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RECORD OF THE PLENARY MEETING BETWEEN THE PRIME MINISTER AND THE  
PRESIDENT OF THE ARAB REPUBLIC OF EGYPT ON MONDAY 3 AUGUST 1981

<u>Present:</u> Prime Minister	President Sadat
Foreign and Commonwealth Secretary	General Kamal Hassan Ali
Sir John Graham	Mr. Mansour Hassan
Sir Michael Weir	Mr. Abou Seeda
Mr. R.O. Miles	Dr. Osama El Baz

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Arab/Israel

The Prime Minister said that in their private meeting she and President Sadat had discussed the general situation in the Middle East. President Sadat's view was that the ceasefire on the Israeli-Lebanon border, following recent events, including the Israeli bombing of Baghdad and Beirut, had produced a new situation and a new opportunity. There had never been a ceasefire between Israelis and Palestinians in the whole history of the dispute since 1948. The Saudis were working actively. The new opportunity must not be missed. President Sadat had spoken of the possibility of a new tripartite conference involving Egypt, Israel and the US, but had insisted that it would need very careful preparation.

The Foreign and Commonwealth Secretary said that we were considering the opportunities created by the ceasefire to strengthen the authority of the Lebanese Government and UNIFIL. How did President Sadat see them?

President Sadat said that there were several options. He repeated that the opportunity had no precedent since 1948, even though Mr. Begin insisted that the ceasefire was not with the Palestinians but with Lebanon. He had discussed Lebanon with Mr. Begin at Sharm al-Shaikh. (The Prime Minister commented that President Sadat had been so kind to Mr. Begin at that meeting, and it was amazing to see how he had been repaid.) Mr. Begin had told him that he was ready to sign a Camp David type agreement with Lebanon at any time.

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But the real area of opportunity was in the conflict between Israel and the Palestinians. The Saudis, for example, should be persuaded to build on the ceasefire - they had the money. President Sadat reminded the Foreign and Commonwealth Secretary that he had urged him in Aswan in January to put pressure on the Saudis, who had great respect for Britain for historical reasons.

President Sadat said that one option was a new summit somewhat like Camp David. But Camp David had been unprepared, and the participants had taken a tremendous risk. A new summit would have to be most carefully prepared. It might take place before the end of 1981 after President Reagan's meetings with other Arab leaders such as King Hussein and the Saudis. The Egyptians and Americans together could draft a paper which they could then present to the Israelis.

Another option was that the autonomy agreement might be applied in Gaza, after full agreement had been reached in respect of both Gaza and the West Bank.

A third option was that the Saudis might take the initiative in a new approach to the peace process. This would be acceptable provided that their approach was not contradictory to Camp David.

President Sadat said that what was now in question was the final phase of a comprehensive peace. This was the true meaning of the autonomy talks. Egypt would not allow herself to be harassed. Nor, he emphasised, would she change her position after Israeli withdrawal from the whole of Sinai. This was a fundamental national position and there was no question of Egypt washing her hands of the problem. (In passing he said that Egypt would be ready to give the UK, like the US, military facilities in Sinai if they were wanted.)

The Foreign and Commonwealth Secretary said that he had had a talk with the Saudi Foreign Minister in Mexico. The Saudis were taking the Arab Follow-up Committee and their responsibilities in Lebanon very seriously and Prince Saud had told him that the Syrians were behaving in a reasonable way. But Prince Saud was unfortunately extremely disillusioned with US policy. Could the Egyptians somehow prevail on Israel to stop settlements in the Occupied Territories,

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which were rendering the problem insoluble?

President Sadat said that the long negotiations over Camp David had produced an amazing change in Mr. Begin, and they must not give up. It was essential to continue with the peace process and this time Britain and Europe must be involved, either at the summit or in the background. The Foreign and Commonwealth Secretary thought the other Arabs must be involved too; President Sadat said it was up to the British to push the Saudis.

Replying to a question from the Prime Minister, the Foreign and Commonwealth Secretary said that Mr. Haig, whom he had also seen over the weekend, had been shocked by Mr. Begin's recent actions, particularly the bombing of Beirut. The Foreign and Commonwealth Secretary went on to explain that the Venice Declaration had been attacked by the Israelis mainly because of its reference to the PLO, and the attack had centred on the PLO commitment to the destruction of Israel as spelled out in the Covenant. We were working on the PLO to persuade them to accept the Venice principles subject to conditions. This would ease the path towards negotiations with Israel and thus put pressure on Israel to negotiate. Sir John Graham said that the PLO were no longer inclined to rule out a step of this kind.

President Sadat, asking that what he said should not be passed on to the Americans, said that he intended to tell President Reagan that the time had come to talk to the Palestinians (in reply to a question from the Foreign and Commonwealth Secretary, President Sadat emphatically substituted the 'PLO' for the 'Palestinians'). Following the ceasefire achievement, the Americans should drop their conditions about talking to the PLO. After all, the Americans had long ago made contact with the PLO indirectly both through himself and through King Hassan of Morocco. Now was the time to overcome the difficulty created by the name 'PLO'.

