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ISRAELI FOREIGN MINISTER'S VISIT TO WASHINGTON
SUMMARY

1. BAKER AND LEVY DISCUSS GULF CRISIS IN GENERAL TERMS AND ARAB/ISRAEL IN DETAIL. LEVY SAYS ISRAELI GOVERNMENT PREPARED TO PURSUE SHAMIR INITIATIVE BUT NO INDICATION OF WAY AHEAD.
DETAIL
2. SECRETARY BAKER HELD HIS TWICE-POSTPONED MEETING WITH ISRAELI FOREIGN MINISTER LEVY YESTERDAY (5 SEPTEMBER). LEVY ALSO HAD A BRIEF MEETING WITH PRESIDENT BUSH THIS MORNING. WE ASKED KURTZER (DEPUTY ASSISTANT SECRETARY, NEA, STATE) FOR A BRIEFING.
3. KURTZER SAID THAT THE MEETINGS PLUS LUNCH LASTED THREE AND A HALF HOURS. THE FIRST HOUR WAS A ONE-ON-ONE MEETING (PLUS INTERPRETER). BAKER HAD SCHEDULED THIS AS A QUOTE GETTING TO KNOW YOU SESSION UNQUOTE, BUT HAD ALSO USED THE OPPORTUNITY TO DISCUSS THE BROAD ISSUES IN THE GULF CRISIS. LEVY TOLD BAKER THAT ISRAEL WOULD TRY TO AVOID COMPLICATING US POLICY BY MAINTAINING A LOW PROFILE. (LEVY SAID AS MUCH PUBLICLY AFTER THE MEETING.) BAKER INDICATED THAT THE ADMINISTRATION WAS AWARE OF ISRAELI MILITARY NEEDS AND WOULD BE AS RESPONSIVE AS THEY COULD. BUT HE POINTED OUT THAT THE ADMINISTRATION STILL FACED SEVERE BUDGETARY PROBLEMS, AND HAD RECENTLY AGREED TO SUPPLY URGENTLY AN ARMS PACKAGE FOR SAUDI ARABIA. BOTH THESE FACTORS WOULD LIMIT THE ADMINISTRATION'S ABILITY TO RESPOND. BAKER ADDED THAT HE EXPECTED NO OPPOSITION TO THE SAUDI SALES FROM ISRAEL'S FRIENDS ON THE HILL. LEVY MADE NO FORMAL REQUEST FOR FORGIVENESS OF ISRAELI MILITARY DEBT, BUT HE DID MENTION THE NEED FOR COMPARABLE TREATMENT OF CAMP DAVID PARTNERS. BAKER WAS NON-COMMITTAL.
4. OVER LUNCH, THE US SIDE RAISED CONCERNS OVER THE EXTENT OF ISRAEL'S MILITARY CONNECTIONS WITH SOUTH AFRICA AND ETHIOPIA. ON THE FORMER, THEY SOUGHT ASSURANCE THAT PREVIOUS ISRAELI COMMITMENTS TO INITIATE NO NEW CONTRACTS WERE BEING ADHERED TO. LEVY SAID THAT THE NEW GOVERNMENT HAD TAKEN NO DECISIONS ON THIS

BUT AGREED TO LOOK INTO THE QUESTION. ON ETHIOPIA, HE CLAIMED THAT ISRAEL WAS PROVIDING NO LETHAL ASSISTANCE TO MENGISTU.

5. THE AFTERNOON SESSION WAS DEVOTED TO THE PEACE PROCESS AND RELATED ISSUES. LEVY SAID THAT ISRAEL WAS ANXIOUS TO RECEIVE THE DOLLARS 400 MILLION IN HOUSING LOAN GUARANTEES. BAKER MADE CLEAR THAT, BECAUSE OF THE FUNGIBILITY OF FINANCIAL ASSISTANCE AND THE INCENTIVES AND SUBSIDIES FOR IMMIGRANTS TO SETTLE IN THE OCCUPIED TERRITORIES, THE ADMINISTRATION WOULD REQUIRE MORE THAN THE STANDARD ASSURANCES. LEVY SHOWED LITTLE FLEXIBILITY, MERELY REPEATING THAT THE ISRAELI GOVERNMENT WOULD NOT DIRECT IMMIGRANTS TO THE WEST BANK OR GAZA AND THAT NO US GOVERNMENT FUNDS WOULD BE USED EAST OF THE GREEN LINE. HE RULED OUT ANY AFFIRMATIVE STATEMENTS BY THE ISRAELI GOVERNMENT AGAINST SETTLEMENTS IN THE WEST BANK AND GAZA. BAKER LEFT THE ISRAELI GOVERNMENT TO REFLECT ON WHAT THEY MIGHT OFFER.

