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TEL JERUSALEM

TO IMMEDIATE FCO

TEL NO 127

OF 260005Z MAY 86

FOLLOWING FOR PRIVATE SECRETARY FROM CHARLES POWELL, PRIVATE SECRETARY TO THE PRIME MINISTER

PRIME MINISTER'S VISIT TO ISRAEL: MEETING WITH MR SHAMIR on 25.5.86.

THE PRIME MINISTER SAW MR SHAMIR THIS EVENING, IN A MEETING LASTING SOME 40 MINUTES. SHAMIR WAS ACCOMPANIED BY KIMCHE, AVNER AND BEN AHARON. THE TONE OF THE MEETING WAS EQUABLE WITH THE PRIME MINISTER MAKING CLEAR THAT SHE WAS INTERESTED IN LISTENING TO MR SHAMIR'S IDEAS ABOUT THE PEACE PROCESS, IN THE EXPECTATION THAT HE WOULD AGAIN BE IN THE LEAD WITHIN THE COALITION IN THE AUTUMN. MR SHAMIR THANKED THE PRIME MINISTER FOR STRESSING IN HER PUBLIC REMARKS THE NEED FOR PEACE WITH SECURITY. THE ISRAELI GOVERNMENT RECOGNISED THE RISKS OF A HIATUS IN DISCUSSIONS ABOUT A SOLUTION TO THE ARAB/ISRAEL PROBLEM AND WAS MAKING EFFORTS TO IMPROVE RELATIONSHIPS WITH ISRAEL'S NEIGHBOURS AND OVERCOME THE DIFFICULTIES. IN PARTICULAR THEY HAD MADE CLEAR THAT THEY WERE READY TO NEGOTIATE WITH KING HUSSEIN WITHOUT ANY PRECONDITION. KING HUSSEIN HIMSELF APPEARED READY FOR THIS, AND THERE WERE PALESTINIAN ARABS WHO WOULD PROBABLY ALSO BE WILLING TO TALK WERE THEY NOT AFRAID OF RETALIATION. BUT THE MAIN OBSTACLE TO PROGRESS WAS THE PLO AND THEIR CONTINUING COMMITMENT TO TERRORISM AND VIOLENCE. THIS LED HIM TO THE CONCLUSION THAT THE ONLY WAY TO MAKE PROGRESS WAS FIRST TO DEAL WITH TERRORISM. ONLY THEN WOULD MODERATE ARABS FEEL FREE TO NEGOTIATE.

SHAMIR CONTINUED THAT THE ISRAELI GOVERNMENT HAD BEEN SHOCKED BY THE DECISION OF THE NETHERLANDS FOREIGN MINISTER TO MEET ARAFAT. IT WAS HARD TO UNDERSTAND THIS MEETING, COMING JUST AT THE TIME WHEN KING HUSSEIN WAS TURNING HIS BACK ON ARAFAT. HE THOUGHT THAT THE EFFECT WOULD BE TO DAMAGE PEACE PROSPECTS AND WEAKEN THE MODERATES. THE PLO WOULD CLAIM THAT THE EUROPEAN COMMUNITY HAD TO COME TO THEM IN ORDER TO CONTRIBUTE TO PEACE.

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THE PRIME MINISTER AGREED THAT TERRORISM HAD TO BE DEALT WITH. BUT THIS ALONE WAS NOT ENOUGH. A SERIOUS EFFORT HAD TO BE MADE TO REDRESS JUSTIFIED GREIVANCES. THIS WAS WHY ANY SORT OF VACUUM OR HIATUS IN DISCUSSIONS ABOUT PEACE WERE DANGEROUS. AS REGARDS THE MEETING WITH ARAFAT, THE UNITED KINGDOM HAD MADE CLEAR THAT IT WAS OPPOSED TO SUCH A MEETING. BUT HAD BEEN IN A MINORITY OF ONE. SINCE THERE WERE PRECEDENTS, WE HAD DECIDED NOT TO BLOCK THE MEETING BUT RATHER HAD ATTACHED CONDITIONS TO IT WHICH WE THOUGHT WOULD BE POSITIVELY USEFUL. OUR OWN POSITION ON DEALING WITH THE PLO HAD NOT CHANGED.

THE PRIME MINISTER ASKED HOW TERRORISM COULD MOST EFFECTIVELY BE WEAKENED. MR. SHAMIR SAID THAT BETTER CO-OPERATION BETWEEN ISRAEL AND EUROPEAN SECURITY SERVICES WOULD BE A GREAT HELP. THE UNITED STATE'S ACTION AGAINST LIBYA HAD SHOWN THAT A SHARP BLOW COULD BE EFFECTIVE.

THE PRIME MINISTER ASKED WHAT MR. SHAMIR WOULD LIKE TO SEE FROM THE BRITISH PRESIDENCY OF THE EUROPEAN COMMUNITY. MR. SHAMIR SAID THAT THE BEST WAY FORWARD WOULD BE FOR THE EUROPEAN COMMUNITY TO IGNORE THE PLO AND SUPPORT KING HUSSEIN. HE WOULD ALSO LIKE TO SEE THE COMMUNITY LEND ITS FULL SUPPORT TO IMPLEMENTATION OF THE CAMP DAVID AGREEMENTS. NO BETTER WAY OF MAKING PROGRESS HAD BEEN DEVISED. IN SUM WHAT HE WOULD LIKE TO SEE WAS FIRM DIPLOMATIC AND ECONOMIC MEASURES AGAINST STATE-SPONSORED TERRORISM, WITH USE OF FORCE IF NECESSARY, COMBINED WITH A RENEWAL OF THE CAMP DAVID PROCESS. THE PRIME MINISTER ASKED HOW PALESTINIAN VIEWS WOULD BE REPRESENTED IF NOT BY THE PLO. MR. SHAMIR SAID THAT ONCE TERRORISM WAS DEALT WITH EFFECTIVELY PALESTINIAN POLITICAL PARTIES WOULD RE-EMERGE.

MR. SHAMIR SAID THAT SYRIA WAS INCREASINGLY CLOSE TO THE SOVIET UNION AND SPOKE OPENLY OF MILITARY CONFRONTATION WITH ISRAEL. SYRIA SOUGHT STRATEGIC PARITY IN ORDER TO ACHIEVE THAT. ISRAEL DID NOT WANT WAR WITH SYRIA THOUGH WAS SURE TO WIN A WAR IF IT OCCURRED.

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THE PRIME MINISTER ASKED WHAT SHE SHOULD SAY TO THE PALESTINIANS WHOM SHE WOULD BE MEETING THE FOLLOWING DAY. MR. SHAMIR SAID THAT SHE SHOULD URGE THEM PUBLICLY TO CONDEMN TERRORISM, LEND THEIR FULL SUPPORT TO KING HUSSEIN AND NEGOTIATE WITHIN THE CAMP DAVID FRAMEWORK.

PLEASE ADVANCE TO RESIDENT CLERK (FCO) AND PLEASE COPY AS YOU SEE FIT.

P G DE COURCY--IRELAND

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