

~~CONFIDENTIAL~~
CONFIDENTIAL

CONFIDENTIAL

FM CAIRO

TO IMMEDIATE FCO

TELNO 198

OF 171130Z MARCH 86

INFO ROUTINE ODA, DTI, BANK OF ENGLAND, UKMIS NEW YORK

INFO ROUTINE WASHINGTON

ODA (FOR HUDSON)

DTI (FOR TITCHENER OT4)

YOUR TELNO 78 (NOT REPEATED): CALL ON PRESIDENT MUBARAK

SUMMARY

1. MUBARAK'S PLEASURE AT RECEIVING ORAL MESSAGE FROM THE PRIME MINISTER. HE DISCUSSES SOME OF THE CAUSES OF THE RECENT TROUBLE AND THE MEASURES BEING TAKEN TO DEAL WITH THE ECONOMY, AS WELL AS DEVELOPMENTS IN EGYPT'S RELATIONS WITH LIBYA.

DETAIL

2. WHEN SEEING PRESIDENT MUBARAK THIS MORNING, I CONVEYED THE PRIME MINISTER'S PERSONAL GOOD WISHES, SAID HOW GLAD SHE WAS THAT ORDER HAD BEEN SO QUICKLY RESTORED FOLLOWING THE RECENT TROUBLES AND ALSO EXPRESSED OUR GRATITUDE FOR MEASURES TAKEN TO PROTECT BRITISH LIVES AND PROPERTY. MUBARAK, WHO WAS IN BUOYANT FORM, SAID HE KNEW HE COULD ALWAYS COUNT ON THE SYMPATHETIC UNDERSTANDING OF MRS THATCHER FOR EGYPT'S PROBLEMS AND THANKED HER FOR HER GOOD WISHES, WHICH HE WARMLY RECIPROCATED. ALL WORLD LEADERS FACED PROBLEMS: LIFE WOULD BE DULLER WITHOUT THEM.

POLICE RIOTS

3. MUBARAK THEN WENT OVER SOME OF THE CAUSES OF THE RECENT POLICE RIOTS, REITERATING THAT THERE HAD BEEN NO TRACE OF OUTSIDE INFLUENCE OR OF ANY SORT OF PLOT. HE DID, HOWEVER, REVEAL THAT SOME ARMY CONSCRIPTS HAD BEEN RELEASED A MONTH PRIOR TO THE TERMINATION OF THEIR PERIOD OF SERVICE AND THAT THIS HAD AROUSED THE JEALOUSY OF THE POLICE CONSCRIPTS, WHO HAD ALSO BEEN ANGUISHED BY UNFOUNDED RUMOURS THAT THEIR SERVICE MIGHT BE PROLONGED FOR ANOTHER YEAR. BUT BASICALLY THE MUTINY HAD RESULTED FROM FAILURE OF COMMAND AND THE POOR QUALITY OF THE OFFICERS IN CHARGE OF THE CONSCRIPTS: MUBARAK WAS CONFIDENT THAT THINGS WERE NOW BEING PUT RIGHT.

THE EGYPTIAN ECONOMY

4. I ASKED THE PRESIDENT HOW SOON WE COULD EXPECT THE GOVERNMENT'S PROGRAMME TO DEAL WITH THE MOUNTING ECONOMIC

CONFIDENTIAL

PROBLEMS

PROBLEMS EGYPT FACED AS A RESULT OF LOSS OF REVENUE FROM OIL, TOURISM AND OTHER FACTORS. MUBARAK REPLIED THAT A NUMBER OF MEASURES WERE TO BE ANNOUNCED ALMOST IMMEDIATELY. IN PARTICULAR HE HAD IT IN MIND TO INCREASE TAXES AND CHARGES FOR THOSE WHO COULD AFFORD TO PAY. THERE WOULD, FOR EXAMPLE, BE A SHARP INCREASE IN THE COST OF ANNUAL REGISTRATION OF CARS, HIGHER CHARGES FOR PASSPORTS, A LARGER TAX TO BE PAID BY THOSE LEAVIN

G
THE COUNTRY AS TOURISTS, HIGHER TELEPHONE BILLS AND SO FORTH. BUT HE WAS ANXIOUS THAT FOOD SUBSIDIES SHOULD REMAIN AVAILABLE TO THE POOR: THE INTERNAL SITUATION WAS DELICATE AND REQUIRED CAREFUL AND SENSITIVE MANAGEMENT. MUBARAK DID NOT, HOWEVER, GIVE ME THE FEELING THAT THE SORT OF COMPREHENSIVE PACKAGE FOR WHICH OUTSIDE OBSERVERS ARE WAITING AND WHICH HE HAS PUBLICLY DEMANDED WAS YET READY. NOR DID HE GIVE ANY INDICATION THAT EGYPT WAS PREPARED TO RESORT TO THE IMF OR THE PARIS CLUB.

