

CONFIDENTIAL  
FM WASHINGTON  
TO IMMEDIATE FCO  
TELNO 1477

**ADVANCE COPY**

OF 210010Z JUNE 90  
INFO PRIORITY TUNIS, CAIRO, TEL AVIV, JERUSALEM, AMMAN, BAGHDAD  
INFO ROUTINE OTHER MIDDLE EAST POSTS  
INFO SAVING UKMIS NEW YORK

US/PLO  
SUMMARY

1. PRESIDENT ANNOUNCES SUSPENSION OF US/PLO DIALOGUE PENDING A SATISFACTORY RESPONSE FROM THE PLO ON THE PLF ATTACK ON ISRAEL. DETAIL

2. PRESIDENT BUSH ANNOUNCED TODAY (20 JUNE):  
QUOTE BASED ON THE RECOMMENDATION OF THE SECRETARY OF STATE, I HAVE DECIDED TO SUSPEND THE DIALOGUE BETWEEN THE UNITED STATES AND THE PLO PENDING A SATISFACTORY RESPONSE FROM THE PLO OF STEPS IT IS TAKING TO RESOLVE PROBLEMS ASSOCIATED WITH THE RECENT ACTS OF TERRORISM, IN PARTICULAR, THAT MAY 30TH TERRORIST ATTACK ON ISRAEL BY THE PALESTINIAN LIBERATION FRONT, A CONSTITUENT GROUP OF THE PLO. UNQUOTE

3. BUSH THEN WENT THROUGH THE BACKGROUND TO THE PLO'S RENUNCIATION OF TERRORISM, THE OPENING OF THE US/PLO DIALOGUE, AND THE 30 MAY PLF ATTACK. HE SAID THAT THE ADMINISTRATION HAD TOLD THE PLO THAT THEY NEEDED TO CONDEMN THE OPERATION, DISASSOCIATE THEMSELVES FROM IT AND BEGIN TO TAKE STEPS TO DISCIPLINE ABUL ABBAS, THE PERPETRATOR. HE WENT ON:  
QUOTE WE'VE GIVEN THE PLO AMPLE TIME TO DEAL WITH THIS ISSUE. TO DATE, THE PLO HAS NOT PROVIDED A CREDIBLE ACCOUNTING OF THIS INCIDENT OR UNDERTAKEN THE ACTIONS OUTLINED ABOVE. THE US DOES TAKE NOTE OF THE FACT THAT THE PLO HAS DISASSOCIATED ITSELF FROM THIS ATTACK AND ISSUED A STATEMENT CONDEMNING ATTACKS AGAINST CIVILIANS IN PRINCIPLE, BUT AS WE PREVIOUSLY INDICATED, THIS IS NOT SUFFICIENT -- THIS ALONE IS NOT SUFFICIENT. UNQUOTE  
HE SAID QUOTE ANYTIME THAT THE PLO IS PREPARED TO TAKE THE NECESSARY STEPS, WE ARE PREPARED TO PROMPTLY RESUME THE DIALOGUE UNQUOTE. IN THE MEANTIME, HE HOPED THAT THE PEACE PROCESS WOULD CONTINUE.

4. BUSH THEN REAFFIRMED US COMMITMENT TO THE PURSUIT OF A COMPREHENSIVE SETTLEMENT BASED ON UNSC RESOLUTIONS 242 AND 338

AND THE PRINCIPLE IMPLICIT THEREIN OF TERRITORY FOR PEACE, AND PROVISION FOR ISRAEL'S SECURITY AND PALESTINIAN POLITICAL RIGHTS. HE SAID THAT PALESTINIAN PARTICIPATION IN THE PEACE PROCESS WAS VITAL TO ITS SUCCESS AND CALLED ON ISRAELIS, PALESTINIANS AND ARAB STATES TO TAKE THE NECESSARY STEPS TO CREATE A SUITABLE ENVIRONMENT. HE CONCLUDED BY CALLING ON ALL PARTIES TO ESCHEW VIOLENCE AND OPT FOR DIALOGUE AND NEGOTIATION. QUOTE WE ARE PREPARED TO CONTINUE WORKING WITH THE PARTIES TOWARDS THIS END UNQUOTE.

