GROWTH, AT 2.5 PERCENT P.A., IS STEADILY FORCING UP EGYPT'S HUGE EXPENDITURE ON

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FOOD IMPORTS AND CONSUMER SUBSIDIES. YET, GIVEN THE SIZE AND SOPHISTICATION OF THE MARKET, EGYPT REMAINS A GOOD PROSPECT FOR BRITISH INVESTORS AND EXPORTERS, PROVIDED OUR PRICES AND CREDIT TERMS ARE RIGHT.

BRITISH INTERESTS.

11. IT IS IN OUR INTEREST:

(A) THAT EGYPT SHOULD REMAIN A FRIEND OF THE WEST AND A FORCE FOR MODERATION IN THE MIDDLE EAST AND IN THE THIRD WORLD. MUBARAK'S PERSONAL COMMITMENT TO THE PEACE TREATY IS NOT IN DOUBT BUT HE BADLY NEEDS TO SHOW THAT HIS TIES WITH THE WEST ARE PRODUCING MOVEMENT TOWARDS A COMPREHENSIVE SETTLEMENT,

(B) TO PRESS UPON THE UNITED STATES THE URGENCY, FOR ALL THE MODERATE ARABS, OF PROGRESS ON WITHDRAWAL FROM LEBANON AND ON THE REAGAN PLAN,

(C) TO MAINTAIN OUR SHARE OF THE LARGE AND EXPANDING EGYPTIAN MARKET BY OFFERING AID AND CREDIT ON COMPETITIVE TERMS.

FCO PSE PASS RELEVANT SAVING ADDRESSEES.

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ARAB/ISRAEL DISPUTE

MR. EGERTON
MR. THOMAS
MR. HAYES

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MUBARAK, MUHAMMAD HUSNI (SAID)

President of the Republic (14 October 1981).

Born 1928, in Menoufia Governorate. Military Academy 1949. Air Academy 1950. Trained as a fighter pilot. Between 1959 and 1961 spent two periods in the Soviet Union on navigation and instructor courses. Associated with Tupolev TU-16 light bombers since their first delivery to Egypt in late 1961. In 1962 commanded TU16's operating over North Yemen. In 1964 he visited Russia twice, to attend a staff course and to study the naval version of the TU16. In January 1966 appointed Commander of Cairo West Airbase, in 1967 Director of the Air Academy and in January 1969 Chief of Staff of the Air Force. Promoted Air Vice-Marshal in November 1969, and appointed Commander of the Air Force in April 1972. Promoted Air Marshal in February 1974, and appointed Vice President in April 1975. Played a prominent part in the creation of the National Democratic Party in 1978, later becoming its Secretary-General. The People's Assembly nominated Mubarak as Presidential candidate on 7 October 1981, a choice which was approved by 98.6% of the voters in a referendum on 13 October. He was inaugurated as President the following day. Mubarak visited the United States, Britain, Germany, France, Italy, (including the Holy See) and Austria in early 1982, as well as making a short trip to Oman.

Mubarak was regarded by his Air Force colleagues as a brave and capable pilot and a model officer who owed his promotion to merit rather than connections. All remark on his efficiency and moral integrity. Following the expulsion of the Soviet advisers in July 1972, he was thought to be one of the few top Egyptian officers still acceptable to the Russians. He was employed by Sadat in a military fence-mending exercise at the end of that year, visiting Moscow with Prime Minister Sidqi and leading a military delegation. Despite (or because of) the absence of Soviet advisers his Air Force performed satisfactorily in the secondary role allocated (realistically) to it in the war of October 1973, which he helped plan with President Sadat. He proved an efficient and impressive Air Force Commander.

His sudden elevation to the Vice-Presidency in April 1975 came as a considerable surprise, although with his disciplined military approach and administrative efficiency, he quickly made the job his own. In addition to his work with the NDP, Mubarak undertook much of the supervision of the daily business of Government. He maintained his interest in military and intelligence matters - Mubarak seems to have been personally involved in several major procurement decisions - and, for much of the time, oversaw the running of the Presidency. In this connection, there were rumours (published in the 'Jerusalem Post' in January 1981) of Mubarak seeking to introduce his own supporters into positions of influence, and of his having clashed with Mrs Sadat, Mansur Hassan (qv) and Osman Ahmad Osman (qv) in the process. Whatever the truth of such stories, Mubarak remained until the end Sadat's loyal, but unobtrusive, assistant whom the President came frequently to entrust with important missions to the United States and Europe.

