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OD(81) 35

COPY NO 46

7 July 1981

CABINET

DEFENCE AND OVERSEAS POLICY COMMITTEE

THE ARAB/ISRAEL DISPUTE

Memorandum by the Secretary of State
for Foreign and Commonwealth Affairs

1. My memorandum OD(81)14 of 23 February 1981 on the prospects for the UK Presidency of the European Community touched on the possibility of making progress towards a settlement of the Middle East dispute. The Committee will wish to know how matters now stand.
 2. The Israeli Government have maintained a very negative attitude to European efforts; if, as is likely, Mr Begin remains Prime Minister, it will be very difficult to change this. The new US Administration have on the other hand shown understanding of European policy and have avoided criticism. Their own policy remains unclear but might be influenced by European views. The Arabs have been increasingly positive about Venice and a European role. An important achievement
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has been to take the edge off Arab frustration with US policy and to maintain Arab interest in a negotiated settlement.

3. Mr Van der Klaauw's report to the European Council made only one recommendation of substance, that the Ten should continue their efforts on the basis of the principles of the Venice Declaration. The European Council statement decided that the Ten's efforts should be pursued energetically and invited Foreign Ministers to look at the practical possibilities, while maintaining contacts with all parties concerned, including the United States. There was no pressure for a major European move at this stage. President Mitterrand's refusal to countenance explicit re-endorsement of the Venice principles and dislike of references to a comprehensive settlement are new elements which we will need to take into account. But the French do not disagree with the Venice principles. Indeed President Mitterrand's own position goes further towards the Arabs than Venice, eg. through endorsement of the concept of a Palestinian state.

4. Whatever the shape of the new Government in Israel, there is likely to be a move to resume the autonomy talks in the autumn (President Sadat goes to Washington in August, Mr Begin in September). President Sadat does not believe that an autonomy agreement can be reached with Mr Begin, but his main concern will be to give the Israelis no pretext for going back on the commitment to withdraw from the rest of Sinai by April 1982. The Americans share that concern. They may wish to take a more active role in the talks in order to break the deadlock, putting forward their own ideas, but they are unlikely to try to change the basis

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of the talks within the period of the UK Presidency. Nevertheless President Reagan recognises the dangers of failure to progress towards a full settlement and the Americans will welcome discussion of ideas on the longer term.

OBJECTIVES

5. European freedom of manoeuvre during our Presidency is therefore likely to be limited, but the Venice Declaration has been successful in attracting support from many quarters. I am convinced that the Venice principles, or something similar to them, offer the most likely basis for an eventual settlement, whatever the methods used to arrive at a settlement. In these circumstances I believe that our objectives should be as follows:

- (i) To maintain a distinctive European approach based on Venice. This is important in order to keep hold of the Arabs and offer them a third alternative to either Camp David (which they will continue to reject in the absence of fundamental changes) or renewed military confrontation.
- (ii) To look for ways of rebuilding European/Israeli trust. We should continue the task of explaining the essential balance of our approach to Israel and our belief that current Israeli policies are jeopardising Israel's security by effectively ruling out peace with her neighbours.
- (iii) To influence US policy and opinion. Their role will continue to be central.

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(iv) To convince the Arabs, in particular the Palestinians and the PLO, that the chances of progress would be enhanced if they were to state clearly their readiness to accept Israel behind recognised borders. We have proposed to the PLO that they should break out of the vicious circle of who should make the first move towards recognition by making clear that they will accept a negotiated settlement involving Israel's right to live in peace if Israel will accept legitimate Palestinian political rights. Such a statement by the PLO could not only break the Israeli-Palestinian impasse but also provide the opportunity to move the PLO, whose popular support and consequent importance for the future of peace are undiminished, away from terrorist violence and to involve them in peace efforts, including with the Americans. We await a definitive PLO response.

EURO-ARAB DIALOGUE

6. As foreshadowed in my previous paper, we have used the prospect of a Euro-Arab Dialogue meeting at ministerial level to put pressure on the Arabs (who include the PLO) to accept the Venice principles in a communiqué. The European side have now proposed that the meeting should be held in Brussels in early November. The Arabs (the PLO are no longer in the chair) are likely to press for the meeting to be held in London and to counter with their own political demands. The option of a meeting in London is not entirely closed but we have said that our attitude will depend on our assessment of the likely success and usefulness

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of such a meeting. Preparations on the Arab side are chaotic and they may let the date of the meeting slip further. We are working to ensure that the meeting does not simply represent a propaganda opportunity for the Arabs.

NEXT STEPS

7. The Ten have now to consider the practical options open to them. There are various theoretical possibilities (a new Security Council resolution; calls for confidence-building measures such as moratoria on settlements and terrorist attacks; new elections in the West Bank and Gaza etc) but timing is likely to remain a problem. The Ten are agreed that we must not cut across Camp David. No immediate decisions are likely. Nevertheless I believe that we should be ready to take any opportunities to contribute to a settlement. In particular if the PLO were to react positively to our proposal for conditional recognition of Israel, several doors would open. There would be a case for my meeting Arafat if this would provide an opportunity for him to signal such an important shift in the PLO public stand.

CONCLUSION

8. I invite my colleagues to agree that we should pursue the general objectives set out above. Given the many uncertainties in the present situation, notably over future US policy, there may be a need to revert to the Committee at a later stage. I will obviously wish to consult colleagues if any practical steps are contemplated by the Ten.

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FOREIGN AND COMMONWEALTH OFFICE

7 JULY 1981