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COP



Prime Minister
The Foreign Secretary would like
to discuss this with you tomorrow.
The conditions are rather thin
ground. But may only be realistic.
But none of our ideas, even for the
best but, seem to be worked out in
any detail. A couple of elegant sketches
won't solve the Arab-Israeli problem. We need

PM/86/023

PRIME MINISTER

Arab/Israel: Strategy for the Rest of 1986

Some special-
attaché
work, &
before you
go to
Israel.
COP
29/4.

1. I read with interest the account of your meeting with King Hussein in Charles Powell's letter of 17 April. The King's decision not to pursue any early new initiative, but to allow time for the implications of PLO decisions to sink in, requires a reassessment of our own policy for the rest of the year. I note that you undertook to speak to President Reagan in the margins of the Economic Summit in Tokyo.

2. I have been giving some thought to our tactics, and enclose a short paper which reviews the options. We need to consider in particular how to use your own visit to Israel creatively and thereafter how to handle this complex of issues when we assume the Presidency of the Community. (The press have noted with interest the answer you gave to Hugh Dykes in the House on 21 April.)

3. The problem is that following the failure of the PLO to follow through King Hussein's initiative in February and given his present disposition to pause for a time, there is not much scope for an outside initiative. President Reagan is unlikely to agree to put serious pressure on Israel: the Americans seem only prepared at present to exercise pressure if this will help Peres vis-a-vis Likud, ie over something potentially attractive to the Israeli electorate. The best option for your visit, therefore, may be to focus attention

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in a positive way on conditions in the Occupied Territories,
taking maximum advantage of Mr Peres' apparent willingness to
move forward in this area.

4. One positive contribution that we might make, though it would not be dramatic, could be to persuade the Americans to look favourably on King Hussein's idea for a UN Special Representative on the West Bank. This is perhaps something that President Reagan could reasonably agree to without serious damage to US/Israel relations.

5. There is one further point that we need to consider. There must now be at least some risk that your visit, coming in the aftermath of the Libyan bombing and perhaps at a time when we may be at loggerheads with further Arab countries (eg Syria) over Palestinian terrorism, may be misunderstood by our friends in the Arab world. If that happens, the proposals outlined above could be quite inadequate to deflect such criticism. If the climate at the time of the visit turns out to be that difficult, it may be necessary to consider some fresh, even dramatic gesture. It is not easy to think of a possible example. One possibility, by way of demonstration, might be a stop-over at Cairo on your way back. You may of course have better ideas for such a contingency plan, if we are obliged to contemplate it. We should of course need to take care in any event not to create false expectations.

6. I would welcome an early opportunity to have a short discussion with you about this, before you leave for the Far East.

CRB:dd

Foreign and Commonwealth Office (GEOFFREY HOWE)
29 April 1986 (Approved by the Secretary of State and signed in his absence)

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[Surely they have already ruled it out].

[Or Riyadh or Amman]

ARAB/ISRAEL STRATEGY FOR THE REST OF 1986Introduction

1. The peace process is stalled. On the Arab side there seems at present to be no way forward. The Libyan crisis has further distracted Arab and Western attention. Rotation to Shamir in October and the mid-term elections in November threaten to reduce Israeli and US room for manoeuvre. Peres may be tempted to opt for some form of unilateral withdrawal from part of the Occupied Territories. Although most of our partners in the Twelve have supported "quiet diplomacy" by the Presidency they are likely to look soon for ways of assuming a role independent of the United States. Further activity may soon be called for to restore momentum to the peace process and head off a slide towards extremism and the Soviet Union. It would be to our advantage, and to that of moderate Arab governments following the US operation against Libya, to emphasise that our views on the underlying issues are not identical to those of the US. We need to consider a strategy for our Presidency to meet these needs and take full advantage of the Prime Minister's visit to Israel.

Objectives

2. Our objectives should be to:

- (a) Safeguard our interests in the region;
- (b) To that end, and for its own sake, help reduce the appeal of extremist solutions, by keeping hope of peace alive and, if possible, nudging the process forward;
- (c) Focus attention in a constructive way on the Occupied Territories and encourage positive Israeli policies.

