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Foreign and Commonwealth Office

London SW1A 2AH

12 March, 1985

Dear Charles,

President Mubarak

I enclose four sets of briefing for the Prime Minister's talks on 14 March with President Mubarak of Egypt, together with notes for a toast.

Yours ever,  
Peter Ricketts

(P F Ricketts)  
Private Secretary

C D Powell Esq  
10 Downing Street

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Foreign and Commonwealth Office

London SW1A 2AH

13 March 1985

~~Dear Mark,~~ Amended  
Sutt  
14/3

Briefing for President Mubarak's Visit

We have spotted two small points in the Prime Minister's brief for her talks with President Mubarak which need to be changed.

When the party return from Moscow, could you kindly make the amendments as follows:

Para 2(e), line 3 should read "... Ain Mousa power station or El Debaa ...";

in the Background, para 7, point 9, line 4 should read "... offer support to one of two major civil projects,...".

Yours ever,

Peter Ricketts

(P F Ricketts)  
Private Secretary

Mark Addison Esq  
10 Downing Street

United Kingdom and Commonwealth Office

153 MAR 1968





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Egypt was a flourishing civilisation while this country was still in the Iron Age. Anglo-Egyptian relations do not go back quite that far. But warm relations between Cairo and London were well established by the time of Saladin and King Richard the Lionheart. In the centuries since then history has often brought our countries and peoples together. Respect has deepened into friendship.

And there can be no more significant testimony to that friendship than the fact that Your Excellency and your distinguished predecessor both married ladies with strong family ties to this country.

Britain has long admired your glorious cultural heritage, and British archaeologists have had the honour to help unearth many of your treasures. It was no surprise when the Tutankhamun exhibition broke all records at the British Museum. But now I hear that Egypt is showing interest in our cultural heritage: and that one of London's most famous monuments, Harrods, may soon pass into Egyptian ownership.



PRIME MINISTER'S MEETING WITH PRESIDENT MUBARAK OF EGYPT: 14 MARCH 1985

Our Objectives

1. (a) to probe latest Egyptian thinking on the Hussein/Arafat initiative following Mubarak's visit to the United States and to offer our support;

(b) to discuss how to promote Israeli withdrawal from Lebanon and minimise bloodshed meanwhile;

(c) to seek Egyptian views on the Sudan;

(d) on bilateral topics to remind the Egyptians of our interest in solving outstanding claims cases and in developments in the case of Gill and Shiner;

(e) to overcome obstacles to sales of UK defence equipment to Egypt;

(f) to seek Egyptian intervention with the Iraqis over Smith and Hagger.

Arguments

2. (a) US role crucial in maintaining momentum of Middle East peace process. We commended Arab moderate initiative to Reagan, encouraged positive response. Egyptian assessment of US attitude?

(b) called in Security Council debate for early, complete and orderly Israeli withdrawal from Lebanon and respect for the rights of inhabitants meanwhile. No lasting progress possible in Lebanon unless communities agree to cooperate; UNIFIL can play valuable role in monitoring withdrawal and helping restore Lebanese government authority;



(c) difficulty of influencing Nimeiri whom Mubarak met on 14 February;

(d) bilateral relations excellent. Hope we can soon solve minor problems like outstanding claims cases (Forsyth and Egyptian Delta Light Railways); developments in the case of Gill and Shiner?

(e) the £300 million credit for defence equipment has been on offer for 3 years but nothing yet taken up. Would wish to offer credit support to Ain Mousa power station <sup>or</sup> and El Debaa but this would reduce credit available for defence sales;

(f) seek Egyptian intervention on humanitarian grounds with Iraqi authorities over cases of Smith and Hagger.

#### Tactical Arguments

3. Trade and Defence points might best be covered in separate calls on 15 March by Secretaries of State for Defence and Trade and Industry.

#### Egyptian objectives

4. (a) to urge Britain/the Ten to play a more active public role in search for Middle East peace settlement, specifically to influence the US to modify its policies;

(b) to enlist HMG's support for Egyptian bilateral policy towards Israel;

(c) to secure assistance in Taba dispute;

(d) to convey concern over Israeli "iron fist" policy in South Lebanon;



(e) to seek assurances that British aid and political support to Sudan are undiminished;

(f) to seek increased aid/mixed credit funding for projects, possibly including phase 2 of Cairo Wastewater project specifically;

(g) to obtain improved credit terms (lower consensus rate) on 100% government to government loan to cover defence purchases from the UK;

(h) to secure agreement to an early visit by the Prime Minister to Egypt;

(i) to remind us of Egyptian interest in collaboration against counter-terrorism;

(j) to secure support for appointment of Dr Boutros Ghali as UN High Commissioner for Refugees.

