

K 117

Tillery, Monica J

From: Tessler, David J  
Sent: Thursday, August 05, 2004 8:21 AM  
To: Crock, Jonathan M(S/WCI); Dorosin, Joshua L  
Subject: FW: Embassy London 05 August 2004

Categories: CONFIDENTIAL

RELEASED IN PART  
B1, 1.4(B), 1.4(D)

Good morning.

Another interesting piece in London's daily brief about detainees, including a statement by the FCO.

I hope this is helpful,

David



Embassy London 05  
August 2004....

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- (U) FCO Statement on Guantanamo Abuse Allegations
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- (U) Symons on Plan for West Bank Settlement
- [Redacted]
- (U) Al Qaeda's 'British Chief' Seized in Police Raids
- (U) FCO Revises Travel Advice on Sri Lanka
- (U) BOE Raises Interest Rate a Quarter Point
- (SBU) Staffdel Looks at Oil For Food
- (U) Housing Prices Continue Upward
- Veterans Mark UK Entry into WWI

B1

B1



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Daily Report for:  
Thursday, August 5, 2004

K 117A

TODAY'S TOP STORY

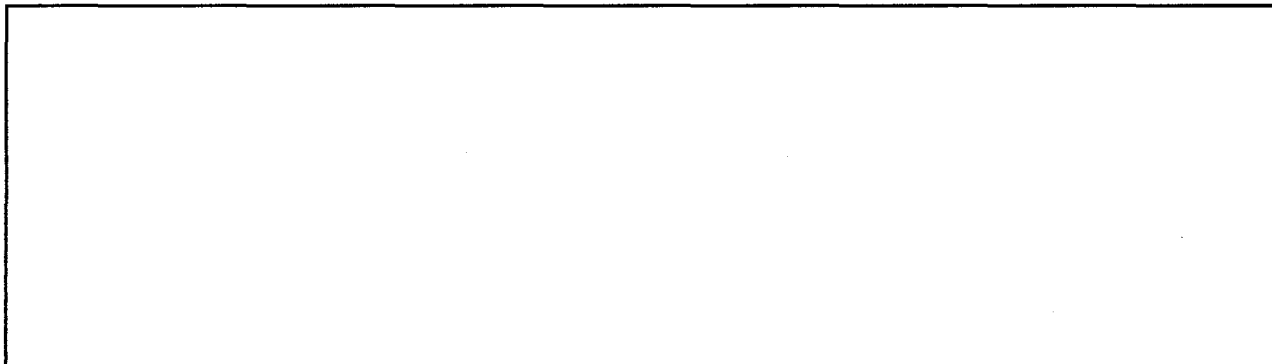


RELEASED IN PART  
B1, 1.4(B), 1.4(D), B6

**(U) FCO Statement on Guantanamo Abuse Allegations:** Responding to media reports in advance of the publication of a document by British detainees released from Guantanamo which alleges abuse by U.S. personnel, a Foreign Office spokesman said on August 4 that "the welfare of the British detainees at Guantanamo Bay has been a priority for the British Government from the outset. British officials have visited Guantanamo to check on the British detainees' welfare on more occasions than any other government had for its nationals." For the full text of the FCO statement, [click here](#).



POLITICAL ROUND UP

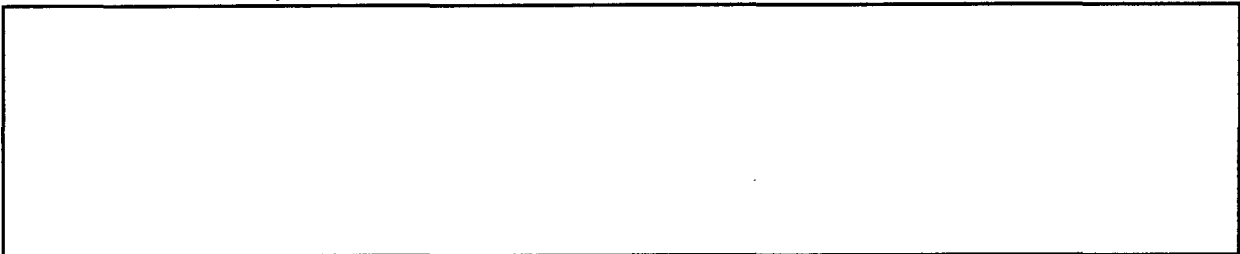


B1

**(U) Symons on Plan for West Bank Settlement:** Foreign Office Minister Baroness Symons stated on August 2 that she was "very concerned by reports that the Israeli Government has decided in

principle to build 600 new housing units in the West Bank Settlement of Maale Adumim." She urged the Israeli Government to freeze all settlement activity in accordance with phase one of the Roadmap that Sharon agreed to last year. She also expressed deep concern about continued IDF operation in the Gaza strip. "Israel has the right to defend itself but IDF actions in the Gaza Strip are excessive.... Continuing closures, in particular in Beit Hanoun and the border closure at Rafah, are causing very real humanitarian distress to the Palestinian population and I urge the Israeli government to take action to relive their suffering."