Sadat certainly regarded Mubarak as his natural successor, and hinted (for example, to Mr Callaghan in April 1981) that he was in any case contemplating an early transfer of power to his Vice-President. Although Mubarak expressed reluctance to assume the Presidency when it was thrust upon him, he has displayed the same quiet, but cheerfully confident, competence seen in his earlier career. At the time of writing, the changes have been mainly of style, not substance. Gone are the uniforms, rest-houses and flamboyant speeches associated with Sadat. Mubarak keeps a much lower profile, only rarely addressing the nation on television and then for not more than half an hour from a script prepared in classical Arabic by his able Chef de Cabinet Osama al Baz (qv).

/No

No longer is the President front page news every day. Instead a photograph of him meeting a Minister or an Opposition figure may appear on an inside page, or not at all. Unlike Sadat, Mubarak has made a point of consulting a wide range of informed opinion – academics, and Opposition figures of all shades – with a view to creating a national consensus on which to base his policies.

So far, however, Mubarak has shown no sign of facing up to the tough decisions needed to deal with the mounting problems of the Egyptian economy, the solution of which he has identified as his main priority. It is in the economic field that a continued absence of new policies will be most sorely felt, and there that Mubarak's qualities of leadership will be most severely tested. He will not find it easy to satisfy an expectant and increasingly impatient public.

Although no intellectual, since becoming President, Mubarak has shown a clear grasp of issues and gives the impression of a man who makes up his own mind. His modesty manifests itself in his dislike of extravagance and ostentation. Always affable and usually smiling, he is not yet at ease on public occasions and tends to turn journalists' awkward questions aside with a joke. Mubarak speaks Russian and English, his command of the latter growing with his confidence. He rises early, puts in long hours at the office, and plays squash regularly.

Suzanne Mubarak, whom the President married when she was 17, is the daughter of an Egyptian doctor, who died in 1981, and the former Lilian Palmer, a nurse from Pontypridd, who lived in Cardiff until her death in about 1979. Mrs Mubarak, an attractive, lively and intelligent woman, studied sociology at the American University in Cairo in 1972-76, and supports a project for deprived children in the poor suburb of Bulaq. Since her husband became President, she has continued her charitable work and other public activities, but with a minimum of publicity, in marked contrast to Mrs Sadat. The Mubaraks have two sons, (born 1960 and 1962), both of whom are studying economics at the American University in Cairo. Mrs Mubarak's brother, Brigadier Munir Sabit, is head of the Egyptian procurement mission in Washington. There have been allegations in the American press that he was involved in corruptly supplying arms to the PLO.

ALI, KAMAL HASSAN

Deputy Prime Minister and Minister of Foreign Affairs (May 1980).

Born 18 September 1921. Studied at Military Academy 1942 and then at tank school in the UK 1948-49. He also took courses in USSR 1958-59. Served in the wars of 1948 and 1967. Wounded in action in 1948, 1965 and 1967. Operational commander of the Armoured Forces in the Yemen 1963-65. Chief of Staff of Armoured Forces and then Commander of Armoured Forces 1971-75. Assistant to Minister of War May-July 1975, then head of General Intelligence 1975-78. As Minister of Defence in 1978 and 1979 played a prominent role in negotiations with the Israelis over the treaty and withdrawal arrangements. He was promoted general in May 1979.

Small and cuboid, Ali resembles the tanks he used to command. He had the reputation of being a good armoured commander and is well liked in the services. But he was not considered to have had a firm grip on the General Intelligence Service. As Defence Minister, the high proportion of his time spent on negotiations with the Israelis and Americans reduced his effectiveness, and led to criticism that he was too political and spent too little time on service matters.

As Foreign Minister he has continued to concentrate on relations with Israel and the US, and the Middle East in general. He has left Third World and Non-Aligned work to his able Minister of State, Boutros Ghali. He is said to dislike the Russians intensely. Ali has been conscientious in mastering his briefs, and has gradually earned the respect and affection of many of his staff in the MFA, although he has mounted an economy campaign with the Diplomatic Service. He clearly enjoys the new President's confidence, and has been mooted as a possible Vice President.

Ali has been plagued by health problems in recent years, including a form of muscular dystrophy, and has visited Switzerland, the US and elsewhere for treatment.