#### Our response

5. (a) have given public support to moderate moves; agree need to keep up momentum; importance of close coordination amongst moderates; doubt that all European partners could agree that major EC Declaration helpful at present;

(b) to express benevolent but concerned neutrality;

(c) have provided available documentation on Taba dispute; cannot help further. Britain neutral in dispute;

(d) share concern that Israel must respect international conventions. Situation in Lebanon should not be allowed to hinder progress on Arab/Israel;

(e) support for the legitimate government of the Sudan unchanged; intend to continue existing aid projects in Sudan but in



common with other donors will not provide new balance of payments support until economic recovery programme backed by IMF in place. This is in accordance with wider strategy of using balance of payments support to reinforce efforts to secure agreement to IMF devised recovery programmes: not applied only to Sudan. Hope Egypt will join us in urging Sudan to restore its relationship with the IMF; will continue to supply humanitarian aid as necessary;

(f) UK aid already significant; UK major donor to multilateral aid agencies active in Egypt; unlikely we can provide further capital aid for Cairo Wastewater;

(g) not HMG's policy to provide Government loans for civil or defence trade outside our agreed overseas aid programme. Banking system could help with 100% financing and a large element could benefit from credit subsidy;

(h) look forward to visiting Egypt as soon as diary permits;

(i) fully share Egyptian's wish to achieve closer collaboration: arrangements under consideration: our Embassy in Cairo will be channel;

(j) Dr Boutros Ghali has the required qualities. High personal regard for him. Will carefully consider his candidacy. Note that other candidates include an EC citizen to whom must also give due weight. If general support for Dr Boutros Ghali would certainly not object.

#### Press line

6. (a) Prime Minister and President noted with satisfaction excellent bilateral relations and Mrs Thatcher accepted the President's invitation to visit Egypt as soon as possible;

(b) main focus of discussion was Middle East in the light of President Mubarak's discussions in Washington. The Prime Minister





expressed support for the efforts of the moderate Arab states to promote a dialogue with Israel. Both sides expressed concern about the deteriorating situation in Southern Lebanon and agreed on the need for an early, orderly and complete withdrawal of all Israeli forces from Lebanon;

(c) they also discussed developments in Sudan. They agreed on the importance of stability in the Sudan and the need to help the Sudanese government cope with the serious problems arising from drought and the influx of refugees;

#### Background

7. 1. This is President Mubarak's third visit to Britain. The Prime Minister last met him in February 1983; the Egyptian Foreign Minister, Dr Abdel Meguid, called on the Prime Minister on 5 February.

2. Mubarak visited Paris en route to Washington (9-13 March).

3. Egypt and Israel are in dispute over Taba in Sinai. Look to UK for documentary support of their case. (Details in Annex III on Taba.)

4. Political and economic situation in Sudan chaotic. President Nimeiri's insensitive policies caused division between North and South and some dissatisfaction in North. Economy already stretched by heavy debt further damaged by haphazard introduction of Islamic measures now complicated further by refugee and drought problems. Egyptians are concerned at instability in the Sudan: fearing the possibility of a hostile regime controlling the Nile waters which are critical to them: concerned that HMG's policy towards Nimeiri is ambivalent. (Details in Annex II)

5. Long-standing claims cases Forsyth and Egyptian Delta Light Railways debenture holders still before Egyptian Courts. (Details in Annex I on Anglo-Egyptian relations.)



6. Gill and Shiner arrested in October and November respectively following attempt to assassinate former Libyan Prime Minister, Bakush. Still no charges. Shiner released on bail. (Details in Annex I on Anglo-Egyptian relations.)

7. Smith and Hagger imprisoned in Iraq on excessive sentence: Iraqi's wish to exchange for convicted Iraqi terrorist held in UK.

8. UK aid to Egypt significant (£11.85 million in 1983/84). Among larger non-Commonwealth programmes: lion's share to Cairo Wastewater. Small aid/trade provision line of credit agreed in 1983 (£50 million committed to projects). (Detail in Annex I on Anglo-Egyptian relations.)

9. £300 million ECGD backed line of credit for defence sales established in 1982: total amount of UK credit limited with the substantial portion reserved for civil business already committed: ECGD wishes to offer support to <sup>1 of</sup> 2 major civil projects, but would have to impinge on defence reservation. (Details in Annex I on Anglo Egyptian relations.)

10. PM's travel programme already full in 1985.

11. Dr Abdel Meguid raised counter-terrorism collaboration with the Prime Minister on 5 February. Contacts have taken place in Cairo on achieving a more systematic exchange of information.

