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Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

A summary of the
state of play on Reagan's
initiative.

3 September 1982

A. J. C. 1/2.

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Dear John,

President Reagan's Middle East Peace Initiative

President Reagan's speech on 1 September launched a major new Middle East peace initiative.

The main points of the new US ideas are as follows: Camp David remains the foundation of US policy. But Israel's security can only be assured by broader participation in the peace process, in particular by the inclusion of Jordan and the Palestinians. The President spelt out US views on both the transitional and final arrangements for the West Bank and Gaza. The purpose of the transitional period was 'the peaceful and orderly transfer of domestic authority from Israel to the Palestinian inhabitants of the West Bank and Gaza'. The US would not support further settlement activity during the transitional period and recommended a 'settlement freeze'. As for the final status, the US rejected both a Palestinian state and annexation by Israel. Their preferred solution was 'self-government by the Palestinians of the West Bank and Gaza in association with Jordan'. The withdrawal provision of Resolution 242 applied to the West Bank and Gaza; the extent of Israeli withdrawal would be heavily affected by the extent of peace and normalisation offered in return.

These proposals mark a major step forward and clarify the US position on a number of key issues. The new US policy is not fully consistent with Venice. For instance Mr Shultz explained in a message to Mr Pym, received on 1 September, informing us of the US proposals, that the US was not prepared to use the word 'self-determination' as this had become a codeword for a Palestinian state. The Americans have also indicated that it remains the US position that the PLO can have no independent status in the negotiations and that they will not have direct contact with the PLO until PLO policy towards Israel changes. But the President has personally committed himself to a serious and realistic attempt to find a new ground between the parties. I enclose a copy of the statement made by the FCO spokesman on 2 September. FCO Ministers have given interviews on similar lines.

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In addition to making public statements, we have sent instructions to our Ambassadors in the major Arab posts, asking them to pass on our initial reaction and to argue that the Arabs should not kill this positive US initiative by rejecting it at the Arab Summit meeting planned for 6 September. Mr Pym has sent a brief and warm reply to the message from Mr Shultz and Sir John Leahy will be travelling to Washington for further discussion with the Americans on 7 September. In his message to Mr Pym, Mr Shultz suggested that Mr Hurd should include a visit to Amman in his forthcoming trip to the Middle East. We are conscious of the need not to be seen to be acting as a messenger for the Americans, and would therefore prefer an invitation to come from King Hussein. Mr Pym has told the King in a short personal message that Mr Hurd would be happy to go to Amman if the King were to find this useful. As for a public reaction from the Ten, we will be working for a positive statement from the ministerial meeting on 9 September.

The categorical Israeli rejection of the American proposal has dominated news of international reactions. The Israeli cabinet meeting on 2 September issued a formal statement detailing the points at which the US ideas deviated in their view from Camp David. Reactions in the Arab World have so far been cautious but reasonably positive. The Jordanians, whose response to the American ideas is crucial, said that they contain a number of positive elements which deserve to be studied by the Arabs. King Hussein is faced with difficult choices; he will not want to get ahead of Palestinian opinion in responding to the US, and the Jordanians have already stressed in public the need for consultations with the PLO. The Egyptians have responded positively in private, describing the President's speech as a major improvement in US policy, for which they take some of the credit. The Syrians and some of the extreme factions of the PLO have predictably rejected the proposals, although Qaddumi has described them as something to argue about. Most other Arab moderates have indicated that the proposals are a considerable improvement, although several have added that it is up to the PLO to decide whether they are acceptable. European reactions have so far been low key. The French Government have not put out an official statement but appear to have made some rather grudging comments off the record.

Mr Pym is in no doubt that this is an American initiative in earnest: the US is bracing itself for a prolonged conflict

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with the Begin Government, which will inevitably change the character of Middle East politics over the coming period.

Yours ever

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