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Foreign and Commonwealth Office

London SW1A 2AH

27 October 1981

Paul Jorda

Dear Michael,

/ I enclose copies of briefing for the Prime Minister's meeting with King Hussein tomorrow. The briefing is being submitted separately to Lord Carrington in Luxembourg.

*Yours ever,
B J P*

(B J P Fall)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

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KING HUSSEIN'S CALL ON THE PRIME MINISTER
ON 28 OCTOBER AT 12 O'CLOCK

Points to Make

Arab-Israel

1. Strong feeling among EC Partners that we should participate in Sinai force. Important that Israeli withdrawal should be got out of the way smoothly and that Egypt have support. No question of weakening of commitment to Venice approach or comprehensive settlement.
2. Looking to period after Sinai withdrawal when a new start must be made to peace efforts involving Americans, Europeans, Arabs and Israel. On Arab side Fahd may prove a useful basis for a joint Arab approach (chances of Arab Summit endorsement?). US must be brought round to more acceptable policy: with participation in Sinai Europe now in better position to influence them.
3. Important part of picture is need for PLO to move towards respectability. Conditional recognition of Israel only route available. Hope King will support this approach. Presidency could meet Arafat on this basis.

Lebanon

4. Encouraging that ceasefire is still holding in the South. But worrying that no progress is being made in building on it. We continue to support US/UN ideas. Does the King see any prospect of eg further UNIFIL deployment being accepted by both sides? Will Syria help to persuade the PLO? Meanwhile little progress in achieving national reconciliation. Diminishing chances of compromise as Presidential elections (August 1982) approach. How does the King see the future in Lebanon? What in his view are Syria's ambitions there?

Mediterranean-Dead Sea Canal [if raised]

5. We regard the Israeli project as planned as contrary to international law. Made this clear in Parliament earlier this



year, have also told Israel privately, on behalf of the Ten, that Israel should obtain Jordan's consent for any project affecting the Dead Sea.

6. Some evidence that Israelis have not yet fully assessed practical and political implications of the Canal project. But will continue to oppose present project eg in discussion at UN.

Israeli excavations in Jerusalem [if raised]

7. Fully recognise special importance of Jerusalem to all parties. Britain will not accept any unilateral initiative to change the status of the City. We have always made clear our view that Israeli occupation of East Jerusalem is illegal.

Iran/Iraq War

8. Recent fighting near Abadan and bombing in Kuwait reminder of the danger to region if fighting were to spread. How do you assess peace prospects?

Tornado/P110

9. Welcome Jordanian interest in UK Family of aircraft. Is there any further information needed on Tornado/P110 for consortium meeting in Baghdad? We hope our briefing meets your needs. Potential for joint collaboration over development of P110.

Spanish interest in Tornado/P110 (Defensive)

10. Appreciate your talking in King Juan Carlos in general terms about P110. The Spanish already have considerable information on Tornado. We are looking into the ways in which Spain might be associated with the consortium.

Hawk

11. Pleased that Hawk evaluation went well.



Repair of Captured Chieftain (Defensive)

12. Possibility of repair work in Iraq presents us with difficulties as regards our position of neutrality during the conflict.

Khalid Tank (Defensive)

13. Everything possible is being done to ensure the technical problems can be overcome.

14. Secretary of State looking forward to visit to Jordan and will discuss dates for the visit (either 18-24 January or 12-20 April).

Smith Case

flag 15. See separate brief.



KING HUSSEIN'S CALL ON THE PRIME MINISTER:
28 OCTOBER AT 12 NOON

Essential Facts

1. King Hussein arrives on 27 October and leaves on 1 November. The visit is as usual a private one. King Hussein is visiting London on his way to Washington where he will pay a State Visit on 2 and 3 November. He is accompanied by General Khammash, Minister of Court. King Hussein will pay a private visit to the West Coast of America (probably Los Angeles) and also visit Canada where he will meet Mr Trudeau before returning to London on, or about, 15 November. King Hussein paid brief visits to most Gulf States and Iraq (but not to Saudi Arabia) before coming to the UK.
2. Records of the King's last call on the Prime Minister and the Secretary of State's call on the King are attached.

Arab-Israel

3. The Jordanians are likely to react badly to our decision to participate in the Sinai Force, but we have kept the Jordanian Ambassador here briefed and the King will be aware of the general background. The Secretary of State's lunch will be a valuable opportunity to defuse the likely Jordanian reaction.
4. The Jordanian reaction to Sadat's death was muted. The King had already on several occasions expressed an interest in promoting Egypt-Arab reconciliation. His enthusiasm for this is likely to be increased, but the Jordanians will nevertheless be looking to President Mubarak to move away from Camp David first.
5. The Jordanian reaction to the Fahd principles has also been muted. They have no grounds on which to disagree with them, but dislike the Saudi sponsorship. They have professed scepticism about their impact. It would be useful to persuade the King of the merits of a unified Arab approach behind Fahd, whether or not the Saudi label remains; & in particular of the value of securing explicit PLO endorsement of the principles with irreproachable Arab cover.



LEBANON

Play C Southern Lebanon (Map attached)

6. The ceasefire negotiated by President Regan's Special Representative, Mr Habib, in July is still holding. There have been some violations. But in general the PLO seem to be content to gain political credit and respectability by being seen to behave responsibly. The Americans tell us that they have had to restrain the Israelis from making further attacks on Palestinian bases in Lebanon. According to them the Israelis have now decided that for the time being they should abandon their strategy of pre-emptive strikes, and give American efforts at building on the ceasefire a chance.

