

CONFIDENTIAL FIUNG

Visits to the UK by the Israeli Prime Minister
Mr Shamir. and Mr Rabin

ISRAEL

PT1: May 1979

PT2: October 1990

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Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date	
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ISRAEL: Visits to UK. by Rabin
Pt 2

**SUBJECT
MASTER**

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T268 B/92.....

cc 86
of cabinet
Prime Minister

Filed on:

ראש הממשלה
PRIME MINISTER

Jerusalem, 16 December 1992
324-2

Dear Prime Minister,

I would like to thank you most sincerely for the time that you devoted to me during my recent visit to the United Kingdom. I know it has been a period when heavy affairs of State have been foremost in your mind and I appreciate your hospitality and attention.

As you yourself said, our meeting reaffirmed the friendship and the excellent relations between our two countries and peoples. I was pleased to have had the opportunity to brief you on the current status of the Peace Process and to listen to you and your colleagues' views on this subject. Let me assure you that the Government of Israel will do its utmost to promote a peace which is so needed by Palestinians, Arabs and Israelis alike, within the timetable which we discussed.

As to our bilateral relations, I hope we will be able to further develop a number of issues which we touched upon during our discussion, namely the industrial and scientific R & D fund, trade relations between Israel and the European Community, European investments in the Administered Territories in order to enhance the living conditions and economy of the inhabitants, and the continuing efforts to abolish the Arab boycott.

Lea joins me in thanking you and Mrs. Major for your hospitality, and we are looking forward to welcoming you as our guests in the Spring, in Jerusalem.

Yours sincerely,

Y. Rabin
Yitzhak Rabin

The Rt. Hon. John Major, M.P.
The Prime Minister
10 Downing Street,
London SW1

**SUBJECT
MASTER**

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R/Rabin. MFD

to RB

Filed on:

10 DOWNING STREET

LONDON SW1A 2AA

9 December 1992

From the Private Secretary

Dear Richard,

**CALL ON THE PRIME MINISTER BY THE PRIME MINISTER OF ISRAEL:
WEDNESDAY 9 DECEMBER**

Mr Yitzhak Rabin called for 45 minutes this afternoon, before the lunch which the Prime Minister gave in his honour. The Foreign Secretary was present. Thank you for the briefing which you provided.

The Peace Process

Mr Rabin said that, since coming to office, his government had focussed on the peace process and on the economy. The two were interrelated. The alleviation of economic and social problems in Israel would reduce the domestic political constraints on negotiation with the Arabs. The Israel/Syria and Israel/Palestinians negotiations were the key tracks in the peace process. He had considerable respect for King Hussein but he was powerless to make peace with Israel before the beginning of a solution to the Palestinian problem. Whatever could be agreed with Syria would open the way for agreement with Lebanon which was a Syrian protectorate.

On Syria Israel had accepted the applicability of Security Council Resolutions 242 and 338, and the withdrawal of armed forces from the Golan. The dimension of this withdrawal could only be decided on in relation to what was on offer from the Syrians. Israel would be giving up tangibles. In return, the Arabs would give words. These must be translatable into verities. What did the Syrians mean by peace? Their Foreign Minister's public avowal of "total peace" was imprecise. Did the Syrians, like Egypt, offer normal diplomatic relations including the exchange of Embassies? To what extent would a peace agreement stand on its own two feet? Or would it be dependent on agreements with the other Arabs? The Syrians produced no answers to these questions.

The Palestinians had not yet digested the fact that negotiation was to be in two phases. They still focussed on the second phase. They were failing to see that what was on

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offer was the right to run, in the interim stage, all aspects of life in the Occupied Territories except for security, foreign affairs and responsibility for the Israeli inhabitants. It was possible to do business with Assad, brutal though he was; he could take decisions. But the Palestinians lacked cohesion.

Nevertheless, Mr Rabin believed that 1993 would see agreement either with the Syrians or with the Palestinians. There would be movement from late February/March. From Israel's strategic point of view, the more important objective was agreement with Syria; from the political view point, agreement with the Palestinians mattered more. He personally would do everything possible to pursue agreements short of jeopardising Israeli security. His personal position on the Golan had been badly received - 200,000 Israelis had demonstrated against it. But he would continue to do what he believed to be right for so long as he was Prime Minister. The Palestinians should see that he had changed government priorities. He had shifted financial support away from the settlements and had cut 7,000 building units.

The Prime Minister said he believed that under Mr Rabin's government, there was more hope than ever before of settling the Arab-Israel dispute. Prominent British Jews shared the belief that there was now a prospect of accelerating the peace process. But the high expectations that had been aroused presented a problem. We well understood the domestic constraints on Israeli's negotiating position.

But we assessed that Assad was genuinely seeking a peace settlement provided it was what he could call honourable and would carry Syrian public opinion. His position both domestic and international had been dramatically changed by the collapse of the Soviet Union. There were already some signs that he was beginning to prepare his people for a peace settlement. But there were no signs that he would accept terms which gave him anything less than formal sovereignty over the Golan. Could Mr Rabin make any further public statement which would get the message across to the Syrian public that Israel was prepared to go a long way for peace? It was necessary to break out of the chicken and egg situation confronting the negotiators on who should make the first move.

Mr Rabin agreed with the chicken and egg theory and that there were signs that Assad was beginning to prepare his people for moves towards peace. But it was difficult to gauge Assad's intentions. He maintained support for Hizbollah's wrecking tactics. One could perhaps talk of Syrian domestic problems, although there was no democratic process in Syria. He had gone to the limits of the possible for the moment. Israel could not go beyond its public position without knowing what Syria would offer in return. At some stage, mutual commitments would need to be given at a top level meeting. (Nobody knew precisely what had passed in the alleged meeting

between Dayan and a Syrian General post 1973, although Dayan had denied he had promised total withdrawal). The Americans had recently proposed secret meetings between Israeli and Syrian officials - one on one at a level senior to the official negotiating teams. The Syrians had refused (the Prime Minister interjected disappointment at this). No reason had been given. There might be some hope of movement on this emerging from private trilateral meetings which US Assistant Secretary Djerejian was arranging with senior members of the two negotiating teams. In reply to a question from the Prime Minister, Mr Rabin did not think there was scope for indirect contacts to resolve the central issues. But overall prospects for negotiations with Syria were improving. Questions were being asked in the corridors. There were grounds for optimism. Third parties should encourage the Syrians; pressure would not work.

The Prime Minister said he shared Mr Rabin's frustration at the Palestinians' disorganisation. Mr Rabin said he was most disappointed with them. He had believed wrongly that they understood that they had to start at stage one and that they would thus acquire leverage on their overall objectives. Arafat was trying to block the process. The Egyptians had told him that Abu Maazen and Qaddoumi had complained to Mubarak about Arafat. Mubarak had then sent for Arafat but had failed to shift him. The PLO were losing ground. The leaders in the Territories had problems with the rejectionists, Hammass et al. They lacked the courage to extricate themselves from the problem. They should take the authority that was on offer to them for the interim period. They could have an executive council but not a legislative council. Nowhere in the world did autonomous bodies have legislative powers. A legislative body would produce only negative decisions. He devoted much time to thinking about how to change the Palestinian attitudes. But the negotiations with them were less promising than those with the Syrians.

The Foreign Secretary asked whether Mr Rabin was surprised at the Palestinians' incoherence. They had always been incoherent. They were under strong negative pressures. The PLO was divided. They had to agree to negotiate interim arrangements but it was a difficult decision for them. The moderate leadership in the West Bank and Gaza was intellectually persuaded of the need to negotiate. The Israelis were looking for private and direct talks with the Syrians. Why would they not talk to Faisal Husseini who was a good man? Mr Rabin did not answer the question directly. He said he had over the years had many discussions with Palestinians. Some of the most moderate had impeccable nationalist credentials, including long terms in Israeli gaols. From the Balfour Declaration onwards through the Peel Commission, the 1947 Partition Plan and the 19 years of Jordanian rule over the West Bank, the Palestinians had always aspired to everything and achieved nothing. It would not be right to strengthen Arafat's hand. This would not help

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towards compromise. The negotiations were on the basis of the Madrid Formula.

Bilateral Issues

Mr Rabin expressed Israeli gratitude for the efforts of during the Iraqi conflict to locate the Scuds in Israel. Some lives had been lost and Israel deeply appreciated the sacrifice.

The Gulf crisis also proved the value of cooperation on intelligence and security issues provided they were kept quiet. Mr Rabin was grateful for the removal of political barriers to consideration of purchase by the British armed services of the Popeye Missile. He hoped that there could be consequent improvement in the relations between the two defence establishments.

Mr Rabin asked the Prime Minister to consider Israeli proposals for closer cooperation on industrial and scientific development. Specific proposals had already been raised with the Chancellor of the Duchy of Lancaster. Government to government agreements would signal HMG's support to the private sector. But formal agreements with industrial or scientific organisations also had their uses.

The Prime Minister said he would be happy to look at the proposals made to Mr Waldegrave if a formal agreement was necessary. We would see if we could find initiatives in this area. He would ask Mr Waldegrave to look at all this and to report to him.

EC/Israel

Mr Rabin raised three points which he hoped could be addressed at the Edinburgh summit.

- (i) In 1991, Israeli imports from the EC had been worth US\$9 billion. Exports to the EC were half this. Israel wanted to be given the opportunity of competing in the European market but not as members of the EC. The discussions on the EC/Israel agreement were therefore of the greatest importance to Israel.
- (ii) The secondary aspects of the boycott were preventing European investment in Israel. The Americans were not afraid of the boycott. They were investing freely. They were also selling F15 fighters to the Saudis which, as the Saudis well knew, contained Israeli manufactured parts.
- (iii) The EC should take a more clear-cut position against the recent wave of racism and xenophobia. There were 1.8 million Turks in Germany and only 20,000

Jews. But xenophobia was inevitably channelled into anti-semitism.

Europe must not allow a repetition of what happened 50 years ago.

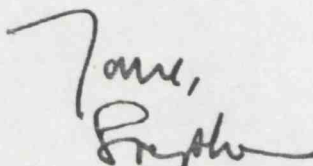
The Prime Minister said he would personally urge the Danes, as they took over the Presidency, to pursue work on the EC/Israeli Economic Cooperation agreement. It was necessary to follow up Mr Peres' meeting with EC Foreign Ministers in September in order to secure a better deal for Israel.

On the trade boycott, the Prime Minister said that there were increasing signs of the Arabs relaxing the practical effects. We would pursue this. We were in a good position to act as interlocutors. It would take time. Progress on the political front would help accelerate this process.

On racism, the Prime Minister said that this was not exclusively a German problem. But there had been some particularly bad incidents there and for obvious reasons the international focus was on Germany. Chancellor Kohl was personally appalled by events. There was no doubt about the genuineness of his feelings. The subject would be addressed at the Edinburgh summit. The Prime Minister expected that there would be references to it in the conclusions of the summit.

In conclusion, Mr Rabin extended an official invitation to the Prime Minister to visit Israel. The Prime Minister said he was happy to accept and would like to look at dates in spring 1993. He was ready to announce this if this suited Mr Rabin.

I am copying this to John Pitt-Brooke (Ministry of Defence), Peter Smith (Department of Trade and Industry), Andrew Cahn (Chancellor of the Duchy of Lancaster's Office) and Melanie Leech (Cabinet Office).



J. S. WALL

Richard Gozney Esq
Foreign and Commonwealth Office

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Christopher Prentice Esq
Private Secretary to the Secretary of State
for Foreign and Commonwealth Affairs
Foreign and Commonwealth Office
King Charles Street
London
SW1A 2AH

8 December 1992

Dear Christopher,

VISIT OF ISRAELI MINISTER OF ECONOMY AND PLANNING

Professor Shimon Shitreet, Israeli Minister of Economy and Planning, visited the Chief Secretary yesterday. He was accompanied by the Israeli Ambassador, Mr Yoav Biran, and Mr Shlomo Maoz, Economic Minister at the Israeli Embassy. Part of the meeting covered economic matters but the Chief Secretary thought you and others might be interested in a record of the discussion of the following issues; in the meeting the Chief Secretary stressed to Professor Shitreet that these were best dealt with by his colleagues at the Foreign Office and DTI.

Arms embargo

2. Professor Shitreet said that the UK's embargo on arms sales to Israel formed a constraint to bilateral trade. In addition, he believed it affected the composition of trade: in comparison with some other developed countries, a smaller proportion of UK/Israeli trade was in high technology goods. He believed a lifting of the embargo would be of benefit to both countries. Mr Biran added that its continuation did not aid the UK Government's stance on lifting the Arab boycott.

Arab boycott

3. Professor Shitreet explained the nature of the boycott. Mr Biran added that Israel lost an estimated \$2 billion per year in business as a result. Professor Shitreet said he appreciated the UK Government's call to the Arabs for a reciprocal gesture in this area following Israel's freezing of investment in the Occupied Territories. Nevertheless, he wished the UK to go further and legislate against the boycott in common with many other countries. He agreed, in response to a question from the Chief Secretary, that legislation elsewhere was not always effective: however it provided a helpful signal.

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4. Professor Shitreet mentioned BP which he said did not trade with Israel because it feared the impact on its business in the Arab world. In his view, however, it only needed one or two large multinational corporations to challenge the boycott and it would be undermined since the Arabs needed their expertise.

Trade delegations

5. Professor Shitreet said that trade delegations from many countries had recently visited Israel. He mentioned Italy, Japan, Germany and France. In France's case President Mitterrand had been accompanied by 250 businessmen. He regretted that there had been no large UK delegation which in his view would be of mutual benefit.

6. He went on to say that an emerging advantage of Israel was as a strategic base for what he described as the "new Middle East". It had a technologically well-equipped workforce, augmented by immigrants from the ex-Soviet Union. In particular, he stressed that Israel was a good base from which to do business with Kazakhstan. This arose largely because of recent immigration. He added that the Israeli's influence in Kazakhstan was a useful counter to that of the Iranians.

7. Finally, on the peace process, Professor Shitreet said that no other conceivable Israeli government would be so committed to peace. The government's credibility was enhanced by Mr Rabin's record: as Chief of Staff in 1967 and in subsequent years as Minister of Defence. If he made concessions they would be accepted by public opinion. The Arabs were fully aware of this. Although currently they were waiting for the Clinton administration to get its feet under the table, they too were interested in progress. Nevertheless he could not set out a timescale on when a settlement on any aspect might be reached. Moreover, progress was based on Labour remaining in power for some time. He also believed, with reference to an earlier part of the conversation, that progress on peace would be influenced by progress on the economy.

8. I am copying this letter to Stephen Wall (No.10) and Peter Smith (DTI).

Yours sincerely
Justin Wray

JUSTIN WRAY
Assistant Private Secretary

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cc LB
BUP

Foreign &
Commonwealth
Office

8 December 1992

London SW1A 2AH

Prime Minister

Dear Stephen,

The speaking notes are
flagged up below. You should look at the
speech. This quite neatly.

Call on the Prime Minister by the Israeli Prime Minister :
Wednesday 9 December

Mr Yitzhak Rabin will call on the Prime Minister at 12.15 on 9 December and stay on for lunch afterwards. He will be accompanied by the Israeli Ambassador (Yoav Biran), the Director General of his Office (Shimon Sheves), his Political Adviser (Eitan Haber), his Military Secretary (Brigadier-General Azriel Nevo) and Gideon Meir (Minister at the Embassy and notetaker). The Foreign Secretary will attend accompanied by HMA Tel Aviv (Andrew Burns) and by David Gore-Booth. Mr Rabin will also be accompanied by his Minister for Economic and Social Development (Shimon ^{Shitreet}).

Rabin will have attended a fund-raising dinner (Joint Israel Appeal) on the previous evening and will have met the Leader of the Opposition. He is also calling on the Lord Chancellor, lunching at the Staff College Camberley (which he attended in 1953) and addressing the Royal United Services Institute. He will have seen the Cabinet War Rooms retracing Churchill's steps through the FCO courtyard (guided by Dr Martin Gilbert).

I enclose:

- / - a scene-setting telegram from Andrew Burns;
- / - the record of the Prime Minister's meeting of 8 September with the Israeli Foreign Minister;
- / - a personality note on Rabin;
- / - a draft speech for lunch.

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Rabin was the architect of Labour's remarkable victory over Likud in the June election. A hero of the 1967 war, he remains a soldier. (He retains the Defence portfolio.) He is gruff, even curmudgeonly, with no small talk. He is close to the Americans (having been Ambassador in Washington in the mid-1970s). He has been no lover of the British, or the Europeans, whom he regards as pro-Arab and purveyors of weapons to the enemy. He has been dismissive of Europe's role in the peace process, but recognises the importance to Israel of closer economic links with the EC.

