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10 DOWNING STREET

From the Private Secretary

20 June, 1985

PRIME MINISTER'S MEETING WITH CONSERVATIVE FRIENDS OF ISRAEL

The Prime Minister saw a delegation from the Conservative Friends of Israel, led by the Rt. Hon. Peter Thomas, MP, and Mr. Michael Latham, MP, this afternoon.

The delegation said that there had been some distress among the Conservative Friends of Israel and more widely among the Jewish Community at the apparent lack of success of Mr. Shamir's visit to the United Kingdom. There was also concern at what was perceived to be a change in the Government's attitude towards Arab/Israel problems. This was manifested in a readiness to consider proposals put forward by the Arab side, such as King Hussein's plan; but exclusion of ideas favoured by Israel, such as those contained in Mr. Peres' speech to the Knesset on 10 June. It has been noted that the Prime Minister proposed to visit Egypt and Jordan in September but not Israel. Finally there was trepidation over the proposed visit to Europe of a Jordanian/Palestinian delegation, both because of likely PLO participation in it and because it appeared to be part of an attempt to bypass Israel in setting the framework and conditions for peace negotiations.

The Prime Minister said that it had been necessary to be blunt with Mr. Shamir and expose the inconsistencies in his position. Even so, she had not said anything to him which would not have been welcome to Mr. Peres. We welcomed the proposals put forward by Mr. Peres on 10 June as a useful contribution to the peace process. She had considered carefully whether to visit Israel at the same time as Egypt and Jordan but had concluded that this would not be welcome to either side, but would give rise to undesirable speculation that the United Kingdom was launching an independent initiative. She had therefore decided instead to invite Mr. Peres to visit Britain in January and he had just accepted. She also hoped to take up next year the outstanding invitation to her to visit Israel. It would be nothing new for France and Italy to receive a delegation containing senior PLO representatives, though the Foreign Secretary had made clear at the Foreign Affairs Council on 18 June that Italy must not do so in the name of the Presidency of the European Community. Our own attitude towards receiving a joint delegation remained to be settled. Obviously there would be no difficulty in our seeing a

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Jordanian/Palestinian delegation which did not include members of the PLO. Equally there was no question of our seeing the sort of PLO representatives who were likely to go to France and Italy. Our position had always been that it would be difficult for Ministers to meet the PLO until they renounced violence and recognised Israel's right to exist. A new factor was that there were now members of the PLO's Executive Committee who, at least on a personal basis, met these conditions. The Prime Minister concluded that she had been most upset to hear of Mr. Rabin's reported taunting of the Americans over the release of the hostages. This could have far-reaching effects on US attitudes towards Israel.

The delegation warmly welcomed what the Prime Minister had said about the invitation to Mr. Peres and her own intention of visiting Israel. Their own information was that Mr. Peres was prepared to meet Palestinians who were members of the PNC, even though they were also likely to be PLO sympathisers. However they would be greatly concerned at any suggestion that Ministers in the United Kingdom might meet leading members of the PLO. PLO representatives continued to make statements supporting violence and insisting on the Palestinians' right to an independent state; and it was very doubtful whether Arafat would be able to deliver PLO support for direct negotiations. There was no question of Israel agreeing to negotiate with the PLO. The Prime Minister confined herself in reply to underlining the importance of taking advantage of the new climate created by King Hussein's proposals to make progress. The present 'window' would not remain open for long, and the government must do all it could to ensure that the opportunity for negotiations was exploited.

(C.D. Powell)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

cc SPC
MA



Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

19 June 1985

An additional argument why you are not ~~in~~ visiting Israel at the same time as Jordan & Egypt is that to do so would greatly increase speculation about

Dear Charles,

Conservative Friends of Israel

As requested, I enclose a brief for the Prime Minister's meeting on 20 June with the Conservative Friends of Israel.

a British peace initiative. This would certainly be unwelcome to Israel.
Yours ever,
CDP
19/6.

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

PRIME MINISTER'S MEETING WITH THE CONSERVATIVE FRIENDS OF ISRAEL,
20 JUNE 1985

Objectives

- Stress balanced approach, commending positive elements in Arab and Israeli initiatives on their merits;

Our Arguments

- Settlement only answer for all Parties. Welcome positive developments: Hussein and Mubarak. Also welcome elements of Peres' 10 June speech (involvement of Security Council Permanent Members and need for "authentic" Palestinians).
- Active in contacts (Shamir, Hussein) and close consultation with US and EC partners. Support but not cut across moves of Parties (and US efforts).

Tactical Arguments

- Growth of Arab moderation on Arab/Israel interest of all, including Israel. Vital to strengthen this trend to shut out radicals.
- On PLO/Palestinians. Need to involve interlocutors who count. Nonentities cannot sign a peace treaty which will stick.

