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FM WASHINGTON 302327Z MAR 83  
TO PRIORITY FCO  
TELEGRAM NUMBER 810 OF 30 MARCH  
INFO PRIORITY AMMAN

ARAB/ISRAEL

SUMMARY

1. VELIOTES OUTLINED TO LEAHY YESTERDAY AMERICAN HOPES FOR KING HUSSEIN'S STATEMENT AND PLANS FOR COUNTERING THE EXPECTED NEGATIVE ISRAELI REACTION, MAINLY THROUGH A PUBLIC RELATIONS CAMPAIGN. BEGIN'S SETTLEMENTS POLICY UNPOPULAR IN THE US. CONSTRAINTS ON US ABILITY TO INFLUENCE ISRAEL THROUGH SOME SANCTIONS ALREADY IN FORCE. KEMP (NSC) ARGUED THAT US ELECTORAL CONSIDERATIONS WOULD TAKE SOME TIME TO BITE.

DETAIL

2. THE STATE DEPARTMENT MADE IT CLEAR TO MILES EARLIER IN THE DAY THAT THEY SAW NO ACTION THE AMERICANS COULD USEFULLY TAKE IN ADVANCE OF THE NEXT KING HUSSEIN/ARAFAT MEETING TO ENCOURAGE ARAB PARTICIPATION IN THE PEACE PROCESS. NOR HAD THEY GIVEN MUCH THOUGHT TO THE CONSEQUENCES IF KING HUSSEIN DID NOT COME FORWARD. LEAHY THEREFORE ASKED VELIOTES WHAT THE AMERICANS IDEALLY WANTED KING HUSSEIN TO SAY AND HOW THEY THEMSELVES INTENDED TO PROCEED THEREAFTER.

3. VELIOTES HOPED THAT THE PLO WOULD NOT BE ASSOCIATED WITH KING HUSSEIN'S STATEMENT SINCE THIS WOULD ONLY PROVOKE THE ISRAELIS. ARAFAT WOULD PROBABLY TRY TO AVOID ANY PUBLIC COMMENT, THOUGH NEWS OF HIS ACQUIESCENCE WOULD QUICKLY BECOME KNOWN IN THE ARAB WORLD. KING HUSSEIN WOULD ALSO SEEK A WRITTEN AGREEMENT WITH ARAFAT WHICH COULD BE USED WITH OTHER ARABS AS EVIDENCE OF THE SAMETHING.

4. IN HIS STATEMENT THE KING SHOULD CITE THE REAGAN INITIATIVE IN SOME WAY, IN ORDER TO ESTABLISH AN IMPLICIT LINK WITH CAMP DAVID, AND EXPRESS SUPPORT FOR A SOLUTION BASED ON SCR 242. THE FEZ COMMUNIQUE COULD BE MENTIONED AS PART OF THE ARAB NEGOTIATING POSITION. DETAILS, FOR EXAMPLE OF THE MAKE UP OF THE ARAB NEGOTIATING TEAM, AND CONDITIONS SHOULD AS FAR AS POSSIBLE BE AVOIDED. SUCH A STATEMENT WOULD BE WHOLEHEARTEDLY ENDORSED BY THE AMERICANS AND HARD FOR THE ISRAELIS TO DISCREDIT. VELIOTES LATER MADE IT CLEAR THAT EVEN IF CONDITIONS WERE EXPLICITLY MENTIONED THE AMERICANS WOULD STILL DO THEIR BEST TO HAIL IT AS A HISTORIC ANNOUNCEMENT.

5. THE AMERICANS HAD BRIEFED THE SAUDIS IN "EXCRUCIATING DETAIL" ON THESE REQUIREMENTS AND STRESSED THE NEED FOR THEM TO GIVE KING HUSSEIN POSITIVE SUPPORT. THIS MESSAGE SEEMED TO HAVE SUNK IN. A RECENT SAUDI PAYMENT ON ACCOUNT TO JORDAN WAS ENCOURAGING. SAUDI, AND CONSEQUENT WIDER ARAB, SUPPORT FOR A JORDANIAN INITIATIVE WOULD

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BE A REAL BREAKTHROUGH. VELIOTES ADDED THAT THERE HAD BEEN CONSIDERABLE CONFUSION OVER THE MEANING OF CONFEDERATION. ARAFAT SAW THIS AS REQUIRING FIRST THE CREATION OF AN INDEPENDENT PALESTINIAN STATE. THE AMERICANS HAD TOLD THE SAUDIS THAT CONFEDERATION COULD BE PART OF THE ARAB NEGOTIATING POSITION IF THEY SO WISHED.