A pragmatist with a good analytical mind there is no doubt that he is serious about the peace process, unlike Shamir. He sees resources put into holding down the West Bank and Gaza as a distraction from the central security tasks of the Israeli Defence Forces. He is likely to be unimpressed by arguments bearing on Arab sensitivities, but open to those which take account of Israel's security imperatives.

Rabin's main objectives will be:

- to show to Israeli public opinion that his policies on the peace process are bringing returns in international relations.
- to be able to report publicly progress on the trade boycott, the arms embargo, and a declaration at the Edinburgh summit on the need to curb racism in Europe, and
- to press for improvements in EC/Israel economic relations.

There are limits on how far we can go to meet Rabin on these objectives. But the Prime Minister might take as his objectives:

- to reassure Rabin that the Europeans recognise that his government is different from its predecessor and means business on the peace process.
- to project, publicly and privately, warm support for the new Israeli approach, and to encourage further flexibility.
- to convince Rabin of our serious support for the peace process and our non-polemical approach to it.
- to seek urgent improvement of the human rights situation in the Occupied Territories.



The Peace Process

Rabin has not met his campaign promises to negotiate a speedy interim agreement. He blames the Arabs for this. He claims that Israeli public opinion demands more from the Arabs before accepting concessions on the central issues of the Golan Heights and interim self-rule for the Occupied Territories of the West Bank and Gaza. He has failed to take sufficient steps to restore human rights in the Occupied Territories - although he has released some prisoners and cancelled several deportations.

The atmosphere in the so-called bilateral negotiations between Israel and Syria, Israel and the Palestinians and Jordanians and Israel and the Lebanon remains good. Another round began on 7 December. The popular frustrations on the Arab - particularly the Palestinian - side, at the lack of progress are taking their toll. The moderate Arabs - Egyptians, Jordanians, Saudis and moderate Palestinians - share with Rabin a grim assessment of the consequences for the future stability of the region if the process breaks down - the long term threat from Iran, fundamentalism and the fall-out from Iraq. The key tracks are Syria and the Palestinians. The Palestinian leaders, in Tunis, and in the Occupied Territories are under increasing pressure from radicals and "rejectionists" as the talks fail to produce concrete results. They are divided. Faisal Husseini remains the authentic moderate voice in the Occupied Territories but is under pressure from radicals and suffering from the fact that Rabin will not yet let the government talk to him direct (this reflects Israeli right wing insistence that inhabitants of East Jerusalem be excluded from the process).

The atmosphere in the negotiations with Syria improved rapidly with Rabin's appointment of a new delegation leader (Rabinovich). But there is no sign of a breakthrough on the essential issue - Syrian demands for a prior Israeli commitment to full withdrawal from the Golan versus Israeli insistence on Syrian commitment to a "full peace" including normalisation of relations etc. But the Israelis have accepted the applicability of UNSCR 242 and 338 and the use of the word "withdrawal" and the Syrians are talking of an eventual peace agreement.



The Prime Minister may wish to say:

- have done our best to ensure solid EC support for the American-led process, and to counter any EC tendencies towards polemical approach.
- we tell all the Arabs in public and in private that things have changed in Israel and that they cannot hope to deal with a better government.
- share your assessment of destabilising consequences of breakdown of negotiating process (threat from Iran, fundamentalism, the fall-out from Iraq). So too do the sensible Arabs including Palestinian leaders.
- good evidence that Assad genuinely seeks peace provided that it is "honourable". He needs it. His security has been transformed by the collapse of his superpower, the Soviet Union. Signs that he is beginning to prepare his people. But no hint that he can accept anything less than formal sovereignty over the whole of the Golan.
- is there anything further you can say publicly to get the message to the Syrians that Israel is prepared to go a long way to get a settlement which enhances its own security? Importance of both sides getting the right message to each other's domestic constituency.
- share your frustrations at Palestinian disorganisation. We keep urging them to engage in the detail of the transfer of power in the interim arrangements. Could you not talk direct to Faisal Hussein to increase his authority (and, incidentally, to sideline the PLO?)
- must ask that you to do more on human rights in the West Bank and Gaza. We recognise, and publicly welcomed, the gestures you made.

The Multilateral Track of the Peace Process

Rabin is starting to focus on the so-called multilateral talks of the peace process. These are about regional issues. These involve the EC in all Groups. The EC chairs the Regional Economic Development Working Group, is a 'co-organiser' of the Water, Refugees and Environment Groups, and a 'contributor' to the Arms Control and Regional Security Group. The Steering Committee which coordinates the work of the five Groups met in London on 3/4 December.



If Rabin raises the subject, the Prime Minister may wish to say:

- EC keen to do all it can to support multilateral process. Contributing to all multilateral groups. Believe they have an important role in underpinning bilateral negotiations.

Ministerial Contacts with the PLO

The Prime Minister will wish to decide whether he wishes to raise with Rabin the issue of British Ministerial contacts with the PLO. The response is likely to be negative - although this is not entirely certain if the approach is made in private.

The Prime Minister could say:

- We understand and share your concerns about the negative impact of the PLO on the peace process. But there is no escaping the fact that the Palestinian delegation rely on the PLO for their instructions, and will not go against a firm PLO line.

- We also understand why you do not want to establish your own direct contacts with the PLO. We also understand why the Americans are wary of establishing their own channel to the PLO.

- But it is important that the PLO have access to sensible advice, in particular on the urgent need to get down to serious negotiations on interim arrangements. British Ministers offer an effective channel for this kind of message. Our aim is to encourage moderation on the PLO in order to allow the peace process to make progress.

- We would also use our contacts to urge the Palestinians to support more reasonable Arab positions on issues such as the Arab boycott. Like it or not, the PLO still carries much weight in the Arab league.

The Trade Boycott

Rabin will almost certainly raise the question of the Arab trade boycott of Israel, particularly the "secondary and tertiary" aspects which can penalise companies from third countries trading with Israel. The Israelis are pressing for Western pressure on the Arabs to lift the boycott.



In September the EC approached the main Arab states urging them to end the boycott in response to the positive measures adopted by the new Israeli government. Although there was a reluctance to make any announcement, the demarche revealed that the Gulf Cooperation Council states had decided to relax the practical implementation of the secondary and tertiary boycotts (against third country companies which have dealings with Israel).

The Prime Minister may wish to say:

- We are getting signs that certain Arab states are taking steps to relax considerably the practical effects of the secondary boycott. It would be counter-productive to shout about this. But we will maintain the pressure on the Arabs, and keep companies informed about these developments.

The Arms Embargo

The Prime Minister undertook to Mr Peres that we would look again at the arms embargo on Israel. Ministers have considered this and believe that it is too early in the peace process and would send the wrong signals to the Arabs. The Israelis have not yet done enough to give us cause to throw away such a carrot. They are still in occupation of Southern Lebanon (the original cause of the imposition of the embargo in 1982). The Prime Minister might say, if Rabin raises the issue:

- I am anxious to help. But it would be difficult to do so before you can make some move on the Israeli Defence Force presence in Southern Lebanon.

- when we lobbied in Beirut last month for the Hizbollah to be disarmed and prevented from attacking Israel the new Prime Minister (Hriri) said that if you were to commit Israel to withdraw from Lebanon within a specific timetable, he would - with Syrian assistance - begin to disarm the Hizbollah immediately. That sort of gesture would enable us to lift the arms embargo.

Iran

There is growing anxiety throughout the region about Iranian intentions and actions, highlighted by the arrival of the first of the Russian submarines (and other arms purchases) and Iran's dispute with the UAE over the island of Abu Musa. We have recently underlined to the Iranians our concern about Hizbollah activity in South Lebanon and asked them to use



their influence to encourage moderation. EC statements on Iran (eg the Foreign Secretary's speech at the UN General Assembly) have repeatedly called for a more constructive approach to the Middle East peace process. The UK's bilateral relationship is stalled, with no progress over Rushdie.

The Prime Minister might say:

- No positive developments in Iran. No political/social liberalisation. Continued involvement in terrorism. Threat to Rushdie reaffirmed (three Iranians deported from UK in August because of unacceptable intelligence activity). Serious human rights abuses continue.

- Iranian regional ambitions of increasing concern in Arab world. Need to convince them and some EC partners that only by standing up to Iran together can we hope to moderate Iran's unacceptable behaviour. Iran's economic weakness gives us some leverage.

Iraq

The Israelis follow internal Iraqi affairs closely. The Prime Minister might wish to probe Israeli thinking on recent developments.

The Prime Minister might say:

- Iraqi regime beginning to feel economic squeeze. Hence attempts to lift sanctions etc. But we may still have to deal with Saddam Hussein for some time.

- Determined to keep up the pressure on Iraq to implement all UN resolutions. Vital to maintain international solidarity.

- Consolidation of united Iraqi opposition in northern Iraq in October an important step. Crucial to be able to offer a viable, democratic alternative to Saddam Hussein. But only a coup from within regime likely to topple him.

- No incidents so far in no-fly zone in southern Iraq. Believe it has offered some protection to the civilian population but cannot offer a complete solution.



Former Yugoslavia

In August, reports of the concentration camps in Bosnia touched a raw nerve in Israel. This provoked an airlift of medical and food supplies to Sarajevo, and help in the evacuation of several hundred Jews, some to Israel, some to Zagreb. In recognising Croatia in April the Israeli government said that they believed atonement was due for what they saw as Croatia's part in the holocaust. They recognised Slovenia at the same time but have yet to recognise Bosnia.

Rabin is disdainful of the EC effort, questioning its role in the Arab-Israel peace process in the light of its inability to solve the crisis in Bosnia. The Prime Minister may wish to draw on the following:

- We are continuing the work begun at the London Conference to put pressure on the Serbs; take steps to reduce the fighting; and relieve the suffering of the civilian population in Bosnia.
- Sanctions and the No Fly Zone have been significantly strengthened by recent UN Security Council Resolutions. The NATO/WEU fleet in the Adriatic has begun the stop and search operation.
- Owen and Vance continue their excellent work to resolve the conflict and to prevent it spreading to other areas. The forthcoming meeting of the Steering Committee of the International Conference should give added impetus to their efforts.
- It is important that humanitarian assistance should reach those most in need. The UNPROFOR operation in Bosnia, of which British troops form a large part, is improving the effectiveness of aid delivery by supporting the efforts of the UNHCR.
- We will not accept any change of borders except by peaceful means and by agreement. To do so would be to accept "ethnic cleansing" and territorial gains achieved by force as faits accomplis.
- (if raised) We do not believe that foreign military action is an option. There are no easy targets, many weapons are portable and the terrain is difficult. It would put at risk the humanitarian operation and penalise innocent civilians.



- (if raised) We do not believe that militarily defended safe zones on lines of Iraqi model are viable. They would require huge additional deployment and extension of UNPROFOR mandate. The presence of forces already deployed should however create de facto safe areas.

EC/Israel

Rabin's main objective will be to press for rapid progress on updating the 1975 Cooperation Agreement which provided for:

- reciprocal free trade in industrial goods, and in 80% of agricultural products.
- annual meetings of the EC/Israel Cooperation Council, when there is also a political dialogue between EC Foreign Ministers and the Israeli Foreign Minister.

The Israelis seek to anchor their economy in the EC, which accounts for 50% of their imports and 40% of exports. Israel sees its strategic interest as European Economic Area-type status. But it could not meet the practical requirements and is not European. In updating the Agreement, Israel will be looking for progress on a range of technical issues. But the Agreement has not stood still since 1975 and already provides for free trade in industrial goods and in 90% of agricultural. So improvements will be at the margins. EC foreign ministers agreed in September that, given Rabin's more positive approach to the peace process, the Commission should open talks on updating: exploratory talks were held with the Israelis last month; and a further round is due in a fortnight's time. The Danish Presidency are planning (but have not announced) a Cooperation Council in February.

The Prime Minister might say:

- the Community is keen to proceed with updating the 1975 Cooperation Agreement, as EC foreign ministers told Mr Peres in September;
- As Presidency we have asked the Commission, who will conduct the talks on behalf of the Community, to set work rapidly in hand;
- I am glad that the Commission's contacts with you are now underway. The Community is keen to push ahead as fast as both sides' economic interests can be met;



- we recognise the need for a further Cooperation Council, which will be informed by these talks, to follow the Community's meeting with Mr Peres in September. Understand the Danish Presidency will be in touch with you about a meeting in the first half of 1993.

(If raised)

- European Economic Area type status not suitable. As EC foreign ministers said to Mr Peres in September, we need to build on the existing relationship, which already offers Israel a good deal.

Racism in Germany

There is public outcry and strident debate in Israel over racist attacks in Germany. The Israelis have asked us, qua Presidency, to ensure that the Edinburgh summit issue a declaration condemning the violence and calling for European governments to suppress it. Rabin is likely to press on this. While we intend no separate declaration, the draft declaration on Migration Pressures now contains a preambular paragraph on racism and xenophobia, and a substantive paragraph on protecting immigrants from racist attacks. We are also preparing additional contingency conclusions language:

" It stressed the need to reinforce the fight against racism and xenophobia in line with the joint declaration adopted by the European Parliament, the Council and the Representatives of the Member States, meeting within the Council, and the Commission on 11 June 1986 and with the Declaration on racism and xenophobia adopted by the European Council in Maastricht. "

But high German sensitivities will preclude strong language, and our first aim must be not to antagonize them at Edinburgh; we would need to broker anything with them first. We ourselves would be likely to have competence problems with any new departures from previous European Council texts that might be acceptable to the Germans.

If Rabin raises this, the Prime Minister might say:

- Agree that rising tide of racist attacks in Europe is unacceptable, and problem must be addressed with the fullest vigour.



- Member States are very sensitive to the problem; believe all police and prosecution authorities have the powers they need to deal with assaults.

- European Council has twice issued declarations on racism and xenophobia (June 1990 in Dublin and December 1991 in Maastricht). The European Parliament's latest declaration came last month, as did that of the Council of Europe.

- I am sure it is right that at Edinburgh we should again make clear our condemnation of all such incidents. But this does not mean we need a free-standing statement again. We are looking at other possibilities for appropriate language in Edinburgh texts.

(If pressed)

- Final form not agreed. But possibly in context of a Declaration I intend Council should issue on Migration, stressing the importance of protecting all immigrants from racist attacks.

Visits

Last week we invited President Herzog (who was born in Belfast and served with distinction in the British Army) to London in February as an official guest of government. He will call on The Queen and on the Prime Minister. The Prime Minister has announced that he will visit Israel and plans to do so next year. He has not decided on a date. Rabin may press him on this. On the Herzog visit, the Prime Minister might say:

- only fitting that we should invite your ex-British President before he retires from a post he has filled with such distinction. A mark too of warm bilateral relations.

Commercial Opportunity

A consortium of British Private and Public Sector consultancies has been formed, under the name "Transrael", specifically to get business out of Israeli plans for an improved transport system. They are offering advice on a number of very large road and rail projects, including upgrading the Jerusalem/Tel Aviv railway. Major consultancy contracts are involved even if supply and construction contracts are all more likely to go to companies whose countries (eg France) are willing to offer concessional finance.



The Prime Minister might say:

- the consortium of British transport companies, Transrael, has much expertise to offer towards Israel's transport modification plans. Hope they will be given a fair chance to contribute both to consultancy and construction projects.

I am copying this letter to Peter Smith (ATI) and Melanie Leech (Cabinet office)

*Your ever,
R. H. T. Gozney*

(R H T Gozney)
Private Secretary

J S Wall Esq
10 Downing Street



Call on the Prime Minister by the Israeli Prime Minister :

Wednesday 9 December

Points to Make

The Peace Process

The Prime Minister may wish to say:

- have done our best to ensure solid EC support for the American-led process, and to counter any EC tendencies towards polemical approach.
- we tell all the Arabs in public and in private that things have changed in Israel and that they cannot hope to deal with a better government.
- share your assessment of destabilising consequences of breakdown of negotiating process (threat from Iran, fundamentalism, the fall-out from Iraq). So too do the sensible Arabs including Palestinian leaders.
- good evidence that Assad genuinely seeks peace provided that it is "honourable". He needs it. His security has been transformed by the collapse of his superpower, the Soviet Union. Signs that he is beginning to prepare his people. But no hint that he can accept anything less than formal sovereignty over the whole of the Golan.
- is there anything further you can say publicly to get the message to the Syrians that Israel is prepared to go a long way to get a settlement which enhances its own security? Importance of both sides getting the right message to each other's domestic constituency.
- share your frustrations at Palestinian disorganisation. We keep urging them to engage in the detail of the transfer



- It is important that humanitarian assistance should reach those most in need. The UNPROFOR operation in Bosnia, of which British troops form a large part, is improving the effectiveness of aid delivery by supporting the efforts of the UNHCR.