7. Whether this means that the Israelis are prepared to countenance some of the ideas in the US/UN plan (now officially regarded by the US and UN as a working document only) remains to be seen. The plan envisaged staged mutual concessions (eg mutual withdrawal of heavy weapons, further deployment of UNIFIL) by both the PLO and the forces of Israel's protégé in Southern Lebanon, Major Haddad. Hitherto Israel had refused to consider such concessions on the grounds that to do so would be in effect to enter into negotiations with the PLO. But they now seem to have greater faith in UNIFIL, and might accept its wider deployment.

8. General Callaghan, the Commander of the UN interim Force in Lebanon (UNIFIL) recently met Arafat. The latter was naturally unwilling to consider concessions by the PLO without parallel movement by the Israelis (although the latter claims to have removed their heavy weaponry from the Haddad enclave). But he hinted that the PLO might accept further deployment of UNIFIL at the expense of some PLO positions.

9. Mr Habib is due to return to the area in November. But the Americans have not yet announced this.

Central Lebanon

10. The situation in Beirut deteriorated in late September/early

/October



October with a wave of car bomb attacks in which at least 80 people died and over 400 were injured. We do not know who was behind the attacks, for which an obscure organization called the Front for the Liberation of Lebanon from Foreigners has claimed responsibility. There is no evidence to support the inevitable Arab accusations that Israel was responsible. The situation remains fragile.

11. Efforts by the Arab Follow-Up Committee (consisting of representatives of Kuwait, Syria, Saudi Arabia and Lebanon) to bring about national reconciliation between the multitude of warring factions in the country continue without much tangible success as yet. The Committee is next due to meet in Lebanon on 7 November. As a first step the Committee is attempting to stop the illegal import of arms. Syrian insistence that such an arms embargo should also apply to the PLO has alarmed the latter, and relations between the two are strained at present.

12. There is some doubt about whether Syria wants AFUC to make much progress, and some evidence to suggest that she may be content to maintain the status quo until after the Lebanese Presidential elections in August 1982, in the interests of seeing a candidate of her choice elected.

Mediterranean-Dead Sea Canal

13. The proposal, which the Israeli government approved on 29 March 1981, is for a canal carrying salt water from the Mediterranean to the Dead Sea. It will cross the (Israeli occupied) Gaza Strip, but not the West Bank, and enter the Dead Sea at a point in pre-1967 territory. The aim is to exploit the drop to the Dead Sea for hydro-electricity, producing 15% of Israel's peak energy demands on completion of the canal in 8-10 years time.

14. The Jordanians claim, and the Israelis deny, that the Canal will damage their agriculture and industrial investments in the Jordan Valley and around the Dead Sea. The Jordanians, Egyptians and the Arab League have condemned the project as inter alia illegal under international law.



15. HMG's position was set out in Mr Hurd's answer to an inspired PQ on 30 July 1981 (text attached). Our opposition to the project is based essentially on two points: firstly, that the project is contrary to international law as it involves unlawful work in occupied territory and infringes Jordan's legal rights in the Dead Sea and neighbouring regions, secondly, that the proposed canal is bound to prejudice the future of the Gaza Strip which in our view should be determined as a general peace settlement, and will inevitably complicate the task of making peace. The British Ambassador in Tel Aviv made a demarche on these lines, on behalf of the Ten, to the Israeli Government on 10 August. The Israelis have rejected the legal and political arguments, and have now circulated a note at the UN seeking to justify the project.

16. There are some signs however that the Israeli Government is re-examining both the practical and political problems of the project. The last government was anxious for electoral reasons to convey the impression that there were no problems and that speedy progress would be made. Wiser counsels may now prevail.

Israeli excavations in Jerusalem

17. This is a long standing Arab complaint. It has recently been revived by the Jordanians, who have circulated a note in Amman as well as at the UN demanding that pressure be brought to bear on Israel to stop excavations in Jerusalem.

18. The allegations, some wildly exaggerated, are that Israel's true purpose in continuing excavations in Jerusalem is to progressively 'Judaize' the City by obliterating Arab and Islamic monuments. The Jordanians also claim that recent excavations are undermining the Temple Mount on which the Al Aqsa Mosque, the third most holy sanctuary in Islam is situated.

19. UNESCO has debated the issue regularly. The Ten have consistently abstained on the grounds that resolutions produced by the Arabs were either highly political (and therefore unsuitable for UNESCO) or contained highly exaggerated claims.

/Arab



Arab allegations are not borne out by the annual reports of the UNESCO Director General's Special Representative, Professor Lemaire, who, while making minor criticisms of the Israeli work, has stated that there is no threat to the structure of the Temple Mount.

20. The Syrians have repeated Jordanian complaints against the Israelis in a UN resolution this week. We are confident of securing agreement of all members of the Ten, except possibly Greece (who want to take a stronger pro-Arab line), to abstain. We want to avoid having to pronounce on the rights and wrongs of the Israeli excavations, and prefer to rely on our already stated position on Jerusalem, ie that Israeli occupation of East Jerusalem in 1967 is in contravention of the 4th Geneva Convention and that we will not accept any unilateral initiative to change the status of the City.

Iran/Iraq War

21. War flared up at the end of September when Iraqis were pushed back across the Karan River ending the (incomplete) siege of Abadan. Iranians received a boost to their morale, but on 29 September some of their top military commanders were killed in a plane crash. Iraqis are reportedly massing in Susangerd area.