12. Present High Commissioner for refugees, Poul Hartling due to retire in 1985. Current candidates for the job include Dr Boutros Ghali, Minister of State for Foreign Affairs of Egypt, Max van der Stoel, former Dutch Foreign Minister now Permanent Representative to the UN and 3 Nordics. Do not normally give support especially so far in advance. Egyptians have lobbied hard at all levels: are aware that we have some obligation to a community candidate.

PRIME MINISTER'S MEETING WITH PRESIDENT MUBARAK OF EGYPT: 14 MARCH 1985

ANNEX 1: ANGLO-EGYPTIAN RELATIONS

1. Relations are excellent but need deepening. The Egyptians value our support eg in contributing a small detachment to the Multinational Force and Observers (MFO) on the Israel/Egyptian border in Sinai. They are sometimes inclined to take our political support for granted. Our energetic response to their request in August 1984 for assistance in clearing the Gulf of Suez of suspected mines was warmly appreciated.
2. Our trade with Egypt is in surplus (exports £428 million - imports £165 million in 1984). UK investment is also significant (eg at least £500 million in oil exploration). Sufficient ECGD cover is available to meet most day-to-day business, but is tight for projects. UK share of OECD exports 6% in 1983 (6th largest after USA, FRG, France, Italy, Japan). Competitors offer large aid or soft credit facilities particularly for public sector contracts (eg \$208 million package for 1985 offered by FRG in February) and the Egyptians expect the same from us.
3. Although Egypt is not among the poorest countries and receives large amounts of aid from other donors (notably USA) British aid to Egypt is substantial (£11.85 million in 1983/84). The lion's share goes on the Cairo Waste Water project to improve the capital's sewage. We are providing £50 million ODA grant and £185 million ECGD-backed Samuel Montagu/Midland Bank credit for Phase I of sewerage scheme now under construction. Egyptians seek £246 million for construction of Phase II for which British construction industry is keen to secure contracts. Further capital aid from ODA not possible under current aid budget. Insufficient ECGD cover is available but the project is not likely to start for several years. USA may offer to aid, limiting construction to US supplies.
4. Defence relations are good although still not very extensive in view of very substantial US military assistance. Egypt is however



interested in increased military co-operation with the UK in particular in joint exercises and officer attachments. No UK loan service personnel in Egypt but some Egyptian personnel receive military training in the UK. Subsidies are available from UKMTAS (£150,000 in 1983) and the MOD policy fund. The Egyptians would like us to help with clearance of minefields from the Western Desert; we have given them specialist advice but wish to avoid being drawn into undertaking the task ourselves.

5. Prospects for Defence sales are good but results have been disappointing (approx £40 million in 1984) because of competition with US aided sales and French subsidies. Projects that have been discussed with Egypt are the supply of Minehunting vessels; midget Piranha submarines; sonar refit of Romeo class Chinese submarines. A £300m ECGD backed credit reservation was established in 1982 to cover a potential order for Ramadan fast patrol craft. In March 1983 it was agreed that the facility could be used to finance any of Egypt's defence purchases from the UK. To date Egypt has not taken up any of the credit. Terms offered depend on the type of equipment purchased. Generally we have offered 80% of contract value with repayment over 5 years from mean delivery at the current consensus rate of 9.8%. As a concession we have extended these credit terms to two large spares requirements. The Egyptians want the credit terms recorded in a Government-to-Government agreement and are seeking 100% credit. MOD are considering the possibility of a new defence sales MOU.

6. Credit to Egypt is limited. ECGD wish to consider offering support for two multi-million pound civil projects for power stations in Egypt, but cannot do so with existing overall limits without preempting part of the unused £300 million defence sales facility. In February 1985 we informed the Egyptians that some £150m of this facility would be made available to the Egyptian civil sector, unless significant progress in defence sales was made by April 1985. The revised ceiling of £150m should be sufficient to meet these Egyptian requirements which they can finalise within the next year (helicopter, radar spares and Royal Ordnance collaborative



projects). Large individual requirements eg ships, would have to be considered on an ad hoc basis.

#### Official visits

7. President Mubarak last visited in February 1983 accompanied by the then Foreign Minister, Kamal Hassan Ali (now Prime Minister). Sir Geoffrey Howe visited Egypt in January 1984. Mr Heseltine in October and Mr Raison in December. Field Marshal Abu Ghazala, Deputy Prime Minister and Minister of Defence in March 1984, Dr Boutros Ghali, Minister of State for Foreign Affairs, in June, and Dr Abdel Meguid, Minister of State for Foreign Affairs in February 1985 have all visited Britain as guests of Government.