Visited Britain with Mubarak in February 1982. Speaks good English and believed also to speak Russian. Has four brothers, a general, a gynaecologist, a civil engineer and an educationalist. His wife, who suffers from heart trouble, speaks very little English. He has two grown-up children, one a son with mental problems.

BOUTROS GHALI, DR BOUTROS (YUSSEF)

Minister of State for Foreign Affairs (1978).

Born about 1920 from a prominent Coptic family (his grandfather was the Prime Minister assassinated in 1910). Studied law at the Sorbonne and later political philosophy in the United States. Appointed Professor of International Law at Cairo University and edited the economic weekly "Al Ahram Al Iqtisadi". For a long period held a post with the Secretariat of the ASU Central Committee and edited Al Ahram's International Affairs quarterly. Visiting Professor in 1968 at the Sorbonne. Head of Al Ahram's Strategic Studies Centre in 1976. In the Ministerial reshuffle in October 1977 Ghali was appointed a Minister of State without portfolio. It was thought that he was being appointed as one of the "token Copts" in the Council of Ministers. However, on the resignation of Ismail Fahmi (qv) and Muhammad Riad (qv) in November 1977 he was appointed Minister of State for Foreign Affairs and for a month was acting Foreign Minister, accompanying President Sadat to Jerusalem. On the resignation of Muhammad Ibrahim Kamil in September 1978 he again became Acting Foreign Minister and was No 2 in the Egyptian delegation to the Washington talks. Like Kamal Hassan Ali he somewhat blotted his copy book by accepting ad referendum a treaty with which the President later found fault. Appointed Minister of State for Foreign Affairs in October 1978 when the Prime Minister, Mustafa Khalil (qv), took the Foreign Affairs portfolio. Remained in his position when Kamal Hassan Ali was appointed Minister. They appear to work well as a team.

He is sensitive, intelligent and intellectual, with a sophisticated sense of humour. His religion probably prevented him from being appointed substantive Foreign Minister, but since 1978 he has been a good advocate for Egyptian policy at home and in numerous international forums. He is a particular expert on African affairs. He bore the brunt of the "rejectionist" attack on Egypt since the peace treaty with eloquent resilience, notably at the OAU Summit in Monrovia and the Non-Aligned Meetings in Havana. He paid a successful visit to Britain in Spring 1981 as the guest of HMG, speaking at Chatham House and in Oxford.

Ghali speaks good English and German, but is more at home in French. First married to a Romanian, but soon divorced. Married for many years to an Alexandrian Jewess (grand-daughter of the Chief Rabbi of that city) of considerable charm and intelligence. She speaks better French than English, and takes her duties as the Minister's wife very conscientiously. No children.

AL BAZ, DR OSAMA (SAYYID)

President's Chef de Cabinet for Political Affairs (October 1981) and First Under Secretary, Ministry of Foreign Affairs (December 1977).

Born 1937. Trained as a lawyer. After Cairo University, spent a brief spell in the Egyptian Foreign Service before seven years leave of absence studying in the US. Obtained a PhD at Harvard Law School where he became President of the 28,000 strong Pan-Arab Student Movement. Has never served in an Egyptian mission overseas. Nevertheless sometime before 1970 he was appointed as a Counsellor to be the senior instructor in the MFA's training institute. He also worked in the Arab Socialist Union's Youth Secretariat following the dismissal of the left-wing supporters of Ali Sabri in May 1971. In late 1973 Ismail Fahmi (who had been appointed Minister of Foreign Affairs the previous October) brought him in as deputy head of his private office. Early in 1975 he was promoted Ambassador and replaced the previous Chef de Cabinet, Omar Sirri, on the latter's transfer. He accompanied President Sadat to Jerusalem. Fahmi's resignation in November 1977 did not harm to his meteoric rise. In December 1977 he was in quick succession appointed one of the three Egyptian delegates to the Cairo Conference called by President Sadat after his visit to Jerusalem, named Chef de Cabinet for Political Affairs to the Vice President and promoted within the MFA to First Under Secretary. In 1980 he was awarded, but did not collect, the Harold Weil Medal of the New York University School of Law for his "contributions to the Treaty of Peace".