Action

3. We cannot foresee steps towards a settlement during our Presidency, but even the appearance of activity will help to sustain hope and prepare the way for progress in more favourable circumstances. The possibilities for action include:

- (i) Ministerial visits and meetings. Bilateral visits before July could usefully clarify attitudes, not necessarily of all the

parties. The Prime Minister's visit to Israel should incorporate a major speech pointing to the importance for Israel of withdrawal from the Occupied Territories. Mr Renton plans to visit Egypt and possibly Sudan in June. These visits would be supplemented by meetings between the Foreign Secretary and his opposite numbers at the UNGA and perhaps by further Ministerial visits later in the year. We should not exclude the possibility of a Ministerial contact with the PLO during our Presidency although the impasse between Hussein and Arafat at present makes this seem unlikely.

(ii) A statement by the Twelve. The principles of the Venice Declaration have stood the test of time: a new statement could pave the way for US acceptance of new concepts. But consensus would be very difficult to reach and the obstacle to negotiations is not so much disagreement over fundamental principles as conflict over participation, especially representation on the Arab side, particularly the Palestinians.

(iii) Action with the US. We have identified no flexibility in informal soundings of the US position on self-determination and Palestinian representation. We should promote greater US readiness to consider compromise formulae and explore possibilities for cooperation over Middle East resolutions at the UN. This would require US flexibility on both tactics and substance. To secure any change in US policy would require pressure at the highest level.

(iv) UN Action. The Twelve might promote a draft Security Council Resolution to help US and ultimately Israeli policy evolve, or encourage the Secretary General to use his good offices. This would require US (and therefore Israeli) cooperation, which would be difficult to secure.

(v) The Israeli Occupation. There is international consensus (SCR 242) that peace depends on Israeli withdrawal. We should focus attention on this and inject positive ideas of our own on interim steps. Some of Peres' advisers are considering partial unilateral withdrawal. Approaches could include gradual devolution of power to Palestinians and unilateral withdrawal from limited areas, perhaps Gaza, especially if the Egyptians could agree on an interim

[This could be useful. But it needs to be worked up very carefully]

administrative framework. The obstacles, primarily Arab suspicion, as voiced by King Hussein that a "partial" solution would compromise an overall settlement, are great and it is not clear that Peres will adopt such a radical approach. Less ambitious measures to reduce tension might be Israeli agreement to municipal elections, devolution of powers to Arab municipal councils, easing of restrictions on family reunification, cessation of land expropriation, a freeze on settlements and relaxation of restrictions on economic development.

[King Hussein says that the Israelis are already including no do this]

(vi) Living Conditions in the Occupied Territories. We should anyway intensify our policy of focussing attention on the territories. We should aim to maintain political pressure on the Israelis about unacceptable practices (acting where possible in parallel with the Americans) and promote practical proposals. This will call for firm statements of principle on the basic issue, prompt demarches on individual cases, discreet encouragement to the Commission to make a unilateral offer of separate access to EC markets for produce, agreement within the Community for better targetting of EC aid and increased contact with leading Arabs. Peres' "Marshall Plan" is premature and unacceptable to most Arab opinion, but we should encourage economic development and consider setting an example by further increasing our modest aid programme. We should encourage coordination of UN activity in the territories (King Hussein has proposed a resident representative) which could usefully monitor Israeli measures and possibly enable new activity by the Secretary General.

Recommendations

4. Our strategy might therefore include:

(a) Ministerial Visits. The Prime Minister visits Israel in May. Mr Renton might visit Egypt (and Sudan) in June. We should aim for a visit by the Secretary of State or Mr Renton to Jordan, and consider further visits elsewhere.

(b) UNGA. Meetings with other parties and the Arab League.

(c) Detailed discussion with the US of ways forward, backed up by high level pressure as appropriate.

(d) Keeping in close touch with Mr Peres' thinking to gauge prospects for pragmatic moves towards withdrawal and how Britain could support them.

(e) Keeping in equally close touch with the Jordanians and Egyptians, and relevant Palestinian opinion, to ensure that any constructive thinking by Mr Peres does not founder through premature rejections by the Arab side.

(f) Pressing ahead to improve living conditions in the Occupied Territories, including further investigation of the Jordanian proposal for greater UN involvement.

[These conclusions add up to a great deal of activity: but to what purpose?]

28 April 1986