In the name of Allah
the most
Compassionate and Merciful
ISRAEL HAD, THERE FOR, ENTERED INTO NEGOTIATION WITH IRANIAN AUTHORITIES TO OBTAIN HER NEEDED OIL, AND LATER BOUGHT IT DIRECTLY AND SECRETELY FROM NATIONAL IRANIAN OIL COMPANY. DOCUMENTS (25-29) EXPRESS THIS FACT.

THE INTERESTING POINT IS THAT SHAH PROCLAIMED THAT ONCE ISRAEL RETREATED FROM THE OIL PRODUCING REGIONS OF SINAI (ABU QURAI OIL WELLS), IRAN WOULD PROVIDE HER WITH NECESSARY AMOUNTS OF OIL. THIS WAS A MEANS ENCOURAGING ISRAEL TO ACCEPT KISSINGER'S POLICIES, AND ALSO WORKED AS AN INTRODUCTION TO CAMP DAVID. SHAH HAS SAID THAT HE WANTS TO COORDINATE TWO POLICIES, NAMELY, THE POLICY OF OIL-SALE TO ISRAEL, AND THE POLICY OF AMERICAN-AMERICA-SALE TO ISRAEL.

ANOTHER OIL RELATED ISSUE WHICH IS OF ESPECIAL IMPORTANCE IS THE PORT OF ILIAT ESHELION PIPELINE.

SUEZ CANAL, THROUGH WHICH THE MAJORITY OF CARGO SHIPS AND OIL TANKERS TRANSPORTED NECESSARY AMOUNTS OF GOODS AND ENERGY BETWEEN EUROPE AND ASIA, WAS CLOSED COMPLETELY DUE TO ARAB-ISRAELI CONFLICT. AND THEY HAD TO REVERT THEIR TRAFFIC TO THE CAPE OF GOOD HOPE IN SOUTH AFRICA WHICH MADE THEIR DESTINATIONS MANY THOUSANDS KILOMETERS FARTHER. ZIONISTS PROVIDED A PLAN BY WHICH SHIPS COULD ENTER ILIAT PORT ON GULF OF AKABA AND TRANS- PORT THEIR OIL THROUGH ESHELION PIPELINE TO MEDITERRANIA, AND FROM THERE TO EUROPE, BY RELOADING TANKERS. BUT TO IMPLEMENT THIS PROJECT THE ONE SOURCE OF OIL THAT COULD GUARANTEE THE USE OF THIS PIPELINE HAD TO BE FOUND, AND NATURALLY THEY Sought SHAH'S COMPROMISE, AND HE WAS VERY FOND OF THIS PROJECT. THIS PROJECT WAS SO IMPORTANT, THAT THE U.S. BEING FEAR- FUL OF ARAB REACTION, DID NOT DARE INTERVENE IN IT, BUT AHAH DEMONSTRATED HIS INCREASING DEPENDENCE ON THE ZIONIST REGIME, AND IN IMPLEMENTING AND EXPOlITING THE PROJECT ACTED PARALLEL WITH ZIONISTS. MANY DOCUMENTS OF THIS BOOK (21 ........... ) ARE REMINICENT OF THIS FACT.

DOCUMENTS NUMBERED 2, 3, 5, AND 21 ARE RELATED TO IRAN ISRAELI RELATION S-HIPS AND TO THE ISRAELI ACTIVITIES IN IRAN, AND TO PROVE THE SIGNIFICANCE OF THIS RELATIONSHIP, IT MUST BE NOTED THAT THE ISRAELI AMBASSADOR TO IRAN WAS AN IMPORTANT MEMBER OF ISRAELI GOVERNMENT WHO WAS ALSO ADVISOR TO THE FORMER PRIME MINISTER OF ZIONISTS (21 ) AND THAT THE NUMBER OF ISRAELI TECHNICIANS IN IRAN WAS MORE THAN THEIR PRESENCE ANYWHERE ELSE IN THE WORLD (5).

THESE TECHNICIANS WERE, OF COURSE, SERVING ZIONISTS IN COMPANIES RELATED TO PAHLAVIAN, AND THUS WERE ENGAGED IN PLUNDERING IRANIAN PEOPLE. AT THE SAME TIME, DOCUMENTS NUMBERED 2, AND 4 DEMONSTRATE THE FEAR THE REGIMEN HAS OF THE PUBLIC'S DISCOVERY OF THE IRAN-ISRAELI RELATIONSHIP, LEST IT SHOULD PROVOKE THE MASSIVE DISSERTATION OF THE IRANIAN PEOPLE AND THAT OF THE IRANIAN COMMITTED CLERGY.

DOCUMENT NUMBER ONE SHOWS THE ACTIVITIES OF THE ISRAELI INTELLIGENCE SERVICE IN HIRING MERCENARY WRITERS TO IMPLEMENT THE TOTALLY ZIONIST POLICIES. IT WAS SUBSTANTIALLY BY RELYING ON THESE KIND OF WRITERS AND CORRESPONDENTS THAT THE ZIONISTS SUCCEEDED IN EXTENDING THE INFLUENCE OF THE ZIONIST NEWS WITHIN THE WESTERN AND AMERICAN NEWS AGENCIES AND TELEVISIONS, AND TAKE THEM INTO THEIR OWN CONTROL.

AMONG THE ISLAMIC COUNTRIES, AFTER IRAN, THE AMERICAN REGIME OF TURKEY WAS ANOTHER STATE WHICH HAD ESTABLISHED MOST IMPORTANT RELATIONS WITH ISRAEL, AND THIS RELATIONSHIP EXISTED IN ALL MATTERS OF CO-ORDINATION AND ESPECIALLY INTELLIGENCE RELATED ISSUES (REFERENCE TO THE PAST DOCUMENTS ) AND THE DOCUMENT NUMBER: 4 PROVES THE DEPENDENCE OF BOTH REGIMES' DIPLOMATS.
IMAM'S MESSAGE ON THE DAY OF QUDS
IN THE NAME OF ALLAH, THE COMPASSIONATE THE MERCIFUL.


THE DAY OF QUDS WHICH IS EQUAL TO QADR MUST BE REVIVED AMONGST MUSLIMS TO BECOME THE ORIGIN OF AWAKENING AND CONSCIOUSNESS AMONG THEM, AND TO MAKE THEM DISCARD THE HISTORICAL AND THE RECENT CENTURIES OBLIVION AND NEGLECT UNTIL THAT DAY OF AWAKENING AND CONSCIOUSNESS TURNS WORTH MORE THAN A DECAD OF THE WORLD'S SUPERPOWERS AND HYPOCRITES, SO THAT MUSLIMS OF THE WORLD MAY BE ABLE TO DESIGN AND FOUNDED THEIR DESTINATION ON THEIR OWN.


O MUSLIMS AND THE OPPRESSED OF THE WORLD RISE AND RUN YOUR OWN AFFAIRS!


TO FREE QUDS, ONE MUST RELY ON MACHINGUNS THAT ARE DEPENDENT UPON FAITH AND THE POWER OF ISLAM, AND NOT POLITICAL GAMES THAT ARE REMINISCENT OF COMPROMISE AND THE SATISFACTION OF SUPERPOWERS.

MUSLIM NATIONS, ESPECIALLY PALESTINIAN AND LEBANESE NATIONS MUST PUNISH THOSE WHO WASTE TIME WITH POLITICAL MANEUVERINGS, AND AVOID POLITICAL GAMES THAT HAVE NOTHING FOR THE OPPRESSED PEOPLE BUT HARM, FOR HOW LONG ARE MUSLIMS GOING TO BE INFATUATED BY FALSE HEROES OF THE EAST AND WEST, AND BE OVERRUN BY THEIR PROPAGANDAS? MUSLIMS WHO WITHOUT MILITARY EQUIPMENTS AND WITH HEARTS FULL OF FAITH AND TONGUES CARRYING THE WORD "ALLAH IS THE REATER" MADE THOSE GRAND CONQUERS AND BROUGHT ABOUT THOSE SURPRISING UHEAVALS ONLY DURING HALF A CENTURY AND FOUNDED ISLAM AND THE WORSHIP OF NE (TUHID) IN THE POWERFUL WORLD OF THAT DAY.


" RUHOLLAH-AL-MOOSAVI-AL-KHOMEINI "
" AUGUST/1/1981 "

(3)
IN THE NAME OF ALLAH, THE COMPASSIONATE, THE MERCIFUL.

"ISRAEL MUST BE DESTROYED."

IMAM KHOMEINI

IF MUSLIM NATIONS DO NOT ACHIEVE ISLAMIC UNDERSTANDING, AND DO NOT ARM THEMSELVES WITH ISLAMIC IDEOLOGY, THE WEST WILL DOMINATE THEM FROM MILITARY, ECONOMIC, CULTURAL AND SOCIAL POINT OF VIEW.

IF THE GOVERNMENTS OF THE MUSLIM COUNTRIES DO NOT CHANGE THEMSELVES OR ARE NOT OVERthrown BY THE MUSLIM PEOPLES OF THOSE COUNTRIES, OPPRESSIVE DOMINATION OVER THE MUSLIM NATION WILL BE PERPETUATED THROUGH THESE, DEPENDENT GOVERNMENTS, AND THERE IS NOTHING WORSE THAN HAVING INFIDELS RULE AND DOMINATION OVER MUSLIMS.

THESE PROBLEMS PERMIT:

- REACTIONARY SHEIKHS AND RULERS TO SUPPLY AMERICA AND THE WEST WITH OIL AND ALL OTHER GOD-GIVEN REACHES OF MUSLIMS, FREE OF CHARGE.
- EASTERN AND WESTERN ADVISORS TO BECOME THE REAL ADMINISTRATORS OF ISLAMIC COUNTRIES.
- RUSSIAN COSSAKS TO CRUSH AFGHANISTAN AND HER NATION UNDER THEIR FEET.
- THE DESTRUCTION OF MANPOWER AND ECONOMIC RESOURCES OF ISLAMIC STATES AND LOCAL WARS AND PLOTS BY THE WORLD-MONGERS AND THROUGH CRIMINALS SUCH AS SADDAM.

WORSE THAN ALL UNDER THESE CIRCUMSTANCES, IT IS NOT SURPRISING FOR A NUMBER OF RACIST ZIONISTS TO HOLD MORE THAN ONE HUNDRED MILLION ARAB MUSLIMS CAPTIVE, AND TO MAKE MORE THAN TWO MILLION PALESTINIAN MUSLIMS HOMELESS AND OCCUPY THE LAND OF BEIT-AL-MOGHADDAS AND MASJID-AL-AQSA, THE FIRST KEBLAH OF MUSLIMS, AND THE LOVED PALESTINE.


SHAME AND DISGRACE UPON THE PRESENT ARAB LEADERS THAT HURRIEDLY CALL FOR THE RECOGNITION OF THE ENEMY OF ISLAM AND THE MUSLIMS, AND TRY TO GUARANTEE ZIONIST REGIMES, SECURITY IN ORDER TO PAVE THE WAY FOR NEGOTIATION WITH ZIONISTS AND LEGITIMIZE JEWISH AGGRESSIONS AND CRIMES.

THE PRESENT ARAB RULERS MUST KNOW THAT BEFORE WWII ZIONISTS TRIED TO ENERATE INTO THE BELIEVED PALESTINE FOR THIRTY YEARS, BUT FAILED. BUT THE OTTOMAN AUTOCRACY GAVE WAY TO WEST-ORIENTED PERSONS SUCH AS ATATUROK, WHEN PEOPLE LIKE HUSSEIN SHARIF (JORDANIAN HUSSEIN'S ANCESTOR) REVIVED ARAB NATIONALISM, ARAB COUNTRIES WERE TORN INTO HUNTER PIECES, AND YOU KNOW WHAT HAPPENED TO THEM THEREAFTER.

AFTER THE WORLD WAR I, IT TOOK ONLY THIRTY YEARS FOR THE ZIONIST STI TO ANOUNCE HER EXISTENCE, AND A MILLION PALESTINIANS TO BECOME HOMELESS, THEIR TERRITORIES TO BECOME CONFISCATED.

DURING THIS PERIOD ISLAMIC AND ARABIC COUNTRIES WERE DIVIDED INTO DRED DIFFERENT PARTS, AND THE FOUNDER OF THE GRAND ARABIC REVOLUTION, AMELY HUSSEIN SHARIF DESTROYED OTTOMAN COLONIZATION WITH THE HELP OF ENGLISH COLONIZERS, AND IN DUE TIME HE too ESCAPED TO CYPRUS IN AN ENGLISH
SHIP, AND HIS SONS RULED IN IRAQ, JORDAN, AND OTHER ARAB STATES AS THE FULL 
SUBSIDIARY OF ENGLAND. IN 1948, THEY SUBMITTED HALF OF BELOVED PALESTINE 
AND JOHN TO ZIONISTS, AND MET THEIR REPRESENTATIVE, I.E. GOLDA MEIER IN BE-
IT-AL-MOGHADDAS. BUT NATIONALISM AND DEPENDENCE SCENARIO DID NOT CONCLUDE 
HERE, AND IN 1967 THEY SURRENDERED THE WHOLE SACRED TERRITORY OF SINAI A-
ND GOLAN TO THE ZIONISTS, AND TURNED MORE PALESTINIANS HOMELESS, AND IN 1970 
THEY MASSACRED HOMELESS PALESTINIANS THROUGH AMIR ABDOLLAH'S GRANDSON 
AND HUSSEIN SHARIF'S GREAT GRANDSON. HOW NAIVE WERE THOSE WHO HAD THOUGHT THAT 
ZIONISTS ARE ONLY SATISFIED WITH SO MUCH. WE WITNESSED THAT THEY DID NOT 
LEAVE ALONE EVEN LEBANON AND IN 1982 THEY COMMITTED CRIMES WITH WHAT POWER 
THEY HAD, AND ONCE AGAIN ARAB RULERS AND THE TORDIAN KING HUSSEIN ARE TER-
RING TO LEGITIMIZE ZIONISTS' ACTIVITIES IN ORDER TO SHOW THEIR GOOD SERV-
ICE TO THEIR MASTER I.E. AMERICA, HOW NAIVE ARE THOSE THAT WAIT PEACE AND 
EXPECT PEACE FROM ISRAEL.

ZIONISTS HAVE FORMERLY DECLARED THEIR OBJECTIVE AND THAT IS "THE EXTEN-
SION OF ISRAEL FROM NILE TO EUPHRATES", AND THE ONLY MEANS OF COUNTERING 
THIS POLICY AND OBJECTIVE IS THE WORD OF OUR BELOVED IMAM. "ISRAEL MUST BE 
DESTROYED", AND THAT ISRAEL IS THE ROOT OF CORRUPTION AND NO MORE.

INTRODUCTION:

IN THE NAME OF THE MOST EXALTED.

THE CURRENT BOOK WHICH CONTAINS DOCUMENTS FOUND AT THE AMERICAN ESPION-
AGE DEN, DEMONSTRATES ONLY AN ANGLE OF ZIONIST AND AMERICAN ACTIVITIES IN 
IRAN. BY READING THIS BOOK ONE CAN FIND OUT THE IMPORTANCE OF THE REVOLUTION 
ARY IRAN HAD FOR THE ZIONIST REGIME, AND THAT OF U.S. AND WITH REGARD TO 
.ISLAMIC REPUBLIC OF IRAN'S POSITION ONE CAN DISCOVER THE IMPORTANCE OF A 
CHANGE IN BALANCE OF POWER TO THE BENEFIT OF REVOLUTIONARY FORCES EMANAT-
ING FROM THIS REVOLUTION.

IT IS SUFFICIENT TO PRESUME THAT THE SHAH WAS PRESENTLY IN POWER, TO 
UNDERSTAND THE DEPTH OF CATASTROPHE WHICH WOULD HAVE INFLICTED THE REGION 
AND IT'S OPPRESSED PEOPLE, IF THE ISLAMIC REVOLUTION HAD NOT TAKEN PLACE. 
AND ON THE SAME BASIS, ONE CAN DISCOVER CRIMES AND TREACHERIES COMMITTED BY 
BATHIST SADDAM AND HIS SUPPORTERS SUCH AS THE SAUDI AND KUWAITI RULERS, AG-
AINST THE CAUSE OF PALESTINE, BY ATTACKING THE ISLAMIC REPUBLIC OF IRAN.

A LOOK AT THE PRESENT DOCUMENTS REVEALS THE IMPORTANCE OF THE SHAH'S 
REGIME IN STRENGTHENING THE ZIONIST REGIME AND IT'S POLICIES IN RELATION 
WITH IRAN.

ONE OF THE PROBLEMS ALL COUNTRIES ESPECIALLY THE INDUSTRIALISED ARE 
FACING IS THE ENERGY PROBLEM AND THE MEANS OF ACCESS TO IT. THERE ARE MANY 
COUNTRIES WHO BECAUSE OF INSUFFICIENT ENERGY RESOURCES, EITHER DO NOT HAVE 
A FLOURISHING ECONOMY OR HAVE A VULNERABLE ONE. THUS IN RECENT YEARS OIL 
HAS BECOME ONE OF THE MOST IMPORTANT ECONOMIC AND POLITICAL PROBLEMS, BE-
CAUSE IT IS CURRENTLY THE MOST IMPORTANT SOURCE OF ENERGY IN THE WORLD, 
SINCE MOST OF THE EXPORTABLE OIL OF THE WORLD IS PRODUCED IN THE MIDDLE 
EAST, ESPECIALLY ARAB COUNTRIES AND IRAN, AND SINCE ARAB COUNTRIES HAVE 
BOYCOTTED ISRAEL ON THE SALE OF OIL, IT HAS GAINED A SPECIFIC IMPORTANCE 
FOR ISRAEL. ISRAEL NOT ONLY LACKS OIL RESOURCES, BUT ALSO DUE TO HER INEX-
SUSCEPTIBILITY, LACKS ENERGY PRODUCING RESOURCES SUCH AS RIVER-DAMS AND COAL.

