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TELEGRAM NUMBER 340 OF 9 FEBRUARY

INFO IMMEDIATE BONN, ROUTINE TEL AVIV, CAIRO, JEDDA, AMMAN, TUNIS, BEIRUT, UKMIS NEW YORK.

INFO SAVING OTHER EC POSTS.

YOUR TELNO 67 TO BONN: U.S. MIDDLE EAST POLICY

1. THERE IS NO HARM IN RUBBING IN EUROPEAN CONCERNS IN DISCUSSION WITH BURT. BUT I WOULD NOT BE OPTIMISTIC ABOUT GETTING THEM TO MAKE EARLY CHANGES IN THEIR POLICY BECAUSE OF WHAT THEY SEE AS THE REAL CONSTRAINTS.

2. THE AMERICANS ARE AWARE OF THE ARAB DEMAND FOR A GESTURE OF SOME SORT TO DEMONSTRATE AMERICAN CREDIBILITY, AND THAT ANY SUCH GESTURE WILL PROVOKE THE, PERHAPS INEVITABLE, CONFRONTATION WITH THE ISRAELIS. AT THE SAME TIME THEY SUSPECT THAT ARAB CONCERN ABOUT AMERICAN CREDIBILITY IS BOTH A DEVICE TO EXTRACT AMERICAN CONCESSIONS BEFORE THE ARABS NEED COMMIT THEMSELVES TO THE NEGOTIATING PROCESS AND A PRETEXT FOR CONTINUED PREVARICATION BY ARAFAT IN PARTICULAR. THEY ARE NOT PREPARED TO RISK PUTTING PRESSURE ON THE ISRAELIS, EG OVER SETTLEMENTS, AND BEING LEFT IN THE LURCH BY CONTINUED ARAB HESITATIONS ABOUT JOINING PEACE NEGOTIATIONS. THIS WOULD INVOLVE A SERIOUS LOSS OF FACE FOR THE PRESIDENT. ANY ACTION AGAINST ISRAELI INTERESTS WILL AROUSE A POLITICAL STORM HERE ALTHOUGH THE REACTION WOULD BE REDUCED SOMEWHAT IF KING HUSSEIN, WITH ARAB SUPPORT, HAD FIRST INDICATED HIS READINESS TO JOIN THE PEACE PROCESS.

3. THE AMERICANS CONSIDER THAT PRESIDENT REAGAN'S INITIATIVE OFFERS A CLEAR INCENTIVE FOR THE ARABS TO JOIN THE PEACE PROCESS (ESPECIALLY IN THE ABSENCE OF ANY FEASIBLE ALTERNATIVE). THEY HAVE MADE IT CLEAR SINCE THE BEGINNING OF SEPTEMBER THAT THEY HAVE NO INTENTION OF MODIFYING THE PRESIDENT'S STATED POSITION OR OF ENGAGING IN PRENEG-

MODIFYING THE PRESIDENT'S STATED POSITION OR OF ENGAGING IN PRENEGOTIATIONS. TO DO SO WOULD BE TO STICK THEIR NECKS OUT FURTHER FOR NO OBVIOUS ADVANTAGE. THEY BELIEVE THAT KING HUSSEIN UNDERSTANDS AND ACCEPTS THIS POSITION AND IS DOING HIS BEST TO PERSUADE THE P L O TO GO ALONG. THEY DO NOT SEE THAT THE ARABS HAVE ANYTHING TO LOSE. EITHER THE PRESIDENT WILL BE ABLE TO MAKE GOOD HIS ASSURANCES TO KING HUSSEIN AND CARRY THE PEACE PROCESS FORWARD OR THIS ASPECT OF U.S. MIDDLE EAST POLICY WILL COLLAPSE.

4. AGAINST THIS BACKGROUND, I FEAR THE AMERICANS ARE UNLIKELY TO BE WILLING TO ALTER THEIR FORMAL POSITION ON SELF-DETERMINATION. IN PRINCIPLE THE ADMINISTRATION IS COMMITTED TO IT. BUT, AS SHULTZ HAS MADE CLEAR, THEY DO NOT BELIEVE THAT THE PHRASE CAN BE USED IN THE PALESTINIAN CASE, BECAUSE QUOTE SELF-DETERMINATION UNQUOTE IN THAT CONTEXT HAS COME TO BE EQUATED IN THE MIDDLE EAST WITH A PALESTINIAN STATE, WHICH IS ACCEPTABLE NEITHER TO THE AMERICANS NOR TO THE ISRAELIS. HIS WORDING IN THE FOREIGN RELATIONS COMMITTEE IN OCTOBER WAS DESIGNED TO GET ROUND THIS.

5. ON TACTICS, WE UNDERSTAND THAT THE AMERICANS ARE GIVING SOME CONSIDERATION TO THE POSSIBILITY OF REINSTATING BEGIN'S VISIT TO WASHINGTON, PROVIDED THAT IT CAN BE MADE TO APPEAR THAT BEGIN IS BEING QUOTE SUMMONED UNQUOTE, AND TO A POSSIBLE VISIT BY SHULTZ TO THE MIDDLE EAST. BUT NO DECISIONS ARE LIKELY TO BE TAKEN AT LEAST UNTIL THE DUST HAS SETTLED WITHIN ISRAEL FOLLOWING THE MASSACRE INQUIRY COMMISSION'S REPORT. BEGIN IMPLIED TO HABIB TODAY THAT IT MIGHT BE A FEW DAYS BEFORE DECISIONS WERE TAKEN.

6. AS TO LEBANON, THE AMERICANS ARE OPEN TO CRITICISM FOR HAVING UNDERESTIMATED ISRAELI CAPACITY FOR AND INTEREST IN DELAYING THE NEGOTIATIONS FOR WITHDRAWAL. BUT ISRAELI CONDITIONS FOR WITHDRAWAL APPEARED LAST AUTUMN TO BE LIMITED TO SECURITY ISSUES AND WERE MUCH LESS EXTENSIVE THAN THOSE PUT FORWARD RECENTLY BY SHARON. GIVEN SENSITIVITIES HERE OVER THE REDEPLOYMENT OF THE U.S. MARINES TO BEIRUT, IT WAS PERHAPS NATURAL FOR THE AMERICANS TO EXPRESS OPTIMISM IN PUBLIC THAT THE PROBLEM COULD BE SPEEDILY RESOLVED. THEY NOW ACCEPT THAT LACK OF PROGRESS ON LEBANON MAY WELL DERAIL THE PRESIDENT'S INITIATIVE. BUT IT IS THE ARABS, NOTABLY PRESIDENT MUBARAK AND KING HUSSEIN, WHO ARE MAKING THE LINKAGE EXPLICIT. THE AMERICANS WOULD, I BELIEVE, BE GLAD TO REVERT TO A TWO-TRACK APPROACH IF THE ARABS WOULD ONLY RESPOND POSITIVELY TO THE PRESIDENT'S INITIATIVE.

F C O PASS SAVING TO ATHENS, BRUSSELS, COPENHAGEN, DUBLIN, LUXEMBOURG, PARIS, ROME, THE HAGUE, UKREP BRUSSELS.

THOMAS

~~REPEATED SAVING AS REQUESTED~~

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