22. Iranians have said in October that they regard the Islamic Conference as the most suitable mediators. (Peace efforts have also been made by the Non-Alligned Movement and Olaf Palme for the United Nations). But recent successes on land will probably strengthen Iranian resolve to fight on.

23. Jordan staunchly supports Iraq in war. A lot of military equipment supplied to Jordan finds its way to Iraq. Jordan services Iraqi military equipment and thereby gains useful revenue.

Bombing of Kuwaiti Oil Installation

24. The Kuwaitis alleged that three Iranian aircraft attacked Kuwaiti oil installations on 30 September setting fire to an oil gathering centre but causing no casualties. The Iranian Foreign Ministry issued an outright denial that their aircraft had been



involved but Mr Haig revealed to the US House of Representatives that AWACS aircraft had monitored the attack from Iran. Kuwait has protested to Iran. Sandwiched as she is between Iran and Iraq, she must be only too well aware that her position is not strong. She is unlikely to take any retaliatory measures against Iran.

Syria/Jordan

25. The Jordanians are very sensitive on the subject of their troubles with Syria. Relations continue at a very low ebb, although the threat of attack by Syria has receded and the war of words is in abeyance. Commercial relations continue as normal.

Defence Sales

26. Tornado/P110. Ministers agreed on 24 July that our primary objective should be to focus Arab interest in P110 and also in Hawk. It was necessary to promote P110/Tornado/Hawk as a family of aircraft but there remain reservations over Tornado supply to Iraq on both security and political grounds. We do not want to put at risk the prospects of P110 and Hawk by openly admitting that the sale of Tornado to Iraq could prove difficult. The German attitude on sales of military equipment to sensitive areas, is the subject of review. This will not be completed before the end of 1981. The question of funding is crucial to P110. There is at present no provision in the Defence Budget for an aircraft of this type. However, when Mr Nott visited Jordan he said that there may be an RAF requirement for P110 in the late 1980's, but that prospects for full UK government involvement would be very much influenced by the possibilities of association in a joint venture with Arab funds. Iraq's expression of interest in Tornado has raised security problems. These have been explained to and are understood by the Jordanians. Sanitized brochures on the aircraft were given to the Jordanians in late September for passing to consortium members. The next step is the consortium meeting which may be held in Baghdad in late November.



27. SPANISH INTEREST IN TORNADO/P110

King Hussein discussed the Tornado/P110 project with King Juan Carlos in the summer. Dr Abdullah Toucan (Technical Adviser to King Hussein) asked the Managing Director of Defence Sales whether the Spanish Air Force could be briefed on the project. There is no objection to this on security grounds. But Spain's participation in the consortium might be unwelcome to other members and would make an already complex project even more difficult. The manufacturers see Spain as a customer for Tornado, and we must be careful not to cut across their marketing interests (although MOD do not see any difficulty in this). Spain's aspirations to join NATO suggest that we should deal with them direct, with the sale of Tornado as the first priority. We do not know how attached King Hussein is to securing Spain's participation, but it would seem best to try to dissuade him if we can do so without offence.

DEFENCE SALES TO IRAQ

28. The King continues to be helpful in pursuing sales prospects. Jordan offered repair facilities for the Chieftain tanks captured by Iraq in the Gulf War but the Jordanians now feel that the repair work should be undertaken openly in Iraq. This will need to be addressed by Ministers shortly.

DEFENCE SALES TO JORDAN

29. Mr NOTT visited Jordan in September and Sir R Ellis visited in August.

HAWK

30. Following a visit by the Red Arrows in March, an evaluation of Hawk took place in Jordan in August. King Hussein told the Head of Defence Sales that Jordan would buy Hawk if Iraq did. The Jordanians are interested in Hawk as an advanced trainer; funds may be a problem.

KHALID

31. Deliveries of the 274 Khalid Tanks contracted for in

/1979



1979, are now proceeding in accordance with the revised plan drawn up in May. Problems have occurred with steering units. Work is continuing to try to correct the steering fault. The problems have been identified and Jordan has been assured of HMG's best possible engineering support to keep the tanks operational.

32. The Jordanians have approval to give one Chieftain ARV to Oman.

DEFENCE TRAINING

33. King Hussein has recently expressed his deep regrets that MOD service training which was stepped up at this request in 1979, has now become too expensive for Jordan. Mr Nott, when visiting Jordan recently, undertook to see what could be done to remedy this problem. Work is still in progress.

LOW LEVEL AIR DEFENCE SYSTEM

34. Jordan has signed a contract with the Soviet Union for the supply in 1982 of SAM 8s and ZSU 23/4 guns. Amman telno. 399 reporting this is attached. The stationing of Soviet technicians in Jordan might present serious security problems. The Jordanians are aware of our concern. The King has said no Soviet experts will be stationed in Jordan.

VISIT BY C-in-C, JAF

35. General Shaker, C-in-C JAF will spend a week in London from 9-13 November as guest of the CDS. He is due to call on the Secretary of State on 10 November.

SECRETARY OF STATE'S VISIT TO JORDAN AND SYRIA

36. The Secretary of State has agreed to visit Jordan and Syria in either January or April 1982. The dates 18-24 January and 12-20 April are free. The Syrians have not yet given any indication which date is the more preferable. The Jordanians welcome the visit at any time suitable to Lord Carrington but

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have pointed out that the weather is better in April. The Jordanian Foreign Minister has suggested that the dates are discussed with King Hussein.



