



CDF

You may want to send this
to the Prime Minister if time permits,

Foreign and Commonwealth Office

CONFIDENTIAL London SW1A 2AH

1 August 1990

Dear Charles,

attached

Lebanon: International Fund

Many thanks for your letter of 24 July about Prince Bandar's call on the Prime Minister and your subsequent letter of 26 July recording the discussion between the Prime Minister and the Foreign Secretary.

Prince Bandar handed over a message from King Fahd asking the Prime Minister to consider a bilateral contribution to the international fund which the Saudis propose to inaugurate in Geneva on 10/11 September to help Lebanon's recovery. The Prime Minister told Prince Bandar that she would consider the King's request seriously.

The minimum contribution to secure a seat on the governing board is US\$25 million, in cash or kind. Contributions can be phased. The French have already decided to contribute; the Americans, Italians and Luxembourg have said they will attend the September meeting. But it is not yet clear whether this means they intend to pay a national contribution. Foreign Ministers of the Twelve have mandated the EC Commission to attend.

We have agreed to support a collective EC contribution, now under study by experts before the next FAC on 17 September. But, because of severe constraints on public expenditure in this and the next financial year, it would be impossible to find US\$25 million from existing aid or other resources to make a national contribution. This would not exclude our being represented at the September meeting (preferably at official level), provided this is not construed by the Saudis as promising a bilateral contribution.

So far, the Saudis have been given no encouragement to believe that a UK contribution would be a possibility. When the Saudi Foreign Minister raised the subject with the Foreign Secretary on 3 June in Jedda, Mr Hurd made clear that our response would be in the context of an EC contribution. Mr Waldegrave gave the same answer to the Arab League Special Envoy, Lakhdar Ibrahimi, on 4 July in London. The Ambassador in Riyadh has this week commented that he does not think that the Saudis would take it to heart if we confined our financial support to an EC contribution provided we demonstrate our political support for their efforts.

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The Lebanese expatriate community could produce US \$2 billion in no time at all - provided Lebanon looked like regaining some sort of stability. And if non-Lebanese are going to be canvassed, the first port of call must be the oil-producing Arabs who are about to get even richer thanks to President Saddam Hussein.

Given the tight constraints on our aid resources and the lack of any major British connection with the Lebanon, our record of assistance to Lebanon is defensible. Apart from previous EC contributions to Lebanon through financial protocols, we give £1 million in bilateral humanitarian aid each year through the ICRC and EC. In March this year we provided 43 tonnes of emergency medical aid to alleviate the effects of the intra-Christian fighting in East Beirut. We have also offered an UKMTAS package - admittedly very small - to the Lebanese armed forces for training in the UK.

For the reasons given, we recommend that, in her reply, the Prime Minister should:

- reaffirm our support for President Hrawi's government and Taif;
- emphasise our strong support for a collective EC contribution;
- promise to consider further UK support once a peace settlement is achieved without spelling out precisely what we could do.

/ I enclose a draft message to the King.

Yours,

Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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TO IMMEDIATE RIYADH

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LEBANON: INTERNATIONAL FUND

1. Please pass the following message from the Prime Minister to King Fahd.

BEGINS

Your Majesty,

I wish to thank you most warmly for your message which His Excellency Prince Bandar delivered to me on 24 July about the proposed international fund for Lebanon, endorsed by the Arab Summit at Baghdad earlier this year. I have considered it most carefully.

Britain wants to see Lebanon recover from its tragic and costly civil war with all speed. We are deeply grateful to you for your patient and skilful efforts to provide through the Taif accord a solid and constructive basis on which to re-build Lebanon's independence and self-esteem. As you know we have given our full backing to these efforts since they began. Our Embassy in Beirut, which we have maintained

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there throughout Lebanon's long crisis, has played its part in helping them forward.

The international fund is an imaginative step. We are giving our complete support to collective contribution by the European Community; and the European Commission has been asked to represent the ~~Twelve~~ at the first meeting of the fund in Geneva. I believe that a European contribution will be the best signal of Europe's increasing coherence and the growing role which it is likely to play in the Middle East in the years to come. However as a demonstration of our political support for Lebanon and the Taif accord we shall send a senior representative to the fund's first meeting. In the meantime we shall continue to give every encouragement to the present efforts of Mr Ibrahim in Beirut to reach agreement on a new national unity government.

I assure Your Majesty that once there is a peaceful settlement in Lebanon - and it is my earnest hope that it will come soon - my country will do everything in its power to ensure that Lebanon has the support and resources it requires to sustain the peace that has long eluded it.

Yours sincerely
Margaret Thatcher

2. Signed original follows by bag.

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