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There are 2 diff. cultures with the PLO network. B

PRIME MINISTER

- ① Recognition of Israel
 - ② Terrorism.
- Arab/Israel Dispute

① We need something on both - particularly having regard to Northern Ireland + possible PLO involvement with the IRA.

During your discussion on Wednesday with the Foreign and Commonwealth Secretary, it was suggested that I should try to put down on paper the case he was putting to you for making an effort to move the PLO towards conditional recognition of Israel's right to exist within secure boundaries.

The present situation

As I see it the present situation is as follows:-

- a) The US peace process is not showing many signs of regaining momentum. Even after the Israeli election, it may be two months or more before the new Government is firmly in the saddle. US influence is in any case likely to be greater on Israel and on Egypt than with the PLO and other Arab Governments;
- b) As you heard during your talks in Saudi Arabia and the Gulf States, there are high expectations of the United Kingdom's Presidency of the Community. There would be risks in allowing these expectations to be completely disappointed;
- c) The PLO would probably regard a meeting with Lord Carrington as a good deal more important to them than meetings with either M. Thorn or M. Van der Klaauw. They might be willing to pay something worthwhile for such a meeting. There can of course be no certainty about this. But we can only find out by exploration;
- d) There is evidence of a willingness on the part of the Israeli Labour Party to have (unavowed) discussions with the PLO.

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The objective

You have said on numerous occasions that what is required is mutual recognition by Israel and the Palestinians of each others rights. Elaborating on this, you have said during your tour and in your message to Chancellor Schmidt that one could envisage conditional statements being made by each side in the form that "if the other party were to do so-and-so, then I would do so-and-so".

Against that background, we might now seek from the PLO the most explicit possible on the record statement of their willingness to accept in the context of a negotiated settlement Israel's right to exist within secure frontiers. This would be an implicit disavow^{al} of the Covenant. It is impossible to say now exactly what form such a commitment might best take.

why?

If the PLO were to go along with this approach, their fundamental reason could only be that they were interested in moving towards some kind of settlement. But in the short term, the carrot would be the meeting with Lord Carrington and the additional international respectability that would go with this. Arafat himself might see such a meeting as strengthening his hand with his own extremists.

Surely something on Terrorism?

Tactics

a) In my view we should seek to get King Hussein to take the initiative and, if anything is achieved, some of the credit. He has offered his services to you as an interlocutor. There should therefore be little difficulty in interesting him in the idea. At the very least, he should be prepared to sponsor the meeting in Amman;

b) We should also seek, through King Hussein, to engage the attention of other Arab Governments - notably that of Saudi Arabia;

S. A. says they do not support terrorism on the part of the PLO.

c) We should make it clear to Hussein and to Arafat that any deal would have to be pre-negotiated. A meeting between Lord Carrington and Arafat would be to provide the occasion

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for making an agreed statement not to negotiate the statement. If there was no agreement, there would be no meeting. The necessary contacts would be on the diplomatic net and would be entirely unpublicised. ?!

Benefits

Conditional recognition of Israel by the PLO would help to move the situation from dead centre. It should be welcome to moderate Israelis and should help to generate pressure on any Israeli Government. For these reasons, it should also be welcome to the United States. As regards the Arabs, it would be a European contribution to the peace process. The commercial and diplomatic advantages of promoting progress towards a solution of the Arab/Israel dispute are obvious. Although Lord Carrington would be acting as President of the European Community, much of the credit in the Middle East, if the move was successful, would undoubtedly accrue to this country. Insofar as the move would mean that a meeting between Lord Carrington and Arafat would only take place if there was going to be something to show for it (as opposed to being the result of mere European "activity") it might save HMG embarrassment at home.

Conclusion

If you would be prepared for an effort to be made to explore the ground on the basis set out above, I would send a copy of this minute to Mr. Walden and tell him that provided the Foreign and Commonwealth Secretary agreed with the line, you would be prepared for him to act on it. Agree?

Ant

1 May 1981

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