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FM WASHINGTON 221359Z OCT 81
TO PRIORITY F C O
TELEGRAM NUMBER 3170 OF 22 OCTOBER 1981
INFO UKMIS NEW YORK, JEDDA
INFO SAVING EC POSTS, CAIRO, DAMASCUS, AMMAN, TEL AVIV.

UKMIS NEW YORK TELNO 1079: ARAB/ISRAEL.

1. THE STATE DEPARTMENT CONFIRM THAT THE AMERICANS HAVE DISCUSSED CROWN PRINCE FAHD'S EIGHT POINTS WITH THE SAUDI FOREIGN MINISTRY AND WITH PRINCE SULTAN IN SAUDI ARABIA. HAIG WENT OVER THE GROUND WITH FAHD WHEN THEY MET IN SPAIN LAST MONTH BUT DID NOT RAISE THE SUBJECT, AS HE HAD INTENDED, WHEN HE SAW PRINCE SAUD IN NEW YORK BECAUSE AWACS MONOPOLISED THEIR DISCUSSION. THERE HAVE BEEN NO EXCHANGES ON THIS BETWEEN THE AMERICANS AND THE SAUDIS SINCE SAUD'S STATEMENT TO THE GENERAL ASSEMBLY, AND NO DISCUSSION OF THE POSSIBILITY OF ACTION IN THE SECURITY COUNCIL.

2. THE AMERICANS TOLD THE SAUDIS THAT THEY WELCOMED THEIR INITIATIVE IN PUTTING FORWARD THE EIGHT POINTS. THEY WELCOMED SOME OF THE POINTS, IN PARTICULAR THE SAUDI ACCEPTANCE OF A TRANSITIONAL PERIOD FOR THE WEST BANK AND GAZA AND OF GUARANTEES OF THE RIGHT OF ALL STATES IN THE AREA TO LIVE IN PEACE. BUT THEY MADE CLEAR THEIR DISAGREEMENT ON OTHER POINTS AND POINTED OUT THAT SOME OF THESE WOULD BE TOTALLY UNACCEPTABLE TO THE ISRAELIS. THEY ALSO DREW ATTENTION TO THE SAUDIS' FAILURE TO PROPOSE ANY PROCEDURE TO BRIDGE THE GAP BETWEEN THE AUTONOMY TALKS AND THE EIGHT POINTS AND TO TAKE MATTERS FURTHER.

3. IT WAS APPARENTLY AGREED THAT THE AMERICANS WOULD REFRAIN FROM ANY PUBLIC COMMENT ON THE EIGHT POINTS. BUT THEY TOLD THE SAUDIS THAT IF THE EIGHT POINTS WERE PUSHED TOO FAR TOO QUICKLY IT WOULD UPSET THE ISRAELIS AND REDUCE THE PROSPECTS FOR A SUCCESSFUL OUTCOME OF THE AUTONOMY TALKS. IN THOSE CIRCUMSTANCES THE AMERICANS WOULD FEEL OBLIGED TO COME OUT IN PUBLIC AGAINST THE SAUDI INITIATIVE. THE STATE DEPARTMENT NOTED THAT FAHD'S EIGHT POINTS HAD BEEN PUT FORWARD IN THE CONTEXT OF AN ATTACK ON CAMP DAVID AND THAT THIS MADE IT VERY DIFFICULT FOR THE AMERICANS TO TAKE A MORE FORTHCOMING POSITION.

4. THE AMERICANS BELIEVE THAT THE SAUDIS WILL SEEK TO GAIN FURTHER SUPPORT FOR THE EIGHT POINTS IN THEIR DISCUSSIONS WITH YOU AND AT THE ARAB SUMMIT NEXT MONTH, BEFORE INITIATING ANY ACTION IN EITHER THE SECURITY COUNCIL OR THE GENERAL ASSEMBLY. THE AMERICANS WOULD CERTAINLY DO WHAT THEY COULD TO DISSUADE THE SAUDIS FROM TAKING SUCH ACTION. ESPECIALLY IN THE LIGHT OF THEIR CURRENT DIFFICULTIES OVER THE AWACS DEAL (AND IRRESPECTIVE OF THE FINAL OUTCOME IN THE SENATE) THEY WOULD WANT IF POSSIBLE TO AVOID DAMAGING THEIR RELATIONS WITH THE SAUDIS BY VETOING A SAUDI-SPONSORED RESOLUTION.

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5. I AGREE WITH THE SUGGESTION IN TELEGRAM UNDER REFERENCE THAT WE SHOULD DISCUSS THIS THOROUGHLY WITH THE AMERICANS AFTER YOUR VISIT TO SAUDI ARABIA. MR HURD'S VISIT HERE ON 12/13 NOVEMBER WILL OFFER A GOOD OPPORTUNITY FOR THIS. OFFICIALS COULD HAVE A PRELIMINARY REVIEW OF THE QUESTION WITH VELIOTES NEXT WEEK.

FCO PASS SAVING ATHENS, BONN, BRUSSELS, COPENHAGEN, DUBLIN, LUXEMBOURG, PARIS, ROME, THE HAGUE, UKREP BRUSSELS, CAIRO, DAMASCUS, AMMAN AND TEL AVIV.

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