**(U) Al Qaeda's 'British Chief' Seized in Police Raids:** *The Times* and *Daily Telegraph* reported today (August 5) that a senior al-Qaeda operative in Britain, who was said to be in the final stages of planning an attack on Heathrow Airport, has been seized by police. The suspect, who uses the alias Abu Elsa Al Hindi, was arrested following a tip-off from Pakistani Intelligence who claims that, as head of al-Qaeda operations in Britain, he was receiving direct orders from Osama bin Laden. Pakistani officials reportedly identified Al Hindi as the "head of an al-Qaeda cell in Britain" who was receiving encrypted messages from Mohammed Naem Noor Khan to plan an attack on Heathrow. In August 5 meetings with the FCO's new special envoy for terrorist issues, Edward Oakden told CODEL Dunn that Heathrow has been the target of previous terrorist surveillance efforts which resulted in increased security procedures. Heathrow remains a terrorist target, but it is not yet clear if this cell intended to try a near term attack.



B1

**(U) FCO Revises Travel Advice on Sri Lanka:** The FCO on August 2 revised its travel advice for Sri Lanka and no longer advises against travel to the north or east. However, it now advises against all but essential travel to the north or east, other than Trincomalee, Nilaveli, and Arugam Bay.



## ECONOMIC ROUND UP

**(U) BOE Raises Interest Rate a Quarter Point:** The Bank of England's Monetary Policy Committee concluded its monthly meeting today (August 5) by announcing a quarter point increase in the base UK interest rate to 4.75 percent. The widely expected move comes in response to concerns about rising consumer debt and housing prices, as well as risks of higher inflation as the UK economy reaches full capacity. The MPC opted to maintain its policy of gradual interest rate hikes despite some analysts' call for a larger increase. Confederation of British Industry (CBI) chief economist Ian McCafferty praised the MPC's consistent strategy of rate hikes, saying that UK firms benefit from the relative stability. He added that further rate increases are almost certain before yearend.

DOS-001382

**(SBU) Staffdel Looks at Oil For Food:** Lawrence Halloran, Staff Director and Counsel to the House Subcommittee on National Security, met with the FCO's Sanctions Unit on August 3 to discuss the UN Oil-for-Food program. [redacted] aid HMG could follow up on any evidence that might appear in the soon-to-be-released Volcker Commission report. As to whether the architecture of the program was flawed, [redacted] admitted that it was known among the international community that perverse use of the system was a possibility, but that the overwhelming need for an official humanitarian aid program put great pressure on the UN to implement an imperfect plan. When Halloran asked about any UK companies involved in the scandal, [redacted] replied that one entity, a Glasgow-based engineering company known as the Weir Group, performed an internal audit and discovered nearly £4.2 million in irregular payments in Iraq. (This information has been in the press).

B6

**(U) Housing Prices Continue Upward:** UK home prices increased by 1.3 percent during July, following a 1.2 percent rise in June, according to a survey released by mortgage lender Halifax. The annual rate was 22.1 percent -- the fastest growth in more than a year. Despite the continued increase in housing prices, Halifax chief economist Martin Ellis said that the market has cooled somewhat compared with average monthly price increases of 2 percent or more during the first half of 2004. Ellis added that he expects a further decline in home prices during the rest of this year as the lagged reaction of higher interest rates takes effect.



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**Veterans Mark UK Entry into WWI:** Four World War I veterans, all aged over 100, laid wreaths at the Cenotaph in London on August 4 to commemorate the 90th anniversary of Britain's declaration of war on Germany in 1914. Henry Allingham of Eastbourne, at 108 the oldest surviving UK WWI veteran, stepped out of his wheelchair to lay his wreath unaided.

*The principal reporting officers in the Political and Economic sections draft items in the Daily Report, with contributions as appropriate from other sections of the Embassy. Questions on individual items can be directed to Charles Skinner ([SkinnerCB@state.sgov.gov](mailto:SkinnerCB@state.sgov.gov)) for Political items or Jean Bonilla ([BonillaJA@state.sgov.gov](mailto:BonillaJA@state.sgov.gov)) for Economic items.*

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*Classified by Nicholas Call, Economics Section, U.S. Embassy London, for reasons 1.4 b and d. Declassify ten years after dissemination.*