ALTHOUGH AMERICAN AUTHORITIES ARE NOT WILLING TO ADMIT ZIONIST CRIMES PUBLICLY, BUT WITHIN THE CONTEXT OF DOCUMENT NUMBER 35 THEY HAVE CLEARLY EXPRESSED THAT ISRAEL HAS IGNORED THE CEASEFIRE IN SOUTHERN LEBANON UNILATERALLY AND BY COMMITTING AIR-STRIKES AGAINST THE CAMP OF AL-BAR ON NORTHERN TRIPOLI, HAS TURNED A BRIDAL OCCASION INTO A MOURNING CEREMONY BY MURDERING 6 PEOPLE THERE. DOCUMENTS NUMBERED 46 AND 48 REVEAL THE CRIMES COMMITTED BY A ZIONIST OFFICER IN SOUTHERN LEBANON, AND SHOW HOW FOUR PALESTINIAN-LEBANESE PEASANTS WERE INNOCENTLY MURDERED WITHOUT BEING A THREAT TO THE ISRAELI OFFICER, AND HOW THE 12 YEAR COURT SENTENCE WAS DECREASED TO THREE YEARS, AND MEANWHILE AMERICAN AUTHORITIES TRIED TO NECESSITATE IT CUNINGLY IN THEIR OWN WAYS. IN DOCUMENT 49 THESE CRIMES ARE REVEALED IN SUCH A WAY THAT THE ZIONIST REGIME'S MINISTRY OF JUSTICE ADMITS THAT THE PRISONERS HAD BEEN TORTURED, AND OF COURSE IT HAS DECLARED THAT IT HAS INFORMED AHIM BETH THAT IT WILL NOT TOLERATE SUCH MEAN AND WAY OF INTERROGATION.

DOCUMENTS 34, 39, 41, 42 PROVE THE FACT THAT ISRAEL CAN NOT EXIST WITHOUT AMERICAN AND HER WESTERN ALLIES SUPPORT, AND IT IS FOR THE SAME REASON THAT CONTINUE TO SUPPORT INTERESTS OF THE AMERICAN IMPERIALISM IN THE REGION. THESE SUPPORTS BECOME SO SURPRISING THAT THE ZIONIST NEWSPAPER HA'ARETZ WRITES THAT THE AMERICAN TAXPAYERS WANT TO KNOW HOW FAR THEY ARE TO SUPPORT THE UNNATURAL AND HIGH LEVEL OF LIFE IN ISRAEL.


MAY ALL MUSLIMS UNITE ONE DAY, AND ELIMINATE THIS ROOT OF CORRUPTION AND HER SUPPORTERS OFF THE EARTH.
Israel's unofficial representative in Tehran. Has been very active in placing pro-Israel material in the local press. His contacts are through Ahoo SHAHRESTANI, Ed. of Zaman, and Engineer Abdullah VALA, Editor-owner of Tehran Moaven. He is rumored to have paid out 100,000 rials to newsman during the first week of November.

Source: CAS Disseminations
November 19, 1996
MEMORANDUM

To: The Ambassador

Through: DCW

From: Martin Herz

Subject: Contact with the Israeli Representative in Iran

April 28, 1965

Dr. Zvi Doriel, the Israeli Representative here, leads an ambiguous existence. He circulates widely in the Diplomatic Corps, but he is not of it. An attempt about a year ago to represent himself as "Ambassador" was decisively rebuffed by the Iranian Government. (He was forced to withdraw a circular letter in which he signed himself as Ambassador of Israel.) Yet he has widespread and no doubt productive contacts with Iranian officials.

Doriel has been in Iran for eight years and carries on a number of activities. You are familiar with the Israeli intelligence cooperation with the Iranian Government. There are others. Some reports on his activities are enclosed. The point right now is that Doriel would like to invite you to his National Day party on Sunday, May 2 (invitation enclosed). Because he does not know you, he sent the invitation through me.

Although I believe you should not shun contact with Doriel, I see no need for you to make an early public appearance at his enormous function on Sunday. One difficulty we have in dealing with him is that it is quite clear that among his manifold activities, which include the blowing-up of alarmist reports about Nasser, is his encouragement of the line that "Nasser is being propped up by American aid."

Doriel said to me yesterday that he will make an appointment to call on me on Saturday. I suggest that you profit from that occasion to come into my office (so he will not have called on you) to shake hands with him, that you express the desire to have contact with him from time to time, but that you express regret that due to a previous commitment...
you cannot go to his party. There is no harm, on the other hand, as far as I can see, to inviting Dr. and Mrs. Darie to some larger functions at the Embassy at a later time. You will no doubt see him also at many other parties.
In a tour A'hornson the following noteworthy points were made:

1. **Saudi-Arabia and Iran**

   Mr. Teurgeman questioned me in particular on the contents of the joint statement issued at the end of King Saud's visit to Iran. I told him what I'd read in the English-language press. He expressed surprise that even a preliminary agreement had been reached on the median line between the two countries and said he didn't think it would last.

2. **Yemen: Nared Conference**

   Mr. Teurgeman said derisively the conference had debated small points for weeks. He thinks it will almost certainly break down, particularly with a long Ramadan recess coming up. He sees little likelihood of political settlement and unity in the Arabian Peninsula.

3. **Israeli Relations with Iran**

   The agricultural assistance program in the Qasvin area has been very successful, and "we hope more like it can be set up". Relations between the two countries are very cordial, but are still somewhat low key; there is no Israeli Embassy as such here. The Israeli Representation does not get involved with proposed emigration of Iranian Jews to Israel; this is handled by Zionist committees here.

**COMMENT:** Mr. Teurgeman did not talk about the Jewish Community here as much as I would have wished; he parried questions about it and was intent on focusing on international affairs. His comments on items 1, 2 and 3 above are nothing unexpected.

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**Distribution:**

- ALR/Reading
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**CONFIDENTIAL**

**GROUP 4**
February 14, 1966

CONFIDENTIAL

To: F.L.

From: J.O. GREENE

Subject: Parlor meeting at David Touro, M.D.'s residence

Mr. Touro, M.D. called me up on the morning of February 14 and apologized for the late notice but invited me and my wife to come over to his apartment that evening about 9:00 p.m. for drinks and to meet some friends of his.

Those present included H. Bilgin (First Secretary of the Turkish Embassy) and his wife, Peri, known then, who was Second Secretary at the Turkish Embassy (2nd), and Mr. Karen, K.T.W. (Third Secretary of the Turkish Embassy) of M.D. Also present was Colonel S.G., the Deputy Military Attaché of the Israeli office and his and Mrs. Benjamin Shavit of Israel.

Mr. and Mrs. Shavit, on a "study trip" through the Middle East and Far East, have only spent a month here and intend to spend another month before proceeding to India, Thailand, and possibly Vietnam. They said they intended to visit Afghanistan and Pakistan as well, whereupon Colonel Siron said they would not be able to go to those countries on Israeli passports. I would guess that the Shavits are about 25-30 years old. He has been working for five years in the Department of Arab Affairs (which deals with the Arab minority within Israel) in Jerusalem, and has been studying at Hebrew University as well. Both he and his wife speak fluent English. In addition he speaks Arabic and Persian and said he studied Aramaic for four to five months. He also knows at least a handful of words in Turkish.

The conversation ranged to various topics of no political significance and my wife and I left about 10:30.

Comments:

It would be interesting to know more about Dr. Shavit's visit to Iran, the places he has been, and the contacts he has made.

Distribution:
F.L./O. Reading

J.O.-M. Subject

Acknowledgments:

CONFIDENTIAL

SERO, 4

classified at 5-year intervals, declassified after 12 years.
At lunch January 11th, Ass. D. General, MoI. It. Ministry for Foreign Affairs, was not available. He said he was busy, not especially important. He was going to head up the task force in the Ministry and in fact one of the task forces was meeting that very afternoon. In spite of my probes, he could not tell me precisely what it was his task force was concerned with. He said he had about one meeting a week in connection with the task force work and that of course some time was taken up in preparation for the meetings and catching up afterward.

He was doing a lot of public speaking these days, he continued, and had spent within the past few weeks giving fifteen lectures, before studying audiences, the Israeli National War College and so on. He said one upcoming lecture was on the Suez and the Middle East. His principal text was the L. Alexis Johnson speech in January, 1954. In his lecture he would also make reference to some of Mr. Dulles' speeches in the mid-1950s to show how far the U.S. had come by 1954.

Though it was not very informative about exactly what he was doing, if one can get out of the course of the conversation, he was very interested in, and very well informed on, matters having to do with Iran, South Arabia, and the Horn of Africa.

He seemed especially weary and disinterested in discussing Arab/Israel issues.
I recalled a conversation we had had in Washington over two years before when he, in discussing means by which Israel might gain greater acceptance in the Middle East, had suggested ways should be found to increase routine traffic through Mandelbaum Gate. He suggested that the USG should seek every opportunity to increase Gate transit by USG employees for both official and non-official purposes. I said he would be interested in knowing that recently there had been increased restrictions on travel by our Consulate General personnel through the Gate imposed, not by Jordan, but by Israel.

Gazit's response was indirect. He stated as a general proposition that governments ought to make up their minds what it is exactly that they want and then proceed by well conceived programs to achieve their objectives. He left no doubt that the GOI was not following this prescription in handling Arab/Israel issues. Take for example, he said, the question of crossings by diplomats and tourists at Rosh Hanikra. He felt that it was a desirable objective for the GOI to do everything possible to open up Rosh Hanikra as Mandelbaum Gate had been opened. Yet it could not seem to decide that this was a desirable objective, much less go about achieving it in an effective way. He was convinced, he said, lapsing into a philosophical mood, that the bane of modern existence was bureaucracy. Mr. Eban might agree very well with him, in principle, but putting new ideas into practice through the bureaucracy was impossible.

Gazit said his Rockefeller Grant to do a book on "Israel and the Great Powers" was still pending. The amount of the grant, $34,000, was simply not enough to finance the two years' work necessary to do the job. He gave no indication that getting two years off from the GOI would present any problems.

Some additional miscellaneous items from the conversation:

(a) Israel has more technicians in Iran (40) than in any other country.

(b) The attitude of the Turks was disappointing. Gazit had noted a statement by the Foreign Minister before the Turkish Parliament that, in the event of another Middle East dust-up on the order of 1956, the Turks would not permit the U.S. base at Adana to serve U.S. military interests in the area. Furthermore, the Turks had consulted the Israelis.
only as their Foreign Minister was about to begin his visit to Egypt, thus making it impossible for Israelis to give their advice to the Turks in good time.

(c) Gazit said with a mischievous smile he thought it was about time the Israelis taught the Syrians a lesson; they really ought to give the Syrians a good bash. I said to Gazit that he knew well how we felt about these things as a matter of principle. There was besides the possibility that the irrational Syrian regime might react by setting off major hostilities. Previous Israeli bashes had not taught the Syrians a lesson; why should another one? Furthermore, at present there was some hope the upcoming extraordinary session of the ISMAC would help reduce tension. It seemed to me it was a particularly poor time to be doing what Gazit suggested and I was more than a little surprised that Gazit of all people was thinking in these terms. Gazit insisted that strong military action was the only way to straighten out the Syrians.

As we parted he smugly reminded me to report his views as MFA views. I told him to keep cool; one heard enough talk about bashes in IDF circles.

Comment: Gazit is the only senior MFA official we have heard talk quite this hawkishly in the current tension. That he would do so is probably another sign - if one were needed - of his conscious non-identification with the MFA establishment. Our conversation covered refugees and the Horn of Africa, being recorded elsewhere. The conversation confirmed what we have heard from other sources that Gazit really is at loose ends in the Ministry and there is a continuing decline in his influence. Discreet inquiries have failed to give us any idea what happens next.

POL:HHStackhouse/I1

cc: H.r. Davies, MLA; NEA/IAI; Embassies Teheran (H.r. Thatcher), London (H.r. Palmer), Damascus (H.r. Chase), Ankara; Ar. conyen.
Jerusalem.
TANKERS ENGAGED IN IRAN TO SILAT RUN

1. FOL DATA, OBTAINED FROM IRKIAN OIL CO. AFTER BREWER-PALMER TELCON, SUPPLEMENTED INFO PASSED TO AKINS MAY 23.

2. LISTED OWNERSHIP OF FOUR TANKERS (ALL LIBERIAN FLAG) WHICH REGULARLY CARRY OIL FROM IRAN TO SILAT:
A. KORMA - MARIT IS TANKER CORP. (MANAGER: E. HAYMAH), YOUGOVIA.
B. LEON - TRANS-WORLD TANKER CORP., YOUGOVIA.
C. SAMSON - SUPER TANKER CORP., YOUGOVIA.
D. SIRIS - (FORMERLY HE-ALOR). ASTHO-HARIMA NAV. S. A., PANAMA.

3. A FIFTH SHIP, THE PATRIA, LISTED AS OWNED BY ZAS TANKER CORP., LTD., YOUGOVIA, HAS BEEN USED IN THIS PROGRAM BUT IS NOT NOW SO ENGAGED.

4. THE OIL COMES FROM STOCKS OWNED BY TWO MEMBERS OF IRKON GROUP: SIGNAL-IRAN OF LOS ANGELES AND SONIC OF CLEVELAND.

SP-3, BRUCE
SECRET NO FOREIGN DISSENM

Intelligence Information Cable

IRAN ISRAEL

27 MAY 1967

SUBJECT

OIL TANKERS TRAVELLING BETWEEN IRANIAN PORTS AND THE GULF OF AQABA

IRAN, TEHRAN (27 MAY 1967)

REF TDCS-314/07341-67

PARAGRAPH 2: AN OFFICIAL BRITISH SERVICE.

PARAGRAPH 3: AN IRANIAN BUSINESSMAN WHO IS WELL-INFORMED ON ECONOMIC RELATIONS BETWEEN IRAN AND THE SOVIET BLOC AS WELL AS OTHER COUNTRIES IN THE MIDDLE EAST. HE IS A NEW SOURCE AND HIS RELIABILITY CAN NOT YET BE JUDGED.


2. THE TANKERS NORA AND LEON DEPARTED KHARG ISLAND FOR THE GULF OF AQABA ON 20 AND 24 MAY 1967 RESPECTIVELY. THE TANKER SIRIS IS DUE AT KHARG ISLAND ON 28 MAY TO LOAD OIL. IT IS NOT KNOWN WHERE THE SAMSUN AND THE PATRIA, ANOTHER
TANKER WHICH CARRIES OIL TO ISRAEL AND WHICH ALSO FLIES THE LIBERIAN FLAG, ARE AT THE PRESENT TIME.

3. THE SIRIS AND THE PAVIA TRAVEL REGULARLY BETWEEN KHARG ISLAND AND EILAT WITH OIL FOR ISRAEL, A ROUND TRIP OF ABOUT 20 DAYS. OTHER SHIPS ARE ALSO KNOWN TO CARRY OIL FROM IRANIAN PORTS TO ISRAEL, BUT A NUMBER OF THEM ARE FALSELY MANIFESTED ON LEAVING PORT SO THAT EILAT IS NOT LISTED AS THEIR DESTINATION.

4. FIELD DISSEMINATION: STATE ARMY NAVY AIR CINCUSNAVEUR CINCSCOTH (PERSONAL) CINCMEAFSA, ALSO SENT LONDON, AMMAN, BAGHDAD, BEIRUT, CAIRO, DAMASCUS, JUDEA, KUWAIT, ANKARA, ISTANBUL.

REPORT CLASS SECRET NO FOREIGN DISSEM
Department of State

INFO: LONDON (3), TEL AVIV

Ambassador TEHRAN

DATE: May 27, 1968

Israeli Pipeline

CERP-D; Tel Aviv's A-777; IDR Report April 1968, Subject; "The New Israeli Pipeline: Fact not Fiction" (SECRET/NOFORN)

SUMMARY

Israeli officials believe an Ellat/Mediterranean oil pipeline will prove less onerous to construct and maintain than equivalent tanker capacity. Flexibility of the line is believed to be greater than by large tankers in supplying Eastern Mediterranean ports. The pipeline will be finished within one year and ample crude will be available.

The following observations regarding the Israeli pipeline were gleaned from long conversation with Israeli officials on May 17:

1. Economic Justification

A. Cheaper than Around Africa. While oil companies claim the pipeline is not economical, they know better. As Israelis see it, 29 ships of 200,000 ton capacity can move 50 million tons of oil through the pipeline in the course of a year. To move the same amount in the same time span with the same size ships around Africa, would required 50 ships. Each ship costs $20 million, and since this would mean 21 more ships the extra cost is over $400 million, which is two or three times the cost of the pipeline.
B. Lower Maintenance Costs. The Israelis claimed that maintenance costs are much higher for ships than for pipeline, with ratio of maintenance to capital costs being 2:1 for ships versus 1:2 for the pipeline.

C. Superior Port Handling Facilities. The Port of Elat is so deep it can handle ships of any size. At the other end, the port will be able to shuttle smaller ships to European ports in the Eastern Mediterranean which in any case can handle only smaller ships and would be unable to receive supertankers coming from around Africa; i.e., double handling would be necessary in any case.

Thus, the Israelis are convinced that a pipeline is fully justified economically, even if Suez were to be reopened.

2. Financing.

In response to a query about the reason for Baron Rothschild's withdrawal, the Israelis said he was never in.

3. Availability

They said this would be a transit facility open to any one. They noted that all the oil for the present 16" pipeline currently coming from Iran, but no commitment has been given that would make capacity available to Iran in the existing 16" line.

4. Construction

They expect to be finished within one year. Much of the pipe will be made in Israel by a pipe mill, built there by Torrance of California. They have not been using the modern high-frequency welding process being used in the Apex Pipe Mill and are using a more conservative, old-fashioned process. They said they are completely convinced that Torrance mill is satisfactory although such projects inevitably have a shake-down period. They mentioned that the quality of steel sometimes presents problems.

5. Supply of Crude

They added that they are not worrying in the slightest about availability of sources of crude for deliveries through the pipeline; the only problem was finding customers at the other end of the line.

THACHER

SECRET/NOFORI
Although Israeli officials continue to speak mostly in generalities about the pipeline project, a few items from recent discussion with Mr. Dov BEN DROR, Chairman of the pipeline companies and Dr. Moshe NEEMAN, the Director of Fuel Administration, provide a little better insight into the project.

Dr. Neeman said he had been instructed to say nothing to anyone about the pipeline. He added that this was a silly instruction since just about all he knew about the project was contained in Platt's daily (not available in Tel Aviv) during the first week in June, and Platt's information was pretty reliable.

Preparation of the site for the pipeline is well underway, and the actual laying of the pipe is now expected to begin in October. Estimates of completion are now given as "September 1969", or more broadly "Autumn 1969".

Both sources declined to specify what transit fees will be charged. Ben Dror said he knows what it will cost to transport the oil, but will never reveal that figure, and he knows approximately what he will charge, but is holding this figure closely because it is still subject to negotiation.
The Ashkelon terminal of the 42 inch pipeline will be able to serve all types of tankers, not just small ones for Eastern European ports which are unable to accept supertankers. According to Ben Dror, although there are no Israeli flag tankers, Israel either owns or is able to obtain the services of enough ships to run 20 million tons of oil through the pipe a year. In a previous conversation, Ben Dror had complained that an American steamship company had cancelled a contract it had had with Israel because of Arab pressure on one of the major oil companies. This week Ben Dror said that this problem has been solved, but the COI is still considering whether or not to take legal action against the shipper. The problem was solved, he said, by the Government of Israel, which made certain "hints" to the oil companies that Israel would prefer not to be treated in this way. Ben Dror said he did not expect the oil companies to publicly make common cause with Israel, but he thought they should at least avoid kicking Israel unnecessarily.

