## RESTRICTED

RESTRICTED

FM TEL AVIV

TO PRIORITY FCO

TELNO 71

OF 051300Z MARCH 86

INFO PRIORITY JERUSALEM, AMMAN, CAIRO, DAMASCUS, WASHINGTON
INFO PRIORITY UKMIS NEW YORK, RIYADH, TUNIS

ARAB/ISRAEL: AFTER THE ASSASSINATION OF MASRI

SUMMARY

1. MASRI'S MURDER A SETBACK FOR ISRAELI POLICIES. THEY NOW EXPECT A WAITING PERIOD OF SOME MONTHS ON THE PEACE PROCESS SEMICOLON AND ARE UNSURE ABOUT THE PROSPECTS FOR ''DEVOLUTION''.

DETAIL

- 2. THERE IS NO DOUBT THAT ISRAELI SHOCK AND ANGER AT THE MURDER OF ZAFER AL-MASRI OVER THE WEEK-END IS GENUINE. HE WAS THE LYNCHPIN OF THE LABOUR POLICY OF MAKING AT LEAST A START IN ALLOWING THE PALESTINIANS OF THE OCCUPIED TERRITORIES TO RUN THEIR OWN LIVES. HIS MURDER, APPARENTLY BY HABASH SUPPORTERS (THE SAME PISTOL WAS USED IN TWO RECENT MURDERS OF ISRAELIS IN NABLUS), SERVES ONLY THE INTERESTS OF THE EXTREMISTS ON BOTH SIDES. ALTHOUGH THE ISRAELIS WOULD LIKE TO HOPE THAT REACTION IN THE TERRITORIES WILL BE REFUSAL TO BE INTIMIDATED, THEY ACCEPT THAT OTHERS WHO MIGHT HAVE BEEN WILLING TO COME FORWARD EG TO BE APPOINTED AS MAYORS OR TO REPLACE ISRAELIS IN THE CIVIL ADMINISTRATION WILL NOW BE DETERRED FROM DOING SO.
- 3. THE DEATH OF MASRI HAS ALSO LEFT THE PRIME MINISTER'S ADVISERS AT A LOSS TO KNOW WHAT HAPPENS NEXT AS REGARDS THE CENTRAL ISSUES OF THE PEACE PROCESS. THEY HAD BEEN HOPING THAT, DESPITE ALL THE DIFFICULTIES, IT MIGHT NEVERTHELESS BE POSSIBLE FOR LEADING FIGURES SUCH AS FREIJ AND SHAWWA TO COME FORWARD IN PARTNERSHIP WITH THE JORDANIANS (SO LONG AS ARAFAT DID NOT PUBLICLY DENOUNCE THEM FOR DOING SO). WITH MASRI'S ASSASSINATION, THEY HAVE CONCLUDED THAT THIS IS NOT IN THE CARDS. THEY NOW SEEM RECONCILED TO A PERIOD OF INACTIVITY, FOLLOWED BY ANOTHER ROUND BETWEEN KING HUSSEIN AND THE PRESENT PLO LEADERSHIP.
- 4. THE DILEMMA FOR THE ISRAELIS IS THAT IT HAS BECOME APPARENT THAT, HOWEVER WELL FOUNDED THEIR BELIEF THAT ARAFAT IS INCAPABLE OF GRASPING THE NETTLE OF SCR 242, THIS DOES NOT SEEM TO BRING ANY CLOSER THEIR GOAL OF NEGOTIATIONS WITH A JORDANIAN/NON-PLO PALESTINIAN DELEGATION. THE ISRAELI CABINET SECRETARY WENT SO FAR AS

RESTRICTED

dy

TO SUGGEST TO ME YESTERDAY THAT IT WOULD BE BETTER FOR ISRAEL IF THE PLO WERE STRONGER AND LESS DIVIDED: AS IT WAS, EVEN IF ARAFAT DID ACCEPT 242 IT MIGHT COMMIT NO-ONE BUT HIM (N.B. THIS IS NOT A REPRESENTATIVE ISRAELI VIEW).

