

Prime Minister

*Interesting background to
the Reagan initiative.*

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FM WASHINGTON 032326Z SEP 82

TO IMMEDIATE F C O

TELEGRAM NUMBER 2951 OF 3 SEPTEMBER

INFO IMMEDIATE UKMIS NEW YORK, AMMAN, BEIRUT, CAIRO, DAMASCUS,
TEL AVIV, PRIORITY PARIS, BONN, MOSCOW, OTHER MIDDLE EAST POSTS.

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MY TELEGRAM NOS 2932 AND 2933: U.S. REVIEW OF MIDDLE EAST POLICY

1. VELIOTES TOOK THE OPPORTUNITY OF SIR J THOMSON'S CALL TODAY TO EXPRESS WARM APPRECIATION OF YOUR MESSAGE TO SHULTZ AND OF THE F C O'S PUBLIC STATEMENT YESTERDAY. HE LOOKED FORWARD TO HIS TALK WITH LEAHY NEXT WEEK. HE HAD PREDICTED TO THE PRESIDENT THAT EUROPEAN, AND IN PARTICULAR BRITISH, REACTION TO HIS SPEECH WOULD BE FAVOURABLE.
2. VELIOTES WELCOMED THE ACTION WE WERE TAKING WITH THE ARABS. IT WAS IMPORTANT THAT THE OUTCOME OF THE ARAB SUMMIT SHOULD BE CONSTRUCTIVE. THE AMERICANS WERE SENDING MESSAGES TO SELECTED ARAB LEADERS - FAHD, HUSSEIN, HASSAN AND BOURGUIBA, WHOSE OWN PLAN IS ON THE SUMMIT AGENDA. KEMP (NSC) TOLD US LATER THAT THE AMERICANS WERE CONFIDENT THAT HASSAN WAS ON BOARD, AS WERE THE SAUDIS WHO HAD BEEN MORE DIFFICULT TO PERSUADE. VELIOTES SAID THAT THE SAUDIS HAD VOLUNTEERED TO BRIEF THE PLO, THOUGH KEMP REPORTED THAT ARAFAT WAS APPARENTLY PUT OUT AT NOT HAVING BEEN KEPT IN THE PICTURE.
3. VELIOTES SEEMED REASONABLY CONFIDENT THAT THE EGYPTIAN REACTION WOULD BE POSITIVE AND THAT THEY WOULD BE PREPARED TO DROP THEIR INSISTENCE ON ISRAELI WITHDRAWAL FROM LEBANON AS A PRE-CONDITION FOR THEIR PARTICIPATION IN PEACE TALKS. THIS, AFTER ALL, WAS TANTAMOUNT TO GIVING THE ISRAELIS A VETO.
4. ON THE ORIGINS OF THE INITIATIVE, VELIOTES SAID THAT THE PRESIDENT HAD DECIDED IN MAY THAT AMERICAN POLICY COULD NO LONGER BE DICTATED BY BEGIN'S ACTIONS. THE ADMINISTRATION IN THE PAST HAD REFRAINED FROM TAKING ACTION OR MAKING STATEMENTS FOR FEAR OF THE ISRAELI RESPONSE. THIS WAS SELF-IMPOSED BLACKMAIL: THE ISRAELIS WOULD ACT IN ACCORDANCE WITH THEIR OWN OBJECTIVES, FOR EXAMPLE IN EXTENDING THEIR LAW TO THE WEST BANK OR BUILDING MORE SETTLEMENTS AND WOULD NOT TAKE SUCH ACTION MERELY IN RESPONSE TO THE AMERICANS. ON THE CONTRARY, A CLEAR STATEMENT OF THE AMERICAN POSITION MIGHT HAVE SOME DETERRENT EFFECT.

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/S. VELIOTES

5. VELIOTES SAID THAT HE AND SHULTZ HAD PREDICTED THAT THERE WOULD BE WIDE DOMESTIC SUPPORT FOR THE PRESIDENT'S POSITION. THIS WAS PROVING TO BE TRUE. NEVERTHELESS, IT WAS REMARKABLE THAT AT NO TIME HAD THE PRESIDENT REFERRED TO THE MID-TERM ELECTIONS. HIS ADVISERS HAD DONE SO ONCE BUT THE PRESIDENT HAD BRUSHED THEIR COMMENTS ASIDE.