#### Claims

8. British assets in Egypt were sequestrated in 1956 following Suez and again in 1961. Anglo/Egyptian agreements of 1959 and 1971 provided in certain cases for payment of compensation and in other for the return of sequestrated assets. There are still some intractable cases:

Mr D T W Forsyth: his action to regain possession of his villa (sequestrated in 1956 desequestrated in 1960) has been subject to many years delay. In October 1981, after 36 postponed hearings the Egyptian courts decided that Mr Forsyth was the legal owner. But he has yet to gain possession. A tenant had earlier been put in by the sequestrator and her counter-claim for ownership by virtue of prescription involved the use of forged documents and was rejected. There has been some progress on the further legal process to determine the rent payable to Mr Forsyth but Mr Forsyth contends that the Egyptian government is in breach of the 1959 agreement since the villa was not returned with vacant possession. FCO legal advisers do not support this. Mr Forsyth has been critical of both HMG and the Egyptian Governments. On 24 January his MP,



Sir Geoffrey Johnson-Smith, raised the matter in an adjournment debate.

Egyptian Delta Light Railways: the property and assets of the company were sequestered in 1953 and its concessions cancelled. In 1954 certain companies as debenture holders took action in the Egyptian courts to recover the capital and interest due on the debentures. In 1966 those companies were nationalised and the action suspended. Following this in 1967 the trustees of other debenture holders instituted proceedings on behalf of all. Judgement was given in favour of the Egyptian government in 1971 and has been confirmed in subsequent appeals. The case has since been taken before the Administrative Courts where it is still pending before the Higher Administrative Court.

9. Gill and Shiner (Detained in Egypt in connection with alleged plot to kill Mr Bakush, a Libyan exile)

Anthony Gill was detained on the night of 30/31 October 1984 and Godfrey Shiner on 17 November in connection with an alleged Libyan plot to assassinate Abdul Hamid Bakush, a former Libyan Prime Minister. Both detainees have business connections with Libya. No problems on Consular access and British interest is in ensuring that the men at the earliest possible time are charged or set free. The problem has been raised with the Egyptian Foreign Minister by Sir M Weir on 28 January, Sir Geoffrey Howe on 4 February and Sir Alan Urwick on 19 February. Sir Geoffrey Howe also raised the case with the Egyptian Ambassador on 4 March. Sir A Urwick was informed that investigations were continuing. Mr Shiner was released on bail on 23 February. Shiner throughout has protested his innocence. On 1 January he instructed his UK solicitor's to issue a writ against Gill for damages for loss of earnings and reimbursement of expenses. Mrs Shiner has visited Cairo twice and met Mr Renton on 17 December 1984.

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10. Officers from the Anti-Terrorist Squad, New Scotland Yard, interviewed Gill and Shiner in Cairo in December 1984. Their report is now with the Director of Public Prosecutions. It may be some weeks before a decision is reached on whether the men may be charged in the UK for another offence.

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PRIME MINISTER'S MEETING WITH PRESIDENT MUBARAK OF EGYPT: 14 MARCH 1985

ANNEX II: SUDAN

Internal

1. The situation in Southern Sudan, where President Nimeiri's policies during 1983 caused the relationship between the predominantly Arab Muslim North and the African non-muslim South to deteriorate, continues to cause concern. Southerners were upset by the rotation of Southern troops to the North in May, the division of the Southern region in June and most importantly by the introduction of Islamic law in September 1983. Nimeiri's Islamic policies are not entirely popular even in the North; a leading opposition figure and leader of the Ansar sect, Sadiq al Mahdi, imprisoned in September 1983 for criticising the introduction of Sharia law, was released only in December 1984. The aged and harmless leader of the moderate Islamic Republican brothers, Mohamed Taha, released at the same time, was re-arrested and executed in January 1985 for distributing anti-Sharia pamphlets: four others condemned with Taha were reprieved after recanting.

2. Security in the South remains poor. The Sudanese People's Liberation Army (SPLA) operating from Ethiopia has achieved a number of successes in 1984 and early 1985 against the demoralised and inefficient Sudanese army. The Government controls only a few urban centres in Upper Nile and Bahr el Ghazal and a current SPLA offensive in the Bor area and in Equatoria temporarily threatened the Government's control over hitherto peaceful Eastern Equatoria. But the rebel offensive faced tribal opposition and petered out.

3. As for many years, the Sudanese economy is in a parlous state, and has been hit still harder by drought. Attempts to introduce Islamic mechanisms into an already shaky system are further damaging efficiency and confidence. Rebel activities in the South have





halted major economic development projects including prospecting for oil. Sudan's necessarily long progress towards economic recovery has been interrupted following the collapse last summer of a new IMF standby arrangement and the build up of repayment arrears. In February 1985 President Nimeiri rejected a programme of repayments and reform agreed with the IMF by his Ministers. There are some signs however that the Sudanese are attempting economic reforms (eg devaluation of the S£) but it is too early to say whether these will satisfy the US enough to unblock suspended aid disbursement and reestablish them with the IMF. The drought is causing great concern, compounded by the serious, refugee problem caused by Eritreans and Tigreans fleeing drought and civil war in Ethiopia at the rate of approximately 3,000 a day.

