



PRIME MINISTER

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Prime Minister  
To note Lord Cockfield's  
report. A.S.C. 5/4.

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VISIT TO OMAN AND EGYPT: 11-21 MARCH 1983

1 I visited Oman and Egypt for discussions on commercial and general economic matters and trade promotion from 11-21 March. A summary of my programme is attached.

OMAN

2 The principal purpose of my visit to Oman was to continue the series of high level reciprocal visits by returning the visit to London last October of Mr Mohammad Zubair, the Omani Minister of Commerce and Industry. Lady Cockfield and I were extremely well received and my discussions were conducted throughout in a very friendly atmosphere. I am convinced that a regular programme of such visits is of great benefit to our relationship and I am glad that I shall have the opportunity of receiving Mr Zubair again when he is next in London in late May en route to the Belgrade meeting.

3 I discussed with the Ministers involved the implications for the development plan of a fall in oil prices. At the time of my visit, the Omanis were waiting to see what oil price would result from the OPEC discussions. There was a tendency to take the view that a reduction in price would be offset by an increase in output. But in some quarters at any rate there was a fear that the current 5 year development plan (which runs to 1985) could well be affected. Some less essential projects might have to be postponed, and aid for private sector industrial development cut back. But they expressed a willingness to resort to commercial borrowing to bridge any remaining gaps. What this means in practical terms is not yet clear, but the Omanis seem determined to maintain the broad thrust of the second plan and many opportunities for UK participation undoubtedly remain. But the next 5 year plan (to be prepared next year and operating after 1985) will be a more modest affair than its predecessors.

I visited the sites of two current UK successes: the Rusail Power Station and the £200 million Qaboos University, due to open in 1986. British companies are well placed also for a number of further projects, in particular a major project for two hospitals for which Wimpey hope to negotiate a £200 million contract. I discussed

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this particular project with the Minister for Health and the Deputy Prime Minister for Financial and Economic Affairs. Both were optimistic and since my discussions they have seen the Sultan who confirmed his support. Discussions have now been entered into with Wimpey on the price.

4 The Omanis have not in general gone in for major prestige projects in the industrial field to the extent that some of their neighbours have. They are looking more to develop light industry and also agriculture and fisheries. There is plenty of opportunity here both for project business and for technical co-operation. Finally, I formally opened the British Embassy's new Commercial Offices in the heart of the fast-growing business area of Muscat. This event, attended by the Omani Minister of Commerce, attracted some useful publicity for the Embassy's commercial role in this useful and well-disposed market for Britain.

#### EGYPT

5 The principal objective of my visit to Egypt was to sign a Memorandum of Understanding with the Minister for Investment and International Co-operation, Dr Shindy, reserving project business under Egypt's ambitious development plan to UK companies in return for a £65 million package of aid and ECGD credit which we agreed following President Mubarak's visit to London in February. The MoU in effect gives British companies a fair opportunity to secure business which the Egyptians would otherwise fund with aid from other countries. It sets a tight time-table for identification of projects and envisages signature of contracts by March 1984. A team of officials has already visited Cairo to set the process in motion.

6 Egypt too cannot ignore the effect of lower oil prices, but here again there was optimism that the recent fall would not have too noticeable an effect on plans for development. The Egyptians still predict a growth rate of slightly over 8 per cent for this year. The message I received in meetings with a number of key Ministers was that there are still many opportunities for British companies to participate provided they can be competitive. Competitiveness extends, of course, to the financial arrangements and the Egyptians make no bones about seeking aid wherever possible. Our competitors are very active in this field and while the £16 million aid we have made available under the MoU will undoubtedly help - and of course we have already put a considerable sum in bilateral aid into the very

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important greater Cairo waste-water project - I believe we must stand ready to lend continued support in appropriate cases in this large and promising market.

There is also considerable scope for participation by British firms in joint ventures with Egyptian companies. A number of successful joint ventures are already operating and I took the opportunity to press for progress in a number of further cases where bureaucratic difficulty appears to be obstructing progress. I have no doubt that frustrations will continue, but both Dr Shindy and the new Minister for Industry, Dr Ghoroury, were very keen to see more joint ventures going ahead, particularly where they could lead to import substitution.

7 In addition to my discussions with Ministers and the Prime Minister, I had a frank 30 minute talk with President Mubarak. He expressed his appreciation of our stand on Middle Eastern affairs, while calling for a much greater sense of urgency to be injected into the search for a long term settlement. He is of course afraid that the Reagan initiative will run into the sands as the US Election campaign gets underway. I assured him that we were keeping up the pressure in every way we could.

8 As with Oman, I am convinced that an exchange of high level visits can do nothing but good for our relationship with Egypt. In this context you will know that no British Prime Minister has managed to visit Egypt, apart from Winston Churchill during the War. The question of your making a visit was raised at my meetings both with President Mubarak and with the Prime Minister: I know such a visit would be very greatly appreciated.

9 I am sending a copy of this minute to the Secretary of State for Foreign and Commonwealth Affairs and also to Her Majesty's Ambassadors at Muscat and Cairo. Both Lady Cockfield and I owe a considerable debt of gratitude to the latter and their wives for the considerable amount of time and effort they devoted to ensuring that our visits to both countries were both successful and enjoyable.

Department of Trade  
1 Victoria Street  
London, SW1H 0ET

*A.C.*  
LORD COCKFIELD

31 March 1983

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SECRETARY OF STATE FOR TRADE'S VISIT TO OMAN AND EGYPT  
11-21 MARCH 1983 - SUMMARY PROGRAMME

FRIDAY 11 MARCH

Arrive Muscat, free day

SATURDAY 12 MARCH

Call on H E Mohammad Zubair, Minister of  
Commerce and Industry

Call on H E Qais Abdul Munim Al-Zawawi,  
Deputy Prime Minister for Financial and  
Economic Affairs

Call on Dr Sharif Lotfi, Secretary General of  
the Development Council

Lunch given by HMA for Omani and British  
Businessmen

Inauguration (in the presence of Mr Zubair)  
of new offices of Commercial Section of  
British Embassy

Reception given by Mr Zubair

SUNDAY 13 MARCH

Call on H E Dr Mubarak al Khadduri,  
Minister of Health

Visit Interior

Private Dinner given by Mr Zubair at his  
residence

MONDAY 14 MARCH

Visit sites of Rusail Power Station and  
Qaboos University

Depart for Cairo

TUESDAY 15 MARCH

Visit Cairo International Trade Fair : tour  
British Pavilion

Call on Dr Wagih Shindy, Minister of  
Investment and International Cooperation :  
Sign Memorandum of Understanding

Call on Eng Abaza, Minister of Electricity

Dinner given by Egyptian Government



WEDNESDAY 16 MARCH

Visit Ahmed Hamdi tunnel under Suez Canal  
(built by Tarmac in consortium with Egyptian  
contractors)

Lunch with Chairman of Suez Canal Authority  
at Ismailia

Reception hosted by HMA for Trade Fair  
(British Day)

THURSDAY 17 MARCH

Call on (new) Minister of Industry, Dr  
Ghoroury

Call on Minister of Economy and Foreign  
Trade, Dr El Said

Address lunch of British Businessmen's Group

Call on Prime Minister

Dinner hosted by HMA

FRIDAY 18 MARCH -  
SUNDAY 20 MARCH

Visit Upper Egypt

MONDAY 21 MARCH

Call on President Mubarak

Return to London