He played a leading role in the peace negotiations during 1978, and impressed both the Americans and Israelis by his technical competence. At Camp David he was the member of the Egyptian delegation who assisted President Carter in drafting the agreements. His detractors argue that he should have used his position to dissuade President Sadat from accepting the two agreements without more substantial 'linkage' between them.

Al Baz has continued to play a major role in all Arab/Israel issues since Camp David, leading official level talks on autonomy and withdrawal. He accompanied Mubarak to Britain in September 1980, and dazzled a Wilton Park conference that year with his exposition on Egypt/Israel relations. Always close to Mubarak, his influence has increased since the latter assumed the Presidency. Al Baz appears not only to draft the President's speeches, but also to advise across the whole range of domestic and foreign policy. Al Baz was with the President on his visit to Britain, the US and five other countries in late January-early February 1982.

An interesting personality, whom one cannot quite see as a Minister, though there has been conjecture about this. Unimpressive in appearance, he has an extremely sharp and questioning mind, some charm and a good sense of humour. But he can also be aggressive and insensitive. He enjoys argument for its own sake and seems to have no very deep political commitments. His rise has earned him some animosity in the MFA and there is friction between him and Boutros Ghali. His brother Faruq is a leading scientist and has been a senior official with the American NASA (naming three craters on the moon).

His wife, Hama, who was one of his pupils at the Diplomatic Institute and then did post graduate work at Oxford, is a member of the Egyptian Foreign Service presently serving in London. They have one son. He speaks impeccable, if heavily American, English.

ABU SEEDA, HASSAN ALI HASSAN

Egyptian Ambassador in London (December 1979).

Born about 1930. Commanded Artillery Brigade in the October War. Later commanded the Second Infantry Division. In 1978 was appointed Director of Military Operations for the Western Military District, where he ran the last mini-war against Libya.

His appointment as Egyptian Ambassador to London in December 1979 was a surprise. He had the reputation of being one of the ablest and most popular officers, and was reluctant to leave the forces and Egypt for a diplomatic career. But there had evidently been some clash with the senior military establishment, probably with General Badawi, who felt that there was no room for such an ambitious man in the Army. In London he has been energetic but somewhat gauche. His military ways have raised eye-brows inside and outside the Egyptian Diplomatic Service. There have been frequent rumours that he would be replaced and even brought back to Cairo as Vice President. He is known to be ill at ease with the forms of diplomatic work, to pursue individual whims and to drive his staff hard. He gives his rank as Lieutenant General, although the military assure us that he left the Army as a Major General.

Abu Seeda, who is from a family influential in the Delta, married for the first time in 1973. His wife, a successful TV personality with a line in revealing interviews, has two children by her first marriage and now a third by Abu Seeda.

DINNER IN HONOUR OF PRESIDENT MUBARAK OF EGYPT: 2 FEBRUARY.
TOAST

Welcome President and Mrs Mubarak, General Kamal Hassan Ali, Dr Boutros Ghali, other distinguished members of the President's party.

Good to see the President and Mrs Mubarak in Britain again. Almost a year to the day since we last saw him; hope we will sustain pattern of annual meetings, most important that we should keep in touch.

Know that the last year has been a very busy and difficult one for you and your country. Recession has affected Egypt's traditional sources of income; the Suez Canal, tourism, workers remittances. We have followed with interest the development of your new domestic policies, many of which affect us through our trading and other links with Egypt. You have been quick to identify priorities for domestic development to cope with the problems produced by the increasing pressure, of a growing population, on your country's infrastructure. We have been pleased to be able to help. Our own aid programme is concentrated in the ambitious Cairo Waste Water Scheme and more British firms than any others are involved in joint venture projects many of them in the development sphere.

The discovery of oil in Egypt has made an important contribution to your balance of payments. British Petroleum are heavily involved

in Egypt's oil industry. Oil sales to Britain have given Egypt a trading surplus. We hope that you will give British firms an opportunity in the next year to at least bring our trade back into balance. We know the problems but, as we have discussed in our talks, there are ways in which we can help make it easier for you to buy British, both in the Civilian and military fields.

Relations between Egypt and Britain are excellent; one of the reasons why we are so pleased to see you now is to repay the superb hospitality your government have extended to members of HMG over the past year.

Egypt was one of the first countries Mr Pym visited. General Kamal Hassan Ali came to London last June. Glad also that your Minister of Culture was able to come to London last year for the opening by Princess Alexandra of an exhibition to mark the Centenary of the Egypt Exploration Society, an organisation which reflects the fascination Egypt and its antiquities have for the British people.