- We will not accept any change of borders except by peaceful means and by agreement. To do so would be to accept "ethnic cleansing" and territorial gains achieved by force as faits accomplis.

- (if raised) We do not believe that foreign military action is an option. There are no easy targets, many weapons are portable and the terrain is difficult. It would put at risk the humanitarian operation and penalise innocent civilians.

- (if raised) We do not believe that militarily defended safe zones on lines of Iraqi model are viable. They would require huge additional deployment and extension of UNPROFOR mandate. The presence of forces already deployed should however create de facto safe areas.

EC/Israel

The Prime Minister might say:

- the Community is keen to proceed with updating the 1975 Cooperation Agreement, as EC foreign ministers told Mr Peres in September;

- As Presidency we have asked the Commission, who will conduct the talks on behalf of the Community, to set work rapidly in hand;



X
serious negotiations on interim arrangements. British Ministers offer an effective channel for this kind of message. Our aim is to encourage moderation on the PLO in order to allow the peace process to make progress.

- We would also use our contacts to urge the Palestinians to support more reasonable Arab positions on issues such as the Arab boycott. Like it or not, the PLO still carries much weight in the Arab league.

The Trade Boycott

The Prime Minister may wish to say:

- We are getting signs that certain Arab states are taking steps to relax considerably the practical effects of the secondary boycott. It would be counter-productive to shout about this. But we will maintain the pressure on the Arabs, and keep companies informed about these developments.

The Arms Embargo

The Prime Minister might say, if Rabin raises the issue:

- I am anxious to help. But it would be difficult to do so before you can make some move on the Israeli Defence Force presence in Southern Lebanon.



- when we lobbied in Beirut last month for the Hizbollah to be disarmed and prevented from attacking Israel the new Prime Minister (Hriri) said that if you were to commit Israel to withdraw from Lebanon within a specific timetable, he would - with Syrian assistance - begin to disarm the Hizbollah immediately. That sort of gesture would enable us to lift the arms embargo.

Iran

The Prime Minister might say:

- No positive developments in Iran. No political/social liberalisation. Continued involvement in terrorism. Threat to Rushdie reaffirmed (three Iranians deported from UK in August because of unacceptable intelligence activity). Serious human rights abuses continue.

- Iranian regional ambitions of increasing concern in Arab world. Need to convince them and some EC partners that only by standing up to Iran together can we hope to moderate Iran's unacceptable behaviour. Iran's economic weakness gives us some leverage.

Iraq

The Prime Minister might say:

- Iraqi regime beginning to feel economic squeeze. Hence attempts to lift sanctions etc. But we may still have to deal with Saddam Hussein for some time.



- Determined to keep up the pressure on Iraq to implement all UN resolutions. Vital to maintain international solidarity.
- Consolidation of united Iraqi opposition in northern Iraq in October an important step. Crucial to be able to offer a viable, democratic alternative to Saddam Hussein. But only a coup from within regime likely to topple him.
- No incidents so far in no-fly zone in southern Iraq. Believe it has offered some protection to the civilian population but cannot offer a complete solution.

Former Yugoslavia

- We are continuing the work begun at the London Conference to put pressure on the Serbs; take steps to reduce the fighting; and relieve the suffering of the civilian population in Bosnia.
- Sanctions and the No Fly Zone have been significantly strengthened by recent UN Security Council Resolutions. The NATO/WEU fleet in the Adriatic has begun the stop and search operation.
- Owen and Vance continue their excellent work to resolve the conflict and to prevent it spreading to other areas. The forthcoming meeting of the Steering Committee of the International Conference should give added impetus to their efforts.



of power in the interim arrangements. Could you not talk direct to Faisal Husseini to increase his authority (and, incidentally, to sideline the PLO?)

- must ask that you to do more on human rights in the West Bank and Gaza. We recognise, and publicly welcomed, the gestures you made.

The Multilateral Track of the Peace Process

The Prime Minister may wish to say:

- EC keen to do all it can to support multilateral process. Contributing to all multilateral groups. Believe they have an important role in underpinning bilateral negotiations.

Ministerial Contacts with the PLO

The Prime Minister could say:

- We understand and share your concerns about the negative impact of the PLO on the peace process. But there is no escaping the fact that the Palestinian delegation rely on the PLO for their instructions, and will not go against a firm PLO line.

- We also understand why you do not want to establish your own direct contacts with the PLO. We also understand why the Americans are wary of establishing their own channel to the PLO.

- But it is important that the PLO have access to sensible advice, in particular on the urgent need to get down to



- I am glad that the Commission's contacts with you are now underway. The Community is keen to push ahead as fast as both sides' economic interests can be met;

- we recognise the need for a further Cooperation Council, which will be informed by these talks, to follow the Community's meeting with Mr Peres in September. Understand the Danish Presidency will be in touch with you about a meeting in the first half of 1993.

(If raised)

- European Economic Area type status not suitable. As EC foreign ministers said to Mr Peres in September, we need to build on the existing relationship, which already offers Israel a good deal.

Racism in Germany

If Rabin raises this, the Prime Minister might say:

- Agree that rising tide of racist attacks in Europe is unacceptable, and problem must be addressed with the fullest vigour.

- Member States are very sensitive to the problem; believe all police and prosecution authorities have the powers they need to deal with assaults.



- European Council has twice issued declarations on racism and xenophobia (June 1990 in Dublin and December 1991 in Maastricht). The European Parliament's latest declaration came last month, as did that of the Council of Europe.

- I am sure it is right that at Edinburgh we should again make clear our condemnation of all such incidents. But this does not mean we need a free-standing statement again. We are looking at other possibilities for appropriate language in Edinburgh texts.

(If pressed)

- Final form not agreed. But possibly in context of a Declaration I intend Council should issue on Migration, stressing the importance of protecting all immigrants from racist attacks.

Visits

On the Herzog visit, the Prime Minister might say:

- only fitting that we should invite your ex-British President before he retires from a post he has filled with such distinction. A mark too of warm bilateral relations.

Commercial Opportunity

The Prime Minister might say:

- the consortium of British transport companies, Transrael,

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has much expertise to offer towards Israel's transport modification plans. Hope they will be given a fair chance to contribute both to consultancy and construction projects.

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VISIT BY PRIME MINISTER RABIN

SUMMARY

1. RABIN FOCUSES ON EUROPE AS HE LOOKS FOR SOLUTIONS TO ISRAEL'S ECONOMIC PROBLEMS, AND SHOWS INCREASING INTEREST IN PEACE PROCESS MULTILATERALS. RABIN HAS WEATHERED HIS FIRST DOMESTIC POLITICAL STORMS, BUT THE STABILITY OF HIS COALITION CANNOT BE TAKEN FOR GRANTED. GROWING CRITICISM THAT HIS ELECTION PROMISES ARE NOT BEING REALISED.

2. ISRAELIS ARE GENERALLY CONTENT WITH CURRENT STATE OF UK/ISRAEL RELATIONS, BUT RABIN WILL PRESS FOR AN END TO THE ARMS EMBARGO AND THE COMPLICITY OF BRITISH FIRMS WITH THE ARAB BOYCOTT. AFTER THE CONSTRAINING HORIZONS OF ISRAEL'S POLITICS - AND A RATHER PATRONISING MITTERRAND VISIT - RABIN MAY WELCOME SOME STRAIGHT FORWARD DISCUSSION OF THE WIDER WORLD BACKGROUND TO THE TOUGH CHOICES HE HAS TO CONFRONT.

DETAIL

3. YITZAK RABIN IS A TENSE AND INTROVERTED CHARACTER WITH A DRY SENSE OF HUMOUR AND A GUTTERAL WAY OF SPEAKING THAT DISGUISES A CLEAR ANALYTICAL MIND. HE HAS LED HIS GOVERNMENT FROM THE FRONT SO FAR, BUT IN THE PEACE NEGOTIATIONS WHICH DOMINATE HIS CONCERNS HE KEEPS COMING UP AGAINST THE CENTRAL DILEMMA OF HOW TO SQUARE PUBLIC OPINION AND ISRAEL'S OWN SECURITY NEEDS WITH THE PERSISTENT NEED TO STRIKE A DEAL WITH THE PLO. PRESIDENT MITTERRAND'S VISIT HAS SHOWN THAT RABIN IS TRYING TO FIND A WAY ROUND THIS CONUNDRUM, BUT HE DID NOT FIND THE FRENCH APPROACH VERY SYMPATHETIC. NOR DO I EXPECT HIM TO DERIVE MUCH CONSOLATION FROM THE VISIT TO ITALY BEFORE HE ARRIVES IN LONDON. HE WILL SPELL OUT HIS PRESENT POLICIES WITH CLARITY AND CONVICTION. BUT HE IS A PRAGMATIST WHO IS KEEN TO BE SHOT OF THE OCCUPATION OF THE WEST BANK AND GAZA. AND HE WILL LISTEN TO WHAT WE HAVE TO SAY. WHAT HE NEEDS IS AN OPPORTUNITY TO RANGE MORE WIDELY OVER HOW SECURITY ISSUES ARE TO BE HANDLED IN THE

MIDDLE EAST AND EUROPE AFTER THE COLD WAR, IN ORDER TO GAIN A BROADER PERSPECTIVE AS HE TACKLES THE DIFFICULT AND DIVISIVE CHOICES AHEAD. THE ISRAELIS ARE PARTICULARLY ANXIOUS ABOUT THE RE-ARMING OF IRAN.

4. THIS IS RABIN'S FIRST VISIT TO THE UK AS PRIME MINISTER. HE CONTINUES TO GIVE PRIDE OF PLACE TO THE US IN ISRAEL'S FOREIGN RELATIONS, BECAUSE THAT IS WHERE THE REAL MONEY, WEAPONS AND POLITICAL SUPPORT COME FROM. THERE ARE SIGNS HOWEVER THAT HE IS BEGINNING TO ACKNOWLEDGE EUROPE'S IMPORTANCE AS HE LOOKS FOR SOLUTIONS TO ISRAEL'S PROBLEMS OF UNDERINVESTMENT AND UNEMPLOYMENT. HIS INTEREST IN THE MULTILATERAL LAYER OF THE PEACE PROCESS, AND THUS IN THE EUROPEAN ROLE HAS BEEN AWAKENED, THOUGH HE IS MORE SCEPTICAL THAN PERES ABOUT THE NEED FOR CLOSER INSTITUTIONAL LINKS WITH THE EC. HE REGARDS THE EUROPEAN COMMUNITY'S ROLE IN YUGOSLAVIA AS WHOLLY INADEQUATE. HE QUESTIONS WHETHER EUROPEAN UNITY HAS ANY REAL EFFECTIVENESS IN THE ABSENCE OF A UNIFIED MILITARY FORCE. AND HE RAILS AGAINST EUROPE'S POSITION OF PRINCIPLES AS SET OUT IN THE VENICE DECLARATION. YET IT IS HE WHO HAS SOUGHT THIS COMPARATIVELY LENGTHY VISIT TO THE UK, INCLUDING A RETURN TO CAMBERLEY. HE WILL BLOSSOM IN DISCUSSION IF TREATED SERIOUSLY AND ON THE LEVEL.

PEACE PROCESS

5. RABIN'S VISIT COMES DURING A LULL ON THE BILATERAL FRONT. THE ISRAELIS BLAME THIS ON ARAB HESITATIONS WHILE THEY WAIT FOR CLINTON. FROM AN ISRAELI PERSPECTIVE, RABIN ENERGISED THE PEACE PROCESS AND INJECTED SERIOUSNESS AND FRESH THINKING. THE ISRAELIS ARE NOW TAKING STOCK OF THE FACT THAT NONE OF THIS HAS YET CARRIED THE PEACE PROCESS SUBSTANTIALLY FURTHER FORWARD. THEY MAY HOPE THAT A CLINTON ADMINISTRATION WILL WORK IN THEIR FAVOUR. BUT THEY ARE ALSO AWARE THAT THERE ARE TOUGH DECISIONS IN STORE FOR THEM IF THE PEACE PROCESS IS TO PRODUCE THE EARLY RESULTS WHICH RABIN FORESAW IN HIS ELECTION CAMPAIGN AND UPON WHICH ECONOMIC IMPROVEMENTS DEPEND. RABIN AND THOSE AROUND HIM WORRY ABOUT THE EXTENT TO WHICH THEIR POLITICAL FORTUNES ARE INEXTRICABLY LINKED TO THE PEACE PROCESS. THEY KNOW THEY NEED RESULTS, AND ARE SHOWING SIGNS OF ANXIETY THAT THEY MAY NOT ACHIEVE THEM, AT LEAST NOT IN ANY IMMEDIATE TIMESCALE. RABIN IS PARTICULARLY FRUSTRATED AT ACCUSATIONS THAT HE IS RUNNING NO BETTER THAN A SHAMIR II GOVERNMENT, DESPITE MAJOR CHANGES OF POLICY.

6. THE TWO BILATERAL TRACKS WHICH MATTER ARE THE SYRIAN AND PALESTINIAN ONES. BOTH PROVOKE DOMESTIC POLITICAL COMPLICATIONS.

THE BULK OF THE GOLAN SETTLERS WERE PUT THERE BY A LABOUR GOVERNMENT AND THE STATUS QUO THERE HAS BEEN QUIET FOR MANY YEARS. THERE IS A LONG WAY TO GO TO CONVINCE ISRAELIS THAT ASAD CAN BE SUFFICIENTLY TRUSTED FOR ISRAEL TO LOOSEN ITS HOLD ON THE STRATEGIC HEIGHTS. HOPES WERE RAISED WHEN THE ISRAELIS ACCEPTED THE APPLICABILITY OF UNSCRS 242 AND 338, AND ALLOWED THE WORD 'WITHDRAWAL' TO CREEP INTO THEIR TEXTS. ALTHOUGH THERE IS NO DOUBTING RABIN'S SERIOUS INTEREST IN THE POSSIBILITY OF A DEAL WITH ASAD, HE IS NOT HIMSELF DISPOSED TO GIVE BACK THE WHOLE AREA. HE WOULD NOT SURVIVE POLITICALLY IF HE DID AND THE SYRIANS HAVE YET TO MAKE THE SORT OF RADICAL GESTURES WHICH RABIN NEEDS IF HE IS TO PERSUADE A SCEPTICAL ISRAELI PUBLIC TO PAY THE PRICE OF PEACE.

7. THE WEST BANK HAS A DEEPER HOLD ON MANY ISRAELI HEARTS AS THE SEAT OF BIBLICAL ISRAEL, AND THE PRESENCE OF SOME 120,000 JEWISH SETTLERS IS A MAJOR COMPLICATING FACTOR. RABIN EXPRESSES CONTINUING DISMAY ABOUT THE INADEQUACIES OF THE PALESTINIAN NEGOTIATING TEAM. BUT THOSE AROUND RABIN KNOW ONLY TOO WELL THAT THIS IS IN FACT ISRAEL'S PROBLEM, AND THAT TO ADDRESS IT MEANS DOING EITHER FAR MORE TO BUILD UP THE INTERNAL LEADERSHIP PARTICULARLY FEISAL HUSSEINI (AN EAST JERUSALEMITE) OR - AND IT STILL LOOKS AN IMPOSSIBLE OPTION - DROPPING THE VEIL BETWEEN THE OCCUPIED TERRITORIES AND TUNIS. THE ISRAELIS FEEL THEY HAVE MADE REALLY SIGNIFICANT CONFIDENCE-BUILDING GESTURES INCLUDING AN INITIAL SPATE OF CONCESSIONS CENTRED UPON A PARTIAL SETTLEMENT FREEZE, AND SOME MORE RECENT POSITIVE STEPS SUCH AS MOVING TO ABOLISH THE BILL BANNING CONTACTS WITH THE PLO, AND RE-ESTABLISHING A MINISTERIAL COMMITTEE TO LOOK AT INTERROGATION TECHNIQUES. BUT AS LONG AS THESE ARE UNREQUITED, RABIN FEELS HE CANNOT TAKE MORE DIRECT STEPS WHICH WOULD EASE CONDITIONS IN THE OCCUPIED TERRITORIES IN A MORE PRACTICAL WAY. SO WHAT HE IS BEGINNING TO LOOK FOR IS A MORE EFFECTIVE NEGOTIATING PARTNER OUTSIDE THE ARAFAT CIRCLE.

