

by all parties to the dispute. To use effectively whatever influence we may have in the area to encourage moderation and compromise we must retain credibility with both sides as a fair-minded interlocutor. We could not do this if we were to move our Embassy to Jerusalem.

Positions on the status of Jerusalem differ sharply. The Israelis believe the City, one and indivisible, should be the capital of their State. The Palestinians and other Arabs believe that East (Arab) Jerusalem is an integral part of the West Bank which many would like to see as the capital of a Palestinian state. Given these widely divergent and strongly held views the transfer of the Canadian Embassy in Israel from Tel Aviv to Jerusalem would be viewed by the Arabs as directed against what they consider to be their vital religious and political interests. It would appear to them to be implied recognition by Canada of Israel's position on the City, thereby prejudging the outcome of negotiations which have not yet taken place. Clarification that the Embassy would be in West Jerusalem and that Canada has never recognized Israel's claim to East Jerusalem does not modify the Arab perception of such a move.

A transfer of the Embassy might also enhance the concern already exhibited by many in the area that the Camp David process does not serve the interests of a comprehensive settlement because it does not adequately deal with the Palestinian, Jerusalem and other questions. To succeed negotiations for such a settlement must have wider participation. I do not think Canada should pursue any course of action which risks making this more difficult or which erodes the credibility of the Camp David Accords by creating the impression that they have strengthened the position of one of the parties on a key issue yet to be addressed in negotiations.

In recommending that the Canadian Embassy in Israel remain in Tel Aviv at this time, I do not intend necessarily to foreclose a move in perpetuity. It is my view, however, that the question of the relocation of the Embassy must await the resolution of Jerusalem's status as part of a just and lasting comprehensive peace settlement. Once this is achieved the Embassy question could be reviewed in light of the provisions made in such a settlement.

Having considered the matter, I do not recommend a consular office be established in Jerusalem. Those consulates already in the City have a unique historical status relating back to the Ottoman or British Mandate periods. They have no formal links with the Israeli Government. I see no benefit in trying either to duplicate this arrangement or in establishing a consular office under some other arrangement. There is little practical need for such an office for consular purposes and it would not materially assist the Ambassador and his staff in discharging their functions with the Israeli government.