6. KEMP TOLD US THAT ONE OF THE AMERICANS' STRATEGIC OBJECTIVES WAS TO DETACH BEGIN FROM THE U.S. JEWISH COMMUNITY AND FROM PUBLIC OPINION IN ISRAEL. THEY WANTED TO STIMULATE THE LONG OVERDUE DEBATE IN ISRAEL ABOUT THE FUTURE OF THE OCCUPIED TERRITORIES AND ISRAEL'S RELATIONS WITH THE ARABS IN THE LONG TERM. THE WHITE HOUSE WERE MAKING A PARTICULAR EFFORT TO BRIEF JEWISH-AMERICAN LEADERS. SPIEGEL, CHAIRMAN OF THE CONFERENCE OF PRESIDENTS OF MAJOR U.S./ JEWISH ORGANISATIONS, HAD BEEN SHOWN THE TEXT OF THE PRESIDENT'S SPEECH IN ADVANCE AND HAD NOT DISSENTED. IN ISRAEL, PERES, DINITZ AND WEIZMAN WERE QUOTE ON BOARD UNQUOTE. VELIOTES TOLD US, HOWEVER, THAT THE JEWISH-AMERICAN LEADERS WHO SAW SHULTZ YESTERDAY HAD BEEN UNANIMOUS IN BACKING THE ISRAELI GOVERNMENT'S POSITION (EVEN TO THE EXTENT OF QUOTING THE ISRAELI CABINET COMMUNIQUE AS AN EXAMPLE OF WHAT THE U.S. GOVERNMENT'S POSITION SHOULD BE). BUT HE DOUBTED WHETHER THIS REPRESENTED THEIR PRIVATE VIEWS. THE TROUBLE WAS THAT WHEN THEY MET BEGIN THEY ALL BECAME WEAK-KNEED.

7. STOESSEL CONFIRMED THIS GENERAL ACCOUNT WHEN I PAID MY INITIAL CALL ON HIM THIS AFTERNOON. HE HIMSELF HAD BEEN INVOLVED IN SEEKING PRESIDENT CARTER'S SUPPORT FOR THE INITIATIVE, THE TIMING OF WHICH WAS DECIDED ONLY ON 30 AUGUST. THE AMERICANS WERE NOT UPSET BY THE PREDICTABLE ISRAELI RESPONSE (WE HAVE BEEN TOLD THAT THE CABINET COMMUNIQUE WAS DRAFTED BY BEGIN HIMSELF). BUT MUCH WOULD DEPEND ON THE REACTION OF MODERATE ARABS. IF THIS WERE REASONABLE, THE ISRAELIS COLLECTIVELY COULD NOT REJECT THE PRESIDENT'S INITIATIVE OUTRIGHT AND THE NECESSARY INTERNAL DEBATE WOULD BE STIMULATED.

8. KEMP EMPHASISED THAT THE PRESIDENT'S SPEECH HAD BEEN VERY CAREFULLY DRAFTED. IT DID NOT FORECLOSE OPTIONS BUT WAS A STATEMENT OF THE CURRENT VIEWS OF THE AMERICAN ADMINISTRATION. HE DREW ATTENTION IN PARTICULAR TO THE STATEMENT THAT THE ADMINISTRATION DID NOT (NEXT WORD UNDERLINED) SUPPORT THE ESTABLISHMENT OF AN INDEPENDENT PALESTINIAN STATE OR ISRAELI ANNEXATION OR CONTROL OF THE OCCUPIED TERRITORIES. THIS MEANT EXACTLY WHAT IT SAID: THE AMERICANS WERE NOT SPECIFICALLY RULING OUT THESE OPTIONS AND ACCEPTED THAT IT WAS CONSISTENT WITH CAMP DAVID FOR THE ARABS AND ISRAELIS RESPECTIVELY TO ASPIRE TO THEM AS THE OUTCOME OF THE EVENTUAL NEGOTIATIONS. IN ANSWER TO A QUESTION, KEMP CONFIRMED THAT THE AMERICANS WOULD BE MAKING THIS POINT AS NECESSARY TO THEIR ARAB CONTACTS.

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19. PUBLIC

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9. PUBLIC REACTIONS TO THE INITIATIVE HAVE BEEN GENERALLY FAVOURABLE. CARTER AND BRZEZINSKI HAVE EXPRESSED STRONG SUPPORT THOUGH MONDALE, WITH HIS SIGHTS ON THE DEMOCRATIC PRESIDENTIAL NOMINATION, HAS COME OUT AGAINST IT. IN AN EDITORIAL ON 3 SEPTEMBER THE WASHINGTON POSTS SAYS THAT FINALLY PRESIDENT REAGAN HAS A MID-EAST POLICY WORTHY OF THE NAME. THE NEW YORK TIMES DESCRIBES HIS FORMULA FOR NEW ARAB-ISRAEL NEGOTIATIONS AS REASONABLE AND WELL-TIMED AND THE ISRAELI REJECTION AS LAMENTABLE BUT NOT UNCHANGEABLE. THE WALL STREET JOURNAL DOUBTS WHETHER KING HUSSEIN IS WILLING TO ENTER PEACE TALKS BUT CONCLUDES GRUDGINGLY THAT PRESIDENT REAGAN HAS EARNED THE RIGHT TO SOME BACKING: IF HE CAN HELP DELIVER PEACE WITH ANOTHER OF ISRAEL'S NEIGHBOURS, THE ISRAELIS SHOULD BE THE LAST TO OBJECT.

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