8. MOST ISRAELIS CONSIDER THAT THESE TERRITORIES WERE WON IN ESSENTIALLY DEFENSIVE WARS, AND THEY STILL FIND IT VERY HARD (AND IN THE CASE OF EAST JERUSALEM VIRTUALLY IMPOSSIBLE) TO THINK OF THEM AS THE PRICE WHICH THEY MUST PAY FOR PEACE, RATHER THAN THE PRICE THE ARABS SHOULD PAY FOR THE ERRORS AND HOSTILITY OF THE PAST. HENCE THE COMPLEXITY OF THE ISRAELI AUTONOMY PROPOSALS WHICH TRY TO HAVE THEIR CAKE AND EAT IT. NOR DO MANY ISRAELIS YET BELIEVE THAT THE ARAB WORLD HAS CHANGED AND IS READY TO GRANT ISRAEL A PLACE IN THE SUN. AS THE TIDE OF FUNDAMENTALISM ADVANCES, EVEN THOSE WHO ACKNOWLEDGE THE WORTH OF THE COLD PEACE WITH EGYPT

WONDER ABOUT THE SHELF-LIFE OF ANY TREATY WITH UNDEMOCRATIC ARAB STATES. ISRAELIS VOTED FOR RABIN BECAUSE THEY BELIEVED HE WOULD NOT TAKE RISKS WITH THEIR SECURITY. RABIN KNOWS HOW GREAT THE TASK WILL BE TO PERSUADE ISRAELI PUBLIC OPINION TO TAKE THE RISKS WHICH AT THE END OF THE DAY ANY TERRITORIAL COMPROMISE WILL INVOLVE. THE MONTHS AHEAD WILL BE A SEARCHING TEST OF HIS LEADERSHIP.

PEACE PROCESS: MULTILATERALS

9. IN RECENT SPEECHES RABIN HAS PORTRAYED THE PEACE PROCESS AS THE 'APPETISER' FOR THE BILATERALS, OR THE INCENTIVE FOR THE PEACE PROCESS. BEHIND THIS LIES HIS PERCEPTION THAT THE ULTIMATE ECONOMIC ANSWERS FOR HIS SOCIETY ARE LINKED TO THE PROGRESS IN THE PEACE PROCESS. RABIN'S AIDES HAVE NOTED THE POSITIVE UK CHAIRING OF THE OCTOBER PARIS MEETING OF THE REGIONAL ECONOMIC DEVELOPMENT WORKING GROUP, ALTHOUGH ARGUING THAT WE ARE OVERLY CAUTIOUS AND HAVE MISSED A TRICK IN NOT TAKING ON A LEAD 'SHEPHERD' ROLE. THEY POINT TO A RECENT GROWTH IN TRADE WITH FRANCE, GERMANY AND ITALY, AND TO THE INTEREST BEING SHOWN IN ISRAEL EG BY HARD-HEADED JAPANESE, AND SUGGEST THAT THE UK IS LAGGING BEHIND. RABIN MAY MAKE SOME OF THESE POINTS. I HOPE MINISTERS WILL REBUT THIS CRITICISM BY COMMENDING, INTER ALIA, THE THOROUGHLY, SENSIBLE AND CONSTRUCTIVE TRANSRAEL PROPOSALS FOR MODERNISING ISRAEL'S TRANSPORT NETWORK.

INTERNAL POLITICS

10. I NEED NOT REPEAT MY RECENT LETTER TO GORE-BOOTH ON RABIN'S FIRST HUNDRED DAYS. HIS COALITION GOVERNMENT IS NOT AS WIDELY-BASED AS HE WOULD HAVE WISHED. IT CONTAINS FAULT LINES, IN PARTICULAR CONCERNING THE POSITION OF THE RELIGIOUS PARTY SHAS. RABIN HAS WEATHERED HIS FIRST STORMS, BUT HIS SKILLS OF POLITICAL MANAGEMENT WILL CONTINUE TO BE SEVERELY TESTED AND THE STABILITY OF HIS GOVERNMENT CANNOT BE TAKEN FOR GRANTED. BUT LIKUD ARE STILL IN DISARRAY AND THERE IS NO CONCEIVABLE ALTERNATIVE. ISRAELI GOVERNMENT ON THE HORIZON MORE ABLE AND WILLING TO MAKE PEACE. MEMBERS OF THE GOVERNMENT PRESS ALL THE TIME FOR CONCRETE RESPONSES FROM THE WEST AND THE ARABS WITH WHICH TO SHOW TO THEIR DOMESTIC CRITICS THAT HIS GOVERNMENT IS ON THE RIGHT TRACK.

BILATERAL

11. FOLLOWING AN IMPRESSIVE SERIES OF BRITISH EVENTS HERE THIS

AUTUMN, THE ISRAELIS ARE NOT LOOKING FOR A MAJOR ENHANCEMENT OF BILATERAL RELATIONS. THEY KNOW THAT THESE ARE HEALTHY. AS EVER, THE ISRAELIS WOULD LIKE MORE: MORE TRADE: MORE WARMTH: MORE INWARD VISITS: MORE RECOGNITION OF SHARED DEMOCRATIC VALUES. THEY ACKNOWLEDGE THE SOUNDNESS OF THE UK'S HANDLING OF THE EC PRESIDENCY'S CONTRIBUTION TO THE PEACE PROCESS, AND IN DISCUSSIONS ABOUT EC/ISRAEL RELATIONS. RABIN MAY WELL VOICE CONCERN ABOUT RECENT SIGNS OF RECURRENT RIGHT-WING EXTREMISM IN EUROPE, PARTICULARLY GERMANY. HE WILL LOOK FOR EUROPEAN SUPPORT IN DENOUNCING SUCH TRENDS. HE WILL CERTAINLY ASK FOR MORE VIGOROUS ACTION ON THE ARAB BOYCOTT, BECAUSE THE ISRAELIS BELIEVE THAT IT IS THE CONTINUINGLY COMPLAISANT ATTITUDE OF BIG BRITISH COMPANIES SUCH AS BP AND THE BANKS WHICH HELPS TO KEEP THE BOYCOTT ALIVE. HE HAS ASKED PRESIDENT MITTERRAND TO PROMOTE THE IDEA OF A STATEMENT FROM EDINBURGH ON A HARMONISATION OF EC LEGISLATION AGAINST THE BOYCOTT.

12. RABIN WILL ASK WHETHER THE REVIEW OF THE ARMS EMBARGO MENTIONED BY MR MAJOR TO PERES IN SEPTEMBER HAS YET REACHED ANY CONCLUSIONS. IRRESPECTIVE OF THE ARMS EMBARGO ISSUE, RABIN IS CLEARLY LOOKING FORWARD TO HIS VISIT TO THE CAMBERLEY STAFF COLLEGE, AND WOULD ATTACH GREAT VALUE TO MORE HIGH LEVEL MILITARY VISITS AND EXCHANGES. HIS OFFICE HAVE TOLD US HOW WELL THE RECENT VISIT BY HMS INVINCIBLE WENT DOWN AND THE RECENT MOD VISITORS LOOKING INTO THE PURCHASE OF ISRAELI MILITARY EQUIPMENT WERE VERY WELL RECEIVED.

13. RABIN WILL NO DOUBT PRESS THE PRIME MINISTER TO MAKE THE EARLY VISIT HE HAS PROMISED. ABOVE ALL, HE WILL COME TO LONDON HOPING - AND EXPECTING - THAT WE REMAIN FULLY COMMITTED TO THE CURRENT PEACE PROCESS, AND READY TO HELP HIM GET THE PALESTINIANS TO NEGOTIATE A SERIOUS FORMULA ON INTERIM AUTONOMY AND EARLY ELECTIONS.

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Mr Martin*

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7/9

From the Private Secretary

John Christopher

CALL ON THE PRIME MINISTER BY THE FOREIGN MINISTER
OF ISRAEL: 8 SEPTEMBER

(35)

Thank you for your letter of 7 September with briefing for Mr. Shimon Peres' call on the Prime Minister which took place this afternoon.

Mr. Peres said the Israeli Government had been sceptical about the prospects of making progress with the Syrians and had thought to deal with the Palestinians first. But they have made better progress with Syria than they had expected. The Syrians had listened carefully and Syria and Israel were now exchanging papers privately. The real problem was Assad who held his cards close to the chest. Reaching an agreement with Egypt was like climbing a pyramid. Reaching an agreement with Assad was like climbing a mountain. Israel was not sure she could get to the top.

Mr. Peres said that the Israeli Government's handling of the Settlement issue had missed a trick or two in propaganda terms. The substance of what they were doing was more significant than it appeared. He described the other gestures which had been made to the Palestinians. The real problem of the Palestinians was lack of a coherent leadership. Some of them were on the ground. Some were in exile, and the exiles were more interested in rhetoric than reality. He worried about the extent of control. There was moreover a confusion between autonomy and independence. The Israeli Government were proposing not independence but autonomy. Autonomy contained an ambiguity but that was desirable if disputes were to be avoided.

Mr. Peres said that there were also difficulties with Jordan who would not compromise but were at the same time worried about their exclusion from the peace process. Israel was ready to settle on the issues of refugees, water and the border. At the end of the conversation, Mr. Peres reverted to this issue and asked the Prime Minister to pass a private message to King Hussein to say

- (i) the new Israeli Government were as committed to the continuation of the Hashemites as the previous

Government;

- (ii) Israel really was serious about negotiating an agreement with Jordan on the issues he had described.

Mr. Peres said that Israel wanted to beef up the peace negotiations. Two out of the five committees did not really function. Israel wanted a steering committee at Foreign Minister level to discuss things more informally and if necessary indiscreetly. The Americans were in favour and had consulted the Egyptians who were also in favour. The Jordanians and the Saudis were reluctant but Israel had not given up. Israel also wanted Europe to take a more prominent role. There had been suggestions that the Americans were opposed to this, but the Israelis had consulted Baker and Bush who were both in favour.

Mr. Peres said that after World War I, there had been a search in Europe for mechanical means of preventing a recurrence. After World War II, Europe had turned, not to mechanical means, but to structures and institutions. The Middle East needed to follow that example. There needed to be a new Middle East and Europe could play a major role in creating it. Concentrating the Middle East peace talks in one place on the lines of the Helsinki Conference was one suggestion but something extra was needed: a serious and coherent economic policy for the entire region. The Middle East was divided between oily countries and holy countries. Israel was a holy country. The Middle East was not ripe at this juncture for constitutions and institutions except perhaps in the financial sphere. There needed to be a bank for Middle East development, maybe drawing its resources from e.g. a 10 per cent reduction in the arms race. The Middle East was an area of wealth and corruption. We needed to separate the two. That had to be done by the oil buyers. Maybe one dollar per barrel of oil should be levied for Middle East development. It would repay itself in time. We needed a Middle East for people, not just for leaders. Water was a classic case of a resource that needed to be managed. Egypt's population had grown ten times since the 1950s. The Nile had not grown with it. Transportation and tourism were further examples. Europe could play an historic role.

The Prime Minister said that Mr. Peres had set out a very substantial agenda which was very refreshing in many ways. There was no doubt that the elections and the Israeli Government's actions had radically changed the atmosphere and the prospects. They had also raised expectations. There was certainly quite a different attitude in the European Community. We were urging the Arabs to respond to the changed mood e.g. through an EC demarche on the Arab boycott. The Prime Minister thought the Arabs would be cautious but they were perceptive.

Mr. Peres said that the early days were the crucial ones in which to make progress i.e. before Labour were accused of being a giveaway party. One of the problems of the negotiation was that Israel had to make tangible concessions for rather intangible gains. If the picture could be broadened out so that the negotiations were leading to a whole new Middle East that would be a different story altogether. In any case there could be no real settlement if present economic disparities remained. Further examples were the fact that there was no water in Gaza. This was an urgent problem. A canal was needed between the Red Sea and the Dead Sea. The Jordanians wanted it but said that a political solution was needed first. Israel was saying that planning alone would take several years and should start now. This new approach was not a substitute for bilateral negotiations. Israel looked to Britain and Europe to help. This would also be useful in countering some of the domestic heat the Labour Government would take. It had been very difficult, for example, for Rabin to put forward a compromise on the Golan Heights, given his previous public utterances. There was, Mr. Peres thought, a new mood. The Arabs were coming to realise that cartridges did not feed children. The PLO had been an organisation for its day. Now the Palestinians could vote for their own representatives and the PLO's day had passed.

The Prime Minister said we would do what we could to help. He would discuss Mr. Peres' ideas with our partners in the Community. There was no doubt that the peace process had wings today. But that might not last. Domestic tolerance for what the Israeli Government was doing would be enhanced if there were reciprocity from the Arabs (Mr. Peres warmly agreed). We would see what we could do. Mr. Peres said he had already had discussions, notably with Mitterrand and Delors and they were supportive.

Mr. Peres said he would not be earning his keep if he did not raise two issues, (i) the Arms Embargo; and, (ii), the fact that, despite the lifting of the oil embargo, companies were refusing to sell oil to Israel. The arms embargo had been imposed because of Israeli policy in Lebanon. Lebanon was really down to the Syrians, not Israel, and Israel hoped that in the context of a settlement of Golan they might be able to address Lebanon as well. Israel was grateful for the fact that Britain was now able to procure weapons from Israel but the embargo on arms sales to Israel made no sense. The Prime Minister said he would review it to see if it was possible to put the issue behind us.

Follow-up

X | The Prime Minister would be grateful to know how you propose to take forward within the EC Mr. Peres' suggestions of a new Middle East agreement.

I shall revert to Mr. Peres' private messages to King Hussein once we know whether the Prime Minister will, after all, be able to see King Hussein of Jordan.

I am copying this letter to John Pitt-Brook (Ministry of Defence), Jeremy Heywood (HM Treasury), Peter Smith (Department of Trade and Industry) and Melanie Leech (Cabinet Office).

Jan,
Graph

J. S. WALL

Christopher Prentice, Esq.,
Foreign and Commonwealth Office.

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RABIN, Yitzhak

PRIME MINISTER

Leader of the Labour Party

Born Jerusalem 1922. Palmach member fighting with British in Syria in Second World War. Battalion Commander 1948-49 war. Staff College Camberley 1953. Head of Training Command 1953-56. Commander Northern Command 1956-64. Chief of Staff 1964-67. Ambassador Washington 1968-73. Prime Minister 1974-77. Minister of Defence 1984-90.

Israel's victory in Six Day war was credited to his thorough and far-sighted planning, and his military record (including his Ministerial backing for initial tough IDF tactics in response to the December 1987 Intifada) makes him a widely respected and popular figure in Israel.

His period of three years as Prime Minister in the 1970s was not an easy one (barring the major achievement of the second Sinai disengagement agreement with Egypt in March 1977), ending in resignation over the scandal of his wife's US bank account. His political career as a whole has been dogged by bitter rivalry with Peres.

Won Labour Party leadership in February 1992 and led party to victory in June 1992 elections.

Currently in position of unchallenged authority in Israeli politics and appears to be coordinating relatively well with Foreign Minister Peres on the peace process. But his coalition has some fault lines, and it remains to be seen whether his political skills have matured since the 1970s sufficiently to enable him to take his government and country down the peace process track.

Analytical, frank to point of brutality. No small talk. Smokes and drinks too much. Rumours that his nerves have failed at key moment.

Married with two children.

Revised October 1992.

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08IS.Rab

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FM TEL AVIV

TO IMMEDIATE FCO

TELNO 542

OF 070819Z DECEMBER 92

INFO PRIORITY JERUSALEM, WASHINGTON, AMMAN, BEIRUT, CAIRO, DAMASCUS

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RABIN'S VISIT TO UK

SUMMARY

1. RABIN SAYS THREE MAIN PURPOSES OF HIS TRIP TO ITALY AND UK ARE TO EXPLAIN ISRAEL'S POSITION ON THE PEACE TALKS, TO DISCUSS ECONOMIC MATTERS AND TO SEEK FIRM ACTION AGAINST RIGHT WING EXTREMISM. RABIN ALSO RULES OUT TALKING TO TUNIS 'MODERATES'.

DETAIL

2. AT A PRESS CONFERENCE BEFORE LEAVING YESTERDAY (6 DECEMBER) FOR ITALY AND THE UK, RABIN OUTLINED WHAT HE DESCRIBED AS THE THREE MAIN PURPOSES OF HIS VISIT. FIRST, HE WANTED TO EXPLAIN ISRAEL'S POSITION ON BOTH THE BILATERAL AND MULTILATERAL PEACE TALKS. ON THE BILATERALS, HE EXPRESSED THE HOPE THAT THERE WOULD BE AN AGREEMENT WITH SOME IF NOT ALL OF ISRAEL'S NEGOTIATING PARTNERS IN 1993.

3. SECOND, RABIN SAID HE INTENDED TO DISCUSS ECONOMIC MATTERS. EUROPE WAS ISRAEL'S MOST IMPORTANT TRADING PARTNER, AND HE STRESSED IN PARTICULAR ISRAEL'S CURRENT TRADING DEFICIT WITH THE EC.