The Prime Minister said that President Reagan would agree that the Palestinians should be brought in but would argue that contact must be with some other organisation than the PLO. He had taken this line with herself and the Foreign and Commonwealth Secretary, and she had reminded him that the Israelis had ensured that no other Palestinian organisations existed. She wondered

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whether an arrangement could be reached by which US agreement to speak to the PLO was linked with the PLO's conditional acceptance of Israel. The Foreign and Commonwealth Secretary said that in their conversations with President Reagan he and the Prime Minister had felt that it would be very difficult for President Reagan to change his position on the PLO unless there was a change in the PLO itself. President Sadat said that it was urgent to start building something, though it would of course take time to build. The Saudis were in a position to put pressure on the Americans. He did not believe that the Saudis had given up hope of the Americans; they knew they must work hand in hand.

The Foreign and Commonwealth Secretary said this was true but they were disillusioned by the discovery that the grip of the Israeli lobby was so tight. Mr. Osama El Baz said that Prince Saud and some of the other younger Saudi leaders had previously exaggerated the possibility that the Americans would put decisive influence on Israel and were now correspondingly disappointed. But Prince Fahd and his colleagues had no false hopes and were not disappointed. The Prime Minister said that another factor was the clear shift in US opinion against Mr. Begin.

The Foreign and Commonwealth Secretary asked whether President Sadat saw any other role for Britain and Europe than pressing for action by the Saudis and the PLO (the Prime Minister added 'and the Americans'). President Sadat said he did not exclude the possibility of an international meeting, whether or not on the Geneva pattern. The participation of Europe would help to put pressure on Mr. Begin. (After a brief discussion it was clarified that both sides regarded the Soviet Union as excluded from such a meeting at this stage.) The Prime Minister commented that President Reagan, having dealt with some major internal problems, was now turning his attention to international problems including, particularly, the Middle East.

The Foreign and Commonwealth Secretary asked whether it would be possible to switch from concentration on autonomy to concentration on self-determination. After some discussion of the meaning of both, President Sadat said there would be no objection either from him or from the Americans to switching to self-determination, which was a word with its own magic. But they should be careful not to

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irritate Israeli public opinion and cause it to rally round Mr. Begin. Under the Camp David process, there would be self-determination after the three-year transitional period. The Prime Minister agreed that changing key words must be done gently, and that Israeli public opinion should not be shocked.

Bilateral matters

The Prime Minister said that she and President Sadat had not so far discussed any bilateral questions; there were no problems. But she would like to mention some commercial issues. The gas project was an important one. We were disappointed that Rolls Royce, having performed well in the Mahmudiya power project, had been excluded from bidding for the extension, for which heavy power generators were specified. Sir Michael Weir gave further details, adding that we had put a large amount of British aid into the project. The Prime Minister also welcomed our growing co-operation in defence matters. President Sadat mentioned Egyptian interest in Rapier, and Sir Michael Weir said that Mr. Nott's visit to Egypt would give a further opportunity for discussion about these matters.

Libya

The Foreign and Commonwealth Secretary asked President Sadat for his views about Libya. It seemed probable that Colonel Qadhafi was behind the latest troubles in Gambia, though the Nigerian Foreign Minister had told him that Libya was not involved in the latest troubles in Kano.

President Sadat said that Egypt had reached agreement at the Nairobi summit with 15 African States about the selection of Togo for the next conference. But the key man in these negotiations had disappeared at the crucial moment, and representatives of all 15 countries left the same afternoon with Libyan cheques in their pockets. That was Africa. The Foreign and Commonwealth Secretary said that a couple of African leaders had commented to him that at least there was now peace in Chad; President Sadat laughed.

President Sadat said that Colonel Qadhafi was continuing to create trouble in North and West Africa and 'certain action' should

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be taken against him. The Libyans were not at present causing trouble in Sudan, and the Egyptians had sent them an ultimatum about what would happen if they did. He described how he had turned down a proposal put to him by Colonel Qadhafi through President Ceausescu that Egypt and Libya should respect each other's 'spheres of influence' in Chad and Sudan. The Libyans were continuing to construct more and more bases and airports for further adventures in Africa.

#### Ethiopia/Somalia

In reply to a question President Sadat spoke about the close relations between M. Cheysson and the Ethiopian leadership. During his own visit to Khartoum his Foreign Minister and the Ethiopian Foreign Minister had held a secret meeting. Egypt now found Colonel Mengistu much easier to deal with than the Somalis to whom the Egyptians gave so much help. Colonel Mengistu had recently sent him a private message, and was clearly seeking his way back from his isolated position.

#### Iraq

The Foreign and Commonwealth Secretary asked why President Saddam Hussein had not become more unpopular as a result of the war. President Sadat said that the Iraqi behaviour could never be predicted but it was perhaps a question of national dignity. The Prime Minister said that it was difficult to throw out a national leader during a war. Mr. Mansour el-Hassan said that there was probably plenty of discontent but it was ruthlessly suppressed. President Sadat said that no-one knew how the Iran-Iraq war would end, but both regimes would certainly fall.

#### Iran

The Prime Minister said that it was very difficult to know who might replace Ayatollah Khomeini. She thought we had never discovered for sure who was responsible for the bomb attack on Ayatollah Beheshti. Sir John Graham commented that it was almost certainly the Mujahidin-e-Khalq. President Sadat said that the Scarlet Pimpernel who arranged for Iranians to escape from the

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revolution had been in touch with Empress Farah and she had paid for Bani Sadr's escape. The situation in Iran was very uncertain. Ayatollah Khomeini had made the foolish mistake of humilitating his own armed forces, the same mistake that had been made by his friend, President Bhutto, and the armed forces would have their revenge. He could not say when but the process was already working in Iran. The Prime Minister said that she hoped it was.

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