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SECRET AND PERSONAL
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FOLLOWING STRICTLY PERSONEL FOR PRIVATE SECRETARY FROM
CHARLES POWELL, PRIVATE SECRETARY TO THE PRIME MINISTER

PRIME MINISTER'S VISIT TO ISRAEL: TALK WITH MR PERES on 25.5.82.

THE PRIME MINISTER HAD A TALK LASTING SOME 2 1/2 HOURS WITH
MR PERES YESTERDAY AFTERNOON WITH ONLY NOTETAKERS PRESENT.
PERES REVEALED A GREAT DEAL OF HIS THINKING ABOUT THE CURRENT
MIDDLE EAST SITUATION IN STRICT CONFIDENCE AND ON THE EXPLICIT
CONDITION THAT THE PRIME MINISTER SHOULD NOT PASS IT ON. HIS REMARKS
INCLUDED A NUMBER OF SENSITIVE DETAILS. WHAT FOLLOWS IS A SUMMARY
OF THE MAIN POINTS FOR THE SECRETARY OF STATE'S PERSONAL
INFORMATION. THE PRIME MINISTER IS ADAMANT THAT IT SHOULD NOT BE
CIRCULATED TO POSTS OR WITHIN THE FOREIGN OFFICE. SHE HOPES
THAT THE FOREIGN SECRETARY WILL HAVE A FULL DISCUSSION WITH
SECRETARY SHULTZ OF THE MIDDLE EAST SITUATION. BUT WOULD
BE GRATEFUL IF HE WOULD AVOID DIRECT REFERENCE TO PERES' REMARKS
TO HER.

EGYPT

PERES EXPRESSED CONSIDERABLE CONCERN ABOUT THE 'UNBELIEVABLY SERIOUS' ECONOMIC PROBLEMS OF EGYPT AND THE CONSEQUENCES FOR MUBARAK. ON TABA HE GAVE AN ACCOUNT OF THE MEDIATION EFFORTS BEING MADE BY JUDGE SOFER WHICH HE THOUGHT MIGHT SUCCEED VERY SHORTLY IN CLEARING THE WAY FOR ARBITRATION. IF PROGRESS COULD BE MADE ON TABA, THIS WOULD OPEN THE WAY FOR EGYPT TO RESUME PLAYING A MORE CENTRAL ROLE IN ARAB/ISRAEL AFFAIRS. MUBARAK WANTED TO BRING ABOUT A RECONCILIATION BETWEEN KING HUSSEIN AND ARAFAT BUT DID NOT SEEM TO HAVE ANY SPECIFIC IDEAS FOR ACHIEVING THIS.

GAZA

PERES SPOKE AT SOME LENGTH ABOUT HIS IDEAS ON GAZA. HE WAS CERTAIN THAT THE EGYPTIANS HAD NO POLITICAL INTEREST IN GAZA. SO FAR AS THEY WERE ACTIVE, IT WAS ONLY TO IMPRESS THE PALESTINIANS. HE SAW THE WAY FORWARD AS LYING IN A THREE-FOLD APPROACH: JOINT EGYPTIAN/JORDANIAN PARTICIPATION IN ECONOMIC PROJECTS IN GAZA SEMI-COLON A JORDANIAN POLITICAL STAKE, TO BE ESTABLISHED INITIALLY BY JORDAN ISSUING JORDANIAN PASSPORTS TO THE INHABITANTS OF GAZA SEMI-COLON AND ISRAEL GRANTING FULL AUTONOMY. ISRAEL WOULD BE READY TO HOLD A CONFERENCE WITH JORDAN AND EGYPT AND REPRESENTATIVES FROM GAZA TO DISCUSS THIS APPROACH. HE RECOGNISED THAT KING HUSSEIN HAD SOME RESERVATIONS ABOUT THIS. BUT HE BELIEVED THAT IF THE KING COULD BE CONVINCED THAT NO STEPS WOULD BE TAKEN WITHOUT HIS SPECIFIC CONSENT, THESE MISGIVINGS COULD BE OVERCOME. THE UNITED STATES WAS ENTHUSIASTIC AND SHULTZ WAS READY TO VISIT THE AREA IF PROGRESS COULD BE MADE.

