

THE SECRETARY OF STATE
WASHINGTON

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MEMORANDUM FOR: THE PRESIDENT

From: George P. Shultz

Subject: Habib Mission: Your Meeting with the
Saudi and Syrian Foreign Ministers,
July 20

The temporary breakdown in negotiations which Phil Habib experienced last week due to Israel's ceasefire violations and checkpoint closures was rectified over the weekend and Phil has been meeting this week with the Lebanese and Israelis. It has become clear, however, that the process has gone as far as Phil can take it in the absence of some state or states willing to receive the PLO combatants, if only temporarily.

We are continuing to work on this problem, but we are not optimistic about finding a solution. Assad has said Syria will not take the combatants, and our approach to Algeria received a negative reaction, at least in the first instance. The Saudis say they are continuing to work on the Syrians and are also looking at a possible dispersal of PLO combatants to states who have issued them identity cards. There is, however, no easy solution yet in view.

Israel, meanwhile, now seems to recognize the quandry it is in. Begin has at last absorbed the implications of your message of last week. He understands that if he authorizes an assault on West Beirut he risks a serious rupture in the U.S.-Israeli relationship which, in turn, would cause him serious domestic problems. On the other hand, if he foregoes the military option and Habib's negotiations drag on without success, Begin will pay a heavy domestic price for having involved Israel in a major operation which has produced significant civilian casualties without accomplishing its ultimate objective.

The fact is that the negotiations are currently in the doldrums with no breakthrough in sight. While the Israelis apparently feel they have no choice but to give us more time to try to find a place for the PLO to go, Begin's sense of frustration with the situation could

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result in an attack order before very long. Iran's new military offensive into Iraq will be seen by some Israeli leaders as providing a convenient distraction for renewed Israeli military action.

At the very least, we can anticipate a break-down in the cease-fire at almost any time as the Israelis revert to their tactic of applying "pressure" on the PLO negotiators. We may be hard pressed to keep the next cease-fire breakdown from getting out of hand.

The foregoing describes the context in which you will be meeting on July 20 with Foreign Minister Prince Saud of Saudi Arabia and Foreign Minister Khaddam of Syria, who will be visiting you on behalf of the Arab League. All parties involved in the Lebanon problem are aware of, and attach great importance to, this meeting. Indeed, some appear to be withholding what otherwise might be their next moves in the realization that for the next several days the negotiations will have shifted to Washington. The following is the conceptual framework within which we are now viewing the West Beirut negotiations and within which you might look ahead to your Tuesday meeting.

OUR OBJECTIVES

The situation in Lebanon has evolved to a point where the U.S. has acquired important interests in the manner in which the immediate Beirut crisis is resolved. There is no guarantee that we will be able to accomplish all of our objectives, primarily because we lack total control over the evolution of events. Nevertheless, our interests require a solution which satisfies as many of the following objectives as possible:

-- We must try to avoid the extensive bloodshed which would result from an IDF assault on West Beirut.

-- Accordingly, with a view toward Israeli impatience, the West Beirut crisis should be resolved sooner rather than later.

-- The PLO should not realize the tremendous enhancement in its status, both political and military, which would derive from its remaining intact in Beirut.

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-- We should try to acquire and retain leverage over Israeli actions in order to assure their eventual withdrawal from all of Lebanon.

-- We must attempt to further the peace process if the opportunity arises, but in any case to avoid setting it back any further than the crisis itself already has.

-- We want to emerge with our relations with key Arab states intact, particularly their perception that only we can make constructive things happen in the region.

-- We hope to the extent possible to receive the credit for a successful resolution of the crisis and avoid blame for failure, particularly if failure takes the form of an Israeli assault on West Beirut.