KING HUSSEIN'S CALL ON PRIME MINISTER ON 28 OCTOBER
AT 12 O'CLOCK

IRAQ: JOHN SMITH

Points to Make:

1. Thank you for handing over letters from Smith's mother and wife to President Saddam Hussein in May. We continue to urge the Iraqis to show clemency over this unfortunate case. So far, alas, without success.



ESSENTIAL FACTS

1. Mr John Smith, Hestair Dennis executive, sentenced to 20 years imprisonment in February 1980, following conviction on charges of attempted bribery of Iraqi official. Iraqi co-defendants executed. Although Smith pleaded 'not guilty', the Iraqis produced considerable evidence to substantiate the charges.
2. King Hussein's intervention with Iraqi President last October on behalf of another Briton imprisoned in Iraq, Mr Sparkes, led to his release on 5 November. King Hussein also raised the Smith case. The Iraqis have indicated a willingness to exchange Smith for an Iraqi assassin (Hassan) who is serving a life sentence in the UK. We have made it clear that we cannot agree to this proposal.
3. Lord Privy Seal raised the Smith case with King Hussein in February. In April Secretary of State gave King Hussein a letter from Smith's mother to the Iraqi President, which King Hussein personally handed over in May with another letter he had received from Smith's wife. The Iraqis have not acknowledged any of these missives.
4. UK Ministers continue to raise the case on all occasions, the latest being Mr Biffen during his visit to the Baghdad Trade Fair (1-15 October) and Mr Hurd with the Iraqi Foreign Minister on 5 October.
5. Smith's wife went to Baghdad from 14-21 October and visited her husband daily. Smith has had more restrictive prison regime imposed on him since mid-August. Embassy Baghdad currently discussing this with Iraqi authorities.

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND KING HUSSEIN OF JORDAN AT NO. 10 DOWNING STREET ON 8 APRIL 1981 AT 0930 HOURS

Present:

Prime Minister	King Hussein
The Hon. Douglas Hurd MP	His Excellency Mr. Ibrahim Izziddin (Jordanian Ambassador)
Mr. M. O'D. B. Alexander	

* * * * *

US/Jordanian Relations

The Prime Minister asked whether Mr. Haig's visit to Jordan had been successful. When she had herself been in Washington in February, she had told President Reagan that relations between President Carter and King Hussein had not been good and that the US should make an effort to improve them. King Hussein said that Mr. Haig's visit had been a very good one. There had been a full discussion of the problems in the area and the threats to it. He had had the impression that the Prime Minister's visit to Washington had had a great impact on those whom she had met there. There seemed to be an entirely different atmosphere. The Prime Minister said that the visit had gone off well. The new Administration wanted advice and were prepared to consult right across the board. Mr. Haig had appeared keen to get to grips with the situation in the Middle East. Had he given any hints to King Hussein as to how he intended to proceed? King Hussein said that Mr. Haig seemed anxious to learn about the situation in the Middle East from the leaders involved. He did not think that the Americans would elaborate a new policy until these exploratory discussions had been completed. But they clearly recognised that Communist influence in the area was of great concern and that the Palestinian problem lay at the root of the instability in the region.

The Arab/Israel Dispute

King Hussein said that the Arab/Israel dispute was responsible for the divisions within a people whose background and traditions would place them naturally in the free world. He had made it plain to Mr. Haig that he was deeply grateful to his European friends for their Middle East initiative. It had helped to prevent the further polarisation in the area which was sought by the Zionists and the Communists. This polarisation posed a great danger. A spark in the Middle East could set off an explosion which would destroy the world. Europe's policy had given the Arabs the possibility of hope for the future. The United States should welcome this. They should also welcome the opening it gave to them to educate US opinion about what was happening. The Prime Minister recalled an earlier conversation with King Hussein in which he had said that there was no-one in the United States putting the Arab case. The new Administration were very conscious of this.

The Prime Minister said that it was not easy to envisage the next steps towards a solution of the dispute. Mr. Van der Klaauw was pursuing his discussions. But he was not a very dynamic character. She would have wished that it had been possible to make more rapid progress with the clarification of attitudes commissioned at Venice. Everything in fact depended on how the US saw the way ahead and with whom they intended to deal.

King Hussein said that he had discussed this with Mr. Haig and had told him that the Palestinians would have to be involved. He was keeping in close touch with the moderate Palestinian leadership. Unfortunately they were to some extent hostages of events. Great pressures tending to the destruction of the moderate leadership were building up. The moderates had asked him to suggest to the Prime Minister that she should consider using him as a channel for communication. This would enable contacts to be

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kept out of the public eye. The Americans themselves had said that at some point, perhaps before very long, they would like to make contact with the PLO, perhaps through the Jordanians or the Saudis. King Hussein said that he had stressed the need for the Americans to avoid dealing with "anyone who comes along". The Prime Minister said that she thought the idea of using King Hussein as a channel of communication was a good one. The US and British Governments had the same difficulty about contacts with the PLO: they gave rise to pressure from the Jewish community and from Israel. Mr. Hurd asked whether it would be possible to prevent the Palestine National Council, which was due to meet shortly, giving rise to the usual kind of inflammatory statements. Could King Hussein do anything? King Hussein said that he would try. Since the meeting was being held in Syria, the Council would be under considerable pressure. *unhelpful?* Nonetheless, he was not hopeful.

