

Subject



cc Master

10 DOWNING STREET

From the Private Secretary

17 December, 1984

Dear Richard,

Prime Minister's Meeting with Prince Bandar bin Sultan

The Prime Minister met Prince Bandar bin Sultan this morning. The Defence Secretary, the Head of Defence Sales and Mr. Egerton were also present.

Prince Bandar brought best wishes to the Prime Minister from King Fahd who was a great admirer of the Prime Minister. He very much valued his exchanges with her. The Prime Minister said that she regretted she had not seen His Majesty for some time, though she often talked of him. The Prime Minister enquired after Prince Sultan. She looked forward to seeing him when he next came to Britain.

The Prime Minister said that we were at an important moment in international affairs. President Reagan would be deciding the policies of his new Administration over the next few weeks. It was for this reason that she was flying halfway round the world in order to see him before those policies were finalised. Prince Bandar said that King Fahd was particularly interested in the Prime Minister's visit to the United States. He knew how much President Reagan respected the Prime Minister and how carefully he would pay attention to her views.

Prince Bandar continued that there was one particular point which he had been instructed to make. King Fahd was much disturbed at suggestions that Saudi Arabia's relations with the United Kingdom could be influenced by or based upon press reports. He was well aware of the nature of freedom of the press in the United Kingdom, even though he found a great deal of what it wrote distasteful. He wished they would be more accurate and take trouble to establish facts. The Prime Minister thanked Prince Bandar for this message.

The Prime Minister asked whether King Fahd had any particular views which he wished her to represent to President Reagan. Prince Bandar said that King Fahd believed that the Soviet position in the Middle East was weaker than for many years. Unfortunately, the West was not capitalising on the situation. The Soviet Union should be forced to show its true colours. This would enhance the position of the West's friends. The West's objective should

be to promote stability, peace, economic growth and the maintenance of freedom in the area. This, of course, applied to Israel as well as to the moderate Arab states. Israel existed, must have secure borders, and should enjoy economic, political and cultural relations with her neighbours in due course. But this could only be achieved if something could be done for the Palestinians. This had to be a Palestinian entity. King Fahd did not believe that such an entity could pose a threat to anybody. In any event, various guarantees could be extended to Israel, such as that the entity would be de-militarised. The basis for a peaceful settlement in the Middle East was the implementation of Security Council Resolution 242 and the creation of a Palestinian entity. Unfortunately, there were few signs of momentum towards this. The United States continued to increase its aid for Israel. But the effect appeared to be to make Israel less, rather than more secure.

The Prime Minister said that, when she visited Washington later in the week, she would urge President Reagan to take another Middle East initiative. He had promised her last June that he would do so. In her recent talk with King Hussein she had asked whether the Palestine National Council would accept Security Council Resolution 242. It would mark a major step forward, were they to do so. She agreed that Israel could not keep the West Bank indefinitely. A solution had to be found. She was perhaps less concerned than King Fahd about the Soviet role. Particularly in the light of her conversation yesterday with Mr. Gorbachev, she thought that Soviet attention was fixed upon East/West relations and arms control and that the Middle East was not a high priority.

The Prime Minister continued that she had been encouraged to find King Hussein more buoyant than at their last meeting. Her worry now was that his expectations might be too high. He was confident that Saudi Arabia and other moderate Arab governments were behind his strategy. Prince Bandar said that there was no doubt about that. The commitment of the Saudi Royal Family to King Hussein was partly emotional, partly pragmatic. However, for tactical reasons, Saudi Arabia had decided against declaring itself in full support of King Hussein's strategy yet. They wanted to make sure of agreement between King Hussein and the Palestinians first. They saw their own role as being to deal with the Syrians. This was very difficult.

Prince Bandar continued that President Reagan had an opportunity to do something in the Middle East which would benefit the whole of the free world. He no longer had to face re-election. He did not have the same constituency problems as the Prime Minister faced. It should be easier now than in the past for President Reagan to take certain steps which would exert pressure upon Israel for a settlement. In response to the Prime Minister's question, Prince Bandar said that if Israel were prepared to negotiate, he believed that Syria would reluctantly join in. But bold moves were needed from the United States.

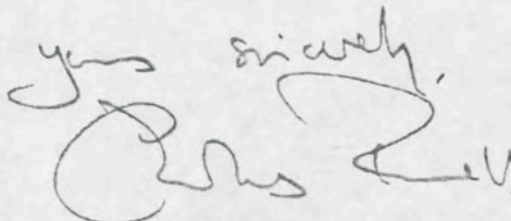
Prince Bandar said that King Fahd was anxious to co-operate more widely with Britain and the United States across a whole range of international issues, including economic issues. Saudi Arabia shared a strong interest in the stability of the international financial system. It had been able to act in support of Western interests, for instance by helping Turkey in difficult times and in supporting the rebels in Afghanistan (a support which had recently been substantially increased). In all these areas, Saudi Arabia could do much more if the Palestinian problem could be settled.

Prince Bandar also urged co-operation against terrorism. King Fahd had strongly advised the Kuwaitis to stand firm during the recent hi-jacking. The Prime Minister agreed that this had been right.

Prince Bandar said that King Fahd thought it important not just to maintain Saudi Arabia's bilateral relations with Britain but to strengthen and enhance them in every way possible. He was more than willing to work on this and to direct all the agencies of the Saudi Arabian Government to act in this spirit. Whatever the press might say, King Fahd was anxious to work closely with Britain. The Prime Minister said that she reciprocated this wish. She added that she had quizzed Mr. Weinberger on his return from Saudi Arabia as to whether he had spoken in support of Tornado and had been assured that he had. Prince Bandar confirmed this.

The Prime Minister asked Prince Bandar to thank King Fahd warmly for letting her have his views on the current situation. She would make use of Prince Bandar's advocacy when she came to see President Reagan. The three issues to which she would give priority in her discussions with the President would be East/West relations, the world economy and the Middle East. She hoped that Prince Bandar would be in London again early in the New Year so that she could inform him of the outcome of her talks.

I am copying this letter to Peter Ricketts (Foreign and Commonwealth Office).

Yours sincerely,


C. D. POWELL

Richard Mottram, Esq.,
Ministry of Defence.