JORDAN

PERES SAID THAT ISRAEL WAS READY TO HELP KING HUSSEIN RE-ESTABLISH HIS INFLUENCE ON THE WEST BANK AND WOULD BE PREPARED TO IMPLEMENT A NUMBER OF POINTS PUT BY THE JORDANIANS SEMI-COLON NOMINATION OF FURTHER MAYORS SEMI-COLON ENLARGEMENT OF MUNICIPAL BOUNDARIES SEMI-COLON ESTABLISHMENT OF AN ARAB BANK SEMI-COFON DOUBLING OF FAMILY REUNIFICATIONS. ISRAEL WOULD ALSO BE READY TO SEE ELECTIONS TO THE JORDANIAN PARLIAMENT FROM THE WEST BANK. THE PROBLEM WAS, THERE SEEMED TO BE AN ABSENCE OF ANY STRONG POLICY LINE ON THE JORDANIAN SIDE. ISRAEL WAS HAVING TO DO ALL THE WORK PERES SAID THAT HE DID NOT SEE MUCH FUTURE IN THE IDEA OF A UN REPRESENTATIVE ON THE WEST BANK AND DID NOT BELIEVE THAT THE KING ATTACHED MUCH IMPORTANCE TO THIS.

PERES CONTINUED THAT KING HUSSEIN WAS WORRIED ABOUT THE CONTINUING IRAN/IRAQ CONFLICT AND THE RISK OF IRANIAN ACTION AGAINST AQABA. ISRAEL WAS READY TO PROVIDE A GUARANTEE THAT IT WOULD NOT TAKE ADVANTAGE OF THE SITUATION TO LAUNCH ANY ATTACK AGAINST JORDAN. THE KING NEED NOT KEEP A SINGLE SOLDIER ON THE JORDAN/ISRAEL BORDER. AT THE SAME TIME SOME MEANS HAD TO BE FOUND TO OVERCOME THE KING'S 'SHYNESS' ABOUT NEGOTIATIONS. HE CONTINUED TO HOPE THEREFORE THAT A WAY COULD BE FOUND TO PERSUADE THE KING TO AGREE TO LOW PROFILE, LOW LEVEL CONFIDENTIAL MEETINGS WITH THE ISRAELI GOVERNMENT IN THE UNITED STATES OR THE UNITED KINGDOM. HE HAD THE IMPRESSION THAT THE KING'S MIND WAS NO LONGER CLOSED ON THIS. HE HOPED THAT THE PRIME MINISTER WOULD BE READY TO HELP PERSUADE HIM.

SYRIA

PERES THOUGHT SYRIA WAS THE MAIN CASUALTY OF THE UNITED STATES' ACTION ON LIBYA. THE DANGER OF A WAR BETWEEN SYRIA AND ISRAEL WAS NOW MUCH LESS THAN BEFORE. ASAD REALISED THAT HE COULD NOT GET AWAY WITH SUPPORT FOR TERRORISM. HE HAD SEEN THE SHORTCOMINGS OF SOVIET EQUIPMENT AND WITNESSED THE SOVIET UNION'S FAILURE TO RESPOND IN ANY WAY TO THE ACTION AGAINST LIBYA. HE ALSO FACED GRAVE ECONOMIC PROBLEMS. ALL THESE FACTORS SEEM LIKELY TO MAKE SYRIA RATHER MORE OPEN TO SOME SORT OF PARTIAL AGREEMENT.

MURPHY HAD MADE AN UNANNOUNCED VISIT TO SYRIA RECENTLY IN WHICH HE HAD DETECTED SOME READINESS TO DISCUSS SECURITY ARRANGEMENTS IN LEBANON WITH ISRAEL. HE HOPED TO PURSUE THIS FURTHER THROUGH THE AMERICANS.

SOVIET ROLE

PERES DESCRIBED THE RUSSIANS AS BEING MORE ACTIVE BUT LESS MILITANT IN THE MIDDLE EAST IN RECENT MONTHS. THEY SUPPORTED SYRIA'S ROLE IN LEBANON, BUT DID NOT WANT WAR BETWEEN SYRIA AND ISRAEL.

