MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF DEFENSE
DIRECTOR OF CENTRAL INTELLIGENCE
THE ASSISTANT TO THE PRESIDENT FOR NATIONAL
SECURITY AFFAIRS
THE CHAIRMAN, JOINT CHIEFS OF STAFF

SUBJECT: Middle East Peace Process (U)

Promoting progress toward a peaceful resolution of the Middle East conflict constitutes an important foreign policy objective of my Administration. Consistent with this aim, I hereby direct a comprehensive review of U.S. policy toward the Middle East peace process. The review should include a thorough assessment of the situation and recommend initiatives that the United States could undertake to reduce the possibility of war in the region and bring about progress toward a diplomatic settlement. (F)

The review should be completed not later than March 10, 1989. It should include clear policy options/recommendations. Any differences in views between agencies should be noted. At a minimum, the review should address the following questions and issues:

PART I: ASSESSMENT

-- What are U.S. political, economic and strategic interests in the Middle East? What interests take priority? Are these interests changing significantly? If so, why? (F)

-- What is the risk of an Arab-Israeli war? What might trigger such a conflict? What would be the likely course of such a conflict? What would be the likely impact on U.S. interests? What is the likely impact of the proliferation of chemical, biological and nuclear weapons along with ballistic missiles on the region's stability? (F)

-- What is the impact of the end to the Iran-Iraq war on regional stability and the peace process? (F)
What is the status of the Soviet-Israeli relationship? Are recent developments in Israel's relations with Poland and Hungary simply Soviet-authorized steps to test Arab reactions or are they meant to accustom the Arab states to eventual re-establishment of Soviet-Israeli relations? (F)

What role do the Soviets see for themselves in the peace process? Are they prepared to bring pressure to bear on their Arab clients to advance the process, or do they intend to remain "spoilers," eager to participate but not contribute? (F)

What role do the European states, either individually or through the EEC, see for themselves in the peace process? What effect is European diplomatic activity likely to have on the key protagonists to the dispute? (F)

What is the status of the Palestinian "intifada"? How long is it likely to continue? What might cause it to change significantly in intensity? What is the current and projected effect of the intifada on Palestinian leadership within the occupied territories and without? (F)

What is current thinking amongst Palestinians concerning both the acceptance of and negotiations with Israel? Is there a willingness to accept for themselves something short of a sovereign entity, either as a transitional stage or as an end in itself? (F)

What is Arafat's current objective and strategy? Can he bring the PLO along with him? Can Arafat and the PLO be a constructive force for peace in the region? (F)

How have the events of the last 15 months affected Jordan's capacity to affect the peace process? What role is Jordan able and willing to assume now? What role might Jordan be willing to assume at some later stage of the process? (F)

How does the "national unity" government affect Israel's ability to participate in the peace process? What is the impact of the intifada upon Israel's attitudes toward retaining control over the occupied territories? Are Israeli tactics toward dealing with the intifada likely to change and, if so, how? How are attitudes in Israel evolving toward the concept of "territory for peace" and a potential Palestinian interlocutor? (F)

How are U.S. interests likely to fare in an environment of prolonged "no war/no peace"? Is the passage of time likely to make the search for diplomatic progress more or less difficult? (F)
II. OPTIONS FOR POLICY:

-- If it is our assessment that the Middle East is ripe for substantial progress, what strategy should guide U.S. diplomacy? What should we say and do, privately and publicly? (§)

-- If the Middle East is not ripe for such progress, what actions might the United States take to "ripen" the situation? What can we do or urge others to do to make the outbreak of violence in the region less likely and to bring about conditions where a formal negotiating initiative might succeed? What actions should the United States avoid in such circumstances? What should be said publicly? What can be done privately? (§)

-- What specific steps can the United States promote that would contribute to political progress? For example, should the United States promote elections in the occupied territories? If so, with what conditions? Should Gaza be given special treatment? What can be done to improve the economic situation in the territories, and how might such projects be designed to serve our political goals? What can be done to reduce the level of violence? (§)

-- What can and should the United States do to affect the composition and outlook of Palestinian leadership? What should be U.S. objectives in the dialogue with the PLO? (§)

-- What should U.S. policy be towards moderate and non-moderate Arab states? What if any role should they be afforded in a peace process? What if anything can be done to bring about constructive behavior on their part? What place is there for arms sales? (§)

-- What role if any should an international conference assume? Should the United States seek to bring such a gathering about? If so, with what terms of reference and with whom in attendance? If not, how can the United States successfully prevent a conference? (§)

-- What should be U.S. objectives vis-a-vis Soviet policy? What if any diplomatic overtures to Moscow relating to the peace process ought the United States to consider? (§)
-- What diplomatic overtures ought the United States make to our European allies, either individually or in their capacity as members of the EEC, to shape their approach to the Middle East dispute? (7)