The Prime Minister asked whether there was any sign of an alternative group of Palestinian leaders emerging. She recalled a previous conversation with King Hussein in which he had told her that the Israeli Government were preventing this. King Hussein said that attempts to encourage such a group continued. The overwhelming majority of Palestinians were anxious for a lasting and honourable peace. There was a continuing struggle between the moderates and other elements. In reply to a question from the Prime Minister about the longer-term objectives of the PLO, King Hussein limited himself to saying that his Government's contacts with the PLO were very promising. The Prime Minister asked whether the PLO would continue to cause difficulties even after a solution to the main problem had been found. Would they, for instance, try to stir up trouble in the Gulf? Would they continue to be under the influence of the Soviet Union? King Hussein said that only very small groups were under Soviet influence. The majority of the Palestinians were very responsible. Although Israeli policy encouraged extremism, he could not see that the majority of the Palestinians would, if given the opportunity, choose anything other than peace, freedom and prosperity.

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The Prime Minister said that she thought we were now at the beginning of a period of a year or 18 months when a solution in the Middle East might become possible. Nothing would happen until after the Israeli election but then the United States would make its move. It would not be easy to choose the right direction but President Reagan and Mr. Haig would want to make real progress. (The assassination attempt would have enhanced President Reagan's authority - assuming he emerged fit and well.) The European initiative had been meant to prevent the development of a vacuum and to give Europe influence on the United States. There must be no competition between Europe and the United States. They would have to work together to help the countries in the area find a solution. It would be important to recognise that the Arab/Israel dispute and the difficulties in the Gulf were part of the same problem. The Americans had a tendency to parcel things up separately and to ignore the links between them. She had told President Reagan that it would not be possible to ignore the Palestinian issue in dealing with the Gulf. King Hussein said that if anyone could influence President Reagan, it would be the Prime Minister. The United States had lost a great deal of ground during President Carter's Administration. The period needed for the new Administration to organise itself was likely to be a dangerous one. The Prime Minister commented that she was sure King Hussein and President Reagan would get on very well together.

Syria

Mr. Hurd asked about Syria's attitude to Middle East peace efforts. Were they likely to veto attempts to make progress? King Hussein said that he found the present policy of the Syrian Government "deeply shocking". They seemed to live for today and give no thought to the longer term. They had signed a treaty with the Soviet Union after the Soviet invasion of Afghanistan. The treaty was in some ways worse than similar ones signed with the Soviet Union by other Arab countries. Syria's attitude towards Middle East peace efforts was obstructive to progress of any kind. Their

performance in Lebanon was "unbelievable". Their intention appeared to be to keep the country destabilised in order that they could bargain over its future. This had created the danger of intervention by Israel. Relations between Syria and Jordan had seriously deteriorated. Syria was a negative influence in the region as a whole.

The Prime Minister asked whether Syria's policy reflected the country's internal problems. King Hussein agreed that these were very serious, but said that they were not an excuse for turning guns on innocent people. Syria had become, like Libya, an arsenal. Who was the arsenal to be used against? The Prime Minister asked whether she was right in thinking that the situation on Jordan's border with Syria had been defused for the moment. King Hussein agreed that this was so but added that the Syrian build-up continued and that tension might well be renewed at some stage. The reason for Syria's attitude lay in Jordan's support for Iraq. Jordan had had no option but to offer this support. Iran's activities were a threat to the whole region. Exacerbation of the divisions between the Sunni and the Shia would have terrible consequences. It would be far worse than Northern Ireland.

Iran/Iraq War

The Prime Minister said that she could not at present see any end to the hostilities between Iran and Iraq. King Hussein said that one might have hoped that the war might have led to the coming to power of patriotic elements in Iran but this had not so far happened. The situation was in some ways rather ominous. No way forward would be possible unless there was a cease-fire, but this posed great difficulties. He had visited the battlefield himself and had seen that the terrain would make it impossible for Iraq to withdraw from its present positions except on the basis of a lasting solution. There was nowhere for them to establish defensive positions between their present lines and the

/ border which

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border which would place the Iranians once again within a few miles of Baghdad. The Iraqis claimed that they had no desire to humiliate Iran. But if no solution was found, the Iraqis might have no choice but to push further.

The Prime Minister said that renewed hostilities between Iran and Iraq would be a cause for great concern. They would bring to an end present efforts to restore the supply of oil from the two countries. This would have a very bad effect on oil prices and, therefore, on efforts to bring the recession to an end.

UK/Iraq Relations

The Prime Minister said that the visit to London by the Iraqi Foreign Minister had been very successful. It was clear that the Iraqi Government were anxious to distance themselves from the Soviet Union and improve their relations with the West. Closer relations should be certainly be possible. She was most grateful to King Hussein for the help he was giving in our discussions with the Iraqis about the supply of military equipment. She was also grateful for the King's help in securing the release of Mr. Sparkes. King Hussein said that the Iraqis had also been pleased by the outcome of the Foreign Minister's visit. Their mood was now very anti-Soviet. He hoped that Iraq would develop into a positive force in the area. This would be very helpful in counterbalancing the influence of Syria.

Rapid Deployment Force and the Gulf

The Prime Minister said that she had been upset by the reception given to the remarks she had made in the United States about the Rapid Deployment Force. The RDF was basically a good idea. She hoped that the United States would go ahead with its establishment. If they did, the United Kingdom would make a modest contribution. The fact was that



the world was now a "kaleidoscope of hostilities". One never knew where trouble might break out next. Of course she had in mind the possibility that the trouble between Iran and Iraq might spread to the Gulf. But equally there might be problems in Africa or anywhere else. Those directly concerned would of course have to rely on themselves in the first instance. But they would also need their friends. If there were an RDF in existence, one could react. If there were not, one could not. No-one, of course, was asking for stationing rights.

