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DESKBY 281000Z

FROM ROME 280800Z DEC 82

TO IMMEDIATE FCO

TELNO 670 OF 28 DEC 82

INFO IMMEDIATE TUNIS, WASHINGTON

INFO ROUTINE TEL AVIV, AMMAN

INFO SAVING EC POSTS, DAMASCUS, CAIRO, UKMIS NEW YORK

COLOMBO'S MEETING WITH ARAFAT

1. THE MFA (MOSCATO) GAVE A COMMUNITY BRIEFING ON 23 DECEMBER ON COLOMBO'S TALK WITH ARAFAT IN TUNIS ON 21 DECEMBER. COLOMBO WAS IN TUNIS TO DISCUSS FISHING PROBLEMS, AND HE CONCLUDED TWO AGREEMENTS ON ECONOMIC COOPERATION (SEPARATE REPORT ON THIS FOLLOWS BY BAG, NOT TO ALL).

2. MOSCATO SAID THAT THE MEETING WITH ARAFAT WAS AT PLO REQUEST AND TOOK PLACE LATE AT NIGHT. ARAFAT WAS ACCOMPANIED BY THE PLO REPRESENTATIVE IN ROME

AND OTHER ADVISERS: COLOMBO HAD OFFICIALS WITH HIM. MOSCATO STRESSED THAT THE MEETING FOLLOWED NATURALLY FROM THE ONE IN ROME ON 15 SEPTEMBER (ROME TELNO 467) AND DID NOT IMPLY ANY CHANGE IN ITALY'S POSITION ON RECOGNITION OF THE PLO. WE KNOW FROM THE US EMBASSY THAT THE AMERICANS WERE WARNED IN ADVANCE ABOUT THIS MEETING. IT HAS SO FAR NOT PROVOKED POLITICAL CONTROVERSY IN ITALY.

3. ARAFAT TOOK A MODERATE LINE, DESPITE SHOWING HIS RESENTMENT OF US INFLEXIBILITY. THE FEZ SUMMIT HAD BEEN A GREAT STEP FORWARD, AND THE PLO REMAINED COMMITTED TO A PEACEFUL AND JUST SETTLEMENT. THEY HAD SHOWN THEIR QUOTE OPENNESS UNQUOTE TOWARDS ISRAEL BY DECLARING WILLINGNESS TO CREATE A PALESTINIAN STATE IN PART OF THE FORMER BRITISH MANDATE TERRITORY, THUS IMPLYING THAT ISRAEL WOULD CONTINUE TO OCCUPY THE REST. DESTRUCTION OF THE JEWISH STATE WAS NOT (NOT) PART OF PLO POLICY. POINT 7 OF THE FAHD PLAN, REFLECTED IN THE FEZ COMMUNIQUE, ALSO CONSTITUTED IMPLICIT RECOGNITION OF ISRAEL. MORE RECENTLY, ARAFAT HAD RESPONDED TO REAGAN'S IDEA OF LINKAGE BETWEEN THE WEST BANK AND JORDAN BY ADVANCING THE HYPOTHESIS OF A CONFEDERATION. (MOSCATO COMMENTED THAT ARAFAT USED THE WORDS FEDERATION AND CONFEDERATION INDISCRIMINATELY, UNLESS THE INTERPRETATION WAS FAULTY). FINALLY, KING HUSSEIN HAD BEEN AUTHORISED TO CONFIRM PLO WILLINGNESS TO PARTICIPATE IN TALKS EITHER AS PART OF AN ARAB DELEGATION OR IN A JOINT PALESTINIAN/JORDANIAN DELEGATION: IN EITHER CASE, ARAFAT WOULD INSIST NOT THAT THE PALESTINIAN SPOKESMEN BE PLO MEMBERS BUT ONLY THAT THEY BE NOMINATED BY THE PLO. THE WESTERN RESPONSE TO ALL THIS PLO FLEXIBILITY HAD BEEN DISAPPOINTING. TO MAKE PLO RECOGNITION OF ISRAEL A PRECONDITION OF TALKS WAS TO FORGET THAT ARAFAT'S POSITION WAS MUCH WEAKER THAN SADAT'S AT THE TIME OF CAMP DAVID. THE PLO HAD TO KEEP THIS CARD IN RESERVE UNTIL THEY WERE SURE OF A SATISFACTORY (UNDERLINE NEXT THREE WORDS) QUID PRO QVO. FINALLY ARAFAT EXPRESSED HIS BITTERNESS AT THE US REFUSAL TO PUT PRESSURE ON ISRAEL: THIS HAD MADE THE LEBANESE MASSACRES POSSIBLE. THE ISRAELIS WERE STILL OCCUPYING LEBANON, AND PHALANGE EXTREMISTS IN THE LEBANESE ARMY WERE HELPING THEM IN THE ANTI-PALESTINIAN CAUSE.