ZURHELLEN

(SECRET)
Attached is a recent letter from Rod Wright in Beirut. I think that you may find one interest two paragraphs in his letter: the first deals with an opinion that the Israelis will be able to easily find 400-500,000 bpd for the new crude line—-- from the independents in the Gulf and NIOC (to me this seems quite high) and the second Stauffer's comments crude production peaking in Iran and his belief that the Shah will not be impressed by such figures.
Beirut, Lebanon

April 25, 1969

OFFICIAL-INFORMAL

Warren Clark, Jr., Esquire
Fuels and Energy
Bureau of Economic Affairs (E/ORF/FSE)
Department of State
Washington, D. C.

Dear Warren:

Please accept my warmest thanks for sending out the material for presentation to Professor Mkdashi. I handed them over at the April 23 session when Wally McDonald held forth. The material will be useful not only to Mkdashi and the AUB students, but also to consultants and others here in Beirut to whom I have supplied an annotated bibliography of the publications given to Mkdashi.

Several of us are looking forward to the complete Anti-trust and Monopoly Subcommittee report; I hope you'll have a chance to send out around five copies just as soon as it is printed. I suspect that other colleagues in Tehran, Kuwait, Dhahran, Tripoli, etc., would also appreciate receiving copies.

As requested in your April 8 letter we are on the alert to any information concerning the Israeli pipeline. As I believe I mentioned before, Jack Hartshorn stated when he was here for the AUB seminar that the Israelis will have no trouble whatsoever filling the line to 400-500,000 B/D, citing only the independents in the Gulf and NIOC. As for the latter, your excellent and very useful memocon April 4 (SECRET) certainly contained a bombshell -- Henry Moses' comment on page 7. As I eagerly studied your report, it occurred to me to suggest that you might want to pass - copy to London.

SECRET
Further notes on the memcon:

-- page 5 -- Dhahran's A-57, 4/2/69, Encl. 2, p.1, puts Aranco's reserves at 84.4 billion, very close to Hedlund's figure, but above The Oil and Gas Journal's 77 billion.

-- all of the presentation by the industry representatives, I wasn't sure whether in their discussion of Iranian reserves they were counting only Consortium reserves or the whole Iranian picture. It would seem the former. However, this would distort the picture from the point of view of the Iranians since non-Consolidium operators, including the new Arepi group and Continental, could well increase the Iranian reserves figure therefore leading to a later, and perhaps much later, downturn or peaking in production. On the other side of this reserve/production coin, Wally McDonald noted here that the share of crude in the European energy picture could well peak in the mid-70's. Could this be a reason behind the Iranian desire to push so hard now? Tom Stauffer, during his seminar appearance here a week ago, emphasized the Iranian desire to push as fast as possible now in order 'not to go broke' (I'll leave it to Bob Dowell to treat that one). What Tom implied, however, is that the Shah will not be dissuaded by 'peaking' statistics presented by the Consortium.

I see the SAG is keeping a watchful eye open -- Dhahran's 359 and A-60 have just arrived.

This letter started with publications, so it may as well end on the same note. The April issue of the News Letter, publications page, carries a reference to Edward H. Shaffer's The Oil Import Program of the United States: an Evaluation, New York: Praeger, 1968; 257 pp, $17.00. Before I send off an order, can you tell me whether it is worth it or not (...perhaps you might have an extra copy??). Also, do you have a copy of the Interior study dated January 16, 1969, concerning "Cost of the Oil Import Program to the American Economy", which is mentioned on p. 3 of Mead's paper.
Again, many thanks for the help.

Sincerely yours,

Roderick M. Wright
Petroleum Officer

cc: Robert L. Dowell, Jr., Esquire (w/annotated bibliography)
    Petroleum Officer
    American Embassy
    Tehran, Iran
Mr. Ambassador:

Sub: The Attached

Charlie McCaskill will set up the appointment with the head of the Israeli Mission. Could he come to the office to see you this coming Monday, January 5, at 1430? Your schedule is otherwise free that afternoon.

[Handwritten notes with unclear legibility]
TO: The Ambassador
THRU: The DCM
FROM: POL - CWM (WM)

DATE: December 18, 1969

SUBJECT:

My contact in the Israeli Mission called today to say that "his Ambassador", Mr. Erli, would like to arrange a meeting with you. I told him that I would inquire and let him know.

Mr. Erli is the Chief of the Israeli Mission here and, while he has the personal rank of Ambassador in his own service, he has no Ambassadorial rank here. He is not listed in the diplomatic list and is not included in diplomatic functions. He operates in a sort of limbo, neither fish nor fowl.

Our relations with the Israelis here have never been close, though we do maintain contact on the working level. They are fairly good sources of information, and at that level, we have found it fruitful to keep in touch.

In your discretion and when you have time, I think you might receive Mr. Erli here. Since he does not have Ambassadorial rank, there would be no question but that he should call on you. If you approve, I will call my man back, and tell him that you are very busy making your calls on other Ambassadors now but when you do have time, you would be glad to receive Mr. Erli here. Then when you do have the time, we can go ahead and set up his call.

(Perhaps in next few days or so)

Decontrol following December, 1970

Best you call Monday next date or time as above.

LIMITED OFFICIAL USE
March 17, 1970

TO: NEA/IRN - Mr. Miklos

FROM: E/ORF/TSE - James E. Akins

REFERENCE: Your Memorandum dated March 12, 1970

SUBJECT: Throughput of Israeli Pipeline

Our estimate—based on available information—is that about three-quarters of the oil going through the Israeli Pipeline comes from Iran. The rest, amounting to some 75,000 to 100,000 barrels per day, comes from the Bela'im offshore and onshore fields in Sinai, occupied by Israel since June 1967.

Of the oil going through the Israeli pipeline from Iran, we believe most of it is owned by the National Iranian Oil Company (NIOC). In January Iranian offshore concessions produced 340,000 b/d, of which NIOC's share would be about 170,000 b/d. (However, not all of this is available to go through the Israeli pipeline since NIOC has some customers East of Suez).

As much as another 100,000 b/d of NIOC oil could be going through the Israeli pipeline under barter oil agreements between NIOC and the Consortium, by which up to a certain amount of oil can be purchased by NIOC from the Consortium at a "quarter-way" price for sale only to specified countries in Eastern Europe. Much of this oil is believed to be going to Romania.

It is possible that some Iranian oil from Iricon members or other small companies without interests in Arab countries are using the Israeli pipeline. However, we have no evidence that any of the major oil companies or companies producing in any Arab country are using the line. And we doubt that they would do so.

E/ORF/TSE/WClarke,Jr:led

SECRET
SECRET

ACTION: R 221140Z AUG 70

FM AMCONSUL DHAHRAH

TO RUEHC/SECSTATE WASHTDC 825

INFO RUQVAM/AMBASSAD TEHRAN 551

and

RUQVTL/AMBASSAD TEL AVIV 52

LBU

RUQVRA/AMBASSAD JIDDA 2639

NBR-2

RUQVAK/AMBASSAD KUWAIT 761

NR-7

RUQVTR/AMBASSAD LONDON 8/7

RAL/AM

RUQMBR/AMBASSAD BEIRUT 711

LBU

SECR ET

DHAHRAH 519

NBU

DEPARTMENT PLEASE PASS CAIRO

SUBJ: EILAT-ASHQUELON PIPELINE

1. AT THIS CRITICAL TIME, WE BELIEVE ANY US ASSOCIATION WITH EILAT-ASHQUELON PIPELINE SCHEME MIGHT INVOLVE DANGEROUS RISKS VIS-A-VIS OUR RELATIONS WITH FRIENDLY ARAB OIL PRODUCING STATES AND WOULD PROVIDE BADLY-NEEDED AMMUNITION IN ARAB EXTREMISTS FIGHT AGAINST CURRENT PEACE EFFORT LAUNCHED BY U.S. POPULAR FRONT FOR LIBERATION OF PALESTINE IN JULY 11 ISSUE BEIRUT WEEKLY AL-HADAF HAS ALREADY ACCUSED US, SAG AND IRAN OF PLOTTING AGAINST ARAB INTERESTS BY ARRANGING TO HAVE ADDITIONAL IRANIAN OIL PUMPED THROUGH THE ISRAELI LINE.

2. MOREOVER, AT TIME WHEN ALL PRODUCING STATES IN GULF ATTEMPTING INCREASE PRODUCTION, ANY MOVE THAT WOULD SEEM TO ASSIST ONE PRODUCER (I.E. IRANIAN NATIONAL) TO BETTER ITS POSITION IN LUCRATIVE EUROPEAN MARKET WOULD BE DEEPLY RESERVED BY GOVERNMENTS OF ARAB OIL PRODUCING STATES AND US OIL FIRMS OPERATING IN AREA.

3. IN SHORT, WE FEEL THIS ESSENTIALLY MATTER BETWEEN IRANIANS AND ISRAELIS AND BOTH ASTUTE ENOUGH TO SEE POSSIBILITIES OF EILAT-ASKUELON PIPELINE WITHOUT PROMPTING BY USG.

DINSMORE

SECRET
**Subject:** Kilat-Ashqelon Pipeline Potential

**Ref:** STATE 135651

1. Iranian oil is in principle available for possible Western European sale via Israeli pipeline, provided that:
   
   (a) oil sold by *Consortium members*. Because *Consortium members* have extensive interests in Arab countries which would be jeopardized by use of Kilat pipeline, Consortium does not...
(b) Oil from Consortium area not available to EIOC. EIOC does not sell Consortium area oil in markets in Western Europe already served by Consortium members. EIOC does barter Consortium oil to LE's, mostly Romania. Some of this oil does transit Bilat pipeline, but the EIOC for obvious reason claims it does not know the ultimate destination of the oil it sells nor how it will travel.

(c) Oil from EIOC joint ventures with foreign companies, mostly produced offshore.

2. Embassy estimates EIOC has about 300,000 b/d offshore (para. (c) above) oil available for sale 1970, 400,000 b/d 1971, most of which firmly committed East or Suez to Madras refinery (owned in part by EIOC), Japan, Singapore. It would be extremely difficult for EIOC to abandon those commitments (especially case of Madras refinery), particularly since these are painfully developed 100,000 b/d long-term markets which EIOC would not want to lose for probably shorter-term opportunities created by Libyan cutbacks. 100,000 b/d estimated balance offshore oil now available for EIOC sales West of Suez marketed for it by its joint venture partners. This balance could be raised by another 80,000 b/d in near future.

These joint venture partners also have Arab investments which make them unwilling use Israeli pipeline.

3. Iran is of course eager expand oil exports, wherever it can, and it will need no rqt to stimuli from us or others to use Bilat pipeline to greatest extent should this prove feasible.
Accordingly, we think it would be both dangerous to our
relations with Arab world, and unnecessary, for us to suggest
and expand use of Elat pipeline for Iranian oil.

1. DEPT PLEASE PASS AMBASSADORS BONN, BELGRADE, ATHENS, BRUSSELS,
THE HAGUE, USMISSION NATO, RC BRUSSELS, OECD PARIS AND USINT CAIRO.

MACEDONIA

SECRET/UNCLASSIFIED
SUBJECT: Israeli Pipeline

PARTICIPANTS: A.E. "Pete" Colcast, PEMO
               Warren Glass, T/OU/A/OG

FAXES TO:
Amman Arab 451, July 20/21
Amman Parish 451
Amman Cairo 351
Amman Beirut 11/0/0/213 (3)

Mr. Colcast said Israel's best estimate of the current throughput capacity of the Israeli pipeline was only 400,000 barrels per day. He said this was based on a number of sources, including talks with Israelis who were knowledgeable about the Israeli oil industry: recent statements made in the Israeli press; and other sources. The Chief of Egypt, too, in the past has said he has an equity interest in the Israeli pipeline. He also gave an estimate close to this figure (400,000 b/d).

Mr. Colcast said the Israeli sources said actual throughput in September was about 300,000 b/d, that they were able to increase capacity to 600,000 b/d in 1971; 300,000 b/d later in 1972; and then, as of 1.2 million b/d between 1973 and 1979. He said his estimates of throughput costs were 20 cents per barrel.

Mr. Colcast said the Israeli sources also said that almost all the major international oil companies were directly or indirectly using the Israeli pipeline. Mr. Colcast added he could not confirm this estimate, but that his sources also say using 25 b/d.

Comment: In an earlier conversation with an executive of Standard Oil of Indiana, he volunteered that his company was considering most of its production from its IPC concession offshore Israel through the Israeli pipeline. The conversation with which he talked is significant to the 25 b/d report. Mr. Colcast also said that Standard Oil of Indiana's interest in the Israeli pipeline is located. For these this use of the Israeli pipeline and other data (based on confidential press releases) 10/12/79

Page 34
Tehran, Iran

October 20, 1979

SECRET
OFFICIAL-INFORMAL

Warren Clark, Esquire
E/PDE
Department of State
Washington, D.C. 20520

Dear Warren:

Your October 7 memorandum of conversation with Pete Valdez contained some surprises. I had never heard that Iran, with Iran the Shah personally, has an equity interest in the Israeli pipeline. No understanding was that the Iranians had asked the GOI if it would permit oil of Iranian origin to transit the line. The Iranians retracted, thus assuring the Israelis of a large enough throughput to make a pipeline of the size intended economically viable.

The question of who uses the line, of course, is largely a matter of definition. Presumably the extremist Arabs would say that any oil company selling its oil to a purchaser that it (the seller) knows or should know will put the oil through the pipeline is itself "using" the line and is thus a legitimate target for retaliation. From this viewpoint, it would be true to say that any major international is using the line. However, representatives of oil companies here, big and small, swear that their companies do not sell oil to which they themselves have title through the pipeline. They all say they know this would be unacceptable to all Arab governments including Saudi Arabia, Kuwait, and the sheikdoms.

I was also puzzled by your comment that an S01 executive reports that part of Iran's production is going through the Israeli pipeline. As it happens, I just had a conversation this week with Dave Milkie who is operations manager for IPAC. He says that because of the IPAC-HIOC tax/price dispute, Standard is lifting no oil at all for itself, and hence production is cut back severely to just enough to provide for lifting by HIOC. These liftings are some 90,000 B/D which HIOC is committed to supply to the Haifa refinery and about 30,000 B/D which, in Milkie's words, "HIOC sells to Israel." He went on to explain that apparently this fills in the shortfalls in Israel's own production of oil for its own internal use.

Yours

[Signatures]

Page 35
Since this leaves the whole picture rather cloudy, perhaps the next time you talk to Pete and the gentlemen from Standard, you could press them on these points. It would be particularly interesting to know, if Standard's share of IPC production before the shutback did indeed transit the Israeli line, whether at that point it was still owned by Standard or had passed to a purchaser.

All good wishes,

Sincerely,

John L. Washburn
Petroleum Officer

cc: NEA/ERH (RDowell)
November 25, 1970

OFFICIAL INFORMAL
SECRET/NOIC/ACADEMY

John Washburn, Esquire
Petroleum Officer
American Embassy
Tehran

Dear John:

Thank you for your letter of October 22 in response to my memo of October 9 with Pete Wolcott on Israeli pipeline throughout. My footnote about Iran's equity interest in the Israeli pipeline was based on a number of remarks made by the Shah in the last few years mentioning his "interest" in the pipeline, but especially on his conversation with the Consortium members in Zurich on January 31, 1969.

In the Consortium's minutes of that talk, the passage dealing with the proposed Iran-Turkey pipeline reads as follows:

"The Shah said that the (Iran-Turkey) pipeline was not a pet project of his; he saw the advantage, in the same way the members did, of keeping the flexibility afforded by tanker exports from Kharg Island, but on the other hand, he would not turn down the chance of earning an extra 10 cents a barrel if that was what the pipeline offered. It was merely a question of economics; if the pipeline was economical and he was for it, if not he would not. He added that it was open to Iran to use the Israeli pipeline, particularly since they had an interest in the line. The Arabs could not prevent this, and he did not want and did not expect the Arabs to have a victory over Israel...."

It was particularly the peremptory tone and some of this passage, plus other statements at other times, that led me to conclude that the Shah (or Iran, for I am afraid I sometimes fall into Iranian practice of speaking the

37
Imperial "ac" with both had a direct financial interest in the pipeline, rather than merely some throughout agreement.

In his conversation with Mellund and Date September 27, 1977, the GSC reported the Israeli pipeline, noted that "Iran is not a stranger to this project", and seemed to be actively promoting its use.

Bob Dowell seems to recall Ambassador "ever informing from a talk he had with the Shah that Iran had financial interest in the Israeli pipeline. On Bob's recollection this talk took place about the time, in 1977 or so, that the Israelis were re-considering efforts to find the necessary financing for the line.

There was a CIA report recently (36-1 321/31977-78 dated 24 October 1977) that Agia Jari crude purchased from Shell is going through the Israeli pipeline now, in addition to the IPC oil. This report was of course not evaluated. "Cash acquisition of the information was Tel Aviv.

For what it is worth, the Iranian Embassy has been telling the Egyptian Interests Section of the Indian Embassy here, and us, that no IPC oil at all is going through the Israeli pipeline. Then I asked my friend Youssef Aghaei of the Iranian Embassy what he meant by that, as the IPC sells the oil at Kharg Island or wherever, and where the purchaser takes the oil is his business, not IPC's.

The source of my information on OPC's use of the Israeli pipeline was Mr. Fakhingham, OPC's General Manager in Iran. As well as Bob Dowell and I can recall, his words went something to the effect, "Our (offshore) production goes through the Israeli pipeline". Perhaps Fakhingham can provide you with any more information you may require, if he is still in Iran.

Speaking of OPC, there are still several aspects of the IPC business that mystify me. In your letter of October 2, you said that Libya's position was that IPC may not have prices discounted from the posted price used for calculating taxes and royalties, and that this "directly controversial" a provision in the IPC Oil agreement which sets up a committee which "may" grant IPC discounts. Although MIOC may allow discounts,
is it under any obligation to do so other than under the
broad language in article 21-1 of the agreement? Also,
for us to better understand the problem, it can be helpful
to have details on the basis of the Embassy's estimate that
Iranian production would be 200,000 b/d greater had the
IPAC dispute been settled a year ago (Tehran 4355). Tehran's
5129 leads me to hope that the resolution of the IPAC/IOC
issues are now somewhere on the horizon.

