

SUBJECT

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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND HH SHAIKH SA'AD AL ABDULLAH AL SABAH, CROWN PRINCE AND PRIME MINISTER OF KUWAIT, AT THE SALAAM PALACE AT 1030 HOURS

Present

Prime Minister  
HM Ambassador at Kuwait  
Sir Michael Palliser  
Mr. Ian Gow  
Mr. Clive Whitmore  
Mr. Michael Alexander  
Mr. Bernard Ingham  
Mr. Peter Jeffs  
Mr. David Miers  
Mr. Prentice

HH Shaikh Sa'ad al Abdullah Al Sabah  
HE Sayyid Abdul Aziz Hussain  
HE Sayyid Jassim Khalid al Marzouq  
HE Dr. Abdul Rahman al Awadi  
HE Sayyid Ghazi al Rayes  
HE Sayyid Rashid Abdul Aziz al Rashid  
Abdul Larif al Bahr  
Ali Abu Asi

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The Prime Minister said that close links between Britain and Kuwait were very welcome to us: the 140 British service personnel seconded to the Kuwait Forces were evidence of this. She then recapitulated the main points she had earlier made to the Amir covering the Gulf Cooperation Council, Palestine and Soviet policy.

Gulf Cooperation Council

Shaikh Sa'ad said that the Gulf Cooperation Council was a first step towards realizing a dream. The November Summit would consider numerous resolutions and momentum would be maintained. It had been agreed that the Chiefs of Staff would meet to discuss /<sup>and</sup> coordinate cooperation in military affairs. (In answer to a question from the Prime Minister he confirmed that the Chiefs of Staff had in fact already met the previous week.) The GCC was not directed against anyone: the affairs of the Gulf, including its security, must be left to the littoral states. The Prime Minister said that in the modern world states could not defend themselves alone. It was necessary to group together. She hoped that the Gulf grouping would have links outside. If the grouping was to undertake its own defence it would need to be able to do this against attacks from any direction. Britain and Kuwait might perhaps have different ideas about the direction of the / threat.

threat. She hoped that the Council and the Chiefs of Staff would make early progress. Meanwhile, Britain was glad to be able to help. We had loan service personnel in Kuwait as in Oman. We could supply equipment of the highest quality. Radar and the Jet engine had both been invented in Britain. Our electronic technology was the most advanced in the world. This could be of assistance to the Gulf countries in the establishment of an efficient communications system for rapid consultation on defence questions. Britain could also offer radar which was essential for early warning of attack. We could also offer the incomparable Rapier ground to air missile. If the United Kingdom had been tardy over the delivery of equipment in the past, this had been corrected in the last  $2\frac{1}{2}$  years. Suppliers of defence equipment were now delivering early in the UK. We therefore hoped to renew our business with Kuwait and to put forward acceptable tenders in this field where our products were pre-eminent. Shaikh Sa'ad said that it had long been Kuwait's policy to contact Britain as soon as specifications had been decided. But sometimes Kuwait had been advised that the weapons needed were not available in the UK.

Iran/Iraq

The Prime Minister said that the Iran/Iraq war had aroused grave fears, especially in the early days when it had looked like spreading. She supposed that Kuwait would be worried by the alarming situation in Iran and also perhaps by other threats such as subversion. Shaikh Sa'ad said that Kuwait's proximity to the war was a constant worry. The war's continuance risked involving other parties. None of the efforts to stop it had been successful, chiefly because of the absence of firm leadership in Iran capable of deciding to end it. Iraq had offered to settle and had even offered a unilateral ceasefire. But this had not been reciprocated by Iran. At the moment, Kuwait's relations with Iran were good and there was a Kuwait Ambassador in Tehran. But Iran had accused Kuwait of helping Iraq and when the Kuwaitis had explained that they were bound by their transit agreement with Iraq, the Iranians had replied that their accusations had not been made by responsible officials. The war was likely to go on since Bani Sadr had now been replaced by the Mullahs. As for subversion, Kuwait had been publicly attacked by important Iranian personalities and there had been hostile broadcasts. Iranian planes had twice attacked Kuwait's border post at Abdali. The Iranians had apologised and said that they had intended to attack the Iraqi post at Safwan. More recently, the Iranian Foreign Minister had indicated

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to Kuwait's Ambassador that Iran wanted better relations with Kuwait. Some food and consumer goods continued to be shipped from Kuwait to Bandar Abbas. The Prime Minister confirmed that ordinary civil trade was continuing with both Iraq and Iran as far as Britain was concerned.

