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## 10 DOWNING STREET

From the Private Secretary

21 May 1979

Dear Paul,

Call on the Prime Minister by Prince Salman Bin Abdul Aziz of Saudi Arabia at 10 Downing Street on 21 May 1979

As you know, the Prime Minister agreed to see Prince Salman of Saudi Arabia at 1430 this afternoon, in response to the Prince's request for a call in order to convey to the Prime Minister personal messages from King Khaled and Crown Prince Fahd. Prince Salman was accompanied by the Saudi Charge d'Affaires and by an interpreter. Mr. Galloway interpreted for the Prime Minister.

Prince Salman told the Prime Minister that he had been asked to convey to her congratulations on her appointment and warm best wishes both from King Khaled and from Prince Fahd. Prince Fahd recalled with pleasure his earlier meetings with the Prime Minister and hoped to renew his acquaintance with her. The Prime Minister thanked Prince Salman for sparing the time to call on her and convey these messages personally; she much appreciated his gesture in doing so.

Prince Salman went on to say that he had also been asked by his brothers to convey to the Prime Minister the opinion of the Saudi Kingdom concerning the present situation in the Middle East. Despite the well known friendship of the Saudi Kingdom for President Sadat, the President had at no time discussed with the Saudis the steps which he proposed to take in his negotiations with the Israelis and the Americans. The Saudis, who had been blamed by their fellow Arabs for adopting such a moderate stance on the question of a settlement in the Middle East, were by no means opposed in principle to peace between Egypt and Israel: but the Saudis were also convinced that peace could not come about unless the roots of the problem were tackled in a sensible manner. President Sadat's visit to Jerusalem should have been properly prepared. Prince Fahd had urged Sadat not to make a unilateral peace with Israel and Sadat had responded, prior to Camp David, by promising to put a stop to all unilateral meetings until the bases for a peaceful settlement had been agreed on a wider basis. The Saudi Kingdom had hoped that the Camp David negotiations would succeed although they were convinced that a lasting peace could not be found through these means but only when all the problems of the region, including those of the West Bank, Jerusalem and Gaza, had been resolved. The Saudis were asking only that the United Nations and EEC resolutions should be put into effect.

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Prince Salman went on to say that the Saudi rulers could not believe that all Arab and Islamic countries were in the wrong and that only President Sadat was in the right. They hoped that the United Kingdom and others would exert pressure on Israel and persuade the Israelis to grant the Palestinians their legitimate rights: if that were to happen, the Saudis could once again support President Sadat. The Saudi Kingdom had no wish to allow current problems to interfere with their traditional good relations with the United States and with other Western nations. In the present situation, however, only the Soviet Union and the Communists were the gainers. Referring to earlier rumours that the United States was prepared to re-occupy, in a military sense, the oil bearing regions in order to protect her interests, Prince Salman commented that if this policy were adopted US interests would have disappeared even before the arrival of the first troops. Prince Salman said that he understood that the Prime Minister was shortly to have a meeting with Mr. Begin; this might give her the opportunity to urge the Israeli Prime Minister to give the Palestinians their rights - this would be the right moment for the Israeli Government to take this action. If it were done, the Saudi Kingdom was very ready to live in peace with Israel. In response to a question from the Prime Minister, Prince Salman said that the Saudis had no fixed views about the best arrangement for the administration of the West Bank and would not object to any structure on which all others could agree.

The Prime Minister told Prince Salman that both King Khaled and Crown Prince Fahd had been good friends of the United Kingdom and of the West, especially during the oil crisis; she asked Prince Salman how he saw the future development of the oil price issue, following the drastic reduction of supplies from Iran. Prince Salman replied that he hoped that the traditional friendship between the United Kingdom and the Saudis would continue for ever. The Saudi Kingdom remained opposed to an increase in the price of oil and would do all it could, within the technical possibilities, to maintain supplies to the West. He suggested, however, that the EEC should urge OPEC to freeze oil prices and put pressure on the OPEC countries to this end. This would be helpful to the Saudis at the next OPEC meeting. It would also be helpful if the West could reduce its consumption of oil. The Saudis knew very well that oil price rises damaged the Western economies and had no wish to see that happen. If the West were to adopt a sensible and moderate position, it would be easier for the Saudis to argue for moderation in OPEC.

The Prime Minister, concluding the discussion, asked Prince Salman whether Prince Fahd would not oppose the forthcoming negotiations on the West Bank, but judge them on their merits and by their results. Prince Salman replied that, in the Saudi view, the talks on the West Bank could not produce any results since Mr. Begin seemed prepared to give the Palestinians only autonomy for their people but not their territorial rights.

I am sending copies of this letter to Bill Burroughs (Department of Energy) and Martin Vile (Cabinet Office). Yours wer, Symborledge.

Paul Lever, Esq., Foreign and Commonwealth Office.