6. VELIOTES EXPECTED THE ISRAELI REACTION TO BE NEGATIVE. AN INSTANT KNEE-JERK REJECTION WAS ON THE CARDS BUT NOT INEVITABLE. ARENS WAS AWARE OF ISRAELI'S IMAGE PROBLEMS IN THE US AND MIGHT ARGUE FOR A MORE CONSIDERED REJECTION, POSSIBLY INCLUDING AN INVITATION TO KING HUSSEIN TO VISIT JERUSALEM. DURING SHAMIR'S RECENT VISIT TO WASHINGTON ISRAELI LAWYERS HAD FOR THE FIRST TIME PUT TO THE AMERICANS DETAILED AND SPECIFIC QUESTIONS ABOUT THE INTERPRETATION OF THE PRESIDENT'S INITIATIVE. A DIFFERENCE OF INTERPRETATION OF CAMP DAVID HAD EMERGED OVER THE QUESTION OF WHETHER OR NOT ACCORDING TO THE WORDING, ALL PALESTINIAN NEGOTIATORS HAD TO BE MUTUALLY AGREED, OR ONLY THOSE FROM OUTSIDE THE WEST BANK AND GAZA.

7. ON AMERICAN TACTICS VELIOTES SAID THAT POSSIBLE SCENARIOS HAD BEEN DISCUSSED ONLY BY A HANDFUL OF OFFICIALS IN THE STATE DEPARTMENT INCLUDING SHULTZ, AND HAD NOT YET BEEN CLEARED WITH THE WHITE HOUSE. CLUVERIUS WAS NOW IN AMMAN, AVAILABLE TO BE CONSULTED ABOUT THE TERMS AND TIMING OF ANY STATEMENT. THE PLAN WAS FOR A HIGH LEVEL PUBLICITY CAMPAIGN WHICH WOULD BOTH MAKE IT MORE DIFFICULT FOR BEGIN TO REJECT KING HUSSEIN'S OFFER OUTRIGHT AND STIMULATE POPULAR SUPPORT IN ISRAEL AND AMONG JEWISH-AMERICANS FOR PEACE NEGOTIATIONS. THE SCENARIO FOR THE FIRST TEN DAYS WAS CLEAR: THEREAFTER THE PICTURE WAS MORE CLOUDY.

8. THE PRESIDENT WOULD MAKE AN IMMEDIATE "WITHIN THIRTY SECONDS" PUBLIC STATEMENT WELCOMING THAT BY KING HUSSEIN. VELIOTES HOPED THAT OTHER COUNTRIES WOULD HELP TO INCREASE PRESSURE ON THE ISRAELIS BY SIMILARLY WELCOMING HUSSEIN'S STATEMENT. OTHER MEASURES MIGHT INCLUDE A MAJOR PUBLIC SPEECH AND CONGRESSIONAL TESTIMONY BY SHULTZ EMPHASISING THE HISTORIC OPPORTUNITY TO MAKE A FRESH START FOR PEACE, A VISIT BY SHULTZ TO THE MIDDLE EAST AND RETURN VISITS TO WASHINGTON. KING HUSSEIN'S INITIATIVE WOULD GENERATE A GREAT DEBATE INSIDE ISRAEL COVERING NOT ONLY PEACE NEGOTIATIONS BUT THE BASIC ISSUE OF THE FUTURE OF THE WEST BANK AND THE IMPLICATIONS FOR ISRAEL. THE WEST BANK COULD NOT BE ANNEXED WITHOUT GIVING THE ARAB INHABITANTS THE VOTE - ANY COMPARISON OF ISRAEL WITH SOUTH AFRICA WAS ANATHEMA TO THE DIASPORA - BUT THIS WOULD MEAN THE DESTRUCTION OF THE JEWISH STATE.