4. THIRD, RABIN SAID HE WOULD BE SEEKING FIRM ACTION AGAINST THE GROWING TREND OF RIGHT WING EXTREMISM.

5. ASKED TO CLARIFY WHETHER HE WOULD BE PREPARED TO TALK TO SOME 'MODERATES' IN THE EXTERNAL PLO LEADERSHIP, RABIN GAVE A FIRM 'NO'. THE ADDRESS FOR THE PEACE TALKS WAS THE CURRENT DELEGATION FROM THE TERRITORIES. HE DID NOT MIND TO WHOM THEY TALKED.

6. ASKED IF HE EXPECTED ANY PROGRESS DURING THE ROUND OF BILATERALS DUE TO START IN WASHINGTON THE FOLLOWING DAY, WHEN EVERYONE WAS WAITING FOR CLINTON, RABIN SAID THAT THE MORE PEOPLE TALKED TO ONE ANOTHER THE BETTER.

PHILLIPS

YYYY

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NNNN

~~STEPHEN~~

Lunch for Israeli Prime Minister
Wednesday 9 December

The meal will be fully Kosher on
Wednesday.

GHF would therefore propose not to
print champagne, port, brandy, liqueurs
on the menu but have them available on
request.

I have told GHF that it is unlikely
that champagne should be served at the
pre lunch drinks.

3 December 1992

Sue



File
bc
Sue Goodchild
RBS

10 DOWNING STREET

LONDON SW1A 2AA

19 November 1992

From the Private Secretary

Dear Christopher,

PRIME MINISTER'S LUNCH FOR PRIME MINISTER RABIN OF ISRAEL:
WEDNESDAY 9 DECEMBER

The Prime Minister will not now be seeing M. Delors for lunch on Wednesday 9 December. He would therefore be free to offer a lunch to Prime Minister Rabin of Israel and would like to do so. He would like to make the lunch a large social gathering. I think we should aim for talks from 1215 to 1300 followed by lunch at 1300 for 1315.

You kindly undertook to put this proposal to the Israeli Ambassador since it involves the Prime Minister displacing the lunch the Israeli Ambassador was due to give.

I should be grateful for a guest list as soon as possible. You may want to take on board some suggestions from the Israeli Ambassador though we must not undertake to take over his list. The list should include spouses. We will aim for a lunch of up to 65 people. The Prime Minister will want to include as many leading figures from the Jewish community in Britain as possible including Members of Parliament.

*Jane
Stephan*
J. S. WALL

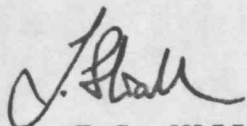
Christopher Prentice Esq
Foreign and Commonwealth Office

MR HILL

cc Mr Bright

PRIME MINISTER'S LUNCH FOR THE PRIME MINISTER OF ISRAEL

As you will see from my letter, attached, the Prime Minister is hoping to give a large lunch for Prime Minister Rabin of Israel on Wednesday 9 December. The FCO will submit a guest list but you might like to give some thought to people you would like to see included on the list.



J.S. WALL

19 November 1992

foreign\hill.mfj

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VISIT OF ISRAELI PRIME MINISTER

1. THE ISRAELI EMBASSY HAVE CONFIRMED THAT RABIN WILL BE VISITING LONDON ON 8 DECEMBER, STAYING FOR 1 OR 2 DAYS. THE PRIME MINISTER HAS AGREED TO SEE HIM AT 10.00AM ON WEDNESDAY 9 DECEMBER.

HURD

YYYY

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SP

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

12 October 1992

Note for file -

Offered FCO Wnd 9
at 1000-1100 am
P.A.

S 12/10

See Christopher,

POSSIBLE VISIT BY THE PRIME MINISTER OF ISRAEL

Thank you for your letter of 6 October about the possible visit of Prime Minister Rabin. The Prime Minister will see Mr. Rabin on Wednesday 9 December though the meeting will have to be a relatively brief one. I should be grateful if you could contact Sandra Phillips to fix an exact time.

*Mordechai
Rabin*

*James
Parker*

Stephen

*1/6 PM is to
have talks +
lunch with Debars
on Wnd 9 Dec,
would he prefer
to see Rabin at
1000 am (before
Debars) or 1630 pm
(after Debars)?*

J. S. WALL

Christopher Prentice, Esq.,
Foreign and Commonwealth Office

S 12/10

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Stephen - Alex has wanted PM, but
you should be aware. S.

Alex - will you have an opportunity
to warn PM of the following?

Israeli PM Rabin has been
invited to London to address
a large Jewish fund-raising
dinner on Wed 9 December.
(? Board of Deputies).

The Israelis have said that
Rabin cannot come to London
without calling on PM &
suggest a call on either 8 or 9
December.

FCO, whilst not actually saying
no, have pointed out that
in the days immediately before
the Edinburgh Council (PM
leaves for Edinburgh on 10 Dec),
it could be very difficult. PM's
Euro programme in run-up to the
Council is not yet clear, but a
day after the Council would be
safer.

However, FCO fear that Israelis will
use approach PM through Party faithful
or confidants, & he should be aware. 5/10

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Foreign & Commonwealth Office

London SW1A 2AH

6 October 1992

*Approve to
11.10*

Prime Minister (1)

Dear Stephen,

*I presume you will want to
try to see him on 9/dec?*

Possible Visit by Prime Minister of Israel

Richard Gozney spoke to you on 5 October about approaches we have had from the Israeli Embassy about a possible visit by Prime Minister Rabin to London in early December. Richard asked me to send you the details on paper. I have also spoken earlier today to Sandra Phillips.

*Sophy
9/10*

The Israeli Embassy tell us that Prime Minister Rabin hopes to attend a large fund-raising dinner in London on 9 December, but would not wish to visit Britain without seeing the Prime Minister. They have asked whether there is any prospect of this. We have pointed out to them the particular difficulty of that week leading up to the Edinburgh European Council.

After speaking to Sandra Phillips, I asked the Department to tell the Israelis (who were pressing for a response) that the difficulties over that week remain. The Prime Minister's diary was already full and there were many pre-Edinburgh commitments pending. But we had no definitive answer yet for them. Sandra agreed to alert the Prime Minister's party in Brighton to this bid, in case the Israeli Embassy engineered some approach direct to the Prime Minister in the margins of the Party Conference.

Grateful if you would let us know if there is anything more you would like us to do on this.

*Yours ever,
Christine Prentice*

(C N R Prentice)
Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

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SHAMIR'S VISIT TO LONDON AND WASHINGTON, 6-13 DECEMBER

SUMMARY

1. ISRAELIS PLEASED WITH SHAMIR'S VISITS. NOTE THAT MR MAJOR IS AS POSITIVE AS HIS PREDECESSOR ON THE GULF. ACCEPTABLE US UNDERTAKINGS AGAINST POSSIBILITY OF IRAQ ATTACKING ISRAEL.

DETAIL

2. ON 18 DECEMBER I CALLED ON BEN AHARON, DIRECTOR OF THE PRIME MINISTER'S OFFICE, TO DISCUSS HIS IMPRESSIONS OF SHAMIR'S MEETINGS WITH THE PRIME MINISTER AND IN THE US.

3. BEN AHARON SAID THAT SHAMIR HAD BEEN PLEASED WITH THE WARM RECEPTION IN NO 10. HE HAD NOTED IN PARTICULAR THAT MR MAJOR INTENDED TO CONTINUE WITH THE FIRM LINE ON THE GULF CRISIS. BEN AHARON SAID THAT THE ISRAELIS HAD RAISED THE QUESTIONS OF OIL SUPPLIES AND OF THE ARAB BOYCOTT, AND HAD NOTED THE PRIME MINISTER'S UNDERTAKING TO THINK AT LEAST ABOUT THE FORMER. BEN AHARON ADDED THAT SHAMIR HAD BEEN BRIEFED TO RAISE ARMS SALES IN THE SAME MANNER, BUT HAD NOT IN FACT DONE SO: IF HE HAD, HE WOULD HAVE ARGUED THAT ISRAEL HAD NO SPECIFIC NEED FOR ARMS FROM THE UK AT PRESENT BUT THAT IT WAS A MATTER OF PRINCIPLE THAT ISRAEL SHOULD NOT BE LEFT OUT AT A TIME WHEN THE UK WAS SUPPLYING LARGE QUANTITIES OF ARMS TO THE ARAB WORLD.

4. I ASKED ABOUT DISCUSSION OF THE INTERNATIONAL CONFERENCE IDEA. SHAMIR HAD GENERALLY BEEN TALKING RATHER TOUGHLY ABOUT THIS. BUT TO THE RECENT DELEGATION OF MEPS HE HAD APPEARED MORE FLEXIBLE, SAYING THAT HE WAS NOT OPPOSED TO AN INTERNATIONAL CONFERENCE IN PRINCIPLE, BUT ONLY AS THE FIRST STAGE IN AN ARAB ISRAEL PEACEPROCESS. BEN AHARON SAID THAT ISRAEL WAS ATTEMPTING TO FOCUS THE MINDS OF THE ARAB WORLD ON THE ABSOLUTE NEED FOR DIRECT CONTACT BETWEEN ISRAEL AND ARAB GOVERNMENTS. THE ARABS SHOULD NOT BE ALLOWED TO CONTINUE TO SHELTER BEHIND THE UN OR OTHER GROUPINGS. BUT ISRAEL RECOGNISED OF COURSE THAT WHEN AGREEMENT WAS REACHED BETWEEN ISRAEL AND THE ARABS, A CONFERENCE WOULD BE NEEDED TO SET THE SEAL ON SUCH AN AGREEMENT. I

ASKED ABOUT THE SORT OF CONFERENCE WHICH MIGHT BE CONVENED AFTER THE GULF CRISIS, FOR EXAMPLE TO DISCUSS ARMS CONTROL. BEN AHARON SAID THAT ISRAEL WOULD HAVE TO THINK CAREFULLY ABOUT THIS BUT WOULD BE GUIDED BY THE PRINCIPLE THAT QUESTIONS SUCH AS ARMS CONTROL COULD NOT BE ADDRESSED IN A VACUUM, AND ISRAEL COULD NOT PARTICIPATE ALONGSIDE ARAB STATES WITH WHOM SHE WAS TECHNICALLY STILL IN A STATE OF WAR.

5. ON THE WASHINGTON VISIT, AND HAVING IN MIND WASHINGTON TELNO 3051, I ASKED FIRST ABOUT SYRIA. DID SHAMIR SEE ANY PROSPECT OF A DIALOGUE WITH ASSAD? BEN AHARON SAID THAT ISRAEL WAS CONCERNED ABOUT SYRIAN ENCOURAGEMENT FOR TERRORISTS OPERATING IN THE NO MAN'S LAND BETWEEN THE SECURITY ZONE AND SYRIAN DEPLOYMENT DOWN TO THE AWALI RIVER. THERE WAS AS YET NO SIGN OF INCREASED SYRIAN READINESS TO TALK TO ISRAEL: ON THE CONTRARY THERE WAS SOME EVIDENCE OF A CONTINUED HARDLINE ON THE GOLAN. BUSH HAD NOT PRESSED SHAMIR ON THIS BUT HAD SAID THAT ALL THESE MATTERS WOULD COME UP FOR CONSIDERATION AFTER THE GULF CRISIS. ISRAEL WAS AS ALWAYS READY FOR TALKS WITHOUT PRECONDITIONS.

6. I ASKED WHETHER SHAMIR WAS SATISFIED WITH THE EXCHANGES WHICH HE HAD HAD ON POSSIBLE ISRAELI INVOLVEMENT IN THE GULF CRISIS, IN PARTICULAR ON THE EXTENT OF US SUPPORT FOR ISRAEL. BEN AHARON SAID THAT ISRAEL WOULD OF COURSE HAVE TO RESPOND TO ANY DIRECT IRAQI ATTACK. AT THE SAME TIME IT WOULD BE NECESSARY TO AVOID THE RISK OF ANY ISRAELI ACTION RUNNING COUNTER TO ACTION TAKEN BY THE US AND HER ALLIES: THERE WOULD HAVE TO BE COORDINATION. THE AMERICANS HAD INDICATED TO SHAMIR THAT IF SADDAM HUSSEIN SOUGHT TO DISRUPT THE COALITION BY EXTENDING HOSTILITIES TO ISRAEL, THEN THE US FOR ITS PART WOULD NOT CONFINE ACTION TO THE GULF THEATRE. THIS AMOUNTED TO A US UMBRELLA FOR ISRAEL. I ASKED WHETHER SHAMIR WAS SATISFIED WITH THIS. BEN AHARON SAID THAT HE WAS: IT WAS AS MUCH AS ISRAEL COULD HOPE FOR.

7. I ASKED ABOUT THE CONVERSATION WITH SHEVARDNADZE. BEN AHARON SAID THAT SHEVARDNADZE HAD SAID THAT THERE WERE NO CONDITIONS FOR THE RESUMPTION OF DIRECT FLIGHTS AND DIPLOMATIC RELATIONS WITH ISRAEL: BOTH COULD TAKE PLACE SOON. SHAMIR HAD SAID THAT IF THE SOVIET UNION HOPED TO PLAY A ROLE IN MIDDLE EAST DISCUSSIONS, DIPLOMATIC RELATIONS WITH ISRAEL WOULD HAVE TO BE RESUMED. THE ISRAELIS SAW THE PRINCIPAL SOVIET INTEREST IN THE MIDDLE EAST AS RELATING TO ARMS CONTROL, PARTICULARLY OF NON-CONVENTIONAL ARMS.

COMMENT

8. BEN AHARON SPOKE REASONABLY FRANKLY ALTHOUGH HE WAS SHORT OF

TIME. I HAD THE CLEAR IMPRESSION THAT SHAMIR HAD BEEN PLEASED WITH HIS TWO VISITS. BEN AHARON SEEMED A LITTLE WARY WHEN SPEAKING OF THE SYRIAN ANGLE.

9. I AM TELEGRAPHING SEPARATELY ON THE EC LUNCH FOR DAVID LEVY ON THE SAME DAY, AT WHICH LEVY WAS PUTTING ACROSS A SIMILAR MESSAGE IN PARTICULAR ON CONCERNS ABOUT SYRIA, ON THE NEED NOT TO DISRUPT THE COALITION EFFORT AGAINST IRAQ, AND ON DIRECT TALKS WITH ARAB GOVERNMENTS.

ELLIOTT

YYYY

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 December 1990

PRIME MINISTER'S MEETING WITH THE
PRIME MINISTER OF ISRAEL

The Prime Minister had a talk this afternoon with the Israeli Prime Minister. Mr Shamir was accompanied by the Israeli Ambassador and Mr Ben-Aharon (Director of the Prime Minister's Office).

Bilateral Relations

Mr Shamir said that the focus of world interest was the crisis in the Gulf. But he would also like to discuss bilateral relations with the Prime Minister. Since these were usually left to last and were never reached, he would prefer to start with them this time. The good news was that our relations were quite good and friendly, although Israel would like to see more economic ties. There were two specific points which he wished to raise. First, Israel would like to buy oil from the United Kingdom. So far, we had refused to agree to this. He found it hard to understand the reasons. Israel wanted as many sources of oil as possible. He hoped the situation could be rectified. The Prime Minister said that our policy was not discriminatory against Israel. We discouraged sales to most non-IEA countries. The policy had existed for some time and there were no strong grounds to change it. Mr Shamir said the Foreign Secretary had promised during his visit to Israel to reconsider the guidelines. The Prime Minister said he would discuss the matter further with the Foreign Secretary.

Mr Shamir continued that he was also worried by the influence in Britain of the Arab boycott. It was another obstacle in our relations. He would like to see the Government legislate on the issue, as several other governments had done. The Prime Minister said we preferred to leave these matters to the commercial decision of firms and he was certainly not prepared to commit himself to legislation. The Israeli Ambassador said that the Israelis received frequent representations from British firms to the effect that they felt vulnerable if they traded with Israel. The Prime Minister said that he had never received any such representations: and the fact that our bilateral trade was at record level suggested

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there was no real problem. The Israeli Ambassador said it might be possible to have an EC regulation to outlaw the boycott. The Prime Minister said that he always took a very cautious view about extending EC competence.

Jordan

Mr Shamir said that he knew Britain had good relations with Jordan. So, too, did Israel under the counter, especially on security matters. The atmosphere had become more difficult recently as King Hussein had moved under the influence of Saddam Hussein, and the population had been stirred up by fundamentalist propaganda. The King was unable to control opinion and had resorted to appeasing it. At the same time, the country was in serious economic difficulties. Israel did not want to do anything against the King. Their whole interest was in a stable and peaceful Jordan, with the King remaining in power. At the same time, if the Iraqis were to try to attack Israel using Jordan, Israel would have no option but to take action. For instance, they would have to over-fly Jordan to get to Iraq, which would mean neutralising Jordan's air defence. He hoped the UK would find ways to make King Hussein aware of this situation. It was essential that he should resist any Iraqi attempt to use Jordan and its territory against Israel.