Above all, Egypt represents to people in Britain a country prepared to take risks for peace, while preserving her honour and her principles. The peace treaty between Egypt and Israel was a remarkable triumph. We recognise that the treaty and the recovery of Egyptian territory were not achieved without a cost and will need hard work to sustain in the face of all the problems that beset the Middle East. But you, Sir, have made it unmistakably clear that the peace remains a foremost priority

/for

for Egyptian policy.

You have also demonstrated that the Egyptian Government will exert every effort to ensure that the peace between Israelis and Arabs is widened. Here too I am encouraged that British and Egyptian views are very close, as our talks clearly showed. We share your apprehensions that unless there is progress towards a comprehensive settlement, any partial peace will in the long term be threatened. We agree with you that it is essential to involve the Palestinian people themselves in negotiations, because it is their future which is at stake and they must play the leading part in determining it. We, like you, call for recognition from each side that the other has legitimate rights which must be respected if peace is to have any hope. And I am sure you share our deep disappointment that some of the parties concerned have shown great reluctance to explore the various ideas that have been put forward, in particular the Fez and Reagan proposals. It is encouraging to hear that your recent talks in Washington revealed the continuing determination of President Reagan to pursue his initiative.

While I take comfort from the similarity of our views on those issues, I know that we both feel that there is a desperate need for a new impetus towards peace, both in the Lebanon negotiations and on the wider question of the future of the Palestinians. Much as we wish for it, neither of us can bring it about on our own. What I can assure you

is that Britain will remain active in the search for a way forward, and we shall want to work very closely with you in the process.

Your visit to Britain on this occasion has been all too short. You have a full schedule and I know that you have pressing business at home. I hope that it will not be too long before you and Mrs Mubarak can visit us again.

TOAST: Your Excellency The President of the Arab Republic of Egypt, and Mrs Mubarak [pronounced Moobarrack, with accent on the bar].

VISIT OF HIS EXCELLENCY THE PRESIDENT OF THE ARAB REPUBLIC OF
EGYPT AND MRS MUBARAK 2-3 FEBRUARY 1983

ADMINISTRATIVE ARRANGEMENTS

(to be read in conjunction with the programme)

ARRIVAL

2 February

- 0920 Sir Michael Weir will arrive at the Special Waiting Room, Heathrow Southside
- 0925 HE Mr Abou-Seéda and Mrs Abou-Seéda will arrive at the Special Waiting Room
- 0930 HE Mr Sayed Nasr El-Din Mustafa and Madame Mustafa will arrive at the Special Waiting Room
- 0940 The Secretary of State for Foreign and Commonwealth Affairs The Rt Hon Francis Pym will arrive at the Special Waiting Room
- 0945 The Lord in Waiting to Her Majesty The Queen The Lord Lucas of Chilworth will arrive at the Special Waiting Room.
- 1000 The President and Mrs Mubarak will arrive by special flight from Washington at Heathrow Airport (Southside). Please see map attached at Annex 2. As soon as the aircraft has come to a standstill Mr R S Baxendale of the British Airports Authority will escort the Greeting Party to the bottom of the aircraft steps. When the aircraft doors open the official photographer and security guards will emerge first. The Ambassador of the Arab Republic of Egypt and Mrs Abou-Seéda will then board the aircraft and lead the President and Mrs Mubarak to the tarmac. The following will be at the aircraft steps in order:-
- The Lord in Waiting to Her Majesty The Queen -
The Lord Lucas of Chilworth
- The Rt Hon Francis Pym MP
Secretary of State for Foreign and Commonwealth Affairs
- Sir Michael Weir
British Ambassador to the Arab Republic of Egypt

The Sudanese Ambassador -
His Excellency Sayed Nasr El-Din Mustafa and
Madame Mustafa

Brigadier J A C Cowan -
Secretary Government Hospitality Fund

The Hon Diana Makgill -
Lady Ceremonial Officer

Group Captain Robert Thomson and
Wing Commander Tommy Cody -
Escort Officers, Government Hospitality Fund

The Lord in Waiting will greet the President and Mrs Mubarak on behalf of Her Majesty The Queen. The Secretary of State for Foreign and Commonwealth Affairs The Rt Hon Francis Pym MP will greet on behalf of Her Majesty's Government. The Lord in Waiting will take the President and his wife down the receiving line. The President will then be welcomed by the members of the Egyptian Embassy, members of the Egyptian Community and students. The party will then proceed through the ceremonial guard to the Special Waiting Room.