- MAKE. HE REPLIED THAT ISRAEL COULD NOT MOVE ON THE PEACE PROCESS WITHOUT AN ARAB PARTNER, WHICH CAME BACK TO THE KING AND HIS MOVES TOWARDS AN INTERNATIONAL CONFERENCE. THERE WERE ALWAYS THE AMERICANS BUT MR SHULTZ HAD STILL NOT RECOVERED FROM THE LEBANON. ISRAEL COULD TAKE SOME UNILATERAL STEPS IN THE FIELD OF DEVOLUTION AND, POST MASRI, WAS READY TO GO FURTHER AND FASTER THAN BEFORE ON EG APPOINTING MAYORS OR PERHAPS INTRODUCING A LOCAL APPEAL PROCEDURE IN THE WEST BANK AND GAZA. WHATEVER ISRAEL DID WOULD BE PUBLICLY CRITICISED BY THE LOCAL POPULATION BUT, IT WAS CLEAR FROM HIS OWN CONTACTS WITH PALESTINIANS, PRIVATELY WELCOMED BY THEM. (THERE IS RENEWED SPECULATION THAT A START ON REAL DEVOLUTION MIGHT BE MADE IN GAZA AND BEILIN CONFIRMED THAT PERES HAD LONG FAVOURED THIS.) BUT NONE OF THIS WOULD SUBSTITUTE FOR ACTION ON THE PEACE PROCESS.
- 6. BEILIN COMMENTED THAT EVEN THE PROSPECT OF ROTATION DID NOT SEEM TO WORRY THE ARABS. THEY WERE (RIGHTLY) RELYING ON PERES TO SEE THAT LIKUD POLICIES ON SETTLEMENTS WERE NOT RESUMED WHEN SHAMIR TOOK OVER THE PREMIERSHIP OF THE NATIONAL UNITY GOVERNMENT.

## COMMENT

7. BEILIN IS USUALLY LOW-KEY BUT HE STRUCK ME AS ALMOST SOMBRE ON THIS OCCASION. THE ISRAELIS ARE UNSIGHTED ON THE KING'S NEXT MOVES AND CLEARLY THINK THE STRATEGY EMBODIED IN THE KING'S SPEECH OF 20 FEBRUARY LARGELY OVERTAKEN BY THE MASRI ASSASSINATION. THEY CONTINUE TO BELIEVE THE KING IS GENUINELY SEEKING A NEGOTIATION, AND ARE FRETTING AS TIME SLIPS BY YET AGAIN.

BEILIN SEEMED CLEAR IN HIS OWN MIND THAT BEFORE ANY FURTHER STEP BY KING HUSSEIN THERE WOULD HAVE TO BE ANOTHER EFFORT TO WORK OUT A JOINT POSITION WITH THE PLO. IF SUCCESSFUL THIS WOULD PUT ISRAEL ON THE SPOT. BUT IT WOULD AT LEAST CONFRONT THE ISRAELI GOVERNMENT WITH A CLEAR CUT POSITION TO WHICH ISRAEL WOULD HAVE TO RESPOND (WHICH WAS NOT THE CASE AT PRESENT).

(REPEATED AS REQUESTED)

WAS NOT

SQUIRE

MIDDLE EAST

LIMITED

NENAD MED NAD

SOVIET D PLANNING STAFF

UND ECD(E) (POCO UNIT)

NEWS D INFO D PUSD SED

SCD DEFENCE D ADVANCED

ADDITIONAL DISTRIBUTION

ARAB/ISRAEL

PS
PS/MR RENTON
PS/PUS
MR FERGUSSON
MR DEREK THOMAS
MR GOODALL
SIR D MIERS
MR O'NEILL
MR RATFORD
MR LONG

CONFIDENTIAL