Bob and I were interested in the Embassy's A-314 of
October 29 about the LNG plant proposed by Kaiser. As you
know, projects are now under way to import LNG into the US
from Algeria and Venezuela, and studies have been made on
importing LNG from Nigeria, which is somewhat further by
sea than Algeria. The current cost estimates are that
Algerian LNG would be considerably more expensive than present
sources (about 63 cents per million Btu regasified at the
US port vs. about 43 cents for gas now delivered at the
East Coast by pipeline from Texas and Louisiana). We will
no doubt end up paying the higher cost, however, since, as
Kaiser rightly points out, we are running out of available
gas in this country and will pay more rather than do without.
However, I would be surprised if it was yet feasible for
Persian Gulf LNG to be at all competitive in the US market
with LNG from other sources as Kaiser apparently implied by
suggesting that long-term contracts with US East Coast public
utilities could be used as "collateral" for loans. Cost of
the cost of an LNG project is in the tankers; an LNG tanker
about the size of a 40,000 or 50,000 dwt oil tanker costs
in the neighborhood of $40 to $50 million (i.e., more than
twice the cost of a 250,000 dwt oil tanker), so that costs
increase very rapidly with the distance the LNG tanker has
to travel.

If there is any potential market for Persian Gulf LNG during
the next four or five years (the time it would take to get
an LNG project going when starting from scratch) I would
think it was Japan rather than Europe or the US. None of
the industry sources we have talked to believe that even LNG
to Japan is as yet feasible from the Persian Gulf, although
all seem to agree that it will be more than as market prices
rise. Japan is now getting LNG from Alaska and will be getting
some soon from Brunei. I would suspect that closer sources of
gas to Japan such as Indonesia might be tapped before going
another three thousand miles or so to the Persian Gulf. In this connection, we would be most interested in the current status of plans mentioned by Mr. Firoozan of NIGC by American, French, and Italians for LNG plants in Iran. Do you agree with his assessment that time is short if Kaiser or others still want to get in on an LNG project in Iran? Incidentally, Kaiser reportedly mentioned that Iran had "unused capacity" of 450,000 cubic feet per day. Do you know how they got this figure? According to the Iran Oil Journal of October 1970, Iran in August was flaring about 1.3 billion cubic feet per day (38.4 billion cubic feet per month). Has flaring been greatly reduced now by the opening of the gas pipeline to the USSR?

This letter has become rather long. I hope it does not sound too contentious, for I don't mean it to sound contentious, but I thought it important to share with you some of our views and reactions.

With every best wish for the holidays,

Sincerely,

Warren Clark
Office of Fuels & Energy

cc: NEA/IRN - "r. Powell
Commerce/OICR - "r. Male
December 23, 1970

OFFICIAL-SENSITIVE

Dear Warren,

Many thanks for your letter of November 29, which, such are the vagaries of air pouches these days, arrived only a few days ago. On the question of an Iranian equity interest in the Israeli pipeline, I don't really know where I came out after reviewing your points. I was aware of the Shah's comments to the Consortium representatives in Zurich, but I did read his statement there that Iran "had an interest in the line," as meaning that the GOI had made a statement of intent to use the line to the Israelis which the latter had used in support of the line's bankability. I have also subsequently been told by Eng. Sephidian, Director of NIOC's Office of Economic Research, that the GOI had no need of a financial investment in the line because the Israelis were good at getting financing and very much wanted Iran to use the line in any case.

As a result of all this, I am inclined to bring in a Scotch verdict of not proved until I can do some more digging around on the subject. I'll also try to see if OAS can help me out on this. I have also seen a copy of the Tel Aviv CIA report. I think what is behind this is that the NIOC receives crude from the Consortium under the arrangements with which you are familiar and sells it to Romex. This is all Agha-Jari light and does, of course, travel through the Israeli pipeline, but an international company is connected with it.

Yourself, Akbar's line is the standard GOI/NIOC position. The NIOC does in fact usually take purchasers bear the responsibility for transporting the oil through the Israeli pipeline or whatever other form of transportation they choose.

The story with GOI's crude is the same as the Agha-Jari crude. That is, to say the oil is indeed produced out of GOI's concession, but half of it becomes the property of the NIOC under the joint venture agreement. NIOC sells much of this share to purchasers who transport it through the Israeli pipeline. However, NIOC has reaffirmed to me that it does not send any of GOI's share of the concession's production through the Israeli pipeline.

Downgraded at 12-year interval, not automatically declassified

Secret
Further on the IPAC problem, I perhaps did not make it clear that Eqbal's position is that IPAC had no right to so much as ask for discounts and that, therefore, they are not a proper subject for negotiation or discussion between the parties. Our estimate that IPAC's production would be 200,000 b/d larger had its dispute been settled a year ago was provided to me directly by Dave Wilke, the manager of IPAC. There seems to be no possibility for a resolution of this affair even in the near future. Vanderbeek (you will have seen our reporting on him stating our pleasure at his performance so far) must have time to find his feet and the whole aftermath of the sacrifice of Falkingham on the altar of Eqbal's ego will take a while to die out.

Thank you for the very helpful background on LNG. I had not been aware of the full complexity of the economics of this new industry and I am very grateful to have the information at hand. We will be checking shortly again on the status of the applications to MIOC for LNG plants. I rather suspect that Mr. Pirouzpar may have been somewhat exaggerating the shortness of time available to Kaiser to make its application. I don't know where Kaiser got the 450,000 cubic feet per day gas availability figure, unless they were managing just one field. The Iran Oil Journal figure is as good as any I know for current rates of flaring. Flaring has not been greatly reduced by the USSR pipeline because much of the gas in the pipeline is supplied by special new wells drilled particularly for the purpose.

I enclose a document recently received under the table from MIOC and a copy of a memo I wrote for Bill to the Ambassador about it. As far as anyone in the Consortium here knows, the Consortium has not attempted to reply to the figures in this booklet. For the reason I gave in the memo, I think it would be very desirable if we could get both sides discussing their respective figures now that the MIOC has produced what seems to me a very respectable presentation. In addition, I'd be interested in any general views on the booklet of representatives of Consortium members visiting you. Particularly, I'd be interested in any scuttlebutt that they might have as to the identity of the consultant whom I suspect wrote the analysis for the MIOC.

Don't ever worry about sounding contentious (and you didn't). We have to bat things back and forth to get the best appraisal possible for situations which at the best are generally pretty murky. I hope that this arrives in time to make appropriate my warmest wishes for a very happy New Year.

Sincerely,

John L. Washburn
Petroleum Officer
TO: Embassy TEBRAN
INFO: TEL AVIV

EMBASSY OF THE
UNITED STATES OF AMERICA

TEHRAN

FROM: Department of State

DATE: 12 JAN 1971

SUBJECT: Minister in Charge, Iranian Mission to Israel, Ebrahim Teymouri

REF: Your A-347 of December 7, 1970

The following information on Ebrahim Teymouri, extracted from Kuwait's A-218 of April 9, 1964 (sent to Tehran), is submitted in reply to referenced airgram. Additional information is not available.

Interest was generated in the Shaykhdoms of the Southern Gulf by members of the Iranian Foreign Minister's party which visited Kuwait March 28-30. In particular, Ebrahim Teymouri spoke at some length with the reporting officer on the subject. Teymouri, who affirmed he was in charge of the Persian Gulf Division of the Foreign Office, was evasive about his role on the delegation and concealed his recent service in Israel by stating he had served in Bern, Switzerland, the past 6 years and in London before that. He claimed to know little about the Gulf stating he had not visited any of the Shaykhdoms and had only assumed his functions at the Foreign Office two months before.

ROGERS
Malcolm Freres, Political Officer, AmEmbassy Tel Aviv

Sarah Teymuri, Chief of Iranian Mission in Israel

CA-55, January 6, 1971

On April 27, 1971, I called on the new head of the Iranian Mission to Israel, Sarah Teymuri, at his request. Teymouri indicated that he wished to maintain contact with the American Embassy as he had done during a previous tour in Israel (1960-1964).

In the course of conversation, Teymouri indicated that the Iranian Government believes Israel should display more flexibility in its negotiations with the Arabs. He argued that it was not to Israel's long-term advantage to insist on the retention of Arab lands since this would only aggravate and prolong the Arab-Israel conflict.

Teymouri inquired whether the U.S. would put pressure on Israel to withdraw in accordance with something like the Rogers Plan. I told him that our Government is trying to persuade Israel to come out with its own ideas on a peace settlement and that we did not intend to force Israel to accept the Rogers Plan or any preconceived settlement plan.

Teymouri seems to be friendly to the United States and its Near East policies. He confirmed that he had been in charge of Persian Gulf affairs during part of the time between his departure from Israel and his return a couple of months ago (Ref CA). I did not press him on this, our first meeting, as to details of what he had been doing in connection with Gulf affairs.

I assume that Teymouri's status is the same as that of his predecessor, Eryuoon Farrokhj, i.e. that he is technically a part of the Iranian diplomatic staff at Bern, Switzerland, but who is actually in charge of the semi-covert Iranian Mission in Israel.

The Iranian Mission in Israel seems to have about three officers, including Teymouri. The others I have met were J. Chari-Zadeh who dealt in 1969...

Malcolm Freres, 5/9/71

CONFIDENTIAL
mainly with Iranian-Jewish students in Israel, and Mahmoud Izadi, a political officer. (Izadi expects to leave before the end of 1971). The mission is located in a villa at 28 Jabotinski Street, Ramat Gan, -tel: 733-033). Teymuri lives in the villa.

Switzerland protects Iranian interests in Israel and applicants for Iranian visas are directed to the Swiss embassy in Tel Aviv. However, an Iranian mission employee handles the visa issuances.

cc: INR/OIL/B
CIA/JIC
Ambassador Ichran (POL)
March 23, 1972

SECRET/NOFORN – EYES ONLY

OFFICIAL-INFORMAL

John L. Washburn, Esquire
American Embassy
Tehran

Dear John:

In view of the "No Dissem Abroad" restriction on the enclosed CAS report you may not have seen it. I've put the "Eyes Only" caption on this letter as we should hold very closely the fact that I have passed it along.

In para 3 the report suggests that NIOC has an equity interest in the Eilat-Ashkelon pipeline. A few years ago I gained the impression that GOI had some undefined financial interest in it. I had assumed however that this was limited to loans, guarantees, and/or throughput agreements; equity participation however surprises me. Any information you may have on this question would be of interest to us.

Sincerely,

Robert L. Dowell, Jr.

Enclosure:
CAS Report 00-B-321/00088-72
dtd 1/14/72

SECRET/NOFORN
Intelligence Information Report

Guy G. Chose
143-7931

S-E-G-R-E-T

COUNTRY  Israel/Iran

SUBJECT  Elat-Ashkelon Pipeline/Increased Capacity/Second Pipeline/Additional Mooring Buoyas/National Iranian Oil Company Partnership

REPORT NO.  OO-B-321/00088-72

DATE DISTR.  14 JAN 1972

NO. PAGES  2

REFERENCES

DATE OF INFO.  December 1971

PLACE & DATE ACQ. BY SOURCE  Tel-Aviv/December 1971

THIS IS UNEVALUATED INFORMATION

SOURCE:  US citizen; executive of firm engaged in manufacture of offshore oil equipment.

1. During discussions with Ben Per, Chairman and Managing Director, Elint-Ashkelon Pipeline Company, and Bar-Zev Shani, General Manager, Maritime Bank of Israel, it was learned that present planning calls for an ultimate capacity of 120 million tons per year. This figure will be reached within three years primarily through the addition of a second 42 inch pipeline and changes in the floating storage facilities at Ashkelon. It is estimated that the ultimate capacity of each pipeline will be 60 million tons. Present capacity is 40 million tons and the volume for calendar year 1971 was about 20 million tons.

2. In addition to the second pipeline, the following changes are planned. At Elint the loading dock which currently handles two 100 thousand dead-weight tanker tankers will be expanded to be able to handle two additional tankers in the 150 thousand dwt class. On the Ashkelon side, there are currently two multi-point and one single point mooring buoys. In January 1972 a contract will be awarded for a fourth buoy, which will be a single point mooring system. In May 1972 berth one, a multi-point buoy, will be replaced by a single point buoy. Ten months from the completion of the fourth buoy, berth five, a single point system, will be added. The single point system allows 60% greater utilization of the berth when compared to the multi-point system because the moored vessel can rotate 360° around the single buoy terminal with changes in wind, tide and current.
After many attempts to keep it secret, Dan Dor admitted that the Eliat-Ashkelon Pipeline Company was half-owned by the National Iranian Oil Company (NIOC). Dor had requested five year financing on the changes in the mooring system described above. The US firm's bank ran credit checks on the pipeline company and determined that it is 50% owned by the government of Israel and 50% by APC Holdings of Montreal. The bank then tried to determine the location of and names of the officers of APC but were unable to do so. When told that the inability to identify APC Holdings was hindering the financing, Dor stated that officials of NIIOC were his partners. He added that most of the crude pumped through the pipeline is from Iran. Dor mentioned that two 225 thousand dwt tankers are under construction in Norway by Maritime Fruit carriers. One is almost completed and the other will be finished in a few months. They will both carry crude from Iran to Eliat.

-end-
SURJ: MARITIME FRUIT CARRIERS UNDERTAKE MAJOR EXPANSION.

1. ISRAEL-BASED MARITIME FRUIT CARRIERS COMPANY HAS TWICE BEEN IN NEWS THIS WITH ANNOUNCEMENTS MAJOR PURCHASES IN UK. FEBRUARY 1, COMPANY ANNOUNCED ORDER FOR SIX SUPER TANKERS OF 330,000 TON CLASS VALUED AT BRITISH POUNDS 150 MILLION FROM HARLAND AND WOLFF COMPANY OF BELFAST. FEBRUARY 7, PRESS REPORTED FORMAL ANNOUNCEMENT EXPECTED OF ANOTHER ORDER FOR SIX SUPER TANKERS OF 250,000 TON CLASS AND SIX REEFERS OF ABOUT 10,000 TONS EACH FROM SWAN HUNTER, NEWCASTLE. THESE ORDERS FOLLOW ON ORDER IN US FOR THREE SUPER TANKERS OF 380,000 TON CLASS.

2. ALL THESE ORDERS SEEM TO FIT PATTERN OF MARITIME PAST EXPANSION, BEING BASED ON READINESS OF GOVTS TO EXTEND GENEROUS FINANCING TO KEEP THEIR SHIPYARDS AT WORK.

3. WE ASSUME THAT ORDERS PROBABLY NOT RELATED TO INTEREST IN KEEPING ELAT-ASHDEMON PIPELINE FULL. CAPACITY OF TANKERS ORDERED APPEAR TO BE OVER TWICE AS MUCH AS WOULD BE NEEDED TO FILL PROJECTED 40 MILLION TON PER YEAR CAPACITY OF PIPELINE. NEW TANKERS LIKELY TO BE USED GENERALLY IN OIL CHARTER TRADE UNDER VARIOUS FLAGS BUT WITH CONCENTRATION ON DELIVERY IRANIAN CRUDE PERHAPS TO US.

ZURHELLEW
CONFIDENTIAL

ISRAEL

Ambassador-Designate
to Iran

Uriel Lubrani
(pronounced LoobrahNee) has
been on the Koor Industries
Management Board as
director of joint enter-
prises and projects abroad
since mid-1971. This
board determines basic
policy for Koor Industries
Ltd., Israel's largest
industrial corporation.

Early Life and Career

Uriel Lubrani was
born on 7 October 1926 in
Haifa. He graduated from
prestigious Reali High
School in Tel Aviv in 1944. He has a B.A. (honors)
from the University of London. Lubrani served in
the Haganah and the Israeli Defense Forces from
1944 to 1948. He entered the Foreign Ministry in
1950 and served first in the Middle East Division,
and then as private secretary to the late Foreign
Minister Moshe Sharet from 1951 to 1953. He was
in London from 1953 to 1956.

Lubrani was assistant adviser, and then
adviser, on Arab affairs to former Prime Minister
David Ben Gurion during 1957-61. His unsympathetic
attitude toward Arabs at this time drew criticism
from the Israeli press at least twice. Lubrani
was assistant director general of the Prime Minister's
office in 1963 when Levi Eshkol became Prime Minister.
He continued to served under Eshkol as political
secretary and director of his private office. In
1969 Lubrani resigned his post because, in his words,
his loyalties to Ben Gurion prevented his feeling
fully sympathetic to Eshkol.

Lubrani served as Ambassador to Uganda, Rwanda
and Burundi from 1969 to 1965 and to Ethiopia from
1965 to 1971. During his tour in Kampala, Lubrani
implemented Israel's aid program which involved
Uriel LUBRANI  

ISRAEL  

Placing advisers with the Ugandan army, air force, and police. These contacts made him one of the best informed men in Uganda and the US Embassy found him to be a valuable and cooperative friend.

Personal Data

Lubrani and his wife, the former Sara Levi, have four children: Talia, Osnat, Dorit, and Nily. Lubrani contracted malaria in Uganda. He speaks excellent English.

CIA/DDI/CRS  

LKoch  

22 June 1973
MEMORANDUM OF CONVERSATION

Tehran, December 5, 1973

SUBJECT: Iran: Miscellany

PARTICIPANTS: Areyeh Levin, Counselor, Israeli Mission
              Douglas Heck, Minister-Counselor

COPIES TO: AMB NEA/IRN OR
          POL Amembassy TEL AVIV

At the suggestion of Ambassador Lubrani, Areyeh Levin, Counselor of the Israeli Mission in Tehran, called on me December 5. He has only recently arrived but said that he and his family are reasonably well settled.

BIOGRAPHIC DATA: Levin was born in Tehran and educated here. He is a graduate of Community School in the days when it was a Presbyterian mission institution and a good number of its students were Jewish. After he went to Israel from Tehran he joined the foreign service, serving in Ethiopia, then as Charge in Ruanda. He has been in Paris for the last four years, which he characterized as a difficult and fascinating period. He is married and has several children. His wife is a musician and is not too happy with Tehran which she feels lacks musical and cultural opportunities. He speaks English well and is about 5'6".

IMPRESSIONS OF IRAN: Returning to Tehran after a long period, Levin said he was astonished at the changes that had occurred. These included not only all the usual evidences of change in a city like Tehran, with better facilities, bigger buildings, higher standard of living, etc., but more important, he felt, there was evidence of more fundamental changes which suggested that the Shah was indeed successful in moving the country into the 20th century and changing some of its outlook. He mentioned, for example, that although there is much talk of corruption, the situation has actually significantly improved. When he was here before, ministers and key government officials could easily be bought. This is no longer true today and while ministers may have their hand in the till in one way or another, they cannot be bought outright. The system no longer permits this. Another important change is the presence in the government of educated, intelligent and experienced people, well qualified for their jobs. Thirty
years ago even key officials could be illiterate and totally unequipped to deal with the responsibilities assigned to them. In short, Levin says he is impressed by what he has seen and optimistic about Iran's future.