Their Objectives

- Urge sensitivity to Israeli concerns on Arab/Israel.
- Probe Prime Minister's plans to visit Middle East and urge inclusion of Israel on itinerary.
- Urge HMG not to raise level of contact with PLO, and to be cautious about joint delegation.
- Perhaps argue for legislation against Arab Boycott.
- Perhaps urge lifting of restrictions on arms sales to Israel.

Our Response

- Settlement only way of satisfying Israel's security needs. No doubt of our commitment to Israeli security.

- Considering visit to Cairo and Amman after summer recess - return for visits here - but no firm plans, no "British initiative". Peres to visit UK soon - arranging dates through our Ambassador. Thereafter hope very much to visit Israel; would be logical next step.

- No change of policy on PLO. Ministerial contacts remain difficult whilst attitude to terrorism and Israeli right to exist unclear. No decision yet taken on delegation: must advance peace process.

- Arab Boycott question thoroughly considered. No intention to change policy. Trade with Israel flourishing. UK in line with EC partners.

- Defence sales restrictions will be reviewed when Israeli forces have completed withdrawal from Lebanon. Still considerable number of Israeli military personnel in "security zone".

Press Line

- Arab/Israel discussed. Agreed on need to build on positive developments, with the aim of moving to a negotiated settlement, satisfying both Israel's security requirements and Palestinian aspirations to self-determination. The Prime Minister reiterated her support in particular for King Hussein's initiatives and noted some positive elements in Mr Peres' statement of 10 June.

BACKGROUND

1. King Hussein told the Prime Minister on 7 June that he had proposed in Washington a series of meetings starting with one between a joint delegation of Jordanians and uncontroversial Palestinians (one from the West Bank, one US resident and one non-office holder from the Palestine National Council) and the US Assistant Secretary of State, Mr Murphy, in Amman at the end of June or in early July. That meeting could lead on to a public PLO declaration accepting UN SCRs 242 and 338, then a meeting between a Jordanian/PLO delegation and the US in Washington, and then an International Conference. The Prime Minister commended a progressive approach but expressed reservations about the advisability of a formal International Conference. She undertook to consider carefully the King's proposal of a joint Jordanian/PLO delegation visit to London (probably the Jordanian Deputy Prime Minister and Foreign Minister plus two moderate members of the PLO Executive, Mr Milhem and Bishop Khouri). She said that she saw some risk of a early meeting upsetting the sequence of steps which the King had described. Mr Shultz met the Prime Minister later on 7 June and stressed the need for cautious progress, one step at a time, towards direct negotiations.

2. The French announced on 12 June that a joint delegation would visit Paris soon. The Italians have said that they are well disposed to receive a joint Jordanian/PLO delegation. On a national basis, they may well press the rest of the Ten to do so also in their Presidency capacity. Following an inconclusive exchange at Stresa, discussion in the margins of the FAC is likely to focus on this point. The Italian Ambassador in Tunis has reported that the two PLO representatives for this visit were likely to be Jawid al-Ghoussein (member of the PLO Executive Committee and Chairman of the Palestine National Fund) and Khalid Al Hassan (Adviser to Arafat, a former member of the Executive), but there continues to be conflict of evidence on precise Arab intentions.

3. In a speech to the Knesset on 10 June, Peres proposed a five stage process: US/Israeli/Jordanian/non-PLO Palestinians talks, Jordanian/Palestinian/Israeli working group, support for

negotiations by Security Council permanent members, appointment of "authentic Palestinian representatives from the territories" to represent the inhabitants and an opening conference within 3 months. The speech represents a compromise between Likud and Labour approaches and is probably intended to retrieve the propaganda high ground from King Hussein and to preempt any US shift towards Jordanian positions, but Peres has been careful to leave doors open. We have welcomed the putting forward of further ideas and singled out positive elements such as the need for "authentic Palestinian representation" and possible Security Council involvement.

4. Mr Shamir made a strong pitch in his talks with Sir Geoffrey Howe on 3 June for a change in British policy towards the Arab Boycott. The option of legislating against the Boycott has been exhaustively studied, including by a House of Lords Select Committee, which recommended against taking such action and that UK national interests are best served by leaving individual firms to use their commercial judgement. Mr Shamir also asked whether we planned to lift restrictions on arms sales to Israel, imposed in June 1982 in response to the Israeli invasion of Lebanon. Sir Geoffrey Howe told him that we would review our policy when the withdrawal of Israeli forces had been completed. Our latest information indicates that up to 500 Israeli military personnel remain in the "security zone" in support of the Israeli-created South Lebanese Army.