MARSHALL PLAN

PERES SPOKE ABOUT HIS IDEAS ON FAMILIAR LINES. HIS MAIN REQUEST WAS THAT THE PRIME MINISTER SHOULD APPOINT SOMEONE, PERHAPS OUTSIDE GOVERNMENT, TO TAKE PART IN FURTHER DISCUSSIONS ABOUT IT. HE RECOGNISED THAT HIS PLAN HAD TO BE PUT ALONGSIDE THE STRATEGY FOR PEACE, NOT BE A SUBSTITUTE FOR IT. HE DESCRIBED THE AMERICANS AS SUPPORTIVE BUT WANTING THE EUROPEANS TO TAKE THE LEADING ROLE.

IRAN/IRAQ

PERES SAID THAT HE DID NOT EXPECT ANY DECISION TO BE REACHED ON THE BATTLE FRONT. THE END WOULD ONLY COME WHEN ONE SIDE OR THE OTHER TIRED. THE SOVIET UNION HAD ATTEMPTED TO BRING SYRIA AND IRAQ TOGETHER AS A STEP TOWARDS ENDING THE CONFLICT BY ORGANIZING A MEETING BETWEEN THEIR FOREIGN MINISTERS IN MOSCOW. BUT THE MEETING HAD PRODUCED NO RESULT.

UNITED STATES' ROLE

PERES AGREED THAT THE UNITED STATES WAS PREOCCUPIED WITH OTHER PROBLEMS AND HAD NOT GIVEN HIGH PRIORITY TO THE MIDDLE EAST. HOWEVER HE APPEARED TO BELIEVE THAT THIS WOULD CHANGE IF HIS IDEAS FOR THE HANDLING OF GAZA COULD BE BROUGHT NEARER TO FRUITION. HE MENTIONED IN VERY STRICT CONFIDENCE THAT SHULTZ WAS CONSIDERING A VISIT TO THE AREA IN THE WEEK 15/22 JUNE. PERES ALSO FLOATED THE IDEA THAT THE ECONOMIC SUMMIT SEVEN MIGHT PROVIDE A FRAMEWORK FOR DISCUSSION OF A MIDDLE EAST PEACE SETTLEMENT. THEY WERE STRONGER THAN THE UNITED NATIONS AND LESS WOOLLY THAN THE EUROPEAN COMMUNITY.

WILL DO A BOWDLERIZED VERSION FOR WIDER CIRCULATION AS SOON AS POSSIBLE.

DE COURCY-IRELAND

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JCTVAN 0369

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STRICTLY

File No.

OUTWARD

SECRET AND PERSONAL
Precedence IMMEDIATE
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Drafted by

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TELEGRAM

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FOR COMMS. DEPT. USE

Despatched (Date) (Time)Z

POSTBYZ

PREAMBLE

(Time of Origin).....Z(G.M.T.)

(Restrictive Prefix).....

(Security Class.) SECRET AND PERSONAL

(Caveat/ Privacy marking) DEBIP

(Codeword).....

(Deskby) 26 1730 Z

IMMEDIATE FCO, LONDON

TO..... (precedence) (post)

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Distribution:-

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[TEXT]

Strictly Personal

Following for Private Secretary from Charles Powell, Private Secretary to the Prime Minister

PRIME MINISTER'S VISIT TO ISRAEL: TALK WITH MR PERES

The Prime Minister had a talk lasting some 2 1/2 hours with Mr Peres yesterday afternoon with only notetakers present. Peres revealed a great deal of his thinking about the current Middle East situation in strict confidence and on the explicit condition that the Prime Minister should not pass it on. His remarks included a number of very sensitive details. What follows is a summary of the main points for the Secretary of State's personal information.

The Prime Minister hopes that the Foreign Secretary will have a full discussion with Secretary Shultz of the Middle East situation, informed by but not being explicit as to what Peres said to her, but would be grateful if he would avoid giving Shultz any direct reference to Peres' remarks to her.

Copies to:-

The Prime Minister is adamant that it should not be circulated to posts or within the Foreign Office.

EGYPT

Peres expressed considerable concern about the "unbelievably serious" economic problems of Egypt and the consequences for Mubarak. On Taba he gave an account of the mediation efforts being made by Judge Sofer which he thought might succeed ^{very shortly} in clearing the way for arbitration. If progress could be made on Taba, this would open the way for Egypt to resume playing a more central role in Arab/Israel affairs. Mubarak wanted to bring about a reconciliation between King Hussein and Arafat but did not seem to have any specific ideas for achieving this.

