10 DOWNING STREET

From the Private Secretary

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Subject cost field on: - Knowit: call on PM by Shaik Sa'ad: Nov: 79.

Call by the Prime Minister of Knowit

The Prime Minister of Kuwait paid a brief courtesy call on the Prime Minister this morning. He was accompanied by the Kuwaiti Ambassador. Mr. John Moberly was also present.

After an exchange of courtesies, the Prime Minister told Shaikh Sa'ad that she was very worried by the general instability. in the world at present. She thought that the next decade was likely to be more difficult than any since the last World War. There were too many centres of instability. These included South East Asia, Afghanistan, Iran, the West Bank, the Horn of Africa and the Caribbean. There was a belt of trouble girdling the world. In response to a question from the Prime Minister, Shaikh Sa'ad said that the situation in the Middle East was very complicated. Without US pressure on Israel the Israeli Government would not move. President Sadat, who had not gained much from the Camp David process, based his initiative on the hope that Israel would move but they had refused to do so. They remained in the West Bank, on the Golan Heights and in Jerusalem. Shaikh Sa'ad commented on the importance of Jerusalem not only for the Arabs but for Muslims all over the world. The Prime Minister remarked that it was important not only for Muslims but for Jews and Christians as well. Shaikh Sa'ad said that it was unclear whether, when people like Mr. Atherton said that Jerusalem would be discussed between the parties concerned, they meant the Jerusalem of 1967 or the Jerusalem of 1980.

The Prime Minister asked whether she had understood Shaikh Sa'ad correctly when he had said that he saw the main hope of movement as being through American pressure on Israel. Shaikh Sa'ad agreed but added that the Europeans could play a major role. He hoped that the Middle East would be at the top of the agenda at the European Council meeting in Venice. All the world was waiting for the outcome. The Arabs hoped that the Europeans would come out in support of the right of the Palestinians to self-determination. They could not be simply regarded as refugees. There would be dangers in seeming to squeeze them into a corner. The Prime Minister said that the Middle

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East would certainly be discussed in Venice and a general statement issued about the outcome of the discussion. However, the Europeans would not be advocating a new UN Resolution. If they wanted the Americans to bring pressure to bear on Israel, they had to avoid creating difficulties for the US Government in the interim.

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