Palestine

Shaikh Sa'ad said that his last meeting with the Prime Minister had occurred on the eve of her departure for Venice. The Venice Declaration contained many constructive and positive elements. But some of the European countries had since shown hesitation, claiming that it was impossible to move without American agreement. The Prime Minister said that since the Declaration, the Presidency had consulted the countries concerned in the region. But no progress had been made on obtaining mutual recognition of each other by the two parties. Mr. Begin had lunched with her but it had not been a "progressive" meeting. She had complained to him about Israeli settlement policy and their refusal to recognise Palestinian rights. He had countered with Israel's biblical right to Judea and Samaria. Britain did not necessarily accept even that Begin was correct historically. Later she had met Israeli Opposition leaders who had appeared more constructive. She had been amazed that Begin had been successfully able to win the Israeli election by using violent tactics which were not in the long-term interests of the Israeli people. The Americans were now better seized of the Palestinian dimension. Not so long ago President Carter had not been able to get on with King Hussein, but this had improved. Britain was urging the Americans, and hoped to persuade them, to consider practical steps for progress. If a conditional recognition of Israel by the PLO could be obtained, it would be easier to urge progress on the Americans. President Mitterrand had suggested that it would be necessary to move step by step towards a comprehensive settlement. It was recognised by all that the Palestinian problem lay at the heart of a solution and that this must be solved.

Shaikh Sa'ad said that the United States was indeed the country most able to contribute to a solution. But the only result of Begin's visit to America was the agreement on US/Israel strategic cooperation which seemed likely to make Israel into a store of military equipment for the United States. Europe and Britain, in our capacity as President, must press harder. The Prime Minister said that during the recent crisis over the SAM missiles in Lebanon,

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the United States had made an important contribution, in close cooperation with, and strongly supported by, Saudi Arabia, towards the imposition of restraint on Israel. An ugly situation had been averted and a ceasefire between Israel and the Palestinians achieved. During Begin's visit to Washington the Americans had perhaps concentrated <sup>on</sup>/recent friction resulting from Lebanon and the bombing of the Iraqi reactor and had not got down to fundamentals on Palestine. She was optimistic, however, that the Americans would play a constructive role in the next two years and Britain would certainly urge them to do this. Shaikh Sa'ad said that the Americans had perhaps been obliged to intervene effectively in Lebanon because of the clear Arab stand in favour of Syria and the clear Soviet commitment to back Syria.

He then asked the Prime Minister for the British Government's view on recognition of the PLO as the sole representative of the Palestinian people. The Prime Minister said that our official position was that we did not recognise organisations, only countries. More frankly, our problem was with the terrorist activities for which the PLO acted as an umbrella. PLO statements asserted a wish to drive Israel into the sea. She had asked Prince Fahd to press the PLO to make a conditional recognition of Israel's right to exist. If they could do this it would make a substantial difference. But at present, because of the two reasons cited, Britain had no Ministerial contact with the PLO. (The Prime Minister then explained how courtesy had required her to be introduced to Yasser Arafat at Tito's funeral.) Our position was, both with the Arabs and with Israel, that if you demanded the right to live within secure boundaries (more or less but not wholly defined as in the UN resolution) you could not deny this to the other side. Shaikh Sa'ad said that only some Palestinians practised terrorism; and the present PLO leadership had not made sweeping statements about driving Israel into the sea. The Prime Minister undertook to send Shaikh Sa'ad a copy of the PLO statement which the Israelis exploited with such damaging effect. Shaikh Sa'ad pointed out that Arafat had prevailed upon minor extremist Palestinian organisations to accept the Lebanese ceasefire despite their initial opposition to it: a useful demonstration of the Palestinian leadership's responsibility. The Prime Minister said that President Sadat had also drawn attention to the importance of the ceasefire as an agreement between Israel and the PLO.