9. VELIOTES ADMITTED THAT A SETTLEMENTS FREEZE WOULD BE A MAJOR PROBLEM. THERE WAS SEVERAL POSSIBLE DEFINITIONS OF A FREEZE. ANY FREEZE HAD TO BE VERIFIABLE. IT WOULD BE IMPOSSIBLE TO MONITOR MINOR INCREASES IN POPULATION (NEW BIRTHS.) OR COMPLETION OF HALF-



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FINISHED HOUSES. IT MIGHT BE SUFFICIENT TO STOP NEW GROUND-BREAKING.  
THE JORDANIANS MIGHT BE CONTENT WITH THIS: THEY KNEW THE ISRAELIS  
AND THAT FEW JEWS WOULD VOLUNTARILY REMAIN UNDER ARAB SOVEREIGNTY.  
US CONGRESSIONAL AND JEWISH OPINION WAS OVERWHELMINGLY OPPOSED TO  
SETTLEMENTS AND TO THE ANNEXATION OF THE WEST BANK, ON WHICH  
ISRAELI OPINION, ACCORDING TO RECENT POLLS, WAS EQUALLY DIVIDED.  
BEGIN WOULD PROBABLY SEEK AN ELECTION (WHICH HE WOULD BE LIEKLY TO  
WIN AND WHICH WOULD BUY TIME, BEFORE AGREEING TO A SETTLEMENTS  
FREEZE.

10. LEAHY SAID THAT THE EUROPEANS FAVOURED A MIXTURE OF THE CARROT AND STICK IN DEALING WITH THE ISRAELIS. THE ISRAELIS WANTED EUROPEAN APPROVAL OF THEIR POLICIES AND THE ACTIVATION OF AGREEMENTS WITH THE EC: THIS GAVE SOME SLIGHT LEVERAGE. THE ARBAS TOLD US THAT THEY COULD SEE PLENTY OF EVIDENCE OF THE PROVISION OF AMERICAN CARROTS TO ISRAEL BUT DOUBTED WHETHER THE US WOULD USE THE STICK, ESPECIALLY IN AN ELECTION YEAR.

11. VELIOTES THOUGHT THAT SUCCESSFUL PROSECUTION OF THE PRESIDENT'S INITIATIVE MIGHT TURN OUT TO BE GOOD POLITICS FOR 1984. FAIRBANKS ADDED THAT THERE WAS A BIPARTISAN CONSENSUS IN FAVOUR OF THE INITIATIVE AND THAT SUPPORT FOR ISRAEL WOULD NOT BE AN ELECTION ISSUE (COMMENT: NEVERTHELESS THE DEMOCRATIC PRESIDENTIAL HOPEFULS ARE ALREADY VYING WITH EACH OTHER IN EXPRESSING FULSOME SUPPORT FOR ISRAEL). VELIOTES CONCEDED, HOWEVER, THAT THERE WAS REMARKABLE SUPPORT FOR ISRAEL IN CONGRESS, REINFORCED BY STRONG INSTITUTIONAL LINKS BETWEEN THE TWO COUNTRIES, FOR EXAMPLE BETWEEN LABOUR UNIONS.

12. VELIOTES NOTED THAT INFLATIONS HAD ERODED THE REAL VALUE OF US AID FOR ISRAEL OVER THE LAST TWO YEARS. THE ISRAELIS HAD ALREADY CONVINCED THEMSELVES AND CONGRESS THAT THE ADMINISTRATION WERE EXERTING PRESSURE ON THEM. THE AMERICANS WERE IN FACT WITHHOLDING A NUMBER OF THINGS THE ISRAELIS WANTED: MORE F 16S, OFFSHORE PURCHASES, AND AID FOR THE DEVELOPMENT OF THE LAVIE AIRCRAFT: THESE ISSUES WERE NOT SUBJECT TO CONGRESSIONAL CONTROL. BUT CONGRESSIONAL ATTITUDES WOULD CHANGE ONCE KING HUSSEIN CAME FORWARD: OPPOSITION TO ECONOMIC AND MILITARY AID TO JORDAN FOR EXAMPLE WOULD BE MUCH REDUCED.