GAZA

Peres spoke at some length about his ideas on Gaza. He was certain that the Egyptians had no political interest in Gaza. ^h He saw the way forward as lying in a three-fold approach: joint Egyptian/Jordanian participation in economic projects in Gaza; a Jordanian political stake, to be established initially by Jordan issuing Jordanian passports to the inhabitants of Gaza; and Israel granting full autonomy. Israel would be ready to hold a conference with Jordan and Egypt and representatives from Gaza to discuss this approach. He recognised that King Hussein had some reservations about this. But he believed that if the King could be convinced that no steps would be taken without his specific consent, these misgivings could be overcome. The United States was enthusiastic and Shultz was ready to visit the area if progress could be made.

So far as they were active, it was only to impress the Palestinians.

JORDAN

Peres said that Israel was ready to help King Hussein re-establish his influence on the West Bank and would be prepared to implement a number of points put by the Jordanians; nomination of further Mayors; enlargement of municipal boundaries; establishment of an Arab Bank; doubling of family

NOTHING TO BE WRITTEN IN THIS MARGIN

reunifications. The problem was, there seemed to be an absence of any strong policy ^{line} laid on the Jordanian side. Israel was having to do all the work. Peres ^{said} continued that he did not see much future in the idea of a UN representative on the West Bank and did not believe that the King attached much importance to this.

Peres continued that King Hussein was worried about the continuing Iran/Iraq conflict and the risk of Iranian action against Aqaba. Israel was ready to provide a guarantee that it would not take advantage of the situation to launch any attack against Jordan. At the same time some means had to be found to overcome the King's "shyness" about negotiations. He continued to hope therefore that a way could be found to persuade the King to agree to low profile, low level confidential meetings with the Israeli government in the United States or the United Kingdom. He had the impression that the King's mind was no longer closed on this. He hoped that the Prime Minister would be ready to help persuade him.

SYRIA

Peres thought Syria was the main casualty of the United States' action on Libya. Asad ~~now~~ realised that he could not get away with support for terrorism. He had also seen the shortcomings of Soviet equipment and witnessed the Soviet Union's failure to respond in any way to the action against Libya. He also faced grave economic problems. All these factors seem likely to make Syria rather more open to some sort of partial agreement.

Murphy had made an unannounced visit to Syria recently in which he had detected some readiness to discuss ^{security} arrangements in Lebanon with Israel. He hoped to pursue this further through the Americans.

SOVIET ROLE

Peres described the Russians as being more active but less militant in the Middle East in recent months. ^{They}

supported Syria's role in Lebanon, but did not want war between Syria & Israel.

Israel would also be ready to see elections to the Jordanian Parliament from the West Bank.

The King need not keep a single soldier on the Jordan/Israel border.

The danger of a war between Israel & Syria is now less than much less than before.

MARSHALL PLAN

Peres spoke about his ideas on familiar lines. His main request was that the Prime Minister should appoint someone, perhaps outside government, to take part in further discussions about it. He recognised that ^{his plan} it had to be put alongside the strategy for peace, not be a substitute for it. He described the Americans as supportive but wanting the Europeans to take the leading role.

IRAN/IRAQ

Peres said that he did not expect any decision to be reached on the battle front. The end would only come when one side or the other tired. The Soviet Union had attempted to bring Syria and Iraq together as a step towards ending the conflict. But the meeting had produced no result.

UNITED STATES' ROLE

Peres agreed that the United States was preoccupied with other problems and had not given high priority to the Middle East. However he appeared to believe that this would change if his ideas for the handling of Gaza could be brought nearer ^{to} fruition. He mentioned in very strict confidence that Shultz was considering a visit to the area in the week 15/22 June. Peres also floated the idea that the Economic Summit Seven might provide a framework for discussion of a Middle East peace settlement. They were stronger than the United Nations and less woolly than the European Community.

I will do a bowdlerized version for wider circulation as soon as possible.

EDD

by organizing a meeting between the Foreign Ministers in Moscow.



10 DOWNING STREET

NB

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One copy only for Mr
C. Powell.

Margo Hamilton

Duty Clerk

26.5.84