/ Shaikh Sa'ad

Shaikh Sa'ad asked about the UK position on Jerusalem. The Prime Minister said that Jerusalem was the most difficult problem of all, harder than the West Bank or the Golan Heights. It would be essential to provide for access by all three religions. But the heart of the matter was the West Bank and Gaza, even though the Arabs would say that Jerusalem was part of this. But it was impossible to solve everything at once. There were so many practical steps to be addressed, e.g. would the West Bank and Gaza be a single state with access guaranteed between them? What would happen to the refugees in the camps? How would the transitional period be organised? Would the UN have a role? The best way forward was to seek progress on these practical steps in order to flesh out the statements of principle. Shaikh Sa'ad agreed on the necessity of proceeding step by step, but said that this must not permit the Israelis to do what they wanted on the West Bank and in Jerusalem. The Prime Minister said that the Europeans had been very firm on this. None had recognised acts in East Jerusalem which prejudiced its final status. There was language in the Venice Declaration to that effect.

Soviet/Gulf Relations

The Prime Minister asked what reply she should give to a question expected at her press conference later in the day about the reported Kuwait suggestion that diplomatic relations should be established between the Soviet Union and the other Gulf countries. Subject to Kuwaiti views she proposed to take the line that this was a matter for each Gulf country but that if she was in a Gulf country she would consider carefully what advantages the proposal would bring and remain mindful of Britain's experience over the need to expel 104 Russian diplomats a few years ago. Only recently it had been necessary to expel another Russian from London. Once in, it was hard to get them out. Shaikh Sa'ad said that during the Amir's Balkan tour his hosts had expressed a wish to establish relations with other Gulf countries. He had agreed to convey their message to Kuwait's Gulf Cooperation Council partners. After a short discussion, in which the Kuwaitis asked the Prime Minister not to attribute any view to the Amir in her answer, it was agreed that she would take the line that the [redacted] matter was one for the Gulf countries concerned, and the countries seeking relations with them, and that any further questions about the Amir's alleged views should be referred to Kuwait.

/ Bilateral Questions

Bilateral Questions

Jassim Al Marzouq said that Britain was Kuwait's third trading partner, with West Germany, after the United States and Japan. Kuwait's free market attracted competition. The lower value of the pound should boost our trade. There were no problems in the economic field or in commercial relations between Kuwait and Britain. He welcomed British industrial representatives whether visiting Kuwait on their own account or to organise exhibitions. Kuwait was also interested in Kuwaitis visiting Britain as tourists. Some problems had arisen but these were mostly due to cultural differences between the British and the Kuwaiti visitors. Kuwait had been launching a number of constructive projects: he had been surprised that British industry was not competing. The Prime Minister said that British consultants were active even if our construction companies had been inhibited by the recent high level of sterling. British companies should thrive on competition. She hoped that Davy McKee would be successful in their bid for the methanol plant in Bahrain, in which Kuwait had a share. The company had just won an order for an important steel mill in India and was extremely experienced in the construction of methanol plants. Jassim Al Marzouq said that while sterling had been high it had been difficult for British companies to compete with those employing cheaper labour e.g. from India or Korea. The Prime Minister then mentioned the railway project from Baghdad to Kuwait for which Transmark were the consultants and said that she hoped that a British firm would get the eventual construction contract. She also mentioned the waterfront project for which Brian Colquhoun were the consultants. She said that if British bidders were successful this would help her in the Government's domestic policies in the United Kingdom. Shaikh Sa'ad thanked her for her cordiality and frankness during the discussions.

*Ans*

27 September 1981