When the President is ready to depart for Claridges the Lord in Waiting will accompany the President and Mrs Mubarak to their cars.

Transport

Cars are provided for the official party throughout the visit as indicated at Annex 1.

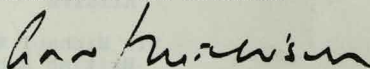
Talks at No 10 Downing Street 2nd February

The following will also be present:-

Dr Boutros Ghali:	Mr Pym
	Mr Hurd
Mr Ezz el Din Mokhtar	Sir J Leahy
	Sir M Weir
Ambassador Dr Osama Al Baz	Private Secretary
HE Hassan Abou-Seéda	
Private Secretary	

Dinner at No 10 Downing Street

Mrs Mubarak and all members of the Official Suite are invited.



Miss Anne Hutchison
Inward Visits Section
Protocol and Conference Department

CAR PLAN

LONDON HEATHROW AIRPORT TO CLARIDGE'S ON 2 FEBRUARY AND RETURN TO
HEATHROW 3 FEBRUARY

1st CONVOY

Rolls Royce (unmarked Flag Car)	His Excellency The President His Excellency Mr Abou-Seéda Special Branch Officer
Jaguar (Police)	
3. Egyptian Security Car	
4. Daimler	Mrs Mubarak Mrs Abou-Seéda The Hon Diana Makgill Special Branch Officer
5. Daimler	The President's sons
6. Egyptian Security Car	
7.	His Excellency General Kamal Hassan Ali Sir Michael Weir Group Captain Robert Thomson
8.	His Excellency Dr Boutros-Boutros Ghali
Rover (Police Vehicle)	Secretary of State The Rt Hon Francis Pym MP

2nd CONVOY

9.	His Excellency Dr Mohammed Atteya Wing Commander Tommy Cody
10.	His Excellency Mr Ezz El Din Mokhtar
11.	His Excellency Dr Osama Al Baz
12.	His Excellency Ambassador Said Hamza General Mahmoud El Masri
13.	Mr Gamal El Din Abdel Azziz Mr Abdel Wahab Zaki
Motor Cycle Escort Group CLARIDGE'S FOR FCO FOR TALKS	
8. Dept (1515 hours)	His Excellency Dr Boutros-Boutros Ghali Wing Commander Tommy Cody
7. Dept (1710 hours)	His Excellency General Kamal Hassan Ali Sir Michael Weir Wing Commander Tommy Cody /CLARIDGE'S

CLARIDGE'S TO 10 DOWNING STREET FOR TALKS ON 2 FEBRUARY

Rolls Royce

His Excellency The President
His Excellency Mr Abou-Seéda
Special Branch Officer

Jaguar (Police)

Egyptian Security Car

8. His Excellency Dr Boutros-Boutros Ghali
Group Captain Robert Thomson
Sir Michael Weir
9. His Excellency Dr Mohammed Atteya
10. His Excellency Mr Ezz El Din Mokhtar
11. His Excellency Dr Osama Al Baz
12. His Excellency Ambassador Said Hamza
General Mahmoud El Masri
13. A Private Secretary
Wing Commander Tommy Cody

CLARIDGE'S TO 10 DOWNING STREET FOR DINNER ON 2 FEBRUARY

4 Daimler

Mrs Mubarak
Mrs Abou-Seéda
The Hon Diana Makgill

13. A Private Secretary
Wing Commander Tommy Cody

Arrangements for the visit by President Hosny Mubarak of Egypt - arriving at 0900 hours on Wednesday 2 Feb 83 in a B707 aircraft - callsign Egypt 01 Reg. No. SUAXJ. The aircraft will remain overnight on the Stand for the departure at 1300 hours on Thursday 3 Feb 83. A C130 aircraft will be using Stand 329 in conjunction with the President's visit. There will be no Red Carpet and Carpet Lining Guard on the day of departure.