4. Nimeiri has resisted arguments from his friends (US, Egypt, the Ten and Kenya) about the harm his policies are causing. Occasional signs of flexibility have so far been deceptive. Islamisation has continued, although it has not yet been applied in the South. Nimeiri has shown some signs of a more conciliatory mood: On 10 March 1985 he announced the sacking of the remaining Moslem brothers in his administration, possibly in order to make them the scapegoat for unpalatable economic measures. But some Moslem enthusiasts retain office.

#### External

5. Historically Sudan's foreign policy has sought to maintain a balance between Egypt, her military guarantor against the threat from Libya and Ethiopia, and the oil rich Arab states who have supplied economic support: this balance has become easier with Egypt's gradual rehabilitation with the moderate Arabs and as Qadhafi's hostility to Nimeiri has increased.

6. Sudan's relations with Egypt are traditionally ambivalent: many Sudanese especially Southerners, suspicious of Egypt's aims in their country. The Integration Agreement signed in 1983 created



joint institutions which, though they have been alternately emphasised and ignored, have given Egypt standing to attempt discreetly to moderate Sudanese policies (so far with little apparent success). Egypt's policy in the Sudan is dictated by her concern to protect her Southern flank and particularly to ensure that control of the Nile Waters, which are crucial to her ability to feed a growing population, remains with a friendly regime. Egypt has refused to supply military aid to help Nimeiri against the SPLA. Saudi Arabia as an important source of financial support is also important to the Sudanese but has recently been discontented with Sudan's political and economic performance and has been reluctant to provide funds. Sudan has leaned towards the West since the abortive communist coup of 1971, with a consequent increase in economic dependence on Western aid (particularly from the US and the Ten). The Ten collectively (with UK, Germany and France in the lead) are important to the Sudanese: but less so than the US. Relations with the Soviet Union are cool: those with China are good.

#### Anglo-Sudanese relations

7. There are close historical links between the UK and Sudan but relations have been strained recently by our disapproval of Nimeiri's policies. President Nimeiri last visited Britain in December 1983 when he had talks with the Prime Minister. Mr Raison visited Khartoum in February. Sudan is a major recipient of British aid (£32.2 million 1983) and the UK remains Sudan's biggest supplier of goods and services (in 1984 exports £97 million). We have so far contributed £13.7 million in emergency relief for Sudan's drought and refugee problems including 56,750 tons of food aid.

8. Nimeiri has been unhappy at Western criticism of Islamization and by what he considers biased reporting by the BBC of internal developments including the fighting in the South (this complaint has been echoed by the Egyptians). Our decision not to allow the supply of Strikemaster aircraft has also caused some coolness though since it coincided with similar American and Egyptian decisions Sudanese reaction has been muted.



PRIME MINISTER'S MEETING WITH PRESIDENT MUBARAK OF EGYPT: 14 MARCH 1985

ANNEX III: TABA

BACKGROUND

1. When the Israelis withdrew from Sinai in 1982 under the terms of the Egyptian/Israeli Peace Treaty a small piece of land approximately 700 yards wide on the Gulf of Aqaba remained in dispute. During the period of their occupation the Israelis built a tourist complex on the beach with US finance. To justify their refusal to vacate this strip the Israelis have relied upon their own interpretation of maps drawn up by British officials on behalf of the British dominated government of Egypt in 1906 to demarcate the frontier with the Ottoman Empire. The Egyptians contest this interpretation.

2. President Mubarak has treated Israeli unwillingness to hand over Taba as a test of good faith. When the Egyptian Ambassador to Israel was withdrawn in 1982 he said that the Ambassador would not return to Tel Aviv until the question of Taba was satisfactorily resolved and the Israelis withdrew their forces from Lebanon. Talks on the future of Taba between Egyptian and Israeli officials (also attended by the US) were held in January 1985, the first evidence of a slight thaw in relations between the two countries. These made a little progress, notably on the role of the multi-national forces and observers (MFO) in the disputed areas. The two sides were unable to agree on the role of the Israeli police which the Egyptians regard as an infringement of sovereignty.

3. Both sides have sought British assistance in solving the sovereignty dispute. We have made available to both sides maps and other documents from the Public Records Office but despite extensive research we have not been able to trace the signed original of the 1906 map; we have only later printed versions. We have informed the Egyptians and Israelis accordingly. Research has also shown that a

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further map requested by the Egyptians, which they thought was annexed to a 1922 communication from Allenby to Sultan Fuad, was not.