13. VELIOTES AGREED THAT THE CONTINUED ISRAELI PRESENCE IN LEBANON WAS A FUNDAMENTAL OBSTACLE TO PROGRESS. THE AMERICANS WOULD PREFER ANY CONFRONTATION WITH THE ISRAELIS TO TAKE PLACE OVER THE WEST BANK RATHER THAN LEBANON AND HENCE HAD SHIED AWAY FROM A CRUNCH OVER LEBANON. THEY HAD TRIED REPEATEDLY, THROUGH HABIB, TO FIND ANOTHER SOLUTION. SHULTZ HAD BECOME CLOSELY INVOLVED IN THE MIDDLE EAST FOR THE FIRST TIME SINCE THE PRESIDENT'S INITIATIVE WAS LAUNCHED DURING THE RECENT VISIT TO WASHINGTON BY SHAMIR AND SALEM.

14. VELIOTES CONCLUDED THAT WE SHOULD KEEP CLOSELY IN TOUCH ON THE DEVELOPMENT OF JORDANIAN/PLO THINKING AND THE ORCHESTRATION OF RESPONSES TO ANY STATEMENT MADE BY KING HUSSEIN.

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15. IN A SEPARATE CONVERSATION LATER KEMP (NATIONAL SECURITY COUNCIL) TOLD LEAHY THAT ONCE THE KING MADE HIS STATEMENT THERE WOULD BE STRONG SUPPORT IN CONGRESS FOR A SETTLEMENTS FREEZE. BUT THE SAME LIBERAL MEMBERS WHO WOULD FAVOUR THIS WOULD PROBABLY BE RELUCTANT TO AGREE TO AN ARMS SUPPLY PROGRAMME FOR JORDAN UNTIL HUSSEIN ACTUALLY SAT DOWN AT THE NEGOTIATING TABLE. ONE POSSIBLE WAY OF MOBILISING SUPPORT FOR A SETTLEMENTS FREEZE AMONG AMERICAN JEWS AND IN ISRAEL ITSELF WOULD BE TO PUBLISH A WHITE PAPER EXPOSING THE FACTS IN STARK FASHION, INCLUDING FOR EXAMPLE THE FACT THAT ISRAELI CITIZENS WERE OBTAINING CHEAP MORTGAGES IN THE WEST BANK WITH THE HELP OF AMERICAN GOVERNMENTAL MONEY. BUT THIS COULD OF COURSE REBOUND AGAINST THE ADMINISTRATION AND WOULD HAVE TO BE HANDLED WITH GREAT CARE.

16. KEMP SAID THAT ALTHOUGH CERTAIN DEMOCRATIC PRESIDENTIAL CANDIDATES, IN PARTICULAR MONDALE, WOULD BE CRITICAL OF ANY STRONG ACTION AGAINST ISRAEL, HE DID NOT EXPECT THEM TO BE IN FULL FLOW ON THIS ISSUE UNTIL AFTER THE PRIMARIES, IE UNTIL THE MIDDLE OF NEXT YEAR. SOME SENATORS WHO HAD DIFFICULT ELECTORAL BATTLES TO CONTEND WITH MIGHT BE MORE VOCIFEROUS AT AN EARLIER STAGE. BUT IN GENERAL KEMP WAS AT PAINS TO EXPLAIN THAT AMERICAN ELECTORAL CONSIDERATIONS WOULD PROBABLY NOT BITE AS QUICKLY AS SOME PEOPLE, FOR EXAMPLE KING HUSSEIN, ASSUMED. THE IMPLICATION WAS THAT IF THE ISRAELIS WERE DELAYING, FOR EXAMPLE OVER LEBANON, THEY WOULD HAVE TO DO SO FOR QUITE SOME TIME.

17. (FOR AMMAN) THIS IS REPEATED IN RESPONSE TO YOUR TELNO 137 TO FCO. SOME OF THE FOREGOING IS OBVIOUSLY SENSITIVE AND SHOULD NOT BE DISCUSSED EVEN WITH VIETS. IN THE LIGHT OF KEMP AND VELIOTES' COMMENTS IT WOULD BE USEFUL TO HAVE YOUR ASSESSMENT OF THE IMPORTANCE THE JORDANIANS NOW ATTACH TO FURTHER US ARMS SUPPLIES.

WRIGHT  
LIMITED  
NGND  
MED - NAD  
ECD(E)  
PS  
PS/HR MURD  
SIR J LEAHY  
MR EGERTON

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