ACTIVITIES IN TEHRAN: Levin said he has experienced no difficulties or hostility since he has been here. He moves around freely and no one has refused to see him. In this connection he mentioned a recent conversation with an editor with whom he was discussing anti-Israeli sentiment in Tehran during the recent war. The editor told him that pro-Arab support that developed during this period should be interpreted not only as an indication of popular support for the Arabs but also as an expression of opposition to the Shah. There were few ways in Iran that one could demonstrate against the present regime and being pro-Arab is a safe way to express one's self without getting into trouble. Many feel that the Shah does not favor a pro-Arab policy.
IN DISCUSSION MARCH 29 WITH FINNIE SAPIR AND HIS AIDES ADMON AND DAVIPATH, THEY TOLD EXECCOFS THAT ISRAEL HAD NEGOTIATED CONTRACT TO BUY IRANIAN CRUDE AT PRICE OF 16.50 DOLLARS PER BARREL. CONTRACT WAS FOR FIRST SIX MONTHS OF 1974. THEY SAID THEY WERE STILL NEGOTIATING WITH IRANIANS WITH RESPECT PRICE FOR SECOND HALF OF YEAR. SAPIR SAID QUANTITY OF IRANIAN OIL INVOLVED EQUALS ROUGHLY HALF OF ISRAEL'S NEEDS.
IN CONVERSATION WITH EMBOFFS ON JUNE 11, MOSHE BITAN, MANAGING DIRECTOR OF PAZ OIL COMPANY, STATED THAT HE HAD JUST RETURNED FROM TEHRAN WHERE HE HEADED ISRAELI TEAM NEGOTIATING PURCHASE OF CRUDE OIL. HE SAID THAT AGREEMENT HAD BEEN REACHED FOR 2 MILLION TONS, WHICH WOULD BE IMPORTED OVER SECOND HALF OF 1974, AT PRICE OF 95 PERCENT OF POSTED PRICE, I.E., ABOUT $11 PER BARREL. HE ADDED THAT GOI IS TRYING TO NEGOTIATE COMPENSATION FROM IRANIANS FOR "OVERCHARGING" FOR 2 MILLION TONS OF CRUDE IMPORTED DURING THE FIRST HALF OF 1974 AT AUCTION PRICE OF $16.50. BITAN DID NOT SEEK TO THINK THERE WAS MUCH CHANCE IT WOULD AGREE TO COMPENSATION, WHICH WOULD REQUIRE POLITICAL DECISION AT HIGHEST LEVELS.

2. BITAN SAID ISRAEL IS CONSIDERING THE POSSIBILITY OF STORING CRUDE OIL UNDERGROUND, AND PLANS TO DISCUSS TECHNICAL PROBLEMS INVOLVED WITH SWEDISH EXPERTS IN THE FIELD. HE SAID THAT AT PRESENT ISRAEL IS ABLE TO MAINTAIN FIVE-MONTH RESERVE OF COMBINED CRUDE AND DISTILLATES.

3. BITAN SAID HE WAS NOT PRIVY TO GOI CONSIDERATIONS OF POSSIBLE DISPOSITION OF ABU DHABI OIL FIELDS. HE DID SAY THAT ISRAEL REFINING CAPABILITY WOULD NOT BE AFFECTED BY THE LOSS OF SINAI CRUDE, ALTHOUGH IT: REFINERY AT ASHDOD HAD BEEN CONFIGURED WITH THE RELATIVELY EASY ABU DHABI OIL IN MIND, A SHIFT TO LIGHTER CRUDE INPUT COULDN'T BE ACCOMMODATED BY LIGHT ADJUSTMENTS IN THE MIX OF REFINED PRODUCTS.
1. L'Orient-Le-Jour article cited ref tel was lengthy think-piece by editor-in-chief Eduard Saab on Iranian-Egyptian relations. Shah's "grandiose" world view and Iran's possible role in it. Source of Saab's info not clear but he mentioned Shah's interview with Al Ahram.

2. Penultimate paragraph refers generally to aid "perfult" Iran could give to "depleted" Egyptian regime, saying Iran could expect free zone at Port Said in return and that Iranian capital would not only allay Egyptian budgetary difficulties but also induce developed world to contibute technology. Para continues that Shah could play political role in Arab-Israeli conflict as mediator for disengagement of forces in Sinai.

3. Specific reference to "offer" then reads: "Tehran would undertake to assure provision of petroleum to Israel upon retreat of latter from territories in Sinai where wells of Abu Rudeiss are situated, but operation would only be conceived in framework of overall peace plan rigorously conforming to SPIIR and letter of SC RES 242. For certain western diplomatic circles in (Cairo), this demarche by Shah would be of nature to favor revival of Kissinger mission, in view of new accord for separation of forces."

4. Short al Hawadih article published Jan 10 said its Cairo correspondent had learned that Shah had informed Israelis, via Secretary Kissinger, that Iran is "prepared compensate Israel for loss of Abu Rudeiss oil wells if Israel gives them back to Egypt." Shah reportedly "would provide sixty percent of Israel's needs free of charge until final Arab-Israeli settle-
MENT IS ACHIEVED," MAGAZINE, NOTING ITS CORRESPONDENT HAD
FILED HIS STORY BEFORE SHAM ACTUALLY ARRIVED IN CAIRO, ADMITTED
THIS REPORT WAS "SPECULATION" AND ADDED THAT ITS CORRESPONDENT
HAD BEEN ASKED TO VERIFY IT. "THIS SCOOP IS IMPORTANT," CON-
CLUDED HAWADITH, "BUT IT WILL BE MORE IMPORTANT IF ONE HUNDRED
PERCENT TRUE."

5. COMMENT: WHOLE STORY SEEMS TO BE A BIT TOO TENOUS TO BE
TAKEN SERIOUSLY AT THIS POINT. (WE NOTE THAT BEIRUT'S PRESTIGIOUS
MIDDLE EAST ECONOMIC SURVEY IGNORED IT.) HAWADITH CORRESPONDENT
SEEMS TO HAVE ONLY GRASPED STRAW IN VIND, AND SAAB MAY ONLY
HAVE BEEN INDULGING IN SUPPOSITION. NEITHER ARTICLE MENTIONS
MECHANICS OF HOW IRAN WOULD SUPPLY OIL TO ISRAEL (E.G., DIRECTLY
OR INDIRECTLY), NOR DO THEY ELABORATE ON THAT MOST IMPORTANT
CONSIDERATION, PRICE. ISRAEL PRESUMABLY NOW GETS ABU RUDEISS
CRUDE AT COST. UNLESS POOR MUSLIM COUNTRIES ARE GIVEN DISCOUNT
BY IRAN, IT IS DIFFICULT TO IMAGINE LATTER GIVING ISRAEL LESS THAN
WORLD PRICE OF DOLS 10-11 PER BARREL. ISRAEL CAN, OF COURSE,
GET OIL ANYWHERE AT THAT PRICE, BUT PROBABLY CANNOT AFFORD IT.

6. ON GENERAL SUBJECT OF CURRENT ISRAELI-IRANIAN RELATIONS, WE
CALL EMBASSY TEL AVIV'S ATTENTION TO INTERESTING ARTICLE BY DAVID
HOUSEGO THAT APPEARED IN JAN 8 ISSUE OF LONDON FINANCIAL TIMES
(PAGE 5).

GODLEY
Files

David R. Patterson

Iranian Oil to Israel

Dick Killian, Vice President of Gulf Oil Trading and Development Co., said that his company has a computer model that traces oil movements. They have discussed selling it to Rod and CIA.

This model showed, for first semester 1974, that slightly over 252,000 B/D of Iranian oil was going to Israel. Since then they have had difficulty getting an accurate fix.
ZNY CCCCC 2ZM
R 011229Z MAY 75
FM AMBASSADY TEL AVIV
TO RUHC/SECSTATE WASHDC 6489
INFO RUQMHR/AMBASSADY TEHRAN 0721
BT
CONFIDENTIAL TEL AVIV 2596

TEL AVIV 2596
2 MAY 75 (142)

LIMDIS

E.O. 11652: GDS
TAGS: ENRG, IS, IR
SUBJ: CRUDE OIL IMPORTS FROM IRAN

REF: TEHRAN 2059
FINANCE MINISTRY OFFICIAL HAS CONFIRMED TO EMBASSY
THAT CRUDE OIL PURCHASE FROM IRAN IS CONTINUING AT
LEVEL OF FOUR MILLION TONS PER YEAR. HE SAID THAT PRICE
PAID BY ISRAEL DURING CALENDAR 1975 AVERAGES $10.35 PER BARREL,
WHICH HE DESCRIBED AS QUOTE INTERNATIONAL PRICE UNQUOTE.
VELIOTES
1. During May 20 conversation with John Lichtblau, Director of Petroleum Industries Research Foundation, and Enhoff, Israeli Energy Adviser, Zvi Dinstein discussed recent developments in Israeli oil/energy picture. Main points to emerge follow (see Septel on Sinai oil exploration).

2. Eilat-Ashkelon Pipeline: Opening of Suez Canal has not seriously affected pipeline operations. Current crude throughput is six hundred thousand barrels per day (60 percent of capacity), of which one hundred forth thousand BPD are for domestic consumption and remainder for export. Pipeline prices are set as part of origin-to-destination package deal, with supertankers bringing crude from Iran to Eilat, and smaller tankers taking crude from Ashkelon to destination. Package prices vary with world scale ratings for tankers. Israel is able to ship Iranian oil to U.S. on competitive basis because returning tankers are backhauling Mexican crude for Israel.

3. Storage: Current petroleum stocks would last seven months under emergency measures, three or four months at current consumption rate. of amounts stored, fifty-five percent are refined products, the rest crude. Israel hopes to increase percentage of refined products to sixty percent or even two-thirds. Although Israel has excess refining capacity, it must be assumed that refineries are insecure in wartime.

4. Alternate energy sources: By 1979, Israel plans to have four new power stations producing three hundred fifty megawatts each. These will be coal-fired, with option to switch to oil, and will provide forth percent of domestic power needs. (South Africa is now quoting Israel unescalated prices for 1980 coal supplies.) By 1985, a 750-900 megawatt nuclear power station will furnish an additional 25 percent of domestic needs.

DunWigan

CONFIDENTIAL
CONFIDENTIAL

Reliable information on the destination of Iranian oil exports is generally difficult to obtain, but this is particularly the case when the destination is Israel. Iranian officials, very conscious of the possibility of Needless antanomizing their Arab partners in OPEC, will normally not discuss oil exports to Israel.

Nevertheless, information from a variety of sources indicates that at least 75 percent of current Israeli domestic consumption of approximately 150,000 barrels per day is supplied by Iran. Moreover, the only oil that flows through the Trans-Israel Pipeline (Tipline) which runs northward from the Gulf of Agaba to the Mediterranean port of Ashkelon, is from Iran. Tipline was constructed during the late 1960's at a cost of over $200 million, and its current capacity is 45 million tons/year (about 850,000 barrels/day). During 1976, something on the order of 350,000 barrels per day of Iranian crude oil is thought to have been trans-shipped through Tipline for customers in Europe and beyond.
ACTION: SECSTATE WASHDC PRIORITY

INFO: AMBASSADY TEL AVIV
      AMBASSADY AMMAN
      AMBASSADY CAIRO
      AMBASSADY BEIRUT
      AMBASSADY LONDON
      AMBASSADY MOSCOW
      AMBASSADY JIDDA

CONFIDENTIAL TEHRAN

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, US, IS

SUBJECT: STORY IN ARAB PRESS SERVICE RE IRAN'S CONSIDERING OIL EMBARGO AGAINST ISRAEL

1. BBC CORRESPONDENT HAS QUERIED US CONCERNING STORY APPEARING IN BEIRUT-BASED ARAB PRESS SERVICE AND ATTRIBUTED TO "SENIOR GOVERNMENT OFFICIAL IN JORDAN" TO EFFECT THAT IRAN IS SERIOUSLY CONSIDERING OIL EMBARGO AGAINST ISRAEL TO FORCE IT TO MAKE CONCESSIONS AND RESUME PEACE TALKS WITH EGYPT. STORY SAYS IRANIAN MOVE "MAY HAVE BLESSING OF THE UNITED STATES."

2. WE HAVE ADVISED BBC TO TREAT STORY WITH CAUTION, AND, ON UNATTRIBUTED BASIS, HAVE TOLD CORRESPONDENT WE HAVE NO RPT NO INDICATIONS IRAN HAS ANY SUCH PLAN. WE HAVE FURTHER SAID

DRAFTED BY: 

1/25/78

AMR

CLEARANCES:

CONFIDENTIAL/LIMDIS

CLASSIFICATION
THAT REPORT OF "U.S. BLESSING" IS ENTIRELY WITHOUT FOUNDATION.

3. IN DISCUSSING REPORT WITH SENIOR NIAC OFFICIAL JANUARY 25, EMBOFF RECEIVED CURIOUSLY NONCOMMITAL REACTION, WHICH PROBABLY REFLECTS ABSENCE OF IMPERIAL GUIDANCE, RATHER THAN ANYTHING ELSE.

4. HOWEVER, IT SHOULD BE POINTED OUT THAT SHAH, DURING VISIT OF CODEL ZABLOCKI, ANSWERED QUESTION FROM CONGRESSWOMAN MEYNER ON THIS SUBJECT. SHAH DEFTLY TURNED QUESTION ASIDE BY SAYING THAT HE WOULD HAVE TO CONSULT CLOSELY WITH USG IN ANY MATTERS WHICH MIGHT INVOLVE THE USE OF PRESSURE, SINCE HE WOULD WANT TO BE SURE THAT IRAN'S POLICY WITH RESPECT TO OIL FOR ISRAEL CONFIRMED CLOSELY WITH RR U.S. POLICY WITH RESPECT TO ARMS FOR ISRAEL.

5. IT IS POSSIBLE THAT A GARBLED VERSION OF THIS COMMENT MAY HAVE REACHED JORDAN WHERE IT HAS BEEN REFRACED THROUGH BEDOUIN PRISMS.

SULLIVAN
SECRET

ACTION:
POL 3
INFO:
AMB
DOM
BEC 2
FM
OR
IA
ADM
CRU 2

TAGS:
PND, IS, IR

SUBJECT: BIOGRAPHIC INFORMATION ON NEW ISRAELI CHIEF OF MISSION IN IRAN, JOSEPH ERFELIN

REF:
TEHRAN 6652

1. THE INFORMATION CONTAINED IN PARAGRAPH 3 AND 4 MAY NOT BE RELEASED TO FOREIGN NATIONALS. (O)

2. JOSEPH ERFELIN IS A FORMER HEAD OF SHIN BETH, ISRAEL'S SECURITY SERVICE, SERVING IN THAT POST FROM 1964 TO 1974. SINCE HIS RETIREMENT FROM SHIN BETH HE HAS WORKED AS HEAD OF A SUBSIDIARY OF THE MENABOT CONSTRUCTION AND DEVELOPMENT COMPANY. (O)

3. BORN APRIL 19, 1922 IN VIENNA, ERFELIN EMIGRATED TO PALESTINE AT 16. HE SERVED IN THE BRITISH ARMY IN WORLD WAR II, THEN JOINED THE INDEPENDENCE JEWISH UPRISING MOVEMENT "MACAH". HE WAS A MAJOR IN THE ISRAEL DEFENSE FORCES DURING THE 1948 ARAB-ISRAELI WAR. AFTER JOINING SHIN BETH IN 1949, HE WORKED HIS WAY UP TO DEPUTY CHIEF IN 1956. HE REMAINED IN THAT POST UNTIL HE WAS APPOINTED CHIEF IN 1964. (S/CONFIDENTIAL)

4. MARRIED TWICE, ERFELIN HAS AT LEAST FOUR CHILDREN. HE HAS TRAVELED ABROAD EXTENSIVELY IN CONNECTION WITH HIS DUTIES AS CHIEF OF SHIN BETH, INCLUDING TRIPS TO THE UNITED STATES. HE IS CONSIDERED A COMPETENT, IMPRESSIVE AND HONEST MAN. HE SPEAKS ENGLISH, GERMAN, FRENCH AND ARABIC. (S/CONFIDENTIAL)

5. THE DEPARTMENT WOULD APPRECIATE ANY ADDITIONAL BIOGRAPHIC INFORMATION, INCLUDING PHOTOGRAPHS, THAT BECOMES AVAILABLE ON ERFELIN DURING HIS ASSIGNMENT IN IRAN, AS WELL AS EVALUATIVE COMMENTS ON HIS PERFORMANCE.

(SECRET)

(LOJ) CHRISTOPHER
SUBJECT: PAKISTANI TERRORIST INCREASE ASSESSMENT

WARNING: NOTICE: INTELLIGENCE SOURCES AND METHODS INVOLVED DO NOT RELEASABLE TO FOREIGN NATIONALS. NOT releASABLE TO CONTRACTORS OR CONSULTANTS OR DISSEMINATION AND EXTRACTION OF INFORMATION CONTROLLED BY ORIGINATION.

MEMORANDUM

FOR PRINCIPAL OFFICERS AND AGS ONLY; CIA NO FOR DUPLICATE

SAMS/ROJ

1414 SAG/ROJ 4/24/83

MEMORANDUM FOR RECORD

1. (S) REFILED: PROVIDE COPIES OF TREATY-RELATED INCIDENTS DIRECTED AT ISRAELI, EGYPTIAN, AND ODD TARGETS COLLECTED IN CONJUNCTION WITH THE PHASE OF SIGNING CEREMONY IN WASHINGTON. MOST OF THE ACTIVITIES REPORTED IN THE FIRST TWO WEEKS FOLLOWING THE SIGNING INVOLVED OVERT ACTIONS WHICH WERE EITHER ORCHESTRATED BY ARAB GOVERNMENTS OR BY ARAB COMMUNITIES IN NON-ARAB CAPITALS (PARTICULARLY IN COMMUNIST-CONTROLLED STATES). ALL WERE ESSENTIALLY NON-HUMAN AND CONTROLLABLE AS IS THE CASE REGARDING MANY CONVENTIONAL INITIATIVES. THE OVERALL INCENTIVE TO MIDEAST GOVERNMENTS TO ACT ONCE WE ALSO APP

COORDINATE WITH THE SOURCE. (REDUCTION/74/33)
GAZA, PALESTINIAN TERRITORY (AP) - The recent successful Hamas military operations have dealt a serious blow to the peace process, Israeli Prime Minister Benjamin Netanyahu said Sunday.