4. We have made it clear that we are not a party to the dispute, are not willing to take sides, and have now provided all the documentary evidence.

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## PRIME MINISTER'S TALKS WITH PRESIDENT MUBARAK OF EGYPT: 14 MARCH 1985

## ANNEX IV: POLITICAL BACKGROUND

Internal Situation

1. Mubarak, Vice President since 1975, was elected President on 16 October 1981 following the assassination of Anwar Sadat on 6 October. Mubarak deliberately disavowed the more unpopular features of Sadat's domestic policies and adopted a less flamboyant style. He moved quickly to release political prisoners and to relax control of the press. Although he has now consolidated his own authority, domestically little progress has been made on the serious problems arising from over-population, corruption and a creaking bureaucracy.
2. Egypt's elections for a new National Assembly in May 1984, the fairest since the 1952 revolution, produced a healthy democratic challenge from the New Wafd opposition party (which gained 58 of the 448 seats) to the ossified ruling National Democratic Party. They mark a clean break for President Mubarak from his Sadat inheritance after nearly 3 years in office. Immediately after the election the Prime Minister, Dr Fuad Mohieddin, died and was replaced eventually by the Foreign Minister, Kamal Hassan Ali. Hopes that the ensuing Cabinet reshuffle might bring a more dynamic economic team have been largely disappointed.
3. Internal security and the economy are still Mubarak's main priorities. Emergency laws to deal with internal problems were extended for a further 18 months in September 1984. But progress in offering Egypt's youth (about half of the population is under 16) a better material future has been slight and the respite can only be temporary. Government attempts to control Islamic extremism have had some limited success. The economic outlook is clouded. The economy continues to expand but balance of payments has been hit by a decline in the country's four main sources of foreign exchange - oil, remittances from overseas workers, tourism and the Suez Canal.



Population growth, at 2.5% pa, is steadily forcing up Egypt's huge expenditure on food imports and consumer subsidies. Riots in September 1984 over increases in the price of bread and social security contributions gave a foretaste of the problems the Egyptian government face in tackling these problems.

#### Foreign Policy

4. Mubarak's cautious approach to reintegration in the Arab world is paying off. Readmission to the Islamic Conference Organisation in January 1984 was followed in September 1984 by the announcement that Jordan and Egypt had re-established diplomatic relations broken off in 1979. Visits by Mubarak to Amman in October and by King Hussein of Cairo in December were steps towards a moderate Arab front which has been given further impetus by the Jordan/PLO agreement. Mubarak's initiative in February in seeking to involve Israel in talks and to secure positive American support for the moderates was apparently taken without consulting his partners. Egypt also has close working contacts with Iraq and Morocco and informal contacts with other Arab states. But the early restoration of formal diplomatic relations is unlikely since the Egypt/Israel peace treaty of April 1979 will still be hard for many Arabs to swallow. Relations with Israel remain strained. The Egyptians have resisted pressure to return their Ambassador to Tel Aviv until Israel withdraws fully from Lebanon and resolves the question of the disputed frontier strip of land at Taba (Sinai) on which an inconclusive round of talks was held in Beersheba in January 1985.

5. Relations with the United States remain extremely important. The Egyptians depend on the US for military aid and equipment and, in the absence of warm relations with the majority of other Arabs, the US is their principal friend (military assistance in 1983 totalled \$1,365 billion). Relations with the Soviet Union, cold since the expulsion, in 1981, of the Soviet Ambassador, some of his staff, and nearly all the Soviet civilian advisers in Egypt, have improved since the resumption of full diplomatic relations at Ambassadorial level in September 1984.

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6. Mubarak has underlined Egypt's commitment to the Organisation of African Unity (OAU) and to the Non-Aligned Movement (NAM). The Egyptians have worked hard at improving their relations with a wide range of countries in Africa, Asia, Latin America and Eastern Europe which has paid off in their election to the Security Council (1984-5).

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MUHAMMAD HUSNI (SAYYID) MUBARAK

President of the Republic (14 October 1981).

Born 4 May 1928 at Kafr el-Moseilha, Minufia Governorate, where his father was a minor court official. Attended secondary school at Shibin al Kum. Military Academy 1947-49. Air Academy 1949-50. Trained as a fighter pilot. 1952-59, Instructor at the Air Academy. In January 1966 he became Commander of Cairo West Airbase, in November 1967 Director General of the Air Academy and in June 1969 Chief of Staff of the Air Force. He was promoted Air Vice Marshal in November of that year and became Commander-in-Chief in April 1972. On 6 October 1973, a few hours after the first air strikes of the War, he was promoted Air Marshal and later received the Star of Sinai medal.

