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D E D I P

FM WASHINGTON 222100Z DEC 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 4018 OF 22 DEC

INFO IMMEDIATE TEL AVIV, BEIRUT, AMMAN

PRIORITY CAIRO, DAMASCUS, JEDDA, UKMIS NEW YORK

US MIDDLE EAST POLICY

1. WE HAVE ASKED KEMP (NSC) ABOUT THE ACCURACY OF PRESS REPORTS SUGGESTING THAT IN HIS MESSAGE TO BEGIN LAST WEEK ABOUT LEBANON, THE PRESIDENT HAD THREATENED IN CERTAIN CIRCUMSTANCES TO WITHHOLD FINANCIAL OR MILITARY ASSISTANCE.

2. KEMP SAID THAT THE PRESIDENT HAD INDEED SENT A FIRM MESSAGE BUT - AS WE SUPPOSED - THIS DID NOT INCLUDE ANY EXPLICIT THREATS ABOUT THE WITHHOLDING OF US ASSISTANCE. KEMP ADDED, HOWEVER, THAT WITH THE PRESIDENT'S APPROVAL, HABIB HAD BEEN AUTHORISED TO MAKE CLEAR THAT IF THERE WERE NO PROGRESS ON LEBANON THE AMERICANS WOULD NOT WELCOME A VISIT TO WASHINGTON WHICH BEGIN IS HOPING TO MAKE IN THE NEW YEAR. FOR OUR STRICTLY PRIVATE INFORMATION HABIB WAS ALSO AUTHORISED TO MAKE USE AT HIS DISCRETION, IF HE THOUGHT THIS WOULD HAVE THE DESIRED EFFECT, OF THE POINT THAT ISRAELI FORCES IN LEBANON WERE, AS THE PRESIDENT HAD SAID, TAKING ON THE CHARACTER OF AN OCCUPYING POWER: AND THAT THE CONTINUANCE OF SUCH A SITUATION HAD IMPLICATIONS FOR THE KIND OF MILITARY ASSISTANCE THE US WAS ABLE TO GO ON PROVIDING.

3. KEMP ADDED THAT THE DISCUSSIONS SO FAR WITH HUSSEIN HAD BEEN CORDIAL AND POSITIVE IN TONE: BUT THAT HUSSEIN (PREDICTABLY) REMAINED VERY EVASIVE ABOUT PARTICIPATING IN THE PEACE PROCESS. THE AMERICANS WERE TRYING TO GET IT ACROSS TO HIM THAT IT WOULD SERIOUSLY AFFECT THE CHANCES OF FOLLOWING THROUGH ON THE REAGAN/SHULTZ INITIATIVE IF HE FELT UNABLE TO DO SO.

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