The Prime Minister said that he understood the point and would reflect on it. We shared Israel's interest in a stable and peaceful Jordan and in preserving the King. But the fact was he had got himself into trouble and only he could get out of it again. We were trying to encourage a reconciliation between Jordan and Saudi Arabia. Mr Shamir said again that Israel wanted to avoid complications with Jordan. But Israel's security had to take priority over everything else, and Israel would act if necessary. The Prime Minister said he hoped the need would not arise, but he understood the message. We would consider how we could help rescue King Hussein from his predicament.

The Gulf

The Prime Minister continued that he wanted to assure Mr Shamir that the recent changes in the Government meant no change in our position on the Gulf. We were determined to see Iraq leave Kuwait, peacefully if possible, but using force if necessary. The only thing that was certain was that Iraq could not stay. He was confident that the recent United States proposal to send Secretary Baker to Baghdad was not intended to lead to negotiations, only to confront Saddam Hussein with his options. There was strong support for the Government's position in the country.

Mr Shamir said that, if Britain's policy was adhered to by the whole international coalition, it was possible that Iraq would withdraw from Kuwait. But was that enough? If Iraq kept its arsenal of chemical and biological weapons, there would still be a problem. Saddam Hussein saw Israel as the main target of his aggressive plans. If he was allowed to retain

his weapons, it would not be long before he started another conflict. His ambition was to be the leader of the Arab world. We had to consider how to deal with the problem of Iraq's military power even after withdrawal from Kuwait.

The Prime Minister said he understood these concerns. Saddam Hussein might go back like a tiger into his cage with his claws still sharp. But the situation would be different from now. Withdrawal from Kuwait would mean he had in effect been defeated. The international community would still look to Iraq to pay reparations and we would certainly urge the maintenance of sanctions. Much would depend on the solidarity of the international community.

Arab/Israel

Mr Shamir observed that a lot of people were saying that, once the present crisis in the Gulf was over, the Arab/Israel problem would again be centre-stage and Israel would come under heavy pressure to settle. He recognised that the United Kingdom did not accept any linkage between Iraq/Kuwait and the Arab/Israel problem, and appreciated that. But it would not be easy to find a peaceful solution to the Arab/Israel problem. Israel had to deal with non-democratic countries: indeed, the trend was towards more dictatorial and radical regimes, and it might not be long before Saudi Arabia went that way. Peace would only come gradually: and it must be on the basis of the Camp David Agreements. There was no point in talking about a Palestinian state. The starting point was autonomy and the steady development of relations, leading on to negotiations about some permanent status. At the same time, there had to be an improvement in relations between Israel and the Arab countries. This was a process which would take many years.

The Prime Minister asked what the umbrella for negotiations should be. Mr Shamir said that negotiations must be bilateral. Israel would not accept an international conference, which would be loaded against her like the United Nations. Negotiations must go on until the parties agreed. It could not be left to other governments to determine Israel's fate. The Prime Minister indicated that we took a rather different view and believed that an international conference would be a useful framework for negotiations.

Soviet Jewry

Mr Shamir said the main problem confronting Israel was the absorption of something like one million Soviet Jews over the next four or five years. It was 'mission impossible'. But Israel would do all that it could, and expected the support of the free world. The Prime Minister said that we would hope to see Soviet Jews free to settle in Israel, but not in the Occupied Territories.

Mr Shamir said he was most grateful to the Prime Minister for seeing him early in his term of office. He hoped that he would in due course visit Israel to continue their discussion.

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- 4 -

The Prime Minister said that he would give serious consideration to this.

I am copying this letter to Simon Webb (Ministry of Defence), Martin Stanley (Department of Trade and Industry) and to Sonia Phippard (Cabinet Office).

CHARLES POWELL

J S Wall Esq
Foreign and Commonwealth Office

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PRIME MINISTER

Thank you

MEETING WITH THE ISRAELI PRIME MINISTER

You are seeing Mr. Shamir tomorrow afternoon. I don't think you have met him before. He is not much fun: a deeply suspicious and introverted little man, with the blood of two British sergeants, and probably Lord Moyne and Count Bernadotte, on his hands. He is psychologically utterly incapable of making any significant concession over the Occupied Territories: progress on Arab/Israel is going to

He is more or less impervious to argument, and changes his views marginally only in response to overwhelming pressure. The Americans can exercise this but choose not to do so. I see the Foreign Office note in the folder says that he is a man of few words. When he came to see your predecessor he had written out in manuscript a statement of his position which he solemnly read in rather broken English for 45 minutes.

We are in a rather different situation now to when you had your celebrated punch-up with Mr. Arens in October 1989. Our overwhelming requirement at the moment is for the Israelis to behave themselves and not get involved against Iraq. That has worked so far but the danger is constantly there: either that Saddam Hussain will let fly a missile or two at them, hoping to bring the Arab world round to his side: or that the Israelis will fear that he is about to do so and will jump him first. They are of course longing for an excuse to knock out Iraq's nuclear, chemical and missile capability.

To keep them quiet, the Americans have ground to a halt on Arab/Israel issues since Iraq's invasion of Kuwait. The Israelis remain intensely suspicious that they will be asked to pay the price for getting Iraq out of Kuwait, by being expected to make major concessions on Arab/Israel. Their other great worry is that we shall all let Saddam Hussain off the hook if he withdraws from Kuwait, allowing him to keep his nuclear, chemical, biological capacity intact for use against them. All in all they are in a jumpy mood: and in addition they will not be happy with our decision to restore relations with Syria.

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The conclusion I draw is that there is little point in a confrontation with Mr. Shamir, least of all on Arab/Israel matters. We shan't get anywhere: and our main need is to keep him on his best behaviour over Iraq. I suggest, therefore, that you invite him to set out his views on the present situation and then respond by explaining your approach to the Gulf, the fact that there is no difference between your policy and that of your predecessor, and our close cooperation with the Americans. You will want to say that we are grateful to Israel for keeping a low profile in the Gulf crisis: that is the best contribution they can make to keeping the international coalition together. You will also want to explain that we do not accept any linkage between Iraq/Kuwait and progress on the broader Arab/Israel dispute. But it is a fact of life that once the Gulf crisis is over, world attention will inevitably focus again on Arab/Israel, so it would be a good idea to do some new thinking. I really would not get into all the stuff the Foreign Office recommend about Arab/Israel, even for the record.

On Syria he is likely to argue that we made a mistake in restoring relations, because the Syrians are still supporters of terrorism. He is right about that. But we think we can do more to influence them by having relations than by not having them: and we cannot really fight alongside them in the Gulf if we are not allowed to talk to them.

There are some hoary old bilateral problems which Shamir has a propensity to raise which you will probably remember from your time as Foreign Secretary. For instance:

- he will complain that Israel cannot buy oil from the UK. In fact our policy is not discriminatory against Israel, it just discourages sales to most non-IEA (International Energy Agency) countries.
- that Israel cannot buy arms from the UK. Our policy is not to sell them until Israel withdraws completely from Lebanon (although I must say I don't think this policy does us any

good).

- that we ought to legislate against the Arab boycott. We have pursued a morally ambivalent policy on this for 30 years and I don't suppose we are going to change tomorrow. Our line is that we do not dictate to firms on their commercial decisions.

It will be a test of endurance rather than diplomacy.

Temporarily retained.

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C.D.P.

CHARLES POWELL

5 December 1990

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Foreign and Commonwealth Office

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London SW1A 2AH

5 December 1990

Dear Charles,

PRIME MINISTER'S MEETING WITH MR SHAMIR

Mr Yitzhak Shamir, the Prime Minister of Israel, is to call on the Prime Minister on 6 December at 1630. He is on his way to a meeting with President Bush in Washington.

I enclose his CV. The Prime Minister will find him a man of few words. He is deeply conservative and distrustful of the outside world. His visit takes place at a time when Israelis are more than usually anxious about developments in their region.

Mr Shamir's present term as Prime Minister has lasted since October 1986. He retained office following the collapse last Spring of the Likud-Labour coalition (over US proposals for peace talks with the Palestinians) and the formation of a narrow coalition, led by his Likud party. The coalition, which has 66 out of 120 seats in the Knesset, is inherently unstable, as it includes a disparate collection of small religious and ultra right wing parties. But it has gained strength from the shift to the right in Israeli politics following the Iraqi invasion of Kuwait. There is no immediate threat to Mr Shamir's position (although anything can happen in Israeli politics).

Mr Shamir's objectives will be:

- to underline Israeli anxieties about any solution to the Gulf crisis which leaves Saddam Hussein's authority and military machine intact;
- to argue against linking solutions to the Iraq/Kuwait and Arab/Israel problems.

The Prime Minister's objectives might be:

- to reassure Mr Shamir that we are sensitive to Israel's legitimate security concerns about the outcome of the Gulf crisis;
- to emphasise the importance of Israel maintaining a low profile in the Gulf crisis;
- to explain that, whereas we reject linkage, it is inevitable that world attention will focus once again on the peace

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process once Iraq is out of Kuwait; and urge new Israeli thinking.

THE GULF CRISIS

During his visit to Israel in October the Foreign Secretary discussed with Mr Shamir (see Athens telno 636 enclosed) - and with Defence Minister Arens and Foreign Minister Levy - Israel's assessment of the situation. They were concerned about the possibility of an Iraqi attack, but more so that the international coalition would fall apart during a long haul in which its Arab members would come under increasing pressure from grass root supporters of Iraq. For Israel the worst outcome would be the withdrawal of Western forces following a compromise agreement on Kuwait which left Saddam Hussein in power and without restrictions on his military options. These anxieties have increased since the imposition of the 15 January deadline in Security Council resolution 678 and President Bush's decision to offer direct talks to Iraq. In response to these concerns the Prime Minister might say:

- the cohesion of the international coalition is holding up remarkably well. Key members, including Saudi Arabia, Egypt and Syria, remain determined to see the task through. There is no suggestion of any failure of nerve in the American offer of direct talks with Iraq. There will be no compromise on demands that Iraq fully meets Security Council demands on withdrawal from Kuwait;
- we are fully alive to Israel's legitimate security concerns about the outcome of the Gulf crisis. We share common interests over this. There are a number of areas of Iraq's residual capability which will need to be addressed by the international community in order to ensure that regional stability is rebuilt on a durable basis.
- we acknowledge the low profile which Israel has taken throughout the Gulf crisis but underline again how vital it is to avoid being drawn into conflict with Iraq. This would destroy the cohesion of the international coalition and do untold damage to the Western efforts against Iraq;
- invite Mr Shamir's assessment of Iraqi diplomatic strategy and military strength.

ARAB/ISRAEL

The Iraqi invasion of Kuwait and the PLO's response to it have hardened attitudes in Israel: support for territorial compromise has been further reduced and calls for negotiation with the PLO effectively silenced. The Likud thesis that a solution to the Palestinian problem is secondary to and dependent on negotiations of peace agreements with

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neighbouring Arab states has been strengthened. Inter-communal relations in Israel and in the Occupied Territories (where there is great support for Saddam Hussein) are at an all-time low following the killing on 8 October of seventeen Palestinians on the Temple Mount in Jerusalem, subsequent random attacks on Jews and incursions by terrorists from Egypt, Jordan and the Lebanon.

The Americans have exerted no pressure on the peace process since 2 August. Their priority remains to keep the Israelis on board and restrain intervention in the Gulf crisis. But the Israelis (particularly the right wing) are very sensitive to the danger that they will come under new pressure to move on the peace process once the Gulf crisis is over, and relations with Washington are strained. Likud's proposals on the peace process remain inadequate:

- elections in the Occupied Territories when these can be conducted without PLO intimidation;
- a period of "autonomy" in which Palestinians would be given a measure of internal government;
- negotiations about a permanent settlement, which Likud say will be without pre-conditions while making it clear that they will not contemplate ceding territory;
- no PLO involvement.

Mr Shamir may well complain that Western, including UK, commitments, to address the Palestinian issue with renewed vigour once Saddam Hussein is out of Kuwaiti represents linkage: that Israel is being asked to pay the price for maintaining the cohesion of the international coalition against Iraq. He may also urge HMG to oppose proposals under discussion in the Security Council (following the killings on the Temple Mount and Israel's refusal to allow Secretary General to send an investigative mission) for measures to protect Palestinians in the Occupied Territories. These include the appointment of a UN "ombudsman" to monitor Israeli activities and the convening of a meeting of the high contracting parties of the Geneva Convention (which governs the duties of an occupying power). We are not in principle opposed to either measure.

On Arab/Israel the Prime Minister might:

- acknowledge that the solution of the Palestinian problem cannot be divorced from the question of Israel's relations with her neighbours;
- argue that, depending on how the cards fall after the Gulf crisis is resolved, there could be new opportunities for progress on Arab/Israel. Evolving Soviet position,

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strengthening of moderate Arab regimes could be positive factors. Real opportunity for new thinking;

- acknowledge that there is little prospect of progress on the peace process until Saddam Hussein is out of Kuwait; but argue that it is inevitable that the world will then demand constitutional diplomacy;

- reinstate that the way ahead lies through direct negotiation with representative Palestinians to be followed, at an appropriate time, by some form of wider international conference to negotiate the whole complex of issues - relations between Israel and Arab states, and the Palestinian problem;

- say that we still see no evidence that Israel can find valid Palestinian interlocutors who could play any real role without the support of the PLO;

- present round in the Security Council would not have been necessary if Israel had allowed in the Secretary General's Mission. Will need to consider precise terms of Resolution. Our priority is to maintain unity in the Council at this juncture in the Gulf crisis.

SYRIA

The Israeli response to the announcement of the restoration of UK/Syria relations has so far been muted. But Mr Shamir may mention it, no doubt drawing comparisons between Asad and Saddam Hussein as a threat to peace and a supporter of terrorism. The Syrian announcement on the restoration of relations said that Syria did not consider resistance against Israeli occupation to be terrorism.

In response the Prime Minister might say:

- restoring relations does not confer approval. We need to be in a position to influence Syrian policy, particularly on the Gulf crisis. We are nonetheless conscious of the need to tread carefully;

- we attach some weight to the assurances the Syrians have given on international terrorism;

- we disagree with the Syrian definition of terrorism. Our position on acts of terrorism is clear. We condemn them wherever they are committed. The agreed statement on the resumption of relations shows that the Syrians have moved in the right direction. Resumption of relations will enable our Ambassador to reinforce our position.

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LEBANON

With the pacification of Beirut and the extension of Syrian authority in Lebanon the Israelis are concerned that the control of security in the South by the Israeli army and the surrogate "South Lebanese Army" will be threatened. They have made threatening noises and tensions in the South are high.

The Prime Minister might say that:

- we understand Israeli concern for the security of its Northern border. But some stability in Lebanon, which may be beginning to emerge, is very much in Israel's interests;
- the Israelis' presence is part of the problem. Their restraint is particularly important at this stage. Pressure for Israeli withdrawal in accordance with SCR 425 is likely to grow.

BILATERAL RELATIONS

Two-way trade is set to pass £1 billion for the first time this year. There are lively cultural relations (an Autumn Barbican season on "Israel: State of the Art" has just ended) etc. But Mr Shamir could touch on the following problems: the Israelis cannot buy oil from the UK under our existing guidelines which discourage sales to most non-IEA countries. Arms sales were restricted in 1982 because of the Israeli invasion of Lebanon. The Israelis regularly call on us to legislate (nationally and in the EC) against the Arab Boycott of firms trading with Israel.

The Prime Minister might:

- express his general satisfaction at bilateral relations, especially trade.

(If raised):

- on oil, our present sales policy is not directed against Israel but discourages sales to most non-IEA countries. As the Foreign Secretary told Mr Levy, we are reviewing the existing guidelines;
- on arms sales, the current ban must remain in force until Israel withdraws completely from Lebanon in accordance with UNSCR 425;
- HMG deplore the Arab Boycott, but we do not think it right to dictate to firms on commercial decisions. There is no question of discouraging firms from trading with Israel.

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The following points are covered in case they come up. There is no need for the Prime Minister to raise them:

SOVIET IMMIGRANTS

Almost 200,000 have arrived this year and up to a million are expected over five years. This is presenting immense absorption problems. The Government cannot afford to fail to meet this last historic challenge for Zionism. But they will require large sums of new American aid as well as continuing cooperation from the Russians. There has been universal international opposition to settling the immigrants in occupied territory. In fact the Israelis are discouraging them from going to the West Bank and very few have done so. But several thousand have settled in East Jerusalem.