On 16 April 1975 President Sadat appointed him Vice-President, a post in which he undertook many diplomatic missions to the United States, Europe, Asia, Africa and all over the Arab world. In 1975 and 1976 Mubarak headed the Egyptian delegation at the OAU conferences in Uganda and Mauritius. He played a prominent part in the creation of the National Democratic Party in 1978 and was elected Secretary General at its Second Congress in September 1981. 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. On 26 January 1982 he was elected President of the National Democratic Party at a special party congress.



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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. His sudden elevation to the Vice-Presidency in April 1975 came as a surprise, although with his disciplined military approach and administrative efficiency, he quickly made the job his own. 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. His first three years of office, however, have seen changes mainly of style, not substance.

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.

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DR AHMAD ESMAT ABDEL MEGUID

Minister for Foreign Affairs (1984).

Born 1923. Graduated in Law in 1943 and then obtained a Doctorate in International Law from Paris. In London from 1950-54 and later UK desk officer in the MFA. Counsellor in Geneva and attended many international meetings especially on disarmament. Minister in Paris 1963-7.

Chef de Cabinet to one of the Under-Secretaries at the Ministry of Foreign Affairs until March 1968 and then Head of Cultural Relations Department until he was appointed Head of the State Information Service and Official Spokesman in September 1969. In May 1970 he became Ambassador in Paris. He only spent six months there however before being appointed, in November 1970, Minister of State (with Cabinet status) dealing with matters of personal interest to the Prime Minister. His title was changed to Minister of State for Cabinet Affairs in May 1971. He was retained in the Cabinet reshuffle of September 1971 but dropped in January 1972 and appointed Egyptian Permanent Representative at the United Nations in New York.

In December 1977 he led the Egyptian delegation to the Cairo Conference called after President Sadat's visit to Jerusalem. Was a member of the Egyptian delegation to the Political Committee meetings in Jerusalem in January 1978. Led Egyptian delegation to the Non-Aligned preparatory conference in Colombo in 1979, when he defended Egypt's position robustly. Similarly he represented Egypt at the NAM's preparatory conferences in Kuwait and Havana in 1982, delivering an 11 point 'plan' for peace at the former.

Very competent, active and friendly, he worked hard to re-establish relations with Britain in 1968. Both he and his wife speak good English and mix socially.



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BIOGRAPHICAL NOTE

AL-FAYED (FAYEED), MOHAMED, ALI AND SALEH

1. Mohamed (51) is the eldest and very much the senior of the three Al-Fayed brothers. They are of Egyptian origin and inherited a considerable fortune based on cotton and cargo shipping from their father. Mohamed holds a UAE passport. Ali has a British wife and his children hold British passports.
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He is now a rich, if unorthodox, financier. He is strongly Anglophile.

3. The Al-Fayed business interests have spread widely. Outside of shipping they include:
  - (a) Ownership of prime properties (eg New York, Paris, London).
  - (b) Ownership of prestige hotels and establishments (Ritz Paris Hotel, House of Fraser).
  - (c) Farming projects and a 32,000 acre estate in Scotland.

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- (d) Banking in the USA.
- (e) Construction. Major shareholder in Richard Costain and Director of Lonrho until 1977, and reputedly involved in deals worth several billions of dollars in the Middle East.
- (f) Aviation. Owner of Say Air, SA.
- (g) Films, including "Breaking Glass" and a 50% stake in "Chariots of Fire". (Has own production company).
- (h) Management, eg the US \$300 million Dubai Trade Centre.
- (i) Oil. Interests in Abu Dhabi.

4. During the 1970s and early 1980s Mohamed Al-Fayed was closely involved with the United Arab Emirates, and may have been instrumental in their purchase of French Mirage aircraft. He fell from favour due largely, it seems, to clashes with the influential Mahdi Tajir, whose appointment as Ambassador to London he bitterly opposed.

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5. Mohamed Al-Fayed's association with the Sultan of Brunei stems only from 1984. Introduced by Adnan Kashoggi, he quickly supplanted him as the Sultan's favoured business associate. He is (reputedly) financial adviser for the Sultan's European interests and he was instrumental in arranging his purchase of the Dorchester Hotel. In a note from the Brunei High Commission on behalf of the Sultan in February 1985 seeking permanent VIP facilities for Mohamed Al-Fayed at Heathrow, he was described as the Sultan's "Private and Permanent Adviser cum Agent in London". There are growing links between Al-Fayed's and the Sultan's businesses. The Sultan plans to build a major trade centre in Brunei on the model of that in Dubai, which the Al-Fayeds manage, and has now probably decided to appoint Kleinwort Benson, the Al-Fayeds' financial advisers, as his own. Staff from the Ritz in Paris, owned by the Al-Fayeds, have been transferred to the Dorchester. The Dorchester and the Sultan's property in South Street are both adjacent to Al-Fayed's London offices. Al-Fayed is believed to be the moving spirit behind the Sultan's donations to British charities earlier this year.

