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MR DEREK THOMAS

MR FERGUSSON MR EGERTON

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CONFIDENTIAL FM WASHINGTON TO IMMEDIATE FCO **TELNO 2685** OF 242300Z SEP 85 INFO IMMEDIATE UKMIS NEW YORK, CAIRO PRIORITY TEL AVIV AMMAN, DAMASCUS

ADVANCE COPY

IMMEDIA -

PRESIDENT MUBARAK'S VISIT TO WASHINGTON

1. AS EXPECTED, PRESIDENT MUBARAK PRESSED FOR EARLY US ACTION TO MOVE THE PEACE PROCESS FORWARD.

DETAIL

2. PRESIDENT MUPARAK HAD TALKS IN WASHINGTON ON 23 SEPTEMBER WITH PRESIDENT REAGAN AND SHULTZ, LUNCHED WITH BUSH, ND MET (SEPARATELY) TREASURY SECRETARY BAKER, WEINBERGER AND MEMBERS OF BOTH HOUSES OF CONGRESS.

3. THE STATE DEPARTMENT HAVE TOLD US THAT DISCUSSION OF THE PEACE PROCESS FOLLOWED PREDICTABLE LINES. MURARAK STRESSED THAT ARAFAT HAD TAKEN AN IMPORTANT STEP FORWARD WITH THE CONCLUSION OF THE 11 FEBRUARY AGREEMENT WITH KING HUSSEIN AND THAT HE NEEDED ENCOURAGEMENT. HE URGED THAT MURPHY SHOULD MEET THE JOINT JORDANIAN/PALESTINIAN DELEGATION WITHOUT PRECONDITIONS. HE MADE NO EXPLICIT REFERENCE TO OUR DECISION TO MEET A SIMILAR DELEGA-TION. THE AMERICANS REPLIED ON FAMILIAR LINES. THE STATE DEPARTMENT COMMENTED RUEFULLY THAT MUBARAK DID NOT RECOGNISE A DISTINCTION PETWEEN MEMBERS OF THE PLO AND PALESTINIANS IN GENERAL (SIC) AND DID NOT UNDERSTAND US THEOLOGY OR POLITICS ON

4. KIRBY (MURPHY'S DEPUTY FOR MIDDLE EAST NEGOTIATIONS) TOLD US THAT SHULTZ AND THE EGYPTIAN FOREIGN MINISTER HAD HAD A MORE CONSTRUCTIVE AND DETAILED DISCUSSION OF AN INTERNATIONAL CONFERENCE AND THE PROBLEM OF PALESTINIAN REPRESENTATION. MASID, WHOSE QUOTE PROBLEM SOLVING UNQUOTE APPROACH HAD IMPRESSED SHULTZ, HAD REEN PREPARED TO LOOK FOR WAYS OF GETTING BOUND THE PROPLEM_OF SOVIET PARTICIPATION. HE HAD ALSO SUGGESTED THAT THERE MIGHT BE A DISTINCTION BETWEEN PLO PRESENCE AT AN INTERNA-TIONAL CONFERENCE AND AT THE TABLE FOR DIRECT NEGOTIATIONS WITH

THE ISRAELIS. 5. KIRBY MENTIONED THAT OTHER MEMBERS OF MURPHY'S TEAM HAD JOINED SHULTZ IN NEW YORK FOR DISCUSSIO'S WITH THE JORDANIANS.

- 5. KIRRY MENTIONED THAT OTHER MEMBERS OF MURPHY'S TEAM HAD JOINED SHULTZ IN NEW YORK FOR DISCUSSIO'S WITH THE JORDANIANS. HE THOUGHT THAT A REPLY TO THE PRIME MINISTER'S RECENT MESSAGE WAS LIKELY TO BE DEFERRED UNTIL AFTER KING HUSSEIN'S VISIT TO WASHINGTON.
- 6. THE STATE DEPARTMENT HAVE BEEN ENCOURAGED BY EGYPTIAN WILLINGNESS TO PURSUE A DUAL TRACK APPROACH IN DISCUSSING TARA WILLINGNESS TO PURSUE A BUAL TRACK APPROACH IN DISCUSSING TARA WITH THE ISRAELIS. THE EGYPTIANS ARE PREPARED TO DISCUSS BOTH THE ARRITRATION COMPROMISE AND OTHER ARRANGEMENTS FOR SOLVING THE PROBLEM, WHICH THE ISRAELIS, THOUGH NOT THE EGYPTIANS THEMSELVES, MIGHT BE ABLE TO PRESENT AS CONCILIATION. THE MEXT ROUND OF EGYPTIAN/ISRAELI TALKS, AT WHICH A STATE DEPARTMENT LEGAL ADVISER WILL BE PRESENT, IS TO BE HELD ON 26 SEPTEMBER. TAMIR AND KIMCHE WILL LEAD FOR THE ISRAELIS, BADAWI AND ORABI FOR THE EGYPTIANS. THE STATE DEPARTMENT EXPECT THIS MEETING TO FOCUS ON ARRANGEMENTS FOR FUTURE MEETINGS RATHER THAN ON ISSUES OF SURSTANCE.
- 7. MUBARAK ASKED FOR MORE US ECONOMIC AID AND COMPLAINED OF THE GROWING BURDEN OF EGYPT'S FMS DEBT REPAYMENTS. THE STATE DEPARTMENT ARE SYMPATHETIC RUT SEE NO PROSPECT OF AN EARLY SOLUTION TO THIS PROBLEM. THEY POINT OUT THAT OTHER FMS RECIPIENTS, NOT LEAST ISRAEL, ARE IN SIMILAR DIFFICULTIES AND THAT THE PROBLEM WILL. HAVE TO BE ADDRESSED ON A GLOBAL BASIS.

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