King Hussein indicated that he agreed. Jordan had been preparing herself to offer help within the limits imposed by her means. There were two aspects to the present situation - in the first place there was the need to make progress on the question of Palestine (the Prime Minister interjected that this was the main problem); beyond that there was the general polarisation of the region. The Soviet Union was, of course, anxious to gain control of the energy resources there. This danger was already on the doorstep. The Arab countries had a duty to defend themselves. But it had been recognised at the recent Arab Summit that it would take Saudi Arabia and the other Gulf States a long time to develop a capability to defend themselves. If there was a Soviet move, the Arabs would need more than their own strength.

North Yemen

The Prime Minister asked whether there was anything new to be said about the situation in North Yemen. King Hussein said that the Saudis continued to deal with the situation in the wrong way. They wanted to control what happened in the YAR but they did not want to create a strong state because they feared it would pose a threat to them. Jordan remained very close to the country's leadership but they no longer had the same kind of involvement there as they had had in the past.

/ Egypt

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Egypt

The Prime Minister asked whether relationships between Egypt and the other countries in the region were improving. King Hussein said that relations with Sudan had been restored. He added that if Egypt were prepared to rest content with what it had already achieved with Israel and would stop trying to determine the future of the Palestinians, this would be very helpful.

Tornado

The Prime Minister commented that King Hussein would shortly have the opportunity to fly Tornado. She was very anxious to push ahead discussions on the possible sale. She thought that the Federal Republic would "come to an accommodation". The German Government had been rather slow to move but she did not anticipate any overriding difficulty. It would be helpful if King Hussein could make his views clear to the Chancellor. Chancellor Schmidt had his own problems, but she was sure that he would come along once he realised that there was a real interest on the part of the Arabs. Mr. Hurd said that there was something of a chicken-and-egg situation but that the omens were quite good. King Hussein said that the Prime Minister's messages had been relayed to the other Heads of Government concerned. The position of the Federal Republic would be crucial. The fact that the Saudis were having difficulty over the purchase of the Leopard tank and that the Iraqis had been denied the supply of a number of helicopters already contracted for by the Germans was unhelpful. King Hussein added that the prospect of a new air superiority fighter based on Tornado was very exciting. A particular attraction would be that the project was conceived of as an all-British one.

/ Prime Ministerial

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Prime Ministerial Visit



The Prime Minister said that she was very much looking forward to her visit to the Gulf. King Hussein said that he was sorry not to be receiving the Prime Minister in Amman. The Prime Minister said that when she came to Jordan it would have to be a visit specially for that purpose.

The discussion ended at 1030.

8 April 1981

CONFIDENTIAL

CALL BY THE SECRETARY OF STATE ON KING HUSSEIN AT CLARIDGES: 10 AM
ON 15 APRIL

Present:

The Secretary of State

HM King Hussein

Mr J C Moberly

HE: Mr Ibrahim Izzidin, Jordanian
Ambassador

Mr F N Richards

Mr M K Jenner

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1. Lord Carrington asked what the King believed we should do on Arab/Israel when we assumed the Presidency in June. King Hussein said we should hold to our present course. The greatest contribution the EC had to make was in terms of American attitudes. The Americans were still not fully aware of the Arab case, the Arabs themselves had not presented it adequately. The central problem was the divisions between the Arabs and the West. The Arabs were part of the free world, it was difficult to combat communism while these differences remained. Europe had given hope of a solution. Talk of RDF etc missed the essential point. He believed that Mr Haig had understood this more towards the end of his talks with him than at the beginning. His talks with Mr Haig had been very cordial. Mr Haig had explained that he was there to listen and learn. The King felt he had absorbed what he was told.

2. The Secretary of State said the Mr Haig appeared to have understood more when he saw him last week than he had when they met in Washington six weeks before. His great difficulty was American public opinion on the PLO; he could only go so far in accepting the PLO as part of the peace process. It was unfair to judge any organisation by its congresses but statements such as those on the Soviet Union coming out of the PNC in Damascus gave American public opinion the impression the PLO were extremists and did not help. Could anything be done? King Hussein said that the PLO were virtual hostages of the Syrians. He had sent the PLO messages before the Congress and had seen the Head of their Political Section and warned them of the need for moderation. But the Syrians and Libyans were working for radical statements. Fatah's intention was to resist and he was confident they would. Extreme statements did not reflect the views of the responsible majority. As for a Palestinian State he did not see this as inevitably Soviet dominated. Syria was a more serious problem in this respect. He added that the PLO had told him that they had contact with Western countries through a variety of channels which were not sufficiently secure. They wanted a dialogue but not through individuals who reported their messages to the Syrians and Russians.

they had asked him whether such contracts, particularly with the UK, could be through Jordan. Lord Carrington said that this was very useful to know.

3. The Secretary of State said that one of the factors limiting American room for manoeuvre was the Palestinian covenant. A Ministerial meeting of the Euro-Arab dialogue was due later this year. If there could be agreement then by the 23 Arab States and the PLO on acceptance of Israel, conditional on Israeli acceptance of Palestinian rights, this would be a tremendous advance in respect of public opinion. King Hussein thought this might be possible. Such an approach would not be contrary to Resolution 242 nor to the decisions of the Baghdad Summit. But the Euro-Arab dialogue meeting would be very large; might this not be taken up beforehand with the PLO? Mr Moberly said that the PLO were represented in the preparatory discussions. Ahmad Sidqi Dajani had not opposed the idea but it was not clear how influential he was. King Hussein said that he was close to Arafat but inter-Arab differences would be a problem at such a meeting. Mr Moberly said that one possibility would be agreement on a communique including reference to the Venice Declaration. Lord Carrington said that this would have to be agreed beforehand. The PLO would not give away their bargaining card, so recognition would have to be conditional. He hoped the King would let him know if there was any move we could make or if there was anything we were doing which he felt was the wrong approach. King Hussein said he would help in any way he could.