5. I TOOK THE OPPORTUNITY TO MENTION THE PROBLEMS WHICH HAVE ARISEN OVER PAYMENT OF CONTRACTORS IN THE CAIRO WASTEWATER SCHEME. MUBARAK ASKED HOW MUCH MONEY WAS INVOLVED: I EXPLAINED THAT IT WAS A QUESTION OF PAYMENTS OVER A CONTINUING PERIOD WHICH COULD NOT EASILY BE QUANTIFIED AND ALSO THE IMPORTANCE OF ENSURING THAT THE CONTRACTORS INVOLVED DID NOT PACK THEIR BAGS. I TOLD MUBARAK THAT I WAS SEEING THE EGYPTIAN MINISTERS IMMEDIATELY CONCERNED, BUT LEFT IT OPEN THAT I WOULD COME BACK TO HIM IF THE PROBLEMS COULD NOT BE SURMOUNTED.

LIBYA

6. MUBARAK MENTIONED THAT TWO DAYS PREVIOUSLY QADHAFI HAD OFFERED TO SEND AN EMISSARY (NOT RPT NOT HIS COUSIN QADHAF EL-DAM, AS ON EARLIER OCCASIONS): HE ADDED THAT THIS WAS USUALLY THE PRELUDE TO SOME FORM OF SUBVERSIVE ACTIVITY BY LIBYA AND THE EGYPTIANS WOULD BE ON THEIR GUARD. BUT THE EMISSARY WOULD NONETHELESS BE RECEIVED.

7. MUBARAK WAS CLEARLY AWARE OF REPORTS THAT LIBYA WAS PLANNING TO SEND MILITARY AIRCRAFT TO SUDAN TO ASSIST AGAINST THE SOUTHERN REBELS. MUBARAK SAID HE HAD WARNED THE SUDANESE LEADERS THAT ANY AIRCRAFT SENT BY QADHAFI WOULD NOT BE USED TO BOMB THE REBELS AND IN GENERAL HAD ADVISED THEM TO EXERCISE GREAT CARE IN ACCEPTING LIBYAN HELP.

8. THIS WAS FOLLOWED BY A LONG DIGRESSION ON THE IMPORTANCE OF UNDERSTANDING THE PSYCHOLOGY OF ARAB COUNTRIES, WHICH MUBARAK SAID THE AMERICANS DID NOT. FOR EXAMPLE, US NAVAL MANOEUVRES IN THE GULF OF SIRTE WERE A MISTAKE AND HE HAD TOLD THE AMERICANS SO: THEY WERE MERELY MAKING A HERO OF QADHAFI. SIMILARLY HE HAD EARLIER WARNED THE AMERICANS

CONFIDENTIAL

AGAINST PROCEEDING UNILATERALLY WITH SANCTIONS AGAINST LIBYA AND TOLD THEM THAT IT WAS ESSENTIAL TO TRY TO CARRY THE EUROPEAN COUNTRIES WITH THEM IN ANY MOVES THEY MIGHT MAKE AGAINST QADHAFI, BUT THEY HAD DISREGARDED HIS ADVICE.

9. I AM REPORTING SEPARATELY MUBARAK'S COMMENTS ON RELATIONS WITH JORDAN AND MIDDLE EAST PEACE PROCESS.

URWICK

LIMITED
MEMOR.
MFB
PROTOCOL
NEWS &
INFO &
PLANNING STAFF
P
P/MR CENTON
P/MS
MR E FERGUSON
SIR J. MILES

CORESTO
ASS STAFF CAB OFF
PB NO 10 DOWNING ST.

⁻³⁻
CONFIDENTIAL