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From the Private Secretary

6 June 1986

Door Edher.

PRIME MINISTER'S MEETING WITH DR. OSAMA AL-BAZ

The Prime Minister had a brief meeting with Dr. Osama Al-Baz this morning. The Egyptian Ambassador was also present.

Prime Minister's Visit to Israel

Dr. Al-Baz said that President Mubarak had been very grateful for the Prime Minister's message about her visit to Israel. The Egyptian Government viewed the visit as very successful. In particular they had received very positive reports of her meeting with Palestinian dignitaries. Indeed the Palestinians who had attended the meeting had described it as the best with any foreign leader for 20 years. The Prime Minister said that the Palestinians whom she had met were men of standing and experience. They had been an interesting group and had put their views reasonably and sensibly.

The Palestinians

The Prime Minister continued that she knew that President Mubarak believed that there could be no progress towards a peaceful settlement without the involvement of the PLO. But in practice it would be impossible to make progress unless the PLO were prepared to renounce violence and accept the United Nations Security Council Resolutions 242 and 338. She had tried hard to persuade them to do this, and the Palestinians whom she had met in Jerusalem, some of whom were PLO members, had been ready to do so. But until such time as the PLO were prepared to take this step, it would be necessary to consider alternative means of securing representation of the Palestinian views in any negotiations. This was the context in which she had mentioned the possibility of alternative Palestinian representation, and floated the possibility of electing Palestinian representatives from the West Bank and Gaza to take part in peace negotiations. She hoped that Dr. Al-Baz would explain her reasoning fully to President Mubarak. Dr. Al-Baz said that he thought the point was already well taken. President Mubarak was himself doing everything possible to persuade Arafat to renounce violence and accept Resolutions 242 and 338. Arafat constantly expressed suspicion of the intentions of the United States and Israel. The Egyptians were urging him not to be hesitant but to test

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these intentions out in actual negotiations. Negotiations would create new dynamics of their own. The PLO could not legitimately expect to see the end of the tunnel, only the first few yards.

Gaza

The Prime Minister said that Mr. Peres had mentioned to her the possibility of seeking progress in the first instance on Gaza. He had suggested tripartite negotiations with Egypt and Jordan. She was aware from earlier conversations that King Hussein was not very keen on this. She wondered what President Mubarak's reaction was. Dr. Al-Baz said that the basic problem was lack of clarity about Israel's intentions. In particular, they had said very little about the status they envisaged for Gaza. they prepared to give up control completely? Or would they offer limited self-rule? Would they insist on keeping occupation forces? Did they envisage unilateral action by Israel or a contractual arrangement with Jordan and Egypt? There was also suspicion on the part of the Palestinians, shared by King Hussein, that Gaza first would become Gaza only, in the sense that the pressure on Israel to make progress on the West Bank would be diminished. Moreover, there were widely differing views on the Israeli side. While Peres appeared anxious to make progress over Gaza, Shamir seemed much more reluctant. Egypt was therefore waiting for a well defined Israeli plan before giving any formal reaction. They had also to take account of King Hussein's reservations and his fear that progress on Gaza alone would undermine the territorial integrity of an eventual Palestinian entity embracing both the West Bank and Gaza. Egypt attached great importance to close coordination with King Hussein and did not want to get involved in discussions behind his back.

The Prime Minister thanked Dr. Al-Baz for this clarification. The principal problem appeared to be the eventual status of Gaza. Was she right in thinking that Egypt would be prepared to see Gaza together with the West Bank become an entity in some sort of federation with Jordan? Dr. Al-Baz confirmed that this was the case.

United Kingdom Presidency

Dr. Al-Baz said that President Mubarak shared the Prime Minister's views on the risks of a vacuum-in the Middle East peace process. He believed however that the Prime Minister, because of her experience in prestige, was ideally placed to take matters forward during the British Presidency of the European Community. In particular he hoped that an effort would be made to bridge the gap between Jordan and the Palestinians so that progress could be resumed towards an international conference in which a joint Jordanian/Palestinian delegation could participate. The Prime Minister made no specific comment on this.

Taba

The Prime Minister said that she was sorry to hear that the recent exchanges over Taba had been unsuccessful. Dr. Al-Baz said that he had met Mr. Abba Eban the day before and confirmed to him that Egypt was still anxious to reach agreement and ready to continue negotiations. The gap between the two sides had narrowed considerably over the past fortnight. He was certain that a solution could be found.

Visits

Dr. Al-Baz did not mention the possibility of a visit by President Mubarak, nor did he refer to the forthcoming visit of the Egyptian Defence Minister. It would in fact be very difficult for the Prime Minister to see President Mubarak at the end of June and she would not want to encourage him to come here. If, however, the Egyptians revert to the matter I should be grateful if you could let me know and we would do our best to find a time - though it could only be a meeting and not a meal. The Prime Minister could see Field Marshal Abu Ghazala at 1100 on 24 June for half an hour.

I am copying this letter to John Howe (Ministry of Defence).

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CHARLES POWELL

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