ISRAEL

4. Asked about Mr Peres's election chances the King thought he might win. But there were many serious internal problems. Despite considerable help from the Carter Administration Israel's economic problems were bad. He hoped this would have some effect on Israeli policies. One of Mr Haig's aides had said that Mr Haig had not discussed Peres's ideas with the King because he was not convinced by them. Lord Carrington said that when Mr Peres was here he appeared to be convinced of the need for a settlement and to be more flexible than Begin, but his suggestions were wholly unrealistic. The so called Jordanian option did not exist. King Hussein said it was designed to drive a wedge between the Jordanians and Palestinians and to sow doubts. Lord Carrington could not believe that Mr Peres and Mr Eban, both intelligent men, would not move towards something different if they really wanted a settlement. We had to try to push them but they were suspicious of us. The Americans would have to be involved.

SYRIA

5. King Hussein said that he was very unhappy at Syrian policies, particularly their links with the Soviet Union; the Friendship Treaty was very worrying. They were becoming more and more of a threat. They had taken delivery of 260 T72 tanks so far this year (part of a total holding of 580). Who would they use them against? He thought they might in time be used against their own Alawite Minority. The Syrian people were very unhappy but Rifat al-Asad's forces came to almost half the army and Alawites held high positions in other units. Lord Carrington asked whether they were genuinely annoyed that Mr Haig had not gone to Damascus or whether it was a smokescreen. Was there any point in going to Damascus as Van der Klaauw and the LPS had done?

/King

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/King

King Hussein thought it was a smokescreen. He accepted that Syrian isolation should not be encouraged but they had to be cut down to size otherwise their approach was to bargain for their own interests not for eg. Palestinian or Lebanese interests. Mr Moberly asked whether, if there was movement towards a settlement with wide support in the Arab world, Syria could effectively block movement. King Hussein did not think they could do much in such circumstances. But they blackmailed (he did not say how) the Gulf States and the Saudis (eg. if the Syrians shouted loud enough they got their money).

IRAN/IRAQ

6. The King said that the Islamic mediators had wasted a golden opportunity to get immediate negotiations going. The Iraqis had set out to humiliate Iran but if nothing happened soon they would feel compelled to move again. Lord Carrington said that he had seen Aga Shahi and President Zia in Pakistan; their preoccupation had been that Iran should not fall under Soviet domination. King Hussein said he feared the same for Iraq. He noted that they had moved significantly away from the Soviet Union. Lord Carrington said that the Iraqi Foreign Minister's visit here had been most useful. He was very grateful for the King's help in removing Anglo/Iraqi tensions.

THE GULF

7. King Hussein hoped that Iraq and Saudi Arabia could continue to work together for security in the Gulf. There had been a good start with improved Iraqi relations with both Saudi Arabia and the Gulf States. He hoped the Saudi approach to the potential threat from N Yeman would change. There were 1.5 million Yemenis in Saudi Arabia.

EGYPT

8. Lord Carrington said that he had found President Sadat in January much more prepared than he had been six months before to mend fences with Saudi Arabia. In his optimistic way he looked for agreement on autonomy with Peres 'within a month'. Thereafter he would bring in the other Arabs. He had his sights set on Israeli withdrawal from Sinai in April 1982 while not wishing to seem to feather his own nest at Palestinian expense. King Hussein thought Peres would need a lot of persuasion to meet that autonomy deadline. If the scenario did not work out Sadat would have to decide what to do; he hoped he could move back towards the Arabs.

CONCLUSION

9. The Secretary of State apologised on behalf of HMG for the difficulties with Customs over the King's aircraft when he arrived in London. There had been no intention to infringe sovereign immunity (the King accepted this graciously). The Secretary of State also asked if he could leave with the King a moving letter from Mr Smith's mother and asked whether there was anything further the King could do to help. King Hussein accepted the letter. He had also had one from Mr Smith's wife. He would do what he could.



10. The meeting ended at 10.45.

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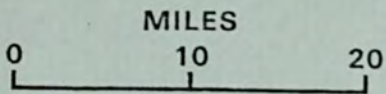
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Qnaitra

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Nahariya

British Shipbuilders

Mr. Thornton asked the Secretary of State for Industry whether he has received British Shipbuilders' annual report and accounts for 1980-81.

Mr. Tebbit: My right hon. Friend today, in accordance with sections 17(9) and 18(6) of the Aircraft and Shipbuilding Industries Act 1977, has laid before each House copies of British Shipbuilders' annual report and accounts for 1980-81.

Post Office Pension Fund

Mr. Blackburn asked the Secretary of State for Industry whether he has yet taken a decision on the future of the Post Office pension fund.

Mr. Kenneth Baker: I have sent the following letter to Sir Henry Chilver, the chairman of the Post Office.