"The recent operation has dealt a serious blow to the peace process," Netanyahu said. "The goal of this operation is to isolate the Hamas government and prevent it from carrying out terrorist attacks."
DIAGRAM 2.25

B. (CC) SIMILAR INTENTIONS TO INFLECT MASS CASUALTIES

EVIDENCE APPARENT IN RECENT OPERATIONS DIRECTED
AGAINST ISRAELI-SOILD IN-COUNTRY AND IN THE APRIL 12
ISRAELI AIRPORT ATTACK. SINCE JANUARY THE NUMBER OF
TERRORIST INCIDENTS OR ATTEMPTS IN ISRAEL UP UNTIL
APRIL 17 COINCIDED WITH ONLY IS IN THE LAST
MONTH OF 1976. INCIDENT REPORTED ON THE RECENT OPERATIONS
IN ISRAEL AND OTHER PUBLIC MEETINGS IN LEBANON, JORDAN, AND
LEBANON (C IRIEL) CO-OPERATION LISHED. ISRAELI CABINET IS
TREATING THIS MATTER IN ITS TERRITORIAL LIMITS AND HAS
BEEN ADDED TO THE LIST OF THOSE ATTACKS.

AIRPORT ATTACKS HAVE RESULTS IN SEVERAL PALESTINIAN
AND ISRAELI CADETS ENLISTED IN INFILTRATION FROM LEBANON
BUT WITHIN ISRAEL. EACH OF THESE EVENTS BASED ON
TERRORIST ATTACKS AND APPARENT TERRORIST, WAS INTENTIONAL
SPEAKING AS MUCH HAVOC AND DESTRUCTION AS POSSIBLE
WITHIN ISRAEL AND STILL CAPABLE OF OPERATIONS.

PALESTINIAN OR THE ISRAELI ATTACKS OF THESE ATTACKS,
ALTHOUGH IT SUNK NARA AIRPORT ATTACK WHICH LEFT FOUR
MEN AND TWO OF THE FOUR INJURED DEAD, HAS BEEN
ASSIGNED TO THE PLO VIOLATION OF THE UNPROFET
STATE (C.I.S. 4/1/76).

C. (C) THE APRIL 12 AIRPORT ATTACK IN JERUSALEM

WAS ABOUT TO KILL ALL THREE, ALL PLO PERSONNEL, AND ALL THE
INTERNATIONAL COMMUNITY OF PLO GABRIEL FRONT FOR THE
OPERATIONS OF PALESTINIAN ORGANIZATION. THIS TO AIRPORT
ATTACKS PREVIOUSLY PERPETRATED AT LEB (MAY 1972), FALAS
IL, YALKUT IN ISRAEL, AND OTHERS. THIS GROUP WAS
ASSOCIATED IN JERUSALEM AND ISRAELI PLO AND HAS
5 THE COMBINATIONS OF BOMBS AND AUTOMATIC WEAPONS IN
VIOLENTLY VARIOUS INCIDENCE. WAYS THE OPERATIVE
INTENT WAS A LARGE NUMBER OF VICTIMS TO MAXIMIZE HUMOR
AND POLITICAL EFFECTS AND IN THE DESIGNATION "BLACK
MUSH." IN A FIVE MUCH PNATR N THE FLO TO USE IN
TERROR PLO, CVLAND WITH ISRAELI MENT. OTHER
THREATS INCLUDED ON THE TERRORIST ORIGIN, POINT TO
(10/20/17/76).
7. (C) IT WOULD BE A MISTAKE TO CONCLUDE FROM THE FULMANS THAT THE PLO-HIZBULLAH HAVE FINALLY COORDINATED THEIR TERRORIST OPERATIONS AND HAVE PLACED A DIVISION OF BRAZIL, VIETNAM, HPAF, PASTA'S TERROR, AND IRAQI BLACK SHEEP UNDER CAPABLE OF INDEPENDENT OPERATIONS AGAINST ISRAELI TARGETS WITHOUT A PRELIMINARY INSTALLATION OF SOME KIND OF CENTRAL CONTROL CAPABILITY. IT IS UNREALISTIC TO IGNORE THE TRUTH OF THE PLO'S USE OF PUBLIC DEATHS AND SELECTIVE CONFRONTATIONS AS A BANDITRY SEEMING TO OVERTAKE THE MEK/ELLAH GROUP'S "GOOD NAME" FROM TERRORIST ACRE WHICH ITS RENOWNED ELEMENTS PERFORM. THUS, THE LACK OF ANOTHER ACTION AND OF INDIVIDUALLY TARGETED OPERATIONS (EXCEPTING THAT AGAINST SIRUS GHALI) THUS FAR SHOULD NOT LEAD ANYONE TO ASSUME THERE IS LESS DANGER TO U.S. INTERESTS AND PERSONNEL IN THE AREA, SHAMElessly, SUBSEQUENT CAMPAIGN. (GWG--4/24/85)

8. (C/FOUR/1N/16/11/1111) PALESTINIAN TERRORIST TARGETS HAVE BEEN REPORTED AGAINST U.S. BUSINESS INTERESTS IN EUROPE IN GENERAL AND AGAINST THE U.S. AMBASSADOR IN ISRAEL. THERE HAS BEEN SOME DISCUSSION AMONG ARAB PLO-HIZBULLAH TERRORISTS, WHOSE ALSO HAS AS BLACK SEneath PRECURSOR IN THEIR STORAGE AND REFINERY FACILITI ASSAULTS OF 1971 IN GERMANY AND THE NETHERLANDS. THE PLO-HIZBULLAH TERRORISTS ARE THE EGYPTIAN AMBASSADOR IN ISRAEL AND HIS SEVERAL HOURS SPENT AS A HOSTAGE DOES NOT APPEAR TO HAVE BEEN THE WORK OF PALESTINIAN TERRORISTS ATTACHED TO A CAPABLE OPERATIONAL GROUP BUT IS LAYED TO STUDENTS IN THE BANGLADESH CAPITAL. PALESTINIAN TERRORIST INDICATIONS INVOLVING SEVERAL AMERICAN OFFICIALS IN THE SOUTH ASIA CAPITALS HAVE GENERALLY IN PART FROM CAPTION CONJECTURE OR HAVE LACKED SUFFICIENT SUBSTANCE FOR ANALYSIS TO GAUGE THEIR POTENTIAL. UPGRADED SECURITY PROCEDURES AND ADDITIONAL RESOURCES HAVE BEEN APPLIED IN BOTH OF THOSE CASES IN THIS PERIOD OF HEIGHTENED CONCERN FOR SECURITY AROUND THE GLOBE. (GWG--4/15/85)

10. (C) THE DEPARTMENT REMAINS ALERT TO ANY AND ALL INTELLIGENCE DEVELOPMENTS.
13. (C) THE DEPARTMENT REMAINS ALERT TO ANY AND ALL
INTELLIGENCE POINTING UP POSSIBLE THREATENING SITUATIONS
AND IS SENSITIVE TO LOCAL SECURITY ADVISORIES
OF A NON-SPECIFIC NATURE. IN PRECEDENT-LIKE SITUATIONS
YOU CAN EXPECT THAT SMALL-SCALE TERRORIST OPERATIONS
IN THE UNITED STATES AND ABROAD WILL CONTINUE TO BE CONDUCTED,
IN THE CHAIN OF INTELLIGENCE IN ADDITION TO THE UNITED STATES
AND ALL ARE LIKELY SUBJECT TO ATTACK, ESPECIALLY IN
RECENTLY ASSIGNED OFFICIAL FACILITIES OR PERSONAL
APPEAR MAINTAINED THROUGH OPERATIONS AGAINST THE
PRIVATE SECTOR, EXCEPTING THE ALLIED INDUSTRY. EXPATRIATES
PERSONNEL RESIDING IN OR TRAVELING IN EUROPE ON THE
WORLD EAST SHOULD BE MINDFUL OF THE PREVIOUS
ALERT.

PREPARE FOR AN EMPLOYED FOR OPERATIONS IN THEIR OWN
COUNTRIES. EMPLOYEES DO NOT INCLINE TO ATTACK COWS IN
CLINICAL TRAFFIC LINES AND ARE OFTEN CLAIMED AS NON-ROBUST,
GUNS AND VEHICLES WITH LARGE NUMBERS OF PEOPLE
ARE ASSOCIATED. THEY HAVE ROUTINELY USED MACHINE GUNS,
ORDNANCE, AND ONLY INFREQUENTLY EXPLOSIVES IN THEIR
OPERATIONS. IT ALSO IS MOST PROBABLE THAT ALL PERSONNEL
ARE WELL-FAMILIARIZED WITH SuPPORTING ARMAMENT AND NECESSARY
PROCEDURES TO BE EMPLOYED WITH SUSPICIOUS MAIL OR
ACTIVITIES. MAIL HANDLERS PARTICULARLY SHOULD BE
ACQUAINTED WITH LOCAL AND ABROAD IDENTIFICATION
THE MAILING PROCEDURES (FOE=09/22/74) WERE
OF 9/22/74.

69
CONCERNING

PM SECSTATE WASHDC

TO RUGRN/USMISSION SINAI PRIORITY 9041
INFO RUGMBI/AMBASSAD ABU DHABI PRIORITY 3874
RUGHNS/AMBASSAD ALGIERS PRIORITY 0704
RUGMN/AMBASSAD ANKARA PRIORITY 9680
RUGMA/AMBASSAD ATHENS PRIORITY 2181
RUGHAD/USINT BAGHDAD PRIORITY 0946
RUGS/EAMBASSAD BRASILIA PRIORITY 7680
RUGRSA/AMBASSAD BUENOS AIRES PRIORITY 4479
RUGHEG/AMBASSAD CAIRO PRIORITY 9166
RUGER/AMBASSAD CARACAS PRIORITY 6058
RUGMOD/AMBASSAD DOHA PRIORITY 9372
RUGHM/AMCONSUL JERUSALEM PRIORITY 0869
RUGMRK/AMBASSAD KUWAIT PRIORITY 7023
RUDTC/AMBASSAD LONDON PRIORITY 2176
RUGMN/AMBASSAD MADRID PRIORITY 5145
RUGMR/AMBASSAD MANAMA PRIORITY 4478
RUGME/AMBASSAD MEXICO PRIORITY 1235
RUGMD/AMBASSAD MOGADISUC PRIORITY 4634
RUGMHN/AMBASSAD MOSCOW PRIORITY 2647
RUGMXT/AMBASSAD MOSCUT PRIORITY 7811
RUGMQG/AMBASSAD NICOSSA PRIORITY 6454
RUGRFD/AMBASSAD NOUAKCHOTT PRIORITY 7579
RUGNFS/AMBASSAD PARIS PRIORITY 2277
RUGKE/AMBASSAD Rabat PRIORITY 1547
RUGMHR/AMBASSAD TEHRAN PRIORITY 2269
RUGHTV/AMBASSAD TEL AVIV PRIORITY 3073
RUGMT/AMBASSAD TRIPOLI PRIORITY 5637
RUGKRR/AMBASSAD TUNIS PRIORITY 3524
RUGMRN/AMBASSAD SANA PRIORITY 3655
RUGHIV/USMISSION USUN NEW YORK PRIORITY 0302
RUGHEAT/DEPARTMENT TREASURY WASHDC PRIORITY 2102

SECRET SECSECTION 01 OF 04 STATE 116786/01

E.O. 12059 GOS 5/6/65 (GRiffin, PHILIP J.)

TAGS: EG, IS, PINK

SUBJECT: INTSUM 486 - MAY 8, 1979

LONDON FOR CLAUPIL
PARIS FOR NICHOLAS MURPHY
RUS/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOT TO DISCLOSE SENSITIVE SOURCES AND METHODS INVOLVED
NOT AVAILABLE TO FOREIGN NATIONALS

70
1. (C) SHAD HADDAD'S DECLARATION OF "FREE LEBANON" IN HIS SOUTHERN ENCLAVE, THE INTEREST OF OTHER RIGHTWING GROUPS IN PARTITION, AND ISRAEL'S STATED INTENTION TO STRIKE AT WILL AT PALESTINIAN AND OTHER TARGETS IN LEBANON HAVE SET IN MOTION A CHAIN OF EVENTS THAT IS LIKELY TO LEAD TO GREATER VIOLENCE IN LEBANON.

2. (C) SINCE HADDAD'S DECLARATION, THE CHAMOUN AND GEMAYEL CLANS SEEM TO HAVE INTENSIFIED THEIR COMPETITION FOR THE SUPPORT OF THE CHRISTIAN HARDLINERS. CAMILLE CHAMOUN'S INITIAL ENDORSEMENT OF HADDAD'S ACTION HAS BEEN UNDERLINED BY THE THREAT OF CHAMOUN'S SON DORY TO SEPARATE THE CHRISTIAN HEARTLAND FROM THE REST OF THE COUNTRY. SPEAKING TO HIS PARTY'S PUBLICATION, THE YOUNGER CHAMOUN SAID THAT CHRISTIANS COULD NO LONGER TOLERATE "THE LAW OF THE JUNGLE" IN LEBANON. DORY CHAMOUN SAID THAT HIS PARTY WOULD PREFER TO COOPERATE WITH THE GOVERNMENT "BUT SHOULD THIS PROVE TO BE IMPOSSIBLE THEN IMPOSING OUR OWN AUTHORITY BECOMES INEVITABLE.... SHOULD THE ABSENCE OF THE LEGITIMATE AUTHORITIES CONTINUE THE DAY WILL COME WHEN WE WILL PREPARE AND PROCLAIM OUR OWN ORGANS." HE ADDED THAT NATIONAL RECONCILIATION COULD BE ACHIEVED ONLY AFTER SYRIAN TROOPS LEAVE THE COUNTRY. SUCH STATEMENTS INCREASE THE CHANCES FOR CLASHES BETWEEN THE MILITIAS ON ONE HAND, AND THE SYRIANS AND THE NASCENT LEBANESE ARMY ON THE OTHER.

3. (C) THE CONTINUING ISRAELI RAIDS ON LEBANON -- THREE ON SUNDAY AND MONDAY -- HAVE GREATLY EMBARRASSED THE LEBANESE GOVERNMENT AND THE SYRIANS. ON MAY 6, THE ISRAELIS BROKE A UNIFIL-INSTITUTED CEASEFIRE, IN EFFECT SINCE APRIL 26, BY MOUNTING AIR RAIDS ON THE Nahar al-Baraid Camp and its environs north of Tripoli.

(A) EMBASSY BEIRUT REPORTS THAT, ACCORDING TO ALL LEBANESE SOURCES, THE ISRAELI PLANES STRUCK THE LEBANESE VILLAGE OF Al-Kumarkarun, 2 KM. FROM THE CAMP. AP REPORTS THAT OF 120 GUESTS AT A WEDDING PARTY, SIX WERE KILLED (FIVE FROM ONE FAMILY INCLUDING AN INFANT) AND ANOTHER 30 WOUNDED.

(B) A RIGHTWING LEBANESE RADIO STATION REPORTED THAT ISRAELI PLANES RAIDED A PALESTINIAN POSITION AT JAL AL-AHAR JUST NORTH OF TYRE. ACCORDING TO THE REPORT, 11 PERSONS, MOSTLY LEBANESE, WERE KILLED.

(C) ON MAY 7 THE IDF ANNOUNCED A RAID ON THE LEBANESE VILLAGE OF Al-Rayhan于 11 KM. NORTH OF THE ISRAELI BORDER VILLAGE OF METULLA.

(D) AN ISRAELI SOURCE TOLD OUR DEFENSE ATTACHE THAT THE PLANES DESTROYED PALESTINIAN GUN EREPLACEMENTS, ALTHOUGH HE ADMITTED THAT THE PALESTINIANS HAD NOT BEEN FIRING RECENTLY ON THE ISRAELI OR HADDAD'S ENCLAVES.

4. (C) ACCORDING TO UDMA OFFICIALS, MOST OF THE...
PALESTINIANS RESIDING IN THE LARGE REFUGEE CAMPS AROUND TYRE IN SOUTHERN LEBANON HAVE BEEN FORCED TO GO ELSEWHERE AS THE RESULT OF THE ISRAELI BOMBERDMENT OF THE AREA. IN ONE LARGE CAMP ONLY TEN FAMILIES REMAIN WHILE IN THE OTHER TWO 75 PERCENT REMAIN. MOST OF THOSE DISPLACED HAVE CROWDED INTO SIDIQON FARTHER NORTH. THEY OCCUPY SCHOOLS, WAREHOUSES AND ANY OTHER EMPTY BUILDING THEY CAN FIND. THEY HAVE BEEN JOINED BY SOME 7,000 ADDITIONAL PALESTINIANS FROM THE NABATIYAH AREA. THE PLO TRIES TO PRESSURE REFUGEES INTO RETURNING TO THEIR CAMPS AS SOON AS POSSIBLE AND THUS DISCOURAGES UNRWA FROM PROVIDING SOME EMERGENCY SERVICES TO THE NEWLY DISPLACED IN SIDIQON. THE PALESTINIANS ARE RELUCTANT TO RETURN, HOWEVER; THEIR CAMPS ARE REPEATEDLY SHELLED.
(C) The Syrian media are lauding Assad for his nacion and accusing him of colluding in the destruction of the Palestinians in Lebanon. Assad, for his part, as long tried to avoid a direct clash with the Israelis. However, the situation is embarrassing to him, and pressures for a Syrian response are likely to mount if Israeli raids continue.

(U) According to Prime Minister Begin, Israel will continue to strike at Palestinian targets in Lebanon. In a major speech on Lebanon and the Palestinians to the Knesset on May 7, Begin said, "We will strike back at these murderers wherever possible, any place, with all our might... We will strike them to demolish them, we will scorch them and drive them away, these enemies of mankind commanded by the Palestinian idol Amin, Yasser Rafat." He also called on Syria to remove its forces from Lebanon and for President Sarkis to meet with him to sign a peace treaty, saying that Israel had no territorial claims on Lebanon. Begin continued to voice support for Haddad, calling him a "Lebanese patriot."

(C) In other developments threatening to reignite major fighting in Lebanon:

(A) Bloodletting between phalangists and Franjih's supporters in north Lebanon is causing further population transfers and is cutting off the shipment of fuel from Tripoli's refinery to Beirut. Three Franjih supporters from Tripoli were found dead along the Beirut-Tripoli road near Acre where the phalangists maintain roadblocks. Fuel truck drivers are refusing to travel to Beirut, a number of persons from the Jbail area (Byblos), a traditional stronghold of Raymond Edde, have fled northward.

(B) Syrian troops reportedly used heavy weapons again on Sunday in responding to sniper fire in various areas of Beirut. The Syrians, however, continue to show interest in reducing their presence in the Beirut area. The forthcoming Sarkis-Assad meeting may clarify the issue.