The Prime Minister might say:

- he shares Israel's delight that these long-suffering people have finally been allowed to leave, and at the prospect they represent for the community's future economic growth;
- he understands British companies are tendering for provision of pre-fabricated housing and the British Jewish community is active in fund raising for the new arrivals;
- we remain rigidly opposed to settlement in the Occupied Territories, including East Jerusalem.

EC/ISRAEL

Relations are conducted under a (1976) Trade and Cooperation Agreement, which provides for free trade in industrial goods between the EC and Israel and extensive concessions for Israeli agricultural exports. EC relations with the Likud government have not been smooth. Mr Shamir may complain that the Commission are maintaining a freeze on new EC/Israel scientific cooperation projects. The Commission imposed this in January (without consulting member states) in response to a European Parliament Resolution criticising Israeli practices in the occupied West Bank and Gaza. We did not agree with the Commission's action. The Foreign Secretary made it clear to M Delors that the Commission should have discussed the political sensitivities with member states before taking action. The Israelis are aware of our line. At the 17 September EC/Israel Cooperation Council Foreign Minister Levy said that Israel would shortly be reopening the four Arab universities in the Occupied Territories which remain closed. This would ensure that the Commission resumes cooperation with Israel. But on 30 November the closure orders were renewed for a further 3 months.

If this is raised, the Prime Minister might:

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- remind Mr Shamir that international goodwill and economic cooperation are liable to be prejudiced by Israeli intransigence on the peace process, and policies in the Occupied Territories;

- recall our welcome for Mr Levy's assurance in September that Arab universities in the Occupied Territories would soon reopen but express our concern about the renewal of the closure orders on 30 November;

- look forward to the resumption of full Commission contacts with Israel.

/ I enclose the record of the discussion Mr Major had with Mr Arens (then Israeli Foreign Minister) in New York in September 1989.

James,
Stephen Wall
(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

PS. I apologise for the print quality. We hope to do better by tomorrow.

16/11/89

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**YITZHAK SHAMIR****Personality Note**

Prime Minister since 1983-4 and October 1986. Also acting Minister of Labour and Social Welfare and of the Environment. Leader of Likud political block.

Born Eastern Poland 1915. Education: Hebrew Gymnasia, Bialystok, Poland, at an early age joined Betar (Revisionist Youth Movement). Began to Study law at Warsaw Universtiy. Immigrated to Israel 1935. Studied briefly at Hebrew University of Jerusalem until he moved to Tel Aviv. Joined Irgun Zvai Leumi 1937. In 1940-41 after the split in the Irgun he joined Lehi (the Stern Gang), where he was active until the establishment of the State. After Stern's death, became one of the leaders (possible Chief Operations Officer) of Lehi. He is said to have been one of the signatories of the "death warrants" for the murders of both Lord Moyne and Count Bernadotte, as well as for the revenge killing of the two British sergeants hanged in the orange groves of Netanya. Arrested twice - 1941 and 1946 - and escaped twice. After the second escape through Eritrea fled through Ethiopia to Djibouti, where he was granted political asylum by the French. Returned to Israel May 1948. Served in Mossad from 1955-65: then went into private business. Joined Menachem Begin's right wing Herut party in 1970. Elected to Knesset in 1973. Speaker of the Knesset from 1977-80. Prime Minister 1983-84. Foreign Minister and Deputy Prime Minister in the Government of National Unity 1985-86. Prime Minister following rotation in 1986.

He is a case study for students of the right-wing Israeli mentality: the loss of his family, the murderous record in the Stern Gang and the subsequent career in intelligence have bred an ultra cautious and very obstinate Prime Minister. There is a deep, innate distrust of the Gentiles, and that includes the American Administration. There are those who see a pragmatic side to his make-up. But as far as the peace process is concerned the evidence remains thin. He remains very much a hawk.

His strength lies in his ability to run a team, and to take and stick to his guns. Is calm under fire and a past master in delaying tactics.

Very fair English. His wife comes from Bulgaria. She was twice imprisoned by the British in the Mandate period. Two children.

Foreign and Commonwealth Office
December 1990

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UNGA 44: SECRETARY OF STATE'S BILATERAL MEETING WITH ISRAELI FOREIGN
MINISTER, 25 SEPTEMBER

SUMMARY

1. FAMILIAR ARENS LINE ON ARAB/ISRAEL. CRITICISM OF MUBARAK'S 10-POINT PLAN. REFUSAL TO NEGOTIATE WITH PALESTINIANS FROM OUTSIDE THE OCCUPIED TERRITORIES. NO QUESTION OF DEALING WITH THE PLO. RESISTANCE TO ANY LINKAGE BETWEEN ISRAELI AND SYRIAN WITHDRAWAL FROM LEBANON.

ARAB/ISRAEL

2. AFTER A BRIEF EXCHANGE ABOUT PRESIDENT BUSH'S SPEECH, ARENS ASKED WHETHER THE SECRETARY OF STATE HAD A MIDDLE EAST PEACE PLAN IN HIS POCKET. REFERRING TO THE EMPHASIS THAT BUSH HAD PUT ON THE IMPORTANCE OF DEMOCRACY, ARENS SAID THAT IN HIS VIEW A PEACEFUL SETTLEMENT OF THE ARAB/ISRAEL DISPUTE WOULD ONLY COME WHEN PLURAL DEMOCRACY HAD TAKEN ROOT IN THE ARAB WORLD. DEMOCRACIES RESISTED RESORT TO WAR. ISRAEL HAD DOGGEDLY PURSUED PEACE AND HAD ONE SOLID ACHIEVEMENT BEHIND IT - CAMP DAVID. ARENS PRAISED MUBARAK FOR HAVING MAINTAINED THE PEACE WITH ISRAEL AT THE COST (UNTIL RECENTLY) OF ISOLATION IN THE ARAB WORLD.

3. THE SECRETARY OF STATE SAID THAT HE CAME FRESH TO THE PROBLEM THERE WAS GREAT AFFECTION FOR ISRAEL IN THE UK. WE UNDERSTOOD ISRAEL'S SECURITY PROBLEMS. AS A FRIEND, HOWEVER, HE HAD TO SAY ISRAEL SEEMED TO BE IN DANGER OF LOSING THE PUBLIC RELATIONS BATTLE. THE SHAMIR PROPOSALS HAD BEEN HELPFUL. SO IN OUR VIEW WAS EGYPT'S 10-POINT PLAN. HE WONDERED WHY ISRAEL HAD SO MANY RESERVATIONS ABOUT THE EGYPTIAN POINTS.

4. ARENS SAID THAT THERE WAS A TOTAL LACK OF SYMMETRY BETWEEN SHAMIR'S INITIATIVE AND MUBARAK'S 10 POINTS. THERE WAS NO DIFFICULTY OVER THE POINTS RELATING TO FREE AND FAIR ELECTIONS (ALTHOUGH IT WAS ISRAEL'S OWN INTENTION THAT THE ELECTIONS SHOULD BE FREE AND FAIR)

AND THEY DID NOT NEED EGYPTIAN REINFORCEMENT OF THAT). BUT SOME OF MUBARAK'S POINTS DEALT WITH MATTERS THAT SHOULD BE LEFT FOR THE PERMANENT SETTLEMENT. THEY WERE NOT RELEVANT TO THE INTERIM ARRANGEMENTS IN SHAMIR'S PROPOSALS, NOR WERE THEY HELPFUL. IT WOULD HAVE BEEN BETTER IF MUBARAK HAD MET SHAMIR AND PUT HIS VIEWS ACROSS DIRECTLY. UNFORTUNATELY, HE WAS HESITANT ABOUT DOING SO AND HAD ADDED INSULT TO INJURY BY INVITING RABIN TO CAIRO. ARENS WOULD HIMSELF BE MEETING MUBARAK IN NEW YORK AND WOULD ENCOURAGE HIM TO TALK DIRECTLY TO SHAMIR.

5. THE SECRETARY OF STATE SAID HE ASSUMED THAT ONE OF THE POINTS TO WHICH ARENS WAS REFERRING WAS THE CONCEPT OF LAND FOR PEACE. SINCE THIS WAS ENDORSED AT CAMP DAVID, HE WONDERED WHY ISRAEL WAS DIGGING ITS HEELS IN. ARENS ASKED WHAT LOGIC THERE WAS IN PUTTING ROAD BLOCKS IN THE WAY OF THE ELECTION PROPOSAL BY SEEKING CONCESSIONS ON FINAL STATUS WHICH THE PRESENT ISRAELI PRIME MINISTER COULD NOT POSSIBLY MAKE. HE REHEARSED THE FAMILIAR ARGUMENT ABOUT THE ABSENCE OF THE DEFINITE ARTICLE IN UNSCR 242. THE QUESTION OF WHAT TERRITORY SHOULD BE SURRENDERED HAD BEEN DELIBERATELY LEFT OPEN AND WAS BEST LEFT IN ABEYANCE UNTIL THE NEGOTIATIONS ON A PERMANENT SETTLEMENT. THOSE NEGOTIATIONS WOULD COME ONLY AFTER A NUMBER OF YEARS OF THE INTERIM AUTONOMY ARRANGEMENTS PROPOSED BY SHAMIR.

6. THE SECRETARY OF STATE ASKED WHETHER ISRAEL WOULD BE PREPARED TO NEGOTIATE THESE INTERIM ARRANGEMENTS WITH PALESTINIAN REPRESENTATIVES FROM OUTSIDE AS WELL AS INSIDE THE OCCUPIED TERRITORIES. ARENS SAID THAT ISRAEL WOULD NEGOTIATE ONLY WITH PALESTINIANS FROM JUDEA, SAMARIA AND GAZA NOT FROM THE DIASPORA. THERE HAD BEEN A POPULATION EXCHANGE WITH THE ARAB WORLD IN 1948. ISRAEL HAD TAKEN THE JEWS FROM ARAB COUNTRIES AND ARABS IN ISRAEL HAD GONE TO LIVE IN ARAB COUNTRIES. THE CLOCK COULD NOT BE TURNED BACK. THE SECRETARY OF STATE SAID THAT THE PALESTINIAN LEADERS WERE NOT IN THE OCCUPIED TERRITORIES BUT OUTSIDE. THE INTERNATIONAL COMMUNITY COULD NOT UNDERSTAND WHY ISRAEL WOULD NOT SPEAK TO THEM. THE PLO SEEMED TO BE CHANGING ITS NATURE. IT WAS SURELY NOT DEMOCRATIC TO REFUSE TO TALK TO REPRESENTATIVES OF THE PALESTINIAN NATION WHO WERE NOT AT PRESENT RESIDENT IN THE OCCUPIED TERRITORIES.

7. ARENS SAID THAT THE IDEA OF A PALESTINIAN NATION WAS ONLY QUOTE 50 OR 30 UNQUOTE YEARS OLD. THE PLO CLAIMED TO SPEAK FOR THE PALESTINIANS IN JORDAN AND HAD TRIED TO TAKE OVER JORDAN IN 1970. THEY HAD FAILED. THE PLO CLAIMED TO SPEAK FOR THE PALESTINIANS IN ISRAEL. BUT THEY DID NOT. ARENS HIMSELF DID. HE WAS THEIR FOREIGN MINISTER. HE HAD NO INTENTION OF SPEAKING TO THE PALESTINIAN

DIASPORA.

8. THE SECRETARY OF STATE SAID THAT SURELY THE PALESTINIANS WANTED TO SELECT THEIR OWN LEADERS, SOME OF WHOM WERE NO LONGER RESIDENT IN THE OCCUPIED TERRITORIES. HE QUESTIONED TO WHAT EXTENT ISRAEL COULD IGNORE THE PLO. ARENS SAID THAT THE PLO WERE THE MAIN OBSTACLE TO PEACE, AND TO FREE AND FAIR ELECTIONS. THE SECRETARY OF STATE WONDERED HOW LONG THIS POSITION WOULD BE SUSTAINABLE. ISRAEL NEEDED A COMPREHENSIVE SETTLEMENT FOR THE SAKE OF ITS OWN SECURITY AND THAT COULD NOT BE ACHIEVED WITHOUT DEALING WITH THE PLO. ARENS SAID THAT THERE COULD BE NO COMPREHENSIVE PEACE SETTLEMENT INVOLVING RIGHT OF RETURN. RIGHT OF RETURN WOULD MEAN THE END OF ISRAEL.

OCCUPIED TERRITORIES

9. THE SECRETARY OF STATE SAID THAT ANOTHER AREA OF CONCERN TO ISRAEL'S FRIENDS WAS ITS POLICIES IN THE OCCUPIED TERRITORIES. HE DID NOT WISH TO LECTURE ARENS ON THIS BUT HE HAD TO SAY THAT ISRAEL WAS DOING ITSELF A LOT OF DAMAGE INTERNATIONALLY. ARENS RESPONDED BY DEFENDING IDF OPERATIONS AGAINST STONE-THROWERS ETC. THE SECRETARY OF STATE SAID THAT HE WAS THINKING MORE OF THE INEQUALITIES OF TREATMENT OF ARAB AND JEWISH RESIDENTS OF THE OCCUPIED TERRITORIES. HE FOUND THIS IMPOSSIBLE TO DEFEND. ARENS SAID THAT THE WEST BANK HAD FORMERLY BEEN IN JORDANIAN CONTROL AND ITS RESIDENTS WERE CITIZENS OF JORDAN. JORDAN WAS NOW STRIPPING THEM OF THAT CITIZENSHIP. THIS CREATED A NEW SITUATION WHICH ISRAEL WAS TRYING TO SORT OUT. HENCE THE PROPOSAL FOR ELECTIONS LEADING TO INTERIM ARRANGEMENTS, TO BE FOLLOWED IN DUE COURSE BY A PERMANENT SETTLEMENT (HE DID NOT RESPOND TO THE SECRETARY OF STATE'S POINT EVEN WHEN IT WAS REPEATED).

LEBANON

10. THE SECRETARY OF STATE ASKED HOW ISRAEL ASSESSED THE ARAB LEAGUE'S EFFORTS TO BRING PEACE TO LEBANON. ARENS SAID THAT HE HAD MUCH ADMIRERED THE FRENCH ROLE WHICH HAD ENABLED THE ARAB LEAGUE TO TAKE AN IMPORTANT STEP IN THE RIGHT DIRECTION.

11. THE SECRETARY OF STATE, NOTING THAT AOUN AND THE SYRIANS HAD NOW ACCEPTED THE C3'S 7-POINT PLAN, ASKED WHAT THE ISRAEL POSITION WAS ON WITHDRAWAL FROM LEBANON IF THE SYRIANS WITHDREW. ARENS SAID THAT THE TWO WERE NOT CONNECTED. THE SYRIAN PRESENCE HAD NOTHING TO DO WITH SYRIAN SECURITY CONCERNS BUT RATHER WITH SYRIAN AMBITION. THEY DID NOT RECOGNISE THE LEBANESE STATE: THERE WAS NO SYRIAN AMBASSADOR IN BEIRUT. WHEN THERE WAS A LEBANESE GOVERNMENT IN CONTROL OF ITS COUNTRY AND WHEN THERE WAS NO THREAT TO ISRAEL'S NORTHERN BORDER,

THAT THERE WOULD BE NO NEED FOR AN ISRAELI PRESENCE IN LEBANON. BUT NOT BEFORE. ARENS DODGED THE SECRETARY OF STATE'S QUESTION WHETHER, IF HE WAS IN SYRIA'S SHOES, HE WOULD WITHDRAW FROM LEBANON WHILE ISRAEL REMAINED THERE. HE RECALLED ISRAEL'S 17 MAY 1983 PEACE TREATY WITH LEBANON, WHICH THE LEBANESE GOVERNMENT HAD NOT RATIFIED, AS EVIDENCE OF ISRAELI WILLINGNESS TO REACH AGREEMENT WITH THE LEBANESE ON WITHDRAWAL IN THE RIGHT CIRCUMSTANCES.

HOSTAGES

12. THE SECRETARY OF STATE ASKED WHETHER ISRAEL HAD GOT ANY INFORMATION FROM OBEID OR ANYONE ELSE ABOUT BRITISH HOSTAGES. ARENS SAID HE THOUGHT NOT. HE UNDERSTOOD THAT OBEID HAD BEEN INVOLVED IN THE ABDUCTION OF TWO ISRAELIS AND COLONEL HIGGINS. BUT HIS ACTIVITIES HAD BEEN IN THE SOUTH OF LEBANON, NOT IN BEIRUT WHERE THE BRITISH HOSTAGES HAD BEEN TAKEN. THE OBEID EPISODE HAD CONVINCED THE ISRAELIS THAT SYRIA HAD MORE LEVERAGE IN THE HOSTAGE QUESTION THAN HAD PREVIOUSLY BEEN CLEAR TO THEM. THE HEZBOLLAH'S THREATS TO EXECUTE HOSTAGES HAD ENDED AFTER THE AMERICANS HAD PUT PRESSURE ON THE SYRIANS.