Red Carpet and the Royal Air Force Guard

Principal Greeters

Members of the Egyptian Embassy Community and Students

90

STAND 330

CLEARANCE LINE

STAND 329

Press Enclosure Barrier

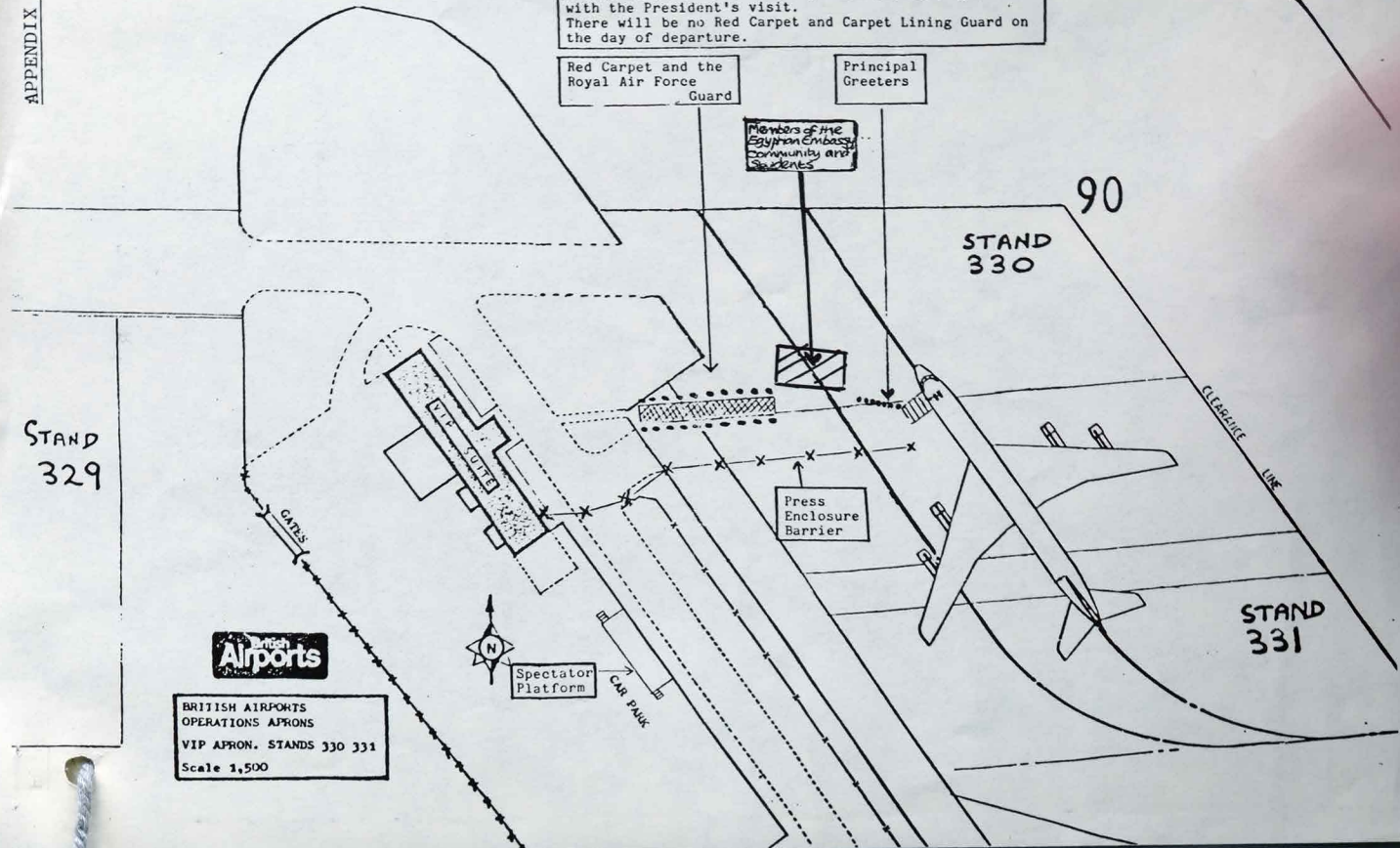
STAND 331

BRITISH AIRPORTS
OPERATIONS APRONS
VIP APRON, STANDS 330 331
Scale 1,500



Spectator Platform

CAR PARK



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PS/PUS (2)

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Heads of Mission Section (2)

Government Hospitality Fund

Brigadier J A C Cowan
Miss M Lawrence
Mr J Watt (2)

Ministry of Defence

Major B Cockcroft

Civil Service Medical Advisory Service

Dr Semmence