6. BAKER SAID THAT THE SITUATION IN THE GULF REQUIRED THAT ARAB/ISRAEL BE KEPT FRONT AND CENTRE. THERE HAD TO BE A CREDIBLE PEACE PROCESS TO DEMONSTRATE TO THE ARAB WORLD THAT THERE WAS AN ALTERNATIVE TO THE VIOLENT APPROACH ADVOCATED BY

SADDAM HUSSEIN. BAKER SAID THE ADMINISTRATION HAD WORKED HARD TO SATISFY ISRAELI CONCERNS OVER AN ISRAELI-PALESTINIAN DIALOGUE. THE ADMINISTRATION HAD NOT TRIED TO FORCE ISRAEL TO DEAL WITH THE PLO, BUT PLO ACQUIESCENCE IN ANY PEACE PROCESS WAS NECESSARY. BAKER SAID THAT HE WAS LOOKING FOR AN INDICATION THAT THE ISRAELI GOVERNMENT WERE STILL INTERESTED IN PURSUING THE SHAMIR INITIATIVE.

7. LEVY SAID THAT HIS GOVERNMENT DID WANT TO SEE THE INITIATIVE GO FORWARD, BUT SAID THAT THE US SHOULD NOT BE REWARDING THE PLO, WHO HAD SHOWN THEIR TRUE COLOURS THROUGH INVOLVEMENT IN TERRORISM AND SUPPORT FOR SADDAM. HE CAUTIONED BAKER TO REMEMBER WHAT HAD BROUGHT THE COALITION GOVERNMENT DOWN. IF THE US PRESSED ISRAEL AGAIN TO AGREE TO THE INCLUSION OF DEPORTEES AND DUAL ADDRESSEES THEY WOULD GET THE SAME RESULT. BAKER RESPONDED THAT THE TWO SIDES NEEDED TO PUT CREATIVE ENERGY INTO REACHING THE SAME RESULT BY SOME OTHER MEANS. LEVY AGREED THAT THEY WOULD NEED TO LOOK AT THIS BUT AVOIDED OFFERING ANY CONCESSIONS.

8. KURTZER SAID THAT, FOLLOWING THE MEETING, BAKER HAD INTENDED TO MAKE A GENERAL STATEMENT ON US POLICY ON THE PEACE PROCESS (UNSCR 242, TERRITORY FOR PEACE, ETC). IN THE EVENT, THE MEETING OVER-RAN. BAKER DID, HOWEVER, MAKE A PUBLIC COMMENT ON THE NEED TO PURSUE A CREDIBLE PEACE PROCESS.

THIS COMPLEMENTED HIS EARLIER STATEMENTS TO THIS EFFECT TO CONGRESS (OUR TELNO 2146).

COMMENT

9. OUR IMPRESSION IS THAT BAKER AND STATE DEPARTMENT WERE BROADLY CONTENT WITH THIS FIRST ENCOUNTER. THE NEED TO WORK THROUGH AN INTERPRETER ON THE INTRICACIES OF THE PEACE PROCESS CLEARLY CAUSED SOME PROBLEMS. KURTZER COMMENTED THAT AT CERTAIN POINTS THEY WERE UNSURE WHETHER LEVY WAS BEING OBDURATE OR SIMPLY FAILING TO GRASP THE NUANCES UNDER DISCUSSION.

10. ON SUBSTANCE, KURTZER AGREED THAT PROSPECTS FOR PROGRESS DID NOT LOOK GOOD DESPITE LEVY'S CLAIMED COMMITMENT TO PURSUING THE SHAMIR INITIATIVE, THE MEETING PRODUCED THE EXPECTED DEADLOCK ON DEPORTEES AND DUAL ADDRESSEES.

THE ADMINISTRATION WILL LOOK FOR SOME ALTERNATIVE FORMULATION, BUT THERE SEEMS NO REASON TO EXPECT A POSITIVE RESPONSE FROM THE ISRAELIS. NEVERTHELESS, BAKER IS PREPARED TO GIVE IT A LITTLE MORE TIME. KURTZER EXPECTED THE NEXT DISCUSSION TO BE DURING THE BAKER/LEVY MEETING AT UNGA.

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PAGE 3
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