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ADDITIONAL 12.

ARAB/ISRAEL.

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SHAMIR'S VISIT TO LONDON, 6-7 DECEMBER

SUMMARY

1. SHAMIR'S FIRST PRIORITY WILL BE TO GET TO KNOW THE NEW PRIME MINISTER. MAIN FOCUS ON THE GULF CRISIS - ESPECIALLY THE MOVES SINCE UNSCR 678 - AND ITS IMPLICATIONS REGIONALLY FOR ISRAEL. SYRIA AND THE LEBANON SHOULD ALSO FIGURE. SHAMIR UNLIKELY TO HAVE FRESH THOUGHTS ON PEACE PROCESS, AND UNLIKELIER STILL TO SHARE ANY SUCH THOUGHTS WITH US BEFORE HIS MEETING WITH BUSH.

#

DETAIL

2. THE ISRAELIS ARE PLEASED AT THIS EARLY OPPORTUNITY TO MEET THE NEW PRIME MINISTER. APART FROM HIS MEETING (WHEN FOREIGN SECRETARY) WITH ARENS IN SEPTEMBER LAST YEAR (UKMIS NEW YORK TELNO 1309 OF 26 SEPTEMBER 1989) THE PRIME MINISTER IS VERY MUCH AN UNKNOWN QUANTITY FOR ISRAELIS.

3. THE 6 DECEMBER MEETING COMES AT A TIME WHEN THE ISRAELIS ARE WORRIED ABOUT THEIR PLACE IN THE CHANGING STRATEGIC PATTERN OF THE REGION AND ARE LOOKING FOR REASSURANCE. THEY FEAR A CRUMBLING OF WESTERN RESOLVE TO FACE DOWN SADDAM HUSSEIN, LEAVING ISRAEL EVEN MORE VULNERABLE. THEY KNOW THAT EVEN SUCCESS AGAINST IRAQ WOULD BRING THE PALESTINIAN PROBLEM TO THE TOP OF THE INTERNATIONAL AGENDA. DEBATES AT THE UN SINCE TEMPLE MOUNT ON 8 OCTOBER GIVE THEM LITTLE CAUSE FOR COMFORT ABOUT INTERNATIONAL ATTITUDES WHEN THAT PHASE COMES. AND THE MASS IMMIGRATION OF SOVIET JEWS, WHILE ENCOURAGING FOR THE FUTURE, POSES ENORMOUS SHORT-TERM ECONOMIC PROBLEMS.

THE GULF

4. THE ISRAELIS ARE NOT WORRIED ABOUT CONTINUING BRITISH COMMITMENT TO THE COALITION: THEY HAVE NOTED THE LATEST DEPLOYMENT OF UK FORCES, AND YOUR STATEMENT IN THE SECURITY COUNCIL. BUT SHAMIR WILL WELCOME

THE OPPORTUNITY TO SHARE THOUGHTS ON THE WAY AHEAD WITH THE PRIME MINISTER, PARTICULARLY IN THE NEW SITUATION FOLLOWING UNSCR 678 AND IN THE LIGHT OF THE POSSIBILITY OF US/IRAQ TALKS. THE RUN UP TO THE 15 JANUARY DEADLINE WILL INCREASE ISRAELI NERVOUSNESS, GIVEN THEIR ASSESSMENT THAT SADDAM HUSSEIN MAY STRIKE OUT AGAINST THEM IF HE BELIEVES CONFLICT IN THE GULF TO BE IMMINENT AND INEVITABLE. WE NEED CONSTANTLY TO REMIND THE ISRAELIS OF THE DAMAGE TO ALL OUR INTERESTS THAT ANY PRE-EMPTIVE STRIKE ON THEIR PART COULD CAUSE.

5. SHAMIR WILL IN PARTICULAR BE INTERESTED IN OUR READING OF PRESIDENT BUSH'S WILLINGNESS TO TALK TO THE IRAQIS. THE ISRAELIS DO NOT THINK THAT BUSH'S ANNOUNCEMENT IN ITSELF INDICATES SLIPPAGE IN AMERICAN RESOLVE (THEY UNDERSTAND THE DOMESTIC POLITICAL FACTORS IN THE US). BUT THEY CANNOT RESIST THE SUSPICION THAT UNDERLYING AMERICAN RELUCTANCE TO START A REAL WAR WILL IN SOME WAY RESULT IN AN UNACCEPTABLE COMPROMISE. OF COURSE, EVEN THE FULL PEACEFUL IMPLEMENTATION OF UN RESOLUTIONS ON KUWAIT WOULD NOT SERVE ISRAEL'S STRATEGIC INTEREST, WHICH REMAINS A SUBSTANTIAL ABRIDGEMENT, IF NOT REMOVAL, OF SADDAM HUSSEIN AND HIS NON-CONVENTIONAL ARSENAL. THEY ALSO FEAR THAT ANY US/IRAQ (OR OTHER) TALKS WILL INEVITABLY MEAN SOMETHING OF A PARALLEL FOCUS ON THE PALESTINIAN ISSUE, EVEN IF DIRECT LINKAGE IS REJECTED BY THE AMERICANS.

REGIONAL STRATEGIC PATTERN

6. THE ISRAELIS SENSE THAT THE BASIC POLITICAL GEOGRAPHY OF THE REGION IS CHANGING BECAUSE OF THE GULF CRISIS. AT THE CORE OF THIS PERCEPTION IS CONCERN ABOUT THEIR SPECIAL RELATIONSHIP WITH THE US. THIS HAD ALREADY BEEN UNDER SOME PRESSURE, WITH THE BUSH/BAKER TEAM SHOWING ITSELF MORE LIKELY TO PUT REAL PRESSURE ON ISRAEL ON THE PEACE PROCESS THAN ITS PREDECESSORS. THE ISRAELIS UNDERSTAND THAT THE AMERICANS MUST NOW ACT IN THE GULF WITH AND THROUGH OTHERS, BUT THEIR LOW PROFILE ROLE DOES NOT COME NATURALLY TO THEM AND THEY FEAR THAT THE AMERICANS MIGHT GET INTO THE HABIT OF REGARDING THEM AS A COMPLICATION RATHER THAN AN ALLY. WHEN SHAMIR MEETS BUSH HE WILL UNDOUBTEDLY BE LOOKING FOR A RE-ASSERTION OF THE WORTH THE AMERICANS ATTACH TO THE RELATIONSHIP.

7. THE ISRAELIS EXPECT NO SUCH SPECIAL RELATIONSHIP WITH US. BUT THEY DO CONSIDER THAT YOUR VISIT IN OCTOBER LAID THE FOUNDATION FOR A MATURE EXCHANGE OF VIEWS ON MATTERS OF SHARED STRATEGIC INTEREST, AND SHAMIR WILL WANT TO HEAR AGAIN THAT WE SEE A PLACE FOR THE ISRAELIS IN DISCUSSION OF LONG TERM SECURITY ARRANGEMENTS IN THE POST-CRISIS REGION. I EXPECT HE WILL RAISE THE QUESTION OF OUR RESTORATION OF

RELATIONS WITH SYRIA: AS I SAID IN MY TELNO 432 THE ISRAELIS DO NOT BELIEVE THE NATURE OF THE BEAST HAS CHANGED. SHAMIR MAY PRESS FOR DETAILS OF WHAT WE BELIEVE THE SYRIAN RENUNCIATION OF THEIR ASSOCIATION WITH INTERNATIONAL TERRORISM AMOUNTS TO, AND WHAT WE WILL DO IF (AS THEY SEE IT) SYRIA CONTINUES TO PERMIT IF NOT ENCOURAGE TERRORIST INCURSIONS FROM THE LEBANON.

LEBANON

8. ISRAEL IS FEELING VULNERABLE AND PARANOID ABOUT ALL HER BORDERS AT PRESENT GIVEN THE SPATE OF TERRORIST INCIDENTS ON ALL OF THEM WHICH THE ISRAELIS SEE AS A CONSEQUENCE OF EVENTS IN THE GULF. BUT THEIR WORRIES ARE PARTICULARLY FOCUSED TO THE NORTH. I DO NOT BELIEVE THE ISRAELIS ARE CONTEMPLATING MAJOR ADVENTURES NORTHWARDS ALONG THE LINES OF THE 1982 CAMPAIGN. BUT WE CAN EXPECT ISRAEL TO STAND FIRM IN THE SECURITY ZONE, AND TO HIT OUT AT IDENTIFIED TERRORIST TARGETS TO THE NORTH OF IT. WE NEED TO REMIND THEM THAT WHILE WE UNDERSTAND ISRAELI SECURITY CONCERNS THEY MUST APPRECIATE THAT THEIR PRESENCE IS PART OF THE PROBLEM, AND THAT THEIR RESTRAINT MIGHT ALSO BE PART OF THE SOLUTION.

THE PEACE PROCESS

9. THERE HAVE BEEN SOME SUGGESTIONS IN THE LOCAL MEDIA THAT SHAMIR MIGHT BE GOING TO WASHINGTON WITH FRESH THINKING ON THE PEACE PROCESS. FRANKLY, I DOUBT IT. SHAMIR IS NOT KNOWN FOR BOLD INITIATIVES ON ANY FRONT, AND AS A POLITICIAN HE HAS TO TAKE ACCOUNT OF THE TOUGH VIEWS OF MEMBERS OF HIS COALITION AND THE SHIFT TO THE RIGHT IN ISRAEL GENERALLY SINCE THE BEGINNING OF THE INTIFADA, WHICH HAS BEEN ACCELERATED BY THE GULF CRISIS.

10. BUT SHAMIR KNOWS THAT THE DAY IS COMING WHEN THE AMERICANS AND THE INTERNATIONAL COMMUNITY MAY ADDRESS THEMSELVES TO THE PALESTINIAN ISSUE WITH RENEWED VIGOUR. WE MAY ALSO BE WITNESSING EVEN IN RIGHT WING OPINION THE STIRRINGS OF A SIGNIFICANT SENSE OF FED-UPNESS WITH THE BURDEN OF THE OTS, PROMPTED BY THE RECENT SPATE OF STABBINGS AND THE UNEASY CONSCIOUSNESS THAT THE PALESTINIAN PROBLEM WILL NOT GO AWAY. AT LEAST FOR THE MOMENT, HOWEVER, I EXPECT SHAMIR TO HOLD FIRMLY TO THE 'LINKAGE' ENVISAGED IN THE MAY 1989 PEACE INITIATIVE: THAT PROGRESS ON THE PALESTINIAN ISSUE MUST GO HAND IN HAND WITH THE RESOLUTION OF THE WIDER ARAB/ISRAEL PROBLEM. THE PLO REMAIN UNTOUCHABLE IN ISRAELI EYES. WE SHOULD CONTINUE TO POINT OUT THAT SUCCESSFUL RESOLUTION OF THE GULF CRISIS MAY CREATE THE CLIMATE, AND EVEN THE STRUCTURES, IN WHICH MOVEMENT MAY BE POSSIBLE. WE SHOULD ADD

THAT HOWEVER MUCH THE ISRAELI GOVERNMENT CONTINUES TO EXPRESS ITS INTEREST IN PEACE, IT IS SOMETIMES HARD FOR ISRAEL'S FRIENDS TO ACCEPT THESE EXPRESSIONS UNQUESTIONINGLY IN THE FACE OF HUMAN RIGHTS ABUSES AS WELL AS CONTINUED SETTLEMENT ACTIVITY IN THE TERRITORIES, AND WHEN SHAMIR HIMSELF TALKS OF AN ISRAEL EXTENDING FROM THE MEDITERRANEAN TO THE RIVER JORDAN (MY TELNO 420).

DOMESTIC FRONT

11. MANY OF SHAMIR'S CURRENT CONCERNS ARE ON THE DOMESTIC FRONT. A PROLONGED DROUGHT IS CAUSING SERIOUS WORRIES OVER WATER SUPPLIES. THE STRAIN OF ABSORBING THE CURRENT HUGE WAVE OF SOVIET JEWISH IMMIGRANTS IS SHOWING (CURRENTLY IN WIDESPREAD INDUSTRIAL ACTION OVER ECONOMIC MEASURES DESIGNED TO COPE WITH THE ABSORPTION), WITH ABOUT 180,000 EXPECTED THIS YEAR AND UP TO 350-400,000 NEXT YEAR. SHAMIR MAY INTEND TO SEEK ADDITIONAL ASSISTANCE FROM THE AMERICANS TO HELP WITH THE ABSORPTION TASK. HE WILL ALMOST CERTAINLY MENTION THE IMMIGRATION TASK TO THE PRIME MINISTER, AND WILL PROBABLY EXPECT IN REPLY TO HEAR AGAIN OF OUR CONCERN THAT IMMIGRANTS SHOULD NOT BE SETTLED OVER THE GREEN LINE. IT WOULD DO NO HARM IF WE WERE TO ADD THAT ISRAEL'S ECONOMIC PROBLEMS WILL BE EASED IN THE LONGER TERM WITH THE GOODWILL OF THE INTERNATIONAL COMMUNITY, AND THROUGH COOPERATION RATHER THAN CONFRONTATION WITH ISRAEL'S REGIONAL NEIGHBOURS. BOTH STAND TO BE PREJUDICED BY CONTINUED POLITICAL INTRANSIGENCE.

ELLIOTT

YYYY

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EMBASSY OF ISRAEL
2 PALACE GREEN
LONDON, W8 4QB
Telephone: 071-937 8050
Fax: 071-937 5184



שגרירות ישראל
לונדון

14th November 1990

STRICTLY PERSONAL

Dear Charles,

Thank you very much for your letter of 2nd November 1990 regarding the time of the meeting between our Prime Minister Mr Yitzhak Shamir and The Prime Minister of Great Britain Mrs Margaret Thatcher.

Prime Minister Mr Yitzhak Shamir will be pleased to meet Prime Minister Mrs Margaret Thatcher at 9.00 a.m. on Friday 7 December 1990.

Yours sincerely,

Nathan Meron
Minister Plenipotentiary

STRICTLY PERSONAL

STRICTLY PERSONAL



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

2 November 1990

Thank you for your letter of 1 November about the time for the Prime Minister's meeting with Mr. Shamir. The Prime Minister can manage 0900-1000 on Friday 7 December. That should leave time enough to get to Heathrow for an 1100 departure.

I hope this is convenient.

C. D. POWELL

Mr. Nathan Meron

ca

EMBASSY OF ISRAEL
2 PALACE GREEN
LONDON, W8 4QB
Telephone: 071-937 8050
Fax: 071-937 5184



שגרירות ישראל
לונדון

~~Amos~~

can we do it earlier?

CDP
9.00 to 10.00 am
on 7 Dec

AP 2/11

1st November 1990

STRICTLY PERSONAL

Dear Charles,

Thank you very much for your letter of 26th October 1990 regarding the suggested time of the meeting between our Prime Minister Mr Yitzhak Shamir and The Prime Minister of Great Britain Mrs Margaret Thatcher.

Unfortunately Prime Minister Shamir will have to leave from Heathrow airport to the United States of America at 11.00 a.m. on the morning of Friday 7th December in order to arrive at his destination before the Sabbath commences.

We would appreciate very much if it would be at all possible for the meeting to take place at an earlier time on the same morning.

Nathan Meron
Minister Plenipotentiary

STRICTLY PERSONAL

CONFIDENTIAL



Celi M
c: /hr/ shami
aka

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

26 October 1990

VISIT OF MR. SHAMIR

We have heard from the Israeli Embassy that Mr. Shamir will be in London on 6-7 December and would like to see the Prime Minister. We are getting in touch to offer a meeting at 1030 on Friday 7 December. Unfortunately, there is no possibility for the Prime Minister to offer Mr. Shamir any hospitality whilst he is here for the two days.

C. D. POWELL

J. S. Wall, Esq., L.V.O.,
Foreign and Commonwealth Office

CONFIDENTIAL

STRICTLY PERSONAL



M

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

26 October 1990

You told me about Mr. Shamir's visit on 6-7 December. The Prime Minister would be very pleased to see him for a talk at 1030 on Friday 7 December, if that is convenient.

C. D. POWELL

Mr. Nathan Meron

STRICTLY PERSONAL

CDP

1030 to
1130 on

Friday
7 Dec

MRS. PONSONBY

AP
26/10

Mr. Shamir, the Israeli Prime Minister, will be in London on 6 and 7 December and has asked to see the Prime Minister. She really ought to see him. I suppose it's not possible to give a small lunch or dinner for him?

CDP

CHARLES POWELL

25 October 1990

PART 1 ends:-

SHAMIK to PM. 12.6.89

PART 2 begins:-

CDP to AP: 25.10.90



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