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10 DOWNING STREET

From the Private Secretary

18 September 1984

PRIME MINISTER'S LUNCH FOR KING HUSSEIN

The Prime Minister gave lunch for King Hussein at No. 10 Downing Street today. A list of those who attended is attached. This letter summarises the discussion of the main issues during lunch.

Arab/Israel

2. The Prime Minister recalled that President Reagan had told her, and she had informed the King, that he would put forward a new initiative after the US Presidential elections. But there was little evidence of new thinking in the US Administration. The outcome of the elections in Israel seemed to be a recipe for stalemate rather than progress. The situation in Syria was uncertain. The problem of Israeli settlements on the West Bank had got worse. The Prime Minister continued that she or the King would need to visit Washington soon after the elections. What should they say to President Reagan?

King Hussein said that the basic problem was that the United States had lost all credibility and opportunity to influence events. They had become advocates for Israel. Meantime the situation on the West Bank had virtually passed the point of no return. He had no hopes of the new government in Israel. The effect of US policy was to ensure the polarisation of the Middle East. American promises had been steadily eroded. He would have nothing more to do with the Americans. He would turn for arms to Jordan's friends or to the Soviet Union. All attempts to revive the Reagan plan would be meaningless.

The Prime Minister said that the situation after the US elections would be different. President Reagan would no

longer have to think ahead to re-election. He might have more scope to do what he thought right. His powers of persistence should not be under-estimated. It seemed that he was going to get his way over the withdrawal of Cuban troops from Angola, for instance. He had sold AWACS to Saudi Arabia. She did not exclude a tougher line towards Israel. General Shaker observed that the obstacles lay not just with the US Administration but with Congress, where it seemed likely that the Democrats would win a majority in both Houses. There was a fundamental ignorance of the area in Congress. One Senator whom the King had recently seen had not even been aware that Jordan had accepted the Reagan plan. The Administration's great failing was to look at the Middle East exclusively in terms of East/West relations. The Prime Minister asked whether General Shaker was saying that too strong an anti-Soviet line ended up creating anti-Americanism. General Shaker confirmed that he was.

The Prime Minister asked about the situation on the West Bank. King Hussein referred to the increasing pressures being put on the Arab inhabitants. Despite Israeli claims, facilities - particularly schools and hospitals - were poor. The Prime Minister observed that it was important to try to get these facts across in the United States. In reply to a question from Mr. Heseltine, the King confirmed that the scale of Israeli settlement on the West Bank made it almost impossible to conceive any longer of a peace settlement on the lines which he had earlier been ready to contemplate. Mr. Egerton pointed out that the occupation rate in the Israeli settlements was relatively low, at around 30 per cent. This left some room for hope that Israel's policy was reversible.

The Prime Minister asked about Arafat's position. King Hussein said that the Syrians were still trying to remove him. He agreed with Mr. Luce that Arafat did not seem capable of decisive leadership. He added that the Americans had missed an important opportunity by failing to put pressure on Israel to allow moderate Palestinians from the West Bank and Gaza to attend the Palestine National Congress.

The Prime Minister said that it seemed that the message which King Hussein wanted her to give President Reagan was that the situation had changed fundamentally; that present US policies were making the area more vulnerable to Soviet subversion; and that it would be no good the Americans just taking out old plans and refurbishing them. King Hussein assented, adding that the Prime Minister might also ask why the Americans were so firmly opposed to an international conference. The Prime Minister said that she thought that the American fear was that such a conference would only break up in chaos. She would be ready to go over to the United States after the elections with the message that the

situation in the Middle East had deteriorated and that early action by the Administration was needed. We would try to influence the nature of this.