(C) An armed Palestinian was taken by Lebanese soldiers from a bus on Sunday. The incident resulted in a brief but violent clash between Palestinians and Lebanese army troops in the Baalbek area. Syrian forces reportedly intervened to stop the fighting.

(U) Israel: Jerusalem was one of the topics of Begin's May 7 speech before the Knesset. Embassy Tel Aviv reports that the prime minister said: "There is no need to liberate Jerusalem. It has already been liberated." Begin referred to an Egyptian document presented to Waldheim regarding the restoration of "Arab Jerusalem to Arab sovereignty" and said he had instructed Ambassador Blum to reply that:

#6788
(A) JERUSALEM IS AND WILL REMAIN FOREVER OUR
INDIVISIBLE CITY, THE ETERNAL CAPITAL OF ISRAEL.

(B) JEWS, CHRISTIANS AND MUSLIMS WILL BE ASSURED FREE
ACCESS TO THEIR HOLY PLACES UNDER ISRAELI JURISDICTION;
ACCESS TO THEIR HOLY PLACES UNDER ISRAELI JURISDICTION;
SUCH ACCESS HAVING BEEN DENIED TO JEWS UNDER 15 YEARS OF
JORDANIAN "OCCUPATION."

9. (C) ON MAY 7 THE ISRAELI MEDIA CONCENTRATED ON
AUTONOMY AND RELATED ISSUES. TWO PAPERS REPORT THAT
AMBASSADOR STRAUSS' DECISION TO ACCELERATE HIS SCHEDULE
IS BECAUSE PRESIDENT CARTER WANTS TO EASE HOSTILE ARAB
REACTION TO THE TREATY. SEVERAL PAPERS REPORT AGREEMENT
ON THE COMPOSITION OF THE STRAUSS DELEGATION AFTER AN
OR THE CO-POSITION OF THE STRAUSS DELEGATION AFTER AN
EARLIER DISPUTE WITHIN THE ADMINISTRATION. THE JERUSALEM
POST RELAYE BEGIN'S INSISTENCE ON PUBLICLY REITERATING
10. (U) THE ISRAELI PAPER YEDIOH AHARANOT PUBLISHED THE NAMES OF 65 ARAB GUERRILLAS RELEASED TWO MONTHS AGO IN AN EXCHANGE FOR AN ISRAELI SOLDIER. THE ISRAELI PRESS SPELICATED THAT THE PUBLICATION OF THE NAMES WOULD LIKELY CAUSE TROUBLE FOR THE BEGIN GOVERNMENT BECAUSE OF THE INVOLVEMENT OF SOME OF THE GUERRILLAS IN CERTAIN INCIDENTS SUCH AS HIJACKINGS.

11. (U) IN THE MOST RECENT GIVE AND TAKE ON WHAT AUTONOMY REALLY MEANS, AN ISRAELI GOVERNMENT SPOKESMAN SAID THERE IS NO BASIS TO THE EGYPTIAN STATEMENT THAT THE PEACE AGREEMENT REQUIRES TOTAL ISRAELI WITHDRAWAL FROM OCCUPIED ARAB TERRITORIES. "FURTHERMORE," THE SPOKESMAN SAID, "THE ACCORDS WITH EGYPT PROVIDED THAT THE ISRAELI DEFENSE FORCES WILL REMAIN AT AGREED POINTS AFTER PULLING BACK FROM THEIR PRESENT POSITIONS IN SAMARIA, JUDEA AND GAZA."

12. (C) EGYPT-ARAB STATES: AN ANMAN NEWSPAPER REPORTED ON MAY 7 THAT SAUDI ARABIA AND KUWAIT HAVE NOTIFIED THE EGYPTIAN GOVERNMENT OF THEIR DESIRE TO WITHDRAW CREDITS TOTALLING DOLS 2 BILLION FROM EGYPT'S CENTRAL BANK. WE HAVE NO CONFIRMATION OF THIS REPORT. IF IT IS TRUE IT POSES A SERIOUS DILEMMA TO SADAT. LOSS OF THE MONEY WOULD PRESENT AN IMMEDIATE FINANCIAL STRAIN ON EGYPT. IF EGYPT WERE TO FREEZE THE ACCOUNTS AND HOLD THE MONEY, IT WOULD DAMAGE ITS REPUTATION AMONG POTENTIAL INVESTORS. FURTHERMORE, SAUDI ARABIA AND KUWAIT MIGHT BE PROMPTED TO USE THEIR CONSIDERABLE CLOUT IN THE INTERNATIONAL FINANCIAL COMMUNITY TO DISSUADE FINANCIAL INSTITUTIONS FROM DEALING WITH EGYPT UNTIL THE MONEY IS RELEASED. MEANWHILE, AFP REPORTED FROM BEIRUT THAT SAUDI ARABIA, QATAR AND THE UNITED ARAB EMIRATES HAVE DECIDED TO DISSOLVE THE ARAB INDUSTRIES ORGANIZATION. THE REPORT IS SO FAR UNCONFIRMED BUT IF TRUE, IT REPRESENTS ANOTHER ECONOMIC LOSS FOR EGYPT BECAUSE THE ORGANIZATION'S ARMS MANUFACTURING ACTIVITIES WERE TO HAVE BEEN BASED THERE.

13. (C/NF) A US PETROLEUM EXECUTIVE REPORTS THAT ON MAY 2 THE GOVERNMENT OF KUWAIT NOTIFIED AN OIL COMPANY THAT IT WOULD NOT BE ALLOWED TO SHIP KUWAITI CRUDE TO EGYPT. THE KUWAITIS SAID VIOLATION OF THIS PROHIBITION COULD COST THE COMPANY ITS TOTAL SUPPLY OF KUWAITI CRUDE. KUWAIT DID, HOWEVER, ALLOW THE COMPANY TO MOVE CRUDE THROUGH THE SUEZ PIPELINE OR THROUGH THE SUEZ CANAL. THE COMPANY HAS ALSO RECEIVED UNOFFICIAL NOTIFICATION FROM IRAQ BANNING THE SHIPMENT OF CRUDE TO EGYPT OR

#6788
THROUGH THE SUMED PIPELINE AND THE SUEZ CANAL. THE BAN ON CRUDE OIL SHIPMENTS TO EGYPT IS HARMLESS SINCE EGYPT IS ITSELF A NET EXPORTER OF CRUDE. IT DOES IMPORT SOME REFINED PRODUCTS BUT AN EGYPTIAN SPOKESMAN SAID ON MAY 6 THAT MOST OF THESE COME FROM EUROPE. SHOULD ARAB STATES BAN THEIR PRODUCTS FROM THE SUMED PIPELINE OR THE CANAL, HOWEVER, EGYPT WOULD BE MIGHT BY THE LOSS OF REVENUES.

14. (U) EMBASSY PARIS REPORTS THAT THE ARAB LEAGUE HAS SENT A LETTER TO THE PRESIDENTS OF UNESCO'S REGIONAL GROUPS ASKING THAT THE REGIONAL INSTITUTIONS OF THE UN AND ITS SPECIALIZED AGENCIES WHICH CONCERN THE ARAB STATES BE WITHDRAWN FROM CAIRO. THE LETTER REFERS TO THE BAGHDAD RESOLUTIONS WHICH CALL FOR SUCH A WITHDRAWAL.
16. (S) YEMEN ARAB REPUBLIC: ACCORDING TO AN ADVISOR TO YAR PRESIDENT SALIH, THE YAR IS CONSIDERING THE COMMERCIAL PURCHASE OF TANKS FROM POLAND. THE ADVISOR SAID THE YAR ARMY COULD QUICKLY INTEGRATE THE SOVIET-MADE TANKS INTO ITS UNITS RATHER THAN WAITING TO LEARN HOW TO USE THE HARD ARRIVED EEQIPEMNT. THE YAR PURCHASED 20 TANKS FROM POLAND IN LATE 1975. THE EMBASSY COMMENTS THAT A NEW PURCHASE WILL FURTHER UNSETTLE THE SAUDIS AND RAISE SUSPICIONS ABOUT SALIH’S ULTIMATE AIMS. THE ADDITION OF THESE TANKS WOULD ALSO PROLONG THE STAY OF SOVIET ADVISERS IN THE YAR, IF INDEED SALIH EVER INTENDS TO PHASE THEM OUT.

17. (S) USE: IRAN: THE SOVIET PRESS HAD HINTED IN RECENT WEEKS THAT THE DROFAH REBELLION IN OMAN MAY BE REKINDLED. SINCE JANUARY, SOVIET COMMENTARY HAS POINTED TO OMAN AS A POTENTIAL HOT-SPOT IN THE MIDDLE EAST. ON APRIL 29, A POPULAR FRONT FOR THE LIBERATION OF OMAN DELEGATION LEFT MOSCOW AFTER A FIVE DAY VISIT ON INVITATION OF THE SOVIET AFRIC-ASIAN SOLIDARITY COMMITTEE. ALTHOUGH SULTAN KABBAS OF OMAN HAS LONG BEEN THE TARGET OF SOVIET CRITICISM, HIS STANCE ON THE EGYPTIAN-ISRAELI TREATY AND HIS SUPPORT FOR EGYPT IS PROBABLY BEHIND THE RECENT SOVIET PROPAGANDA FLURRY. VANCE
WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASEABLE TO FOREIGN NATIONALS

1. (S) A RECENT CIA ANALYSIS CONCLUDES THAT ISRAEL'S
STAGNANT INFLATION RATE, RUNNING IN EXCESS OF 70 PERCENT
ANNUALLY, IS THE MOST SERIOUS DOMESTIC ISSUE FACING PRIME
MINISTER BEGIN. DEBATES OVER ECONOMIC STRATEGY HAVE
BECOME A MAJOR SOURCE OF DISSENSION WITHIN BEGIN'S
DOMINANT Likud BLOC; THE LIBERAL WING, WHICH HAS CHARGE
OF MOST ECONOMIC POSTS, IS PITTED AGAINST BEGIN'S HERUT
CONTINGENT AND THE SMALL LAAM PARTY. BEGIN HAS FELT
COMPELLED TO SHORE UP THE POSITION OF FINANCE MINISTER
AND LIBERAL LEADER EHLICHI, THE MAIN TARGET OF PUBLIC
CRITICISM, TO ASSURE LIBERAL BACKING FOR A HARDLINE
POSITION ON PEACE NEGOTIATIONS.

2. (C) ISRAEL'S INFLATION RATE, HIGH SINCE THE 1973
ARB-ISRrael WAR, HAS WORSENED DRAMATICALLY IN RECENT
MONTHS AND SEEMS HEADED TOWARD TRIPLE DIGIT RATES. THE
CONSUMER PRICE INDEX INCREASED NEARLY 9 PERCENT IN APRIL--
THE LARGEST MONTHLY RISE SINCE 1952--AND HAS RISEN MORE
THAN 29 PERCENT SO FAR THIS YEAR.

(PARAGRAPHS 3-11 SECRET)

3. THE ISRAELIS FEAR THAT THE CURRENT RATE OF INFLATION
WILL OUSTRIPT THE CUSHIONING EFFECT OF COST-OF-LIVING
INCREASES AND VARIOUS TYPES OF GOVERNMENT SUBSIDIES.
MANY, HOWEVER, ARE AWARE THAT ANY ECONOMIC DIVIDEND
RESULTING FROM THE PEACE TREATY WITH EGYPT WILL BE WATERED
DOWN IN THE SHORT RUN BY STILL GREATER INFLATIONARY
PRESSURES CERTAIN TO BE GENERATED BY THE ISRAELI MILITARY
WITHDRAWAL FROM THE SINAI TO THE NEGEV AND BY THE RELO-
CATION AND COMPENSATION OF ISRAEL'S SEVERAL THOUSAND
SINAI SETTLERS.
4. The latest inflation figures alarmed the public and provoked a resurgence of calls for Ehrlich's resignation. His popularity has plummeted to under 10 percent in many public opinion polls this year. The public's dissatisfaction with Ehrlich compounds longstanding differences between his liberals and Begin's Herut supporters. These differences stem basically from the determination of both parties to safeguard the economic interests of their quite different voter constituencies.

5. Herut economic activists take a rather nonorthodox, populist approach to the economy. They advocate special measures to help disadvantaged, working-class Sephardic Israelis, Herut's single largest constituency. Herut members have repeatedly faulted Ehrlich for failing to secure greater wage increases and improvements in working conditions for the Sephardic community. Ehrlich's Herut critics want the prime minister to take a greater personal interest in economic matters and to constrain Ehrlich's decisionmaking prerogatives.

6. Ehrlich's loss of voter confidence and the sniping at his leadership within Likud have sparked a challenge, led by energy and communications minister Modai, for control of his liberal party. Ehrlich's liberal opponents claim that he has failed to protect adequately the economic interest of the party's middle-class supporters.

7. Many in the small, conservative Laam contingent of Likud, led by former industry minister Hurvitz, also oppose Ehrlich's policies. They demand a smaller and better-managed budget and a clearer break with the socialist economic practices of labor-led governments of the past.

8. Differences over economic issues have not reached the point of threatening the stability of the Herut-liberal partnership. Leaders of both parties realize they need each other to hold power; the liberals have no realistic alternative at present to their alliance with Herut.

9. Barring a serious crisis of public confidence that threatened to bring down the government, the other coalition partners probably will continue to follow Likud's lead on the economy. The national religious party, Begin's major coalition ally, is preoccupied with assuring continued Israeli control over the "biblical land" of the West Bank. The small, orthodox agudat Israel party is concerned mainly with ensuring the enforcement of Jewish religious laws and customs.

10. The democratic movement, which holds the third

BT

#5654
LARGEST NUMBER OF PARLIAMENTARY SEATS IN THE COALITION AFTER LIKUD AND THE NATIONAL RELIGIOUS PARTY, TAKES A MAJOR INTEREST IN ECONOMIC AND SOCIAL ISSUES. THE DEMOCRATIC MOVEMENT’S ERODED VOTER POPULARITY, HOWEVER, HAS MADE IT DEEPLY DEPENDENT ON BEGIN’S SUPPORT AND LEFT IT LITTLE LEeway TO STANCE OUT DIFFERENT POSITIONS.

11. NOW THAT TREATY NEGOTIATIONS WITH EGYPT HAVE BEEN SUCCESSFULLY CONCLUDED, BEGIN MAY BEGIN TO TAKE HIS DISTANCE FROM EHRLICH IN AN ATTEMPT TO CUT LIKUD’S POLITICAL LOSSES BEFORE PREPARING FOR THE NEXT NATIONAL ELECTION IN NOVEMBER 1981. SUCH ACTION WOULD BE DIFFICULT FOR BEGIN, GIVEN THE IMPORTANCE HE ATTACHES TO PERSONAL LOYALTIES AND HIS DESIRE TO RETAIN EHRLICH’S SUPPORT IN THE DIFFICULT WEST BANK-GAZA AUTONOMY NEGOTIATIONS WITH EGYPT—BEGIN PROBABLY WOULD PREFER TO PUT OFF A DECISION FOR AS LONG AS POSSIBLE OR ENCOURAGE EHRLICH TO SHIF'T PORTFOLIOS RATHER THAN DUMP HIM ALTOGETHER.

12. (C) THE PRIME MINISTER RECOGNIZES THAT INFLATION COULD UNDERMINE WHATEVER DOMESTIC ADVANTAGES HE HAS GAINED FROM HIS PEACE NEGOTIATION TRIUMPHS. CONSEQUENTLY, HE HAS TAKEN A GREATER INTEREST IN GAINING CABINET APPROVAL FOR NEW ECONOMIC MEASURES AND IN DEMONSTRATING HIS CONCERN FOR THE PLEIT OF THE SEPHARDIC ISRAELIS. BEGIN MAY HAVE INTENDED HIS RECENT ANNOUNCEMENT OF HIS INTENTION TO SEEK REELECTION IN PART TO REASSURE LIKUD ACTIVISTS AND VOTERS THAT HE WILL TAKE THE KIND OF ACTION ON INFLATION-RELATED PROBLEMS THAT IS NECESSARY TO WIN AT THE POLLS IN 1981.

13. (U) EHRLICH, MEANWHILE, HAS FELT PRESSURED BY AN UPSURGE IN CABINET-LEVEL CONCERN TO STRENGTHEN THE FIVE-YEAR ECONOMIC PLAN HE PRESENTED IN MID-FEBRUARY. HE NOW RECOMMENDS ADDITIONAL BUDGET CUTBACKS, SELECTIVE GOVERNMENT EMPLOYEE REduCTIONS, AN END TO SOME GOVERNMENT SUBSIDIES, AND BETTER TAX COLLECTION. HIS PLAN, IF ADOPTED IN FULL, WOULD REPRESENT A CAUTIONOUS FIRST STEP BUT IS INSUFFICIENT TO MAKE MORE THAN A SMALL DENT IN THE INFLATION RATE. THE GOVERNMENT, however, WHILE DEMONSTRATING MORE INTEREST IN ECONOMIC ISSUES, THUS FAR HAS DONE LITTLE IN PRACTICE TO FOLLOW UP ON EHRLICH’S PROPOSALS.
14. (U) BEGIN POPULARITY: AN ISRAELI POLL PUBLISHED IN HAARETZ ON JUNE 23 INDICATED THAT BEGIN'S POPULARITY HAS DROPPED TO ITS LOWEST LEVEL SINCE HIS GOVERNMENT CAME TO POWER TWO YEARS AGO. ONLY 40.6 PERCENT OF THE POPULATION WAS SATISFIED WITH THE WAY HE WAS LEADING THE COUNTRY, DOWN FROM 54 PERCENT A YEAR AGO.

15. (U) SETTLEMENTS: MAARIV REPORTED JUNE 24 THAT THE JEWISH AGENCY SETTLEMENT DEPARTMENT IS PREPARING TO ESTABLISH 19 NEW SETTLEMENTS IN THE WEST BANK IN THE COURSE OF THE NEXT YEAR. THE ARTICLE STATES THAT A PLAN FOR THE NEW SETTLEMENTS HAS BEEN PREPARED IN COORDINATION WITH THE MINISTRY OF CONSTRUCTION AND HOUSING. ACCORDING TO THE PLAN FIVE SETTLEMENTS ARE EXPECTED TO BE ESTABLISHED THIS YEAR AND ANOTHER FOURTEEN NEXT YEAR. "SETTLEMENT ELEMENTS" REPORT THAT EVEN IF A QUARTER OF THIS SETTLEMENT PROGRAM IS PUT INTO EFFECT DURING THE NEXT FISCAL YEAR, IT WILL BE SUFFICIENT TO GIVE SIGNIFICANT FOUNDATIONS TO THE ISRAELI PRESENCE IN THE WEST BANK.