6. Al-Fayed is reputedly a difficult man to deal with. He is obsessed with security and maintains his own private bodyguards

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who are also responsible for the Sultan's security at the  
Dorchester. He is camera-shy, and according to some reports  
a recluse. Mohamed Al-Fayed was briefly married to Kashoggi's  
sister. He has a son by that marriage, Dodi, 28, on whom he  
dotes. Mohamed Al-Fayed now has a Finnish wife, a five year old  
daughter and an 18 month old son.

*Ce. B. Sup.*

DINNER IN HONOUR OF PRESIDENT MUBARAK OF EGYPT: 14 MARCH 1985  
TOAST

Welcome President and Mrs Mubarak, Dr Abdel Meguid, Dr al Ganzuri, Mr Al Sharif and other distinguished members of the President's party.

It is good to see you here again two years since your last visit. Most important to keep in close touch.

1984 was another busy year for you and your country. Like so many other countries, you are wrestling with the problems of economic management and the consequences of international recession which have affected your traditional sources of revenue from the Suez Canal, tourism and oil exports. Your development priorities, designed to cope with the pressure of a growing population on your country's infrastructure, are exemplary. We have been pleased to be able to help, concentrating our own aid programme on the important Cairo Waste Water scheme. A number of British firms are involved in joint venture projects, many in the area of development.

Oil plays an important part in both our economies. The present weakness in the international oil market has reduced British purchases of Egyptian oil and so temporarily turned Egypt's surplus in our bilateral trade into a deficit. British investment in the oil industry in Egypt has been substantial. We shall continue to do all we can to expand trade to our mutual benefit. British industry has much to offer. I am confident that we can provide competitively the technology and experience which Egypt is looking for.

Relations between Britain and Egypt are excellent. Our views are close and practical co-operation flourishes. I was particularly glad that in the summer we were able to play an effective role in response to your request for help to clear the Gulf of Suez and the approaches to the Suez

Canal of mines. I was also very glad at Egypt's understanding vote in the UN General Assembly Debate on the Falkland Islands.

Egypt was in January 1984 - naturally - the first country in the Middle East which Sir Geoffrey Howe visited. Field Marshal Abu Ghazala and Dr Boutros Ghali were welcome visitors here and Mr Heseltine and Mr Raison had valuable talks in Cairo. We are most grateful for the hospitality you and your countrymen extended to them. This year we had a timely exchange of views with Dr Abdel Meguid shortly before my own visit to Washington.

It is in the field of foreign affairs that our contacts have been closest. We have been able to work together constructively in the Security Council and to welcome Egypt's return to the forefront of efforts to seek a just and lasting solution to the Arab/Israel dispute.

We particularly welcomed the restoration of relations between Egypt and Jordan and the subsequent efforts which you and King Hussein have made together to develop a joint Arab negotiating position allowing for full representation of the Palestinians whose rights must be met in any comprehensive settlement. We are in no doubt that these efforts are of very great importance and deserve the full support of all those who are looking for a real and lasting peace in the area. Our views on this are very close as our talks have shown. We share your fears that unless real progress towards a comprehensive settlement is made soon the opportunity will be lost and with it much of the ground which has so far been gained.

We are ready, with our European colleagues, to play a part in assisting the peace process but are in no doubt that it is only by the efforts of the parties directly involved that a solution can be found. I hope that it will be possible to build on the current initiative to reach a position on which *the Palestinians and the Israelis are ready to acknowledge formally in direct negotiations that the other has legitimate rights which must be respected.* President Sadat's courageous

example is an example to others.

I hope, Mr President that the dispute between the Arabs and Israel will not continue to dissipate the creative energies of the people of the Middle East for much longer. As you yourself have recognised in your own country there are many more important things to be done. I was encouraged therefore to have it confirmed in your recent talks in Washington that President Reagan will be giving you his full support.

We should not forget the other areas of conflict in the Middle East. It is time to end the appalling cycle of retaliation and counter retaliation which prolongs the agony of the Lebanese people. I hope that the time will soon come when the Lebanese can concentrate on solving their own internal problems without interference from outsiders. The long conflict in the Gulf is a preoccupation for us both and a tragic waste of human life. We are ready to support any realistic initiatives to put it to an end.

This visit is too short and has come at the end of a busy visit to the United States. You are always welcome here and I hope that it will not be long before we have the chance to meet again.

Toast Your Excellency The President of the Arab Republic of Egypt and Mrs Mubarak.