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VISIT OF SECRETARY OF STATE FOR DEFENCE: MEETING WITH PRESIDENT SADAT.

1. MR NOTT, ACCOMPANIED BY THE EGYPTIAN MINISTER OF DEFENCE, MR HUNT AND MYSELF, CALLED ON SADAT AT THE BAGGAGE IMMEDIATELY AFTER HIS ARRIVAL IN CAIRO ON 16 SEPTEMBER. SADAT LOOKED DESPERATELY TIRED, AS WELL HE MIGHT AFTER RECENT EVENTS, AND MR NOTT KEPT THE MEETING FAIRLY SHORT.

2. IN THE PRELIMINARY COURTESIES SADAT SPOKE AGAIN OF THE GREAT PLEASURE IT HAD GIVEN HIMSELF AND HIS FAMILY TO WELCOME THE PRINCE AND PRINCESS OF WALES AND SENT HIS WARM GREETINGS TO THE PRIME MINISTER AND YOURSELF. MENTIONING THE RECENT CABINET RESHUFFLE HE REMARKED THAT HE WAS PLANNING TO DO THE SAME THING HIMSELF SHORTLY, AND TO ANNOUNCE IT AT THE NATIONAL PARTY CONFERENCE AT THE END OF THE MONTH. IT WAS IMPORTANT TO BRING FORWARD NEW BLOOD. UNFORTUNATELY THE PRESS WERE STILL WITHIN EARSHOT AND HE DID NOT GIVE NAMES. SADAT MADE NO OTHER REFERENCE TO DOMESTIC POLITICS.

3. ASKED FOR HIS VIEW ON THE BALANCE OF SECURITY IN THE MIDDLE EAST SADAT REPLIED THAT IT HAD BEEN SERIOUSLY UPSET BY THE IRANIAN REVOLUTION AND THE FALL OF THE SHAH, WHO HAD BEEN A LYNCH-PIN OF SECURITY THAT WOULD BE SORELY MISSED. THE GULF RULERS WERE ALARMED, BUT TOO SCARED OF THE PALESTINIANS WHO CONTROLLED THEIR MEDIA TO SPEAK UP. AFTER A PASSING REFERENCE TO THE EXPULSION OF RUSSIANS FROM EGYPT, SADAT REMARKED THAT THEY WERE A MENACE EVERYWHERE. ADEN WAS NOW A FULLY-FLEDGED SOVIET BASE, AND QADDAHFI THOUGH HE MIGHT CONSIDER HIMSELF AN INDEPENDENT AGENT WAS MERELY A TOOL WHICH THE RUSSIANS WERE MANIPULATING FOR THEIR OWN PURPOSES, E.G. IN CHAD. HENCE EGYPT MUST IMPROVE HER DEFENCES, AND HENCE HIS OFFER TO THE US - AND TO THE UK, FRANCE AND GERMANY - OF FACILITIES FOR USE IN THE INTERESTS OF REGIONAL SECURITY. MR NOTT SAID WE WERE EQUALLY CONCERNED ABOUT THE SOVIET THREAT, AND WITH THE AMERICANS HAD BEEN MONITORING RECENT SOVIET MANOEUVRES ALONG IRAN'S NORTHERN BORDER (ABU GHAZALA AND SADAT SAID THEY WERE AWARE OF THIS, AND MENTIONED A FIGURE OF 27 DIVISIONS). MR NOTT COMMENTED THAT THOUGH WE WERE NOT PARTICIPATING IN THE RDF WE HAD A SIMILAR FORCE OF OUR OWN, AND AT SOME TIME IN THE FUTURE MIGHT WISH TO EXPLORE THE OFFER OF EGYPTIAN FACILITIES.

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4. AS REGARDS THE REPORTS FROM WASHINGTON OF A NEW STRATEGIC RELATIONSHIP BETWEEN THE US AND ISRAEL, SADAT VOLUNTEERED THAT THIS COULD HAVE BEEN (SIC) EXTREMELY EMBARRASSING FOR EGYPT. HE EXPLAINED THAT AS LONG AS 3 YEARS AGO HE HIMSELF HAD SUGGESTED TO THE AMERICANS THAT THEY MIGHT WISH TO STOCKPILE MILITARY SUPPLIES IN EGYPT. THEY HAD NOT TAKEN HIM UP ON THE OFFER, BUT NOW THAT BEGIN HAD STOLEN THE IDEA IT WOULD BE IMPOSSIBLE FOR EGYPT TO GO BEYOND HIS EXISTING OFFER OF FACILITIES. HE HAD APPEALED TO MR HAIG "NOT TO EMBARRASS US", AS HE MIGHT HAVE HAD TO COME OUT IN OPPOSITION TO THE NEW CONCEPT. HE HAD THEREFORE BEEN RELIEVED TO RECEIVE A MESSAGE FROM HAIG, DELIVERED BY THE US AMBASSADOR EARLIER ON 16 SEPTEMBER, ASSURING HIM THAT THE REPORTS WERE EXAGGERATED AND THAT THE AMERICANS HAD LITTLE MORE IN MIND THAN THE POSSIBLE STOCKPILING OF MEDICAL SUPPLIES

5. SADAT SAID THAT HE HAD ALSO RECEIVED FROM HAIG (IT WAS NOT CLEAR WHETHER IN THE SAME MESSAGE) AN ACCOUNT OF HIS RECENT MEETING WITH PRINCE FAHD, AT WHICH HE SAID FAHD HAD EXPRESSED INTEREST IN A RECONCILIATION WITH EGYPT. SADAT WAS GRATIFIED TO HEAR THIS, BUT AS USUAL DID NOT BELIEVE THAT FAHD WOULD BRING HIMSELF TO SAY ANYTHING IN PUBLIC.

6. SADAT LISTENED WITH APPROVAL TO MR NOTT'S AND ABU GHAZALA'S RESUME' OF CURRENT AND PROSPECTIVE DEFENCE BUSINESS BETWEEN EGYPT AND THE UK, BUT THERE WAS LITTLE DISCUSSION OF SPECIFIC CONTRACTS. HE SAID HE WOULD LIKE TO SEE CO-OPERATION EXPAND ACROSS THE WHOLE FIELD OF EGYPT'S ECONOMIC DEVELOPMENT, AND ASKED ME HOW NEGOTIATIONS FOR THE ALEXANDRIA NATURAL GAS DISSTRIUTION PROJECT WERE GOING. I TOLD HIM THAT BRITISH GAS WERE IN CAIRO NOW TALKING TO THE MINISTRY (THOUGH ON PAST FORM I DOUBT IF HIS INTEREST WILL MAKE ANY DIFFERENCE TO THE OUTCOME). I ALSO TOOK THE OPPORTUNITY TO DESCRIBE TO HIM THE DISCUSSIONS IN WHICH THE MINISTER OF STATE FOR AGRICULTURE AND HIS TEAM OF SENIOR BUSINESSMEN WERE ENGAGED. SADAT EXPRESSED GREAT INTEREST, AS FOOD SECURITY WAS NOW HIS TOP PRIORITY.

6. I AM REPORTING SEPARATELY ON MR NOTT'S TALKS WITH ABU GHAZALA, WHICH WENT EXTREMELY WELL.

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