16. (U) AUTONOMY TALKS: MAARIV'S POLITICAL CORRESPONDENT ON JUNE 25 CLAIMED THAT AMBASSADOR STRAUSS WOULD BE ARRIVING IN ISRAEL WITH A VERY REAL "DOWNY" AFTER FOILING STATE DEPARTMENT ATTEMPTS TO APPLY SANCTIONS AGAINST ISRAEL BECAUSE OF THE ELON MOREH SETTLEMENT. ANOTHER MAARIV CORRESPONDENT PREDICTS THAT THE SETTLEMENTS MAY BECOME A CENTRAL ISSUE AT A MEETING ON THURSDAY OF 49 MEMBERS OF THE PRESIDENTS' CONFERENCE OF MAJOR JEWISH ORGANIZATIONS. BEGIN'S OFFICE IS REPORTEDLY EXERTING PRESSURE ON THE ORGANIZATION'S PRESIDENT THEODORE MANN TO COME OUT WITH ANOTHER PRO-SETTLEMENT STATEMENT PRIOR TO THE MEETING. YEDIGOI'S POLITICAL CORRESPONDENT REPORTS THAT PRIME MINISTER BEGIN PROTESTED JUNE 24 NATIONAL SECURITY ADVISOR BRZEZINSKI'S "ANTI-SETTLEMENT" REMARKS MADE TO A GROUP OF US JEWISH LEADERS LAST WEEK.

17. (U) REUTER REPORTS THAT AN ISRAELI GOVERNMENT OFFICIAL, COMMENTING ON THE AUTONOMY TALKS, HAS SUGGESTED THAT NO SIGNIFICANT BREAKTHROUGH WOULD OCCUR UNTIL BEGIN AND SADAT MEET IN ALEXANDRIA IN JULY.

18. (C/NF) ISRAEL-EGYPT: THE ISRAELI AIRCRAFT INDUSTRY (IAI) IS DEVELOPING A PROPOSAL TO HELP EGYPT MAINTAIN ITS US-SUPPLIED AIRCRAFT, ACCORDING TO A DIA SOURCE. IAI BELIEVES THAT THE PRESENT SITUATION IN THE MIDDLE EAST IS CONDUCIVE TO CLOSE EGYPTIAN-ISRAELI MILITARY AND ECONOMIC COOPERATION.

19. (LOD) EGYPT-SANCTIONS: EMBASSY CAIRO REPORTS THAT THE OPERATIONS MANAGER OF THE SUMED PIPELINE HAS SEEN NO INDICATION FROM THE GULF COUNTRIES THAT THE PIPELINE WOULD BE BOYCOTTED, PARTICULARLY SINCE KUWAIT, SAUDI ARABIA, QATAR, AND THE UAE HOLD SHARES IN IT. SUMED CONTINUES TO OPERATE AT FULL CAPACITY, AND CONSTRUCTION IS PROCEEDING ON A PARALLEL PIPELINE WHICH WILL DOUBLE ST.

#654

81
THE PRESENT CAPACITY.

20. (C) EGYPT-IMF: EMBASSY CAIRO REPORTS THAT EGYPTIAN LEADERS CONTINUE TO BELIEVE THEY HAVE DONE ALL THAT IS POLITICALLY FEASIBLE IN ADOPTING IMF SUGGESTED ECONOMIC REFORMS. THE FUND, MEANWHILE, CONTINUES TO POINT TO INCREASED PROBLEMS WHICH WILL BE ENGENDERED BY FURTHER DELAY IN IMPLEMENTING REFORMS. AN IMF OFFICIAL IN CAIRO IS PESSIMISTIC ABOUT THE LIKELIHOOD THAT A NEW LETTER OF INTENT BETWEEN EGYPT AND THE IMF CAN BE ACCEPTED PRIOR TO A FALL WORLD BANK MEETING.

21. (U) SAUDI ARABIA-OPEC: REUTER QUOTES UNDERSECRETARY OF THE SAUDI OIL MINISTRY AL-TURKI AS CHARACTERIZING THE PROPOSAL TO RAISE OIL PRICES TO DOLS 20 PER BARREL AS "RIDICULOUS." AL-TURKI SAID THAT SAUDI ARABIA WANTED TO REESTABLISH UNITY IN OPEC BUT NOT AT SUCH A HIGH PRICE. HE REFUSED TO COMMENT ON WHETHER SAUDI ARABIA WOULD ACCEPT A PRICE OF DOLS 18.50 A BARREL, SAYING THAT HE DID NOT WISH TO DISCUSS A PRECISE FIGURE. CHRISTOPHER
National Basic Intelligence Factbook

July 1979

Supersedes the January 1979 edition, copies of which should be destroyed.

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Unless otherwise indicated, individual entries are Unclassified.

Secret
GC BIF 79-203
July 1979

83
ISRAEL

NOTE: The Arab territories occupied since the 1967 war are not included in the data below unless so indicated.

LAND
29,720 km² (excluding about 56,183 km² of occupied territories in Jordan, Syria, and Egypt as of June 1979); 20% cultivated, 40% pastureland and meadows, 4% forested, 4% desert, waste, or urban; 3% inland water, 29% unexplored (mostly desert)

Land boundaries: 1,036 km (prior to 1967 war), including occupied areas, approximately 1,060 km (1977)

WATER
Limits of territorial waters (claimed): 6 nm
Coastline: 275 km (prior to 1967 war), including occupied areas, approximately 848 km (1977)

PEOPLE
Population: 3,863,000, excluding East Jerusalem and the other occupied territories (July 1979); average annual growth rate 2.1% (7.7% to 5.7%)
Nationality: noun—Israelis; adjective—Israeli
Ethnic divisions: 85% Jews, 15% non-Jews (mostly Arabs)
Religion: 85% Judaism, 11% Islam, 4% Christian and other
Language: Hebrew official, Arabic used officially for Arab minority; English most commonly used foreign language
Literacy: 88% Jews, 48% Arabs
Labor force: 1,252,000; 61% agriculture, forestry, and fishing; 23% industry, mining, and manufacturing; 11% electricity and water; 8.5% construction and public works; 11.9% commerce; 6.9% transport, storage, and communications; 7.3% finance and business; 27% public services; 8.6% personal and other services (1978)
Organized labor: 90% of labor force

GOVERNMENT
Legal name: State of Israel
Type: republic
Capital: Jerusalem, not recognized by U.S. which maintains Embassy in Tel Aviv
Political subdivisions: 6 administrative districts
Legal system: mixture of English common law and, in personal area, Jewish, Christian and Muslim legal systems; commercial matters, regulated substantially by codes adopted since 1948; no formal constitution; some of the functions of a constitution are filled by the Declaration of Independence (1948), the Basic Laws of the Knesset (legislature) relating to the Knesset, Israeli laws, the president, the government and the Israel citizenship law, no judicial review of legislative acts, legal education at Hebrew University, in Jerusalem, accepts compulsory JCJ production, with reservations
National holidays: Independence Day, 11 May

SECRET
ISRAEL

SECRET

Branches: President Yitzhak Navon has largely ceremonial functions, executive power vested in cabinet, unicameral parliament (Knesset) of 120 members elected under a system of proportional representation, legislation provides fundamental laws in absence of a written constitution; 2 distinct coast systems (territorial waters)

Government leader: Prime Minister Menachem Begin

Suffrage: universal over age 18

Elections: held every 4 years unless required by dissolution of Knesset; last election held in May 1977

Principal political parties and leaders: Herut, Prime Minister Menachem Begin, Defense Minister Ezer Weizman, Liberal Party, Finance Minister Yashar Ehrlich, La'am, Yigal Yadin. (Likud is a coalition formed of Herut, La'ibah, and La'am), National Religious Party, Joseph Burg, Zviulun Hammer, Democratic Movement, Yigal Yadin, Shmuel Tamir, Israel Labor Party, Shimon Peres, Yitzhak Rabin, Yigal Arnon, SHELI, Arieh Eliav

Voting strength: Likud 45 seats, National Religious Parties 12 seats, Orthodox, Agudat parties 5 seats, Samuel Fiezt-Sharon 1 seat, Meir Dayan 1 seat, Labor Party-MAPAM, Arab List Alignment 22 seats, Democratic Movement 7 seats, Sha'7 7 seats, Ya'ad 1 seat (recently organized by Assaf Tzapuri as a one-man Jewish faction), Independent Labora Parties 1 seat, Citizens Rights Movement 1 seat, RAKAH 5 seats, SHELI 2 seats

Communists: RAKAH (predominantly Arab but with Jews in its leadership) has some 1,500 members, the Jewish Communist Party, MAKI, is now part of Mapai, which is a half-left Zionist party

Other political or pressure groups: right-wing Jewish Defense League led by Rabbi Meir Kahane; Black Panthers, a loosely organized youth group seeking more benefits for oriental Jews, Gush Emunim, Jewish religious radicals pushing for freedom for Jews to settle anywhere on the West Bank

Member of: FAO, CATT, IAEA, IBRD, ICC, ICAO, IDA, IFC, ILO, IMCO, IMF, IOOC, IPU, ITU, IWC—International Wheat Council, OAS (observer), U.N. UNO, UNESCO, UPU, WHO, WIPO, WMO, WTO

ECONOMY

GNP: $12.7 billion (1976, in 1978 pros.); $3,430 per capita, 1978 growth of real GNP 5.2%

Agriculture: main products—citrus and other fruits, vegetables, beef and dairy products, poultry products

Major industries: food processing, diamond cutting and polishing, textiles and clothing, chemicals, metal products, transport equipment, electrical equipment, miscellaneous machinery, rubber and plastic products, petroleum refining

Electric power: 2,600,000 kw capacity (1978); 13.5 billion kw produced (1976); 5,700 kw per capita

Exports: $4.2 billion (1976); major items—polished diamonds, citrus and other fruits, textiles and clothing, processed foods, fertilizers and chemicals, iron and steel, coal, and much middle-line equipment

Imports: $7.1 billion (1978); major items—military equipment, rough diamonds, chemicals, machineries, iron and steel, cereals, textiles, vehicles, ships, and aircraft

Major trade partners: exports—EC, U.S., U.K., Japan, Hong Kong, Switzerland, imports—EC, U.S., U.K., Switzerland, Japan

Aid: economic—(1976-78) U.S. $841.5 million, Western countries, $362.9 million, military—U.S., $664.0 million

Budget: FY beginning 1 April 1979—$41 billion (converted to 22 Israeli pounds =U.S.$1)

Monetary conversion rate: the Israeli pound was allowed to float on 31 October 1977 and as of mid April 1979 it was roughly 22 Israeli pounds = U.S.$1

Fiscal year: 1 April 31 March

COMMUNICATIONS

Highways: 787 km standard grade (1,435 m)

Pipelines: crude oil 706 km, refined products 290 km, natural gas, 80 km

Ports: 3 major (Haifa, Ashdod, Eilat), 5 minor

Merchant marine: 31 ships (1,000 GRT or over); totaling 411,900 GRT, 554,941 DWT, includes 12 cargo, 12 container, 4 oil tankers/liquid cargo, 11 bulk (C)

Airports: 56 total, 26 usable, 21 with permanent surface runways, 5 with runways 2,440-3,450 m, 6 with runways 2,220-2,430 m

Civil air: 25 major transport aircraft, including 1 leased in

Telecommunications: most highly developed in the Middle East though not the largest, good system of coaxial cable and radio relay, 870,000 telephones (240 per 100 pop.), 14 AM, 10 FM stations, 15 TV stations and 30 repeater stations, 2 submarine cables, 1 Atlantic Ocean satellite station

DEFENSE FORCES

Military manpower: Jewish males 15-49, 750,000, 648,000 fit for military service, average number of Jews reaching military age (18) annually—28,000 males, 27,000 females, both sexes liable for military service

Personnel armed forces: 133,000 (plus 300,000 reserves), navy 6,800, air force 25,500 (1,450 pilots), NAAHAL 5,000, frontier guard 4,500, CHEN (women) 20,000 (S)

Major ground units: 10 armored divisions, 1 airborne division, 4 mechanized infantry, 4 airborne, and 7 infantry brigades (S)

Ships: 3 submarines, 1 patrol gunned missile combatant, 12 missile attack boats, 32 patrol boats, 15 more modern patrol boats, 2 patrol vessels, 2 patrol air amphibious vehicles, 10 amphibious, 5 service, and 3 auxiliaries (S)

Aircraft: 1,004 (700 jet, 137 prop, 30 turboprops, 18 helicopters) (S)

Missiles: 17 Hawk missile batteries (3 jet towed and 1 self-propelled) and 48 Chaparral launchers (S)
Supply: produces most types of ammunition, vehicles up to 50-ton tank transporters, small arms, mortars up to 180 mm, 155 mm self-propelled and towed artillery, indigenously designed medium tanks, and chemical and biological warfare defensive material, aircraft from native and foreign designs, and small turbine engines, engine parts and components, also produces CARMI, an indigenously designed and produced naval surface-to-surface missile, as well as the SHAFRIR air-to-air missile, has built 6 patrol guided missile combatants and 6 building 6 more, most navy ships from U.K., France, and U.S.; equipment from U.S. and diverse sources in Western Europe (S).

Military budget: for fiscal year ending 31 March 1980, $3.215 billion, about 24% of central government budget (C).

INTELLIGENCE AND SECURITY

- Israeli Secret Intelligence Service (MOSSAD), foreign.
- Israeli Security Service (Shin Bet), domestic and foreign.
- Directorate of Military Intelligence (Sharet Midrin), foreign.
- Political Intelligence (Sharet Mappa), foreign.
- Economic Intelligence (Sharet Megam), foreign.
- Geological Intelligence (Sharet Midrin), foreign.
- Political Intelligence (Sharet Mappa), foreign.
- Military Intelligence (Sharet Midrin), foreign.
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AT
SECRETS SECTION 01 OF 23 STATE 130384/21
E.O. 12261 ODS 7/24/85 (ROBERTS, SAMUEL)
TAGS:EG, IS, PINR

SUBJECT: INTSUM 859, JULY 24, 1979
LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSES FOR CHIEFS OF MISSION
WARNING NOTICE SENSITIVE SOURCES AND METHOD INVOLVED, NOT
RELEASABLE TO FOREIGN NATIONALS

(PARAGRAPHS 1-3 CONFIDENTIAL)

1. ISRAEL-JORDAN YARMOUK WATER Dispute: It appears that
the Yaroukh water dispute between Israel and Jordan has
essentially been resolved without incident through
intensive diplomatic activity. The potential for con-
flict and possible involvement of the military dissipated
when the representative of the Jordan Valley Authority
ordered his people to allow absolutely minimum water into
the east chour canal to meet Jordan’s minimum needs,
thereby allowing additional water to flow into the
Yaroukh river. This was confirmed though not conveyed
to the Jordanian government by Israeli estimates that
reported the increased influx of water on 18 july.

2. THE ISRAELI THREAT TO USE MILITARY FORCE, IF NECESSARY,
could have been the deciding factor influencing the
Jordanians to restore the flow of water to a level that
seems to have satisfied tel aviv.

3. ANOTHER JORDANIAN-ISRAELI MEETING BY TECHNICAL EXPERTS
at riverside is anticipated to sort out how best to
proceed on the next phase of the bulldozer exercise.

(PARAGRAPHS 4-9 CONFIDENTIAL)
4. OAU SUMMIT RESULTS. THE ORGANIZATION OF AFRICAN UNITY SUMMIT LAST WEEK IN MONROVIA, LIBERIA, WAS UNUSUALLY CONTENTIOUS. THE 48 DELEGATIONS REFUSED TO CENSURE EGYPT'S MIDDLE EAST INITIATIVES, DECLINED TO RECOGNIZE THE MUZOREWA REGIME IN ZIMBABWE-RHODESIA, AND DECLARED THAT MOROCCO HAD ONLY ADMINISTRATIVE CONTROL IN WESTERN SAHARA.

5. AS NOTED IN A CIA ANALYSIS, MIDDLE EAST AFFAIRS NEARLY DOMINATED THE SUMMIT. SEVERAL RESOLUTIONS, ADOPTED BY CONSENSUS, WERE CARCASSLY WORDED TO DISAPPROVE OF TREATIES THAT HARM THE SOVEREIGNTY OF ARAB AREAS, TO RECOGNIZE THE RIGHT OF PALESTINIANS TO THEIR OWN STATE, AND TO RECOGNIZE THE PALESTINE LIBERATION ORGANIZATION AS THE SOLE LEGITIMATE REPRESENTATIVE OF THE PALESTINIANS.


7. ACCORDING TO THE US EMBASSY IN MONROVIA, OAU MEMBERS ARE UNCERTAIN WHAT THE ZIMBABWE RESOLUTION MEANS. ALL CONCUR THAT THEY WERE WARNING THE WESTERN POWERS NOT TO RECOGNIZE MUZOREWA OR TO LIFT SANCTIONS, BUT THEY DIFFER AS TO WHETHER NEGOTIATIONS FOR A SETTLEMENT SHOULD GO FORWARD. THE FRONTLINE STATES PROFESS TO SEE NOTHING THAT WOULD HAMPER NEGOTIATIONS.

8. RESOLUTIONS ON WESTERN SAHARA WERE HARD-Fought BUT FINALLY APPROVED BY A TWO-THIRDS MAJORITY. MOROCCO WALKED OUT OF THE SESSION AFTER IT WAS O-CALLED THAT RABAT HAD ADMINISTRATIVE CONTROL BUT NOT SOVEREIGNTY OVER THE AREA. THE RESOLUTION CALLED FOR A CEASE-FIRE AND A REFERENDUM TO DETERMINE THE SAHARANS' PREFERENCE.

9. LIBERIAN PRESIDENT TOLBERT, WHO CHAIRMED THE MEETING, KEPT CHAD OFF THE AGENDA AND CUT OFF A BITTER DISCUSSION ON UGANDA AFTER ALL THE PRINCIPALS HAD SPOKEN.

10. (S/NF) SYRIA-USSR: INCREASED AIRCRAFT DELIVERIES. THE USSR HAS CONTINUED TO PROVIDE SYRIA WITH A STEADY FLOW OF ADVANCED AIRCRAFT THIS YEAR DESPITE EARLIER SIGNS OF STRAINED RELATIONS BETWEEN DAMASCUS AND MOSCOW. UNUSUALLY LARGE SOVIET DELIVERIES IN JULY HAVE INCLUDED EIGHT MIG-23S--THE FIRST RECEIVED SINCE 1977--AND 24 MIG-21S. THESE DELIVERIES BRING THE TOTAL SO FAR THIS YEAR TO 68--CLOSE TO OR EXCEEDING TOTAL SOVIET FIGHTER AIRCRAFT SHIPMENTS IN EACH OF THE PREVIOUS FOUR YEARS. WE DO NOT KNOW WHETHER ALL OF THE SHIPMENTS