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FROM TEL AVIV 241440Z JAN 83

TO PRIORITY FCO

TELNO 024 OF 24 JANUARY 1983

INFO PRIORITY BEIRUT, AMMAN, CAIRO, DAMASCUS, WASHINGTON,
UKMIS NEW YORK, JEDDA, PARIS AND ROME.

ISRAEL/LEBANON

1. THE MINISTER/COUNSELLOR AT THE US EMBASSY CONFIRMED TO US TODAY THAT PRESS REPORTS OF DEADLOCK BETWEEN THE ISRAELIS, LEBANESE AND AMERICANS OVER SECURITY ISSUES WERE ABOUT RIGHT. YESTERDAY'S MEETINGS IN JERUSALEM BETWEEN HABIB AND ISRAELI MINISTERS HAD GONE BADLY. HABIB, WHO IS RETURNING TO WASHINGTON FOR FURTHER CONSULTATIONS HAD MADE LITTLE OR NO PROGRESS BUT REMAINED HOPEFUL THAT SOMETHING COULD BE WORKED OUT ON THE ISRAELI DEMAND FOR THREE IDF MANNED EARLY WARNING STATIONS IN SOUTHERN LEBANON. FLATEN, SPEAKING PERSONALLY, WAS LESS OPTIMISTIC.

2. FLATEN SAID THAT THE ISRAELIS HAD NOT SUBMITTED A DETAILED BLUEPRINT OF THEIR SECURITY REQUIREMENTS, WHICH WERE TRICKLING OUT IN NEGOTIATION PIECEMEAL. THROUGHOUT THE AUTUMN THE AMERICANS HAD ASSUMED THAT THEY WANTED THREE ELECTRONIC EARLY WARNING STATIONS IN SOUTH LEBANON. ONLY IN THE PAST FEW DAYS HAD IT BECOME CLEAR THAT THEY WANTED 3 BASE CAMPS (CHRISTENED BY SHARON 'ANTI-TERRORIST SUPERVISION STATIONS'), EACH MANNED BY 250 IDF PERSONNEL. AT THE MOMENT THE ISRAELIS WERE SAYING NOTHING ABOUT ELECTRONIC DEVICES. NOR HAD THEY SO FAR MADE ANY DEMAND FOR JOINT IDF/LEBANESE PATROLLING. BUT IN THEIR PROPOSALS OF 11 OCTOBER THEY HAD ALREADY ASKED THE LEBANESE FOR THE RIGHT TO MONITOR THE AREA FROM THE AIR, PRINCIPALLY BY USING DRONES, AS WELL AS TO PATROL THE SEA OFF THE LEBANESE COAST. THEY ALSO PLANNED TO MAKE CONTINUED USE OF THE HADDAD FORCES, AND TO RECRUIT AN EXTENSIVE NETWORK OF INFORMERS.

3. ASKED WHY THEY WERE NEGOTIATING SO AGGRESSIVELY, FLATEN SAID THAT THE ISRAELIS WANTED PEACE. ACCEPTING THAT A FORMAL PEACE AGREEMENT WAS NOT FEASIBLE, THEY WISHED TO CONCLUDE ARRANGEMENTS WHICH WOULD ENABLE THEM TO DOMINATE SOUTH LEBANON AND TO CONTINUE TRADING WITH THE LEBANESE. SHARON BELIEVED THAT IF SUFFICIENT PRESSURE WAS PUT ON THE LEBANESE THEY WOULD GIVE THE ISRAELIS WHAT THEY WANTED. THE ISRAELIS WERE BEING ENCOURAGED IN THIS PRIVATELY BY THE MARONITES. HABIB REMAINED HOPEFUL THAT SOME SORT OF ARRANGEMENT COULD BE HAMMERED OUT. BUT FLATEN HIMSELF DID NOT SEE HOW THE LEBANESE GOVERNMENT COULD POSSIBLY ACQUIESE IN ISRAELI DEMANDS.

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4. IN REPLY TO A FURTHER QUESTION, FLATEN SAID THAT HE DID NOT KNOW PRECISELY WHERE THE ISRAELI BOTTOM LINE LAY. THE IMPORTANT THING FOR SHARON WAS THAT IN THE END THE INVASION OF LEBANON SHOULD TURN OUT TO BE A DEMONSTRABLE ISRAELI SUCCESS. WITH BEGIN SUBDUED AND SOUR, SHARON WAS CURRENTLY DOMINATING CABINET. NO-ONE WAS PREPARED TO STAND UP TO HIM WHEN HE CLAIMED THAT A PARTICULAR SET OF ARRANGEMENTS WAS ESSENTIAL TO ASSURE THE SECURITY OF NORTHERN ISRAEL.

5. FLATEN AGREED THAT IT LOOKED AS IF WE WERE IN FOR A LONG NEGOTIATING HAUL. HE EXPRESSED CONCERN AT THE LIKELY CONSEQUENCES IN TERMS OF THE PEACE PROCESS. HE DID NOT BELIEVE THAT KING HUSSEIN COULD BEGIN NEGOTIATIONS WITH THE ISRAELIS SO LONG AS ISRAEL/LEBANON TALKS REMAINED STALLED. CONVERSLY, THE PROGRESSIVE DETERIORATION IN EGYPT/ISRAEL RELATIONS REDUCED THE ATTRACTIONS OF NEGOTIATING PEACE ARRANGEMENTS WITH ANOTHER ARAB COUNTRY.

6. IN A FINAL COMMENT, FLATEN SAID THAT SHARON WAS OPENLY CONTEMPTUOUS OF AMERICAN OFFICIALS AND BELIEVED THAT THE JEWISH LOBBY IN THE UNITED STATES COULD BE RELIED UPON TO LOOK AFTER ISRAELI INTERESTS. THE RECENT CONGRESSIONAL DECISION ON AID FOR ISRAEL ONLY CONFIRMED HIM IN THIS BELIEF.

7. ALL THIS SUGGESTS THAT THE ISRAELIS ARE TORN BETWEEN A WISH TO GET OUT OF LEBANON AND THEIR DETERMINATION TO DO SO ON ADEQUATE TERMS. SHARON IS MAKING THE RUNNING. THE AMERICANS WILL BE HARD PUT TO IT TO COME UP WITH A CONVINCING PACKAGE ON SECURITY WHICH IS SELLABLE TO ISRAELIS, LEBANESE AND SYRIANS.

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- 2 -
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