

*Peres at all  
the M-2 file  
epw*

DRAFT TELEGRAM

PRIME MINISTER'S VISIT TO ISRAEL: MEETINGS WITH MR. PERES

The Prime Minister had some four hours of discussions with Mr. Peres as well as a number of incidental conversations while they were travelling around Israel. Mr. Peres asked that the more sensitive aspects of the talks should not be reported more widely. The following summarises the main points which emerged from the various discussions. It should be regarded as for your information only and no direct reference should be made to it in dealings with other governments without specific instructions. The Prime Minister is likely to send messages about her talks to the principal Arab Heads of Government concerned.

EGYPT

Mr. Peres said that the Egyptian leadership realised that there was no alternative to the peace treaty with Israel. At the same time the Egyptians wanted to be accepted again by the Arab world and to achieve something on behalf of the Palestinians. This made them difficult to deal with. The most worrying aspect of the Egyptian situation was the "unbelievably serious" state of the economy and the consequences of this for Mubarak's position. Mubarak was an honourable man and committed to peace, although he tended to dither. Israel preferred him to any alternative Egyptian leader and wanted to help him. Mubarak's immediate aim was to achieve reconciliation between King Hussein and Arafat. But he did not appear to have any very detailed or well thought out ideas for achieving this.

On Taba, Judge Sofer, State Department Legal Adviser, had been conducting a mediation effort which looked promising and might succeed in clearing the way for arbitration. The main difficulty was how to formulate the question which would form the basis of arbitration. If progress could be made on Taba, the way would be open for an Egyptian/Israeli summit and for

Egypt to resume a more central role in Arab/Israel affairs.

GAZA

Peres spoke at some length about his ideas on Gaza. In the absence of any wider peace initiative, he saw advantage in pursuing separate discussions on Gaza. But he did not wish to appear to be making a deliberate effort to divide the Palestinians. Israel would be ready for negotiations with a joint Jordanian/Egyptian delegation with or without Gaza representatives to discuss Gaza's future. Considerable progress could be made towards solving the practical problems of Gaza (water supplies, energy, land and industrial development). There was scope for Egypt to take a hand in Gaza's economic development and for Jordan to build up a political stake in Gaza, initially by issuing Jordanian passports to the inhabitants. He was reluctant to make specific proposals for Gaza's future status, since anything suggested by Israel would automatically be rejected by the Arabs. But he appeared to envisage full autonomy. He knew that King Hussein had reservations about tackling the problem of Gaza separately from the West Bank. But Israel did not want to lose the King's confidence and was prepared to guarantee that no steps would be taken without the King's specific consent. He hoped that the Prime Minister would be prepared to sound out the King of this approach.

JORDAN

Peres made clear that Israel was ready to help King Hussein re-establish his position on the West Bank and develop an alternative Palestinian leadership, although the Jordanian Government itself seemed to be doing little to this end. Israel would also be prepared to implement promptly a number of points for action proposed by the Jordanians: nomination of further Mayors, enlargement of municipal boundaries, establishment of an Arab Bank, doubling of family reunifications, establishment of an industrial committee or Chamber of Commerce for the West Bank as a whole, nomination

of Jordanian candidates as Chancellors of the West Bank Universities and a solution of the problems of the Arab Electricity Company in Jerusalem. As regards elections, the Israeli experience of such elections on the West Bank in 1976 was not a happy one. A more productive way forward would be to hold elections for West Bank representatives to the Jordanian Parliament. Those elected might be regarded as valid representatives of the Palestinians in any future negotiations. The difficulty for Israel was that there seemed to be no effective point of contact on the Jordanian side with whom Israel could discuss practical steps on the West Bank. Indeed, there was a considerable reluctance to get involved. Israel was having to do all the work.

Peres made clear that Israel was not in favour of establishing a special United Nations representative on the West Bank to co-ordinate the work of the various UN agencies there. He clearly did not expect King Hussein to press this.

Peres also referred in general terms to the idea of direct, confidential talks with the Jordanians as a means of overcoming King Hussein's "shyness" about negotiations with Israel. He continued to believe that these offered the best way forward. But they could not be entirely secret. The King had to recognise the need for something to feed the hopes of the Israeli people.

#### SYRIA

Peres thought that the danger of a confrontation between Syria and Israel had receded. Syria was the main casualty of the US action against Libya. Assad now realised the consequences of support for terrorism. He had seen the shortcomings of Soviet military equipment and witnessed the Soviet Union's failure to respond in any way to the action against Libya. He also faced grave economic problems. The effect was to increase Assad's awareness of the risks of confrontation with Israel. Peres made clear that he was not expecting such a confrontation.

There had been recent feelers from Syria about security arrangements in Lebanon. If Israel could be satisfied that a viable authority could be established in Southern Lebanon to prevent attacks across the border, she would be ready to begin withdrawal of remaining Israeli forces from South Lebanon.

In response to the Prime Minister's remarks about the need to deploy UNIFIL up to the Libyan/Israeli border, Peres left little doubt that his preference was to reach some direct arrangement with the Syrians and Lebanese.

#### MARSHALL PLAN

Peres spoke at some length about his ideas for a Middle East economic development programme and handed over a further and more detailed paper. He accepted that economic development could not be a substitute for a political solution. The two should be pursued in parallel. Both Egypt and Syria were clearly interested in the Israeli ideas. The Americans were in favour of the proposals but wanted the Europeans to take a lead in pursuing them. The immediate step needed was for governments to appoint special representatives, who might meet in a working group, to discuss the proposals. The Prime Minister made no commitment on this.

#### ANGLO-ISRAEL RESEARCH FOUNDATION

Peres accepted an invitation to send a delegation of Israeli scientists, headed by the Minister of Science for talks with Government and scientists in the United Kingdom, with the aim of identifying possible areas of collaboration. Since it was evident that HMG would find it difficult to find public funds for a joint research foundation, it might be more profitable to think in terms of a joint committee, bringing together representatives of government, industry and the academic world, to identify projects in pure research on which the two countries could work together. This would require only very limited funds.

No other bilateral issues were raised.

27.5.86

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10 DOWNING STREET  
LONDON SW1A 2AA

*From the Private Secretary*

27 May 1986

PRIME MINISTER'S VISIT TO ISRAEL:  
TALKS WITH MR. PERES

I promised to produce a note of the Prime Minister's various discussions with Mr. Peres which could be distributed to those concerned within the Foreign Office and to our posts abroad, with a request to handle the information in it with the greatest possible discretion. I suggest that in practice it should go only to the Ambassadors in Tel Aviv, Amman, Cairo, Riyadh, Damascus and Washington, and be given only very limited distribution within the Office.

I enclose a draft telegram which attempts to do this and should be grateful if you would arrange for its despatch. It should be regarded as for information only and none of it should on any account be attributed to the Prime Minister's talks with Mr. Peres.

CHARLES POWELL

A. C. Galsworthy, Esq., C.M.G.,  
Foreign and Commonwealth Office.

AGS