You wrote to Keith Joseph on 26 January with the Post Office Board recommendation that the present pension fund should be split into two following the creation of British Telecommunications. Your letter also contained other possible solutions for the future of the Fund. Since then, Bryan Stanley of the POEU, has written to Keith reflecting the views of five of the unions involved and Sir Daniel Pettit wrote on behalf of the Trustees. We have also had letters from Kenneth Glynn of SPOE and the pensioners organisations, and either Michael Marshall or I have held meetings with all interested parties so that everyone has been able to explain their views. The whole subject of pensions has also been debated in both Houses of Parliament on a number of occasions during the passage of the BT Act.

This is a complex problem, and one that is rightly viewed as one of the most important decisions consequent on the re-organisation of the Post Office. I have been greatly helped in understanding the issues involved by the meetings that I have had with you, the Trustees and the unions. Pensions affect the lives of all who work in the Post Office and British Telecommunications, and the need to safeguard the position of all pensioners and members of the fund is reflected in the BT Act. As you know, section 33(3) requires the Secretary of State to amend any order which would otherwise place any individual in a worse position than he would have been in if the order had not been made.

I would very much have preferred to use the powers in the Act to implement a solution which had the consent of all parties but my discussions have shown that is not possible. It is clear to me, as I think to everyone else, that there will be a need to maintain discrete accounts of the pension liabilities and assets relating to the staff and pensioners of each corporation. That will be necessary to meet the requirements of the Inland Revenue. Having given very careful thought to all the arguments that have been advanced I also believe that the unions and management of each corporation should be free to consider pensions and related benefits without being obliged by the pension arrangements themselves to have reference or regard to the other corporation.

For these reasons, I think there should be separate pension schemes for BT and the Post Office, each with its own trust deed and separate body of trustees. To my mind, and without prejudice to the nature of the investment arrangements, this implies that there should be scope for the two sets of trustees to adopt different investment policies, should they wish to do so. The Trust Deed for the Post Office will remain substantially unchanged but a new deed will have to be prepared for BT. I need hardly say that I would not, indeed could not, approve any new scheme for BT which did not embody the same level of pensions and other benefits and the same level of funding arrangements as the present Post Office scheme. I would be grateful if you could begin the preparation of such a scheme and the associated trust deed in consultation of course with the unions.

This does, of course, leave open the question of the investment arrangements for the two schemes, and in particular whether there should be a common investment organisation and fund. The arguments here seem finely balanced and I have an open mind. In any case I should much prefer the question to be resolved by those most directly involved, that is the trustees, members of the scheme, and the corporations who carry the onus

of making good any deficiencies. I hope, therefore, that you can begin consultations with the unions and the present trustees of the investment arrangements for the two schemes.

I think it important that the uncertainty about the future investment arrangements should be removed as quickly as possible. I would like to see the period within which the interim measures operate kept to a minimum and the new arrangements in force, if at all possible, within a year from the appointed day. This points to an early decision on the investment arrangements and I would be grateful if you would report the results of your consultations before the end of September.

I would be prepared to give effect to any reasonable agreed solution and the Lords amendments to the previous pensions clause were designed to make sure that all likely options are indeed possible.

I am copying this letter to the General Secretaries of the unions and to Sir Daniel Pettit, and also to Sir George Jefferson and Ron Dearing.

FOREIGN AND COMMONWEALTH AFFAIRS

Republic of Ireland (Foreign Minister)

Mr. Michael Brown asked the Lord Privy Seal when next he expects to meet the Foreign Minister of the Republic of Ireland.

Sir Ian Gilmour: The Irish Minister for Industry, Commerce and Tourism, Dr. Kelly, is acting Foreign Minister until the Foreign Minister designate, Professor Dooge, has his appointment confirmed by the Irish Parliament. I expect next to meet them at the Foreign Affairs Council in Brussels on 14-15 September.

Maze Prison (United States Government)

Mr. Michael Brown asked the Lord Privy Seal whether he has had any recent contacts with the United States Government on matters arising from the hunger strike in Her Majesty's prison, Maze.

Sir Ian Gilmour: No.

Mediterranean—Dead Sea Canal

Mr. Needham asked the Lord Privy Seal what is the policy of Her Majesty's Government to the proposal by Israel to build a canal linking the Mediterranean to the Dead Sea.

Mr. Hurd: The project as planned is contrary to international law, as it involves unlawful works in occupied territory and infringes Jordan's legal rights in the Dead Sea and neighbouring regions. No official support will be given by Her Majesty's Government in respect of the project.

Diplomatic Service (Language Training)

Mr. Wilkinson asked the Lord Privy Seal if he will make a statement on the comments on language training in the Diplomatic Service made by the Foreign Affairs Committee in its recent report.

Mr. Hurd: The Committee's recommendations will be studied carefully. Its views on language training in the Diplomatic Service are generally helpful. But certain percentage figures as presented in this report may be misleading.

The most important question in this field is whether those Diplomatic Service staff whose official duties bring them into regular contact with foreign Governments have

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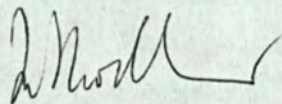
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~~SA~~
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KING HUSSEIN'S VISIT TO THE UNITED KINGDOM:
27 OCTOBER TO 1 NOVEMBER

1. I have agreed with the Jordanian Ambassador the following line to be taken for use with enquiries from the press:

2. King Hussein is paying a private visit to the United Kingdom from 27 October to 1 November. He will take the opportunity to call on the Prime Minister and to meet Lord Carrington for talks on a number of subjects concerned with the situation in the Middle East.



26 October 1981

I S Lockhart
Near East and North Africa
Department 233 4059

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