GR 500 CONFIDENTIAL CONFIDENTIAL FM CAIRO 161150Z JUL TO IMMEDIATE FCO TELNO 591 OF 16 JULY INFO PRIORITY TEL AVIV WASHINGTON DAMASCUS AMMAN JEDDA MY TELNO 588: VISIT OF ISRAELI PRIME MINISTER THE AMERICAN AMBASSADOR WAS SUMMONED TO ALEXANDRIA ON 1. 16 JULY TO RECEIVE FROM PRESIDENT SADAT A REPORT FOR PRESIDENT CARTER ON HIS TALKS WITH MR BEGIN. ATHERTON HAS GIVEN ME IN CONFIDENCE (PLEASE PROTECT) THE FOLLOWING ACCOUNT. SADAT CONFIRMED THAT HE GENUINELY SHARED BEGIN'S VIEW 2. EXPRESSED AT THEIR JOINT PRESS CONFIERENCE, THAT THE MEETING WAS ONE OF THE BEST THEY HAD HAD. THIS WAS BECAUSE, ALTHOUGH THEY REACHED NO NEW AGREEMENTS ON OUTSTANDING PROBLEMS (THERE ARE GROWING RUMOURS IN CAIRO THAT THEY DID) HE HAD SUCCEEDED IN PUTTING ACROSS TO BEGIN HIS VIEWS ON ALL THE BASIC ISSUES IN THE ARAB/ISRAEL PROBLEM. HE HAD EXPLAINED TO BEGIN CANDIDLY HOW IN HIS VIEW ISRAEL WOULD ULTIMATELY BE OBLIGED TO WITHDRAW FROM ALL THE OCCUPIED TERRITORIES AND THAT IT WAS AN ILLUSION TO EXPECT THAT SHE COULD RETAIN SETTLEMENTS IN THEM THEREAFTER. ISRAEL WOULD ALSO HAVE TO ACCEPT THAT THE PALESTINIANS SHOULD EXERCISE THEIR RIGHT TO SELF-DETERMINATION AFTER THE TRANSITIONAL PERIOD OF AUTONOMY PROVIDED FOR IN THE CAMP DAVID AGREEMENTS. HE HAD EVEN MANAGED TO SAY HIS PIECE ABOUT ARAB RIGHTS IN JERUSALEM. ACCORDING TO SADAT, BEGIN HAD HEARD HIM OUT COURT-EOUSLY ON ALL THESE TOPICS, INCLUDING JERUSALEM, WHILE MAKING IT CLEAR THAT HE DID NOT AGREE. THIS GAVE SADAT SOME HOPE THAT HIS MESSAGE WOULD GRADUALLY SINK IN. HE

INTENDED TO PURSUE THESE THEMES ON HIS VISIT TO HAIFA.

- 3. SADAT SAID THAT THE TWO MEN HAD NOT DISCUSSED THE CURRENT AUTONOMY NEGOTIATIONS AT ALL. THEY HAD NOT NEEDED TO, IN VIEW OF THE PROCEDURAL AGREEMENT THAT MR STRAUSS HAD JUST ACHIEVED IN ALEXANDRIA. SADAT STILL SPOKE OF GIVING THE NEGOTIATORS UNTIL OCTOBER TO SHOW PROGRESS, FAILING WHICH HE WAS CONFIDENT THAT HE AND BEGIN WOULD BE ABLE TO AGREE ON THE NECESSARY DIRECTIVES. SADAT REPEATED, AS HE HAD SAID AT THE PRESS CONFERENCE, THAT HE WAS DETERMINED THAT WHATEVER HAPPENED EGYPT WOULD FULFIL HER OBLIGATIONS UNDER THE CAMP DAVID AGREEMENTS. HE WAS NOT WORRIED BY THE OPPOSITION OF HIS ARAB ENEMIES AND POINTED TO THE DISARRAY WITHIN THEIR RANKS.
- 4. I COMMENTED THAT EVEN SO IT WOULD HELP TO DISARM SOME OF THE LESS EXTREME CRITICS IF SADAT COULD MAKE IT KNOWN TO THEM THAT HE HAD BEEN SPEAKING TO BEGIN IN TERMS OF WHICH THEY WOULD APPROVE. ATHERTON SAID HE DID NOT THINK SADAT COULD BRING HIMSELF TO DO SO, PARTLY OUT OF PRIDE BUT MAINLY BECAUSE HE WOULD REGARD IT AS A BREACH OF CONFIDENCE WITH BEGIN THAT COULD CAUSE A HARDENING IN ISRAELI ATTITUDES.

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