This directive establishes the terms of reference for an 
interagency review of our strategy for the Middle East peace 
process over the coming year. The review should take account of 
the results of Assistant Secretary of State Murphy's trip to the 
region in January 1987 and offer recommendations about our 
overall strategy in time for the scheduled high-level visits by 
Middle East leaders in February and March. The review should 
examine such questions as: (C)

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What are the present prospects for a solution to the problem
of Palestinian representation? What are the trends in
Palestinian politics? What are the implications of current
FLO gains in Lebanon?

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How can we strengthen Jordan's role in the peace process and
its efforts to assert leadership on the Palestinian
question? What further steps could we take, e.g., in the
Quality of Life area or in our bilateral relations, to
strengthen the King's hand?

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How much flexibility does the present Israeli government
have in pursuing the peace process?

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What are the risks and benefits of an international
conference in any of its current variants? Could such a
conference be effective? How could we protect ourselves
from its inherent traps? Are there other approaches to an
international framework that would be more effective or
easier to manage?

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Are there prospects for a constructive U.S. role in easing
tensions over Southern Lebanon? Are tacit understandings of
the sort that existed between Israel and Syria from 1976-81
possible? What are the prospects for UNIFIL?

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What is our current assessment of the Syrian factor and of
Assad's prospects? What is the role of Egypt? Saudi
Arabia? Morocco? Algeria? What are the effects of the
Iran-Iraq war?
How do we prepare for the contingency of a Soviet diplomatic initiative on the Middle East? A range of possibilities should be examined, from Soviet restoration of diplomatic relations with Israel to more dramatic events such as a "Tashkent-style" mediation offer. How should we deal with other Soviet diplomatic efforts to improve relations with moderate Arab countries? [S] [S]

The review should be undertaken by an Interdepartmental Group chaired by the Assistant Secretary of State for Near Eastern and South Asian Affairs and should be concluded on or about February 13, 1987. (C)