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4. COLOMBO SAID THAT REAGAN'S SEPTEMBER SPEECH DID REPRESENT AN EVOLUTION OF US THINKING ABOUT THE MIDDLE EAST. HE URGED ARAFAT TO CONSIDER AT LEAST CONDITIONAL RECOGNITION OF ISRAEL, WHICH WOULD HAVE THREE BENEFICIAL EFFECTS:

- A) ISRAEL WOULD LOSE HERE MAIN PRETEXT FOR NOT BEGINNING NEGOTIATIONS ABOUT THE OCCUPIED TERRITORIES
- B) THE US WOULD BE ABLE TO DEAL WITH BOTH SIDES IN THE DISPUTE
- C) THE TEN COULD INTERVENE MORE EFFECTIVELY WITH THE US AND ISRAEL.

ARAFAT REPEATED THAT THE PLO COULD ONLY PLAY THIS TRUMP CARD IF THERE WERE THE PROSPECT OF A GLOBAL SETTLEMENT. THE TEN COULD HELP BY EXPLAINING THIS IN WASHINGTON AND BY SPELLING OUT IN PUBLIC HOW THEY WOULD RESPOND TO PLO RECOGNITION OF ISRAEL. MOSCATO SAID THAT COLOMBO AND ARAFAT WENT ROUND THIS COURSE SEVERAL TIMES WITHOUT MAKING FURTHER PROGRESS: COLOMBO THOUGHT IT WISER THIS TIME NOT TO SPEAK OF MUTUAL RECOGNITION BY THE PLO AND ISRAEL (PARA 5 OF TUR), SINCE BEGIN'S ATTITUDE MADE THIS A NON-STARTER.

5. THERE WAS NO TIME FOR SUBSTANTIAL DISCUSSION OF LEBANON.

6. SUMMING UP, MOSCATO SAID THAT COLOMBO WAS STRUCK BY ARAFAT'S APPRECIATION OF EUROPE'S EFFORTS ON BEHALF OF THE PALESTINIANS SINCE THE VENICE DECLARATION. THE ITALIAN ASSESSMENT WAS THAT ARAFAT'S OWN POSITION WAS SECURE AT PRESENT AND THAT HE HAD GIVEN HUSSEIN A MANDATE FOR WASHINGTON WHICH WAS DESIGNED TO BE HELPFUL. EVERYTHING DEPENDED ON THE US RESPONSE: AN OFFER BY THEM TO BEGIN DIRECT TALKS WITH THE PLO WOULD NOT SUFFICE TO SECURE EXPLICIT PLO RECOGNITION OF ISRAEL: FOR THIS THE US WOULD HAVE TO ACCEPT SOME FORM OF PLO PARTICIPATION IN NEGOTIATIONS LEADING TO A GLOBAL SETTLEMENT, AND TO URGE TEL AVIV TO DO LIKEWISE.

FCO PLEASE PASS TO ALL SAVING ADDRESSEES

SIMPSON-ORLEBAR

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