5. IN RESPONSE TO QUESTIONS, BUSH SAID HE WAS CONCERNED THAT THE INTENT OF THE ATTACK MIGHT HAVE BEEN TO DERAIL THE PEACE PROCESS AND THAT, BY SUSPENDING THE DIALOGUE, THE ADMINISTRATION HAD THUS PLAYED INTO THE HANDS OF HARDLINERS. HE ALSO ACKNOWLEDGED THAT US ALLIES, INCLUDING MODERATE ARAB STATES, WOULD NOT SUPPORT THE SUSPENSION OF THE DIALOGUE. BUT HE SAID THAT THE ANSWER WAS FOR THE PLO TO TAKE THE ACTION THAT HE HAD CALLED FOR. QUOTE IT IS NOT ENOUGH TO SIMPLY REITERATE ONE'S CONCERN ON TERROR UNQUOTE.

6. ASKED TO SPECIFY IN WHAT WAY THE US/PLO DIALOGUE HAD BEEN PRODUCTIVE, BUSH SAID THAT TALKING COULD ELIMINATE DIFFERENCES. QUOTE AND I WOULD LIKE TO FEEL THAT THE PLO, BECAUSE OF OUR DIALOGUE, DOESN'T SEE US AS THE HOSTILE COUNTRY THAT ONCE THEY DID UNQUOTE. HE THOUGHT THAT THE DIALOGUE HAD ENCOURAGED PLO MODERATION (ARAFAT'S ACCEPTANCE OF UNSCR 242 AND ISRAEL'S RIGHT TO EXIST WAS QUOTE QUITE A STEP FORWARD UNQUOTE), AND THE DIALOGUE HAD OFFERED THE OPPORTUNITY TO SOLIDIFY THESE MODEST GAINS. HE WENT ON:

QUOTE BUT I CAN'T POINT TO THE FACT THAT THAT HAS REALLY SOLVED THE QUESTION OF MIDDLE EAST PEACE. I JUST FEEL THAT TALKING OFFERS MORE POTENTIAL THAN STIFF-ARMING EACH OTHER. AND YET, WE CAN'T DIGEST IT AS LONG AS THIS -- THIS TERRORIST ACT -- IS STICKING IN OUR THROAT, AND PROPERLY SO, AS A COUNTRY THAT DECRIES INTERNATIONAL TERROR. UNQUOTE

7. FULL TEXT OF STATEMENT BY FAX TO ARCHER, NENAD/FCO.

COMMENT

8. THE ADMINISTRATION HAVE TRIED TO AVOID HAVING TO TAKE A DECISION ON THE FUTURE OF THE US/PLO DIALOGUE. BUT FOLLOWING BAKER'S OUTBURST AGAINST ISRAEL LAST WEEK, AND GIVEN THE PLO'S CONTINUING FAILURE TO MEET THE ADMINISTRATION'S PUBLICLY STATED REQUIREMENTS REGARDING THE PLF ATTACK, BUSH AND BAKER WILL HAVE FELT THAT THE DOMESTIC CREDIBILITY OF THEIR POLICY WAS WEARING THIN. THEY PROBABLY SAW SUSPENSION OF THE DIALOGUE PENDING PLO ACTION AS THE LEAST THEY COULD GET AWAY WITH IN THE CIRCUMSTANCES. DESPITE BUSH'S PROTESTATIONS OF CONTINUED US ENGAGEMENT IN - AND HOPES FOR - THE PEACE PROCESS, IT IS

DIFFICULT TO SEE WHERE THE BAKER INITIATIVE CAN GO FROM HERE

WOOD

YYYY

DISTRIBUTION

15 14

ADVANCE

15 14

.ARAB/ISRAEL  
PS  
PS/MR WALDEGRAVE  
PS/PUS  
MR P J WESTON  
MR TOMKYS  
MR GORE-BOOTH  
HD/NENAD

HD/MED  
HD/CONSULAR D  
HD/PUSD  
HD/NEWS D  
NO 10 DOWNING ST  
CABINET OFFICE DIO  
RESIDENT CLERK

NNNN