Arms Sales

Picking up his earlier remark about the possibility of turning to the Soviet Union for arms, King Hussein said that the United States had pushed Jordan to this point. General Shaker rehearsed the history of Jordan's grievances, ending with Stinger. King Hussein continued that buying arms from the Soviet Union would not change Jordan's policies and alignment. The Prime Minister said that there were always risks in supping with the devil. Britain was ready to help. King Hussein said that, while his armed forces remained loyal, morale was low and it was difficult to motivate them. He needed a long-term credit for some £400 million to re-equip. The Prime Minister said that we were trying to work out a credit package which Mr. Heseltine would bring to Amman in October. She repeated our willingness to help

Saudi Arabia

King Hussein said that the United States was dangerously complacent about the situation in the Middle East generally and nowhere more so than in Saudi Arabia. He himself was very worried about the Saudi leaders who were isolated from reality. Conditions below the surface were not good. The principal threat would come from young Saudis who had travelled abroad and were unable to accept corruption and conservatism at home. When he had visited Mecca, he had been shocked to find that the Saudi Royal Family had built palaces overlooking the Holy Places, so that they could pray without leaving home. Unbelievable errors were being committed. But no-one paid attention to his warnings.

Syria

Asked what was happening to Rifaat, King Hussein said that he was being eased out. He could not predict who would eventually succeed President Assad. It would probably be a military man and an Alawite. It would not be Khaddam.

Egypt

King Hussein said that relations with Egypt were good. He hoped that Jordan would restore full diplomatic relations within a matter of days.

Libya/Morocco

King Hussein was dismissive of the rapprochement which he clearly did not expect to last. It was a very short-sighted move by King Hassan.

Iran/Iraq ^

The Prime Minister asked for the King's assessment of the prospects within Iran. King Hussein and General Shaker said that they expected the stalemate in the war with Iraq to continue. But there was no evidence of readiness for negotiations. A state of war seemed important to the cohesion of the Iranian regime. Keeping the army on the borders reduced the risk of their trying to seize power. But the situation could change very rapidly, in ways which the Soviet Union could exploit. However, the army would be a powerful force. King Hussein continued that he had met General Azhari who had painted a grim picture of conditions in Iran. General Azhari thought the time had now come when he must speak up. He had good contacts with senior officers in Iran. The Prime Minister doubted whether he could have much influence since he had been outside the country for a long period and was elderly. In answer to a question why the Iraqis continued to attack shipping in the Gulf, thus prejudicing international support, King Hussein said that it was the best means available to them to draw attention to the vital importance of the area and thus create pressure for efforts to achieve a settlement. The King added that he was inclined to give the United States a share of the blame for what happened in Iran and for the rise of Islamic fundamentalism. He suspected that the CIA had supported religious extremists in the belief that they would be politically conservative and a bulwark against more radical forces.

After King Hussein's departure, the Prime Minister held a brief meeting to consider a number of the points which had arisen. The Prime Minister said that, although she normally sent a message to President Reagan following her meetings with King Hussein, it would not be appropriate this time in the middle of the US election campaign. An opportunity should be found, however, to brief the United States' Ambassador. We must try to discourage King Hussein from turning to the Soviet Union for arms. We should find out what credit terms the French would be offering and see if we could match them. We should not put pressure on King Hussein to buy items which he did not really want. This meant that we should focus on Javelin, on the spares package for armoured vehicles and on the updating package for their aircraft. Consideration should also be given to assistance with Electronic Warfare. It was important that the delegation accompanying the Defence Secretary on his visit should be a high-ranking one.

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I am sending copies of this letter to Richard Mottram
(Ministry of Defence) and Richard Hatfield (Cabinet Office).

(C.D. POWELL)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office.

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LUNCH FOR KING HUSSEIN: TUESDAY 18 SEPTEMBER 1984

Present

The Prime Minister	His Majesty King Hussein bin Talal
Rt. Hon. Michael Heseltine	HE General Zaid bin Shaker
General Sir John Stanier	HE the Jordanian Ambassador
Mr. Richard Luce	
Mr. James Blyth	
Mr. Stephen Egerton	
Mr. John Coles	
Mr. Charles Powell	