Possible Scenarios

At present we must continue with our current approach since we have not yet exhausted the possibilities of finding a destination for the PLO fighters leaving Beirut. Thereafter, if there is no breakthrough in the negotiations, we will have to anticipate the need to rethink our own approach or perhaps to confront an all-out Israeli attack on West Beirut. Our goal under any scenario will of course be to realize as many of our objectives as possible. The following are some possible scenarios:

-- Continue on Course. We could continue essentially along the course we have been on. This would make maximum use of the implicit pressure of potential Israeli military action to convince the PLO to negotiate seriously and quickly and, if necessary, find a state willing to receive them. On the down side, under this approach we have to accept the possibility that an Israeli attack might take place, although we would continue to make the Israelis aware of the impact of this on our bilateral relationship.

-- Open-ended Negotiations. We could try to give Phil Habib as much time as necessary to put together a package deal, revolving around the safe departure of the PLO from Lebanon, by doing everything in our power to forestall all Israeli military operations against West Beirut whatever the circumstances. This would minimize,

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but not eliminate, the risk that many additional innocent people would be killed. On the other hand, with the pressure off the PLO, it might be impossible to close a deal and our efforts to forestall an Israeli attack would severely complicate our relationship, with no guarantee of success.

-- Fixed Deadline. We could establish a date certain (perhaps several weeks hence) by which the negotiations must be completed and the PLO on the move, and prior to which we would insist that the Israelis forego any military action. If the PLO deals seriously, we can bring about their withdrawal without further Israeli military action, thus maximizing the benefits to us. If not, however, and if the Israelis then attack, it will appear as if we had provided a "green light" and we would pay a heavy price in our Arab relations.

-- Temporary Relief. We could arrange for the transfer of the PLO leadership and combatants to the north of Lebanon (in the Tripoli area and the Bekaa Valley) as a temporary measure. This would probably remove the risk of an Israeli assault on West Beirut but, by relieving the pressure, could further complicate our search for a receiving state to facilitate the departure of the PLO from Lebanon completely. Such a "fallback" solution also would increase the chances of a "North Korea/South Korea" type situation for Lebanon, with the north dominated by Syria and the PLO and the south under Israeli hegemony.

-- An Israeli Assault. Whatever we say or do, the Israelis can decide at any time to launch an attack on West Beirut rather than risk letting the PLO off the hook. Both from the humanitarian point of view and in terms of our Arab relations, this is the worst outcome. Nevertheless, there would be the kind of adverse public reaction in this country, as well as worldwide, that would enable us to maximize our leverage over the Israelis, thereby facilitating our effort to get them to withdraw from Lebanon and make concessions in the peace process.

Your Tuesday Meeting with the Saudi and Syrian Foreign Ministers.

Unless we get a breakthrough sometime in the next few days on the problem of acquiring a recipient state for the

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PLO, there appears to be no alternative to using your and my meetings with the two Arab Foreign Ministers on Tuesday to try to move this situation forward within our current game plan. I suggest that to make the best use of this opportunity, we inform the foreign ministers in advance that we will be looking to them on Tuesday for concrete ideas on resolving the West Beirut crisis, specifically as regards resolving the "recipient country" problem. Otherwise they almost certainly will present us with nothing more than requests for U.S. concessions on recognizing the PLO.

I will be sending you more specific recommendations concerning how best to handle this meeting. We will need a comprehensive way of dealing with the various issues of interest both to us and to the two Ministers. Our immediate objective will be to move the ministers and their leaders toward a breakthrough on the problem of a place for the PLO to go. Whether we can bring this about, and how we try to do it, will make a difference as to how Phil Habib proceeds on the West Beirut issue. It could as well have an effect on our long-term policy approaches to larger questions such as the future of Lebanon, the peace process, our relations with the Gulf Arab states in the context of the Iranian offensive, and capitalizing on Syria's possible disenchantment--with the Soviets. We are also considering very carefully how you might best address the PLO factor when it arises. This is not to put too much significance on these meetings with the two foreign ministers, but the reality is that there are several sensitive factors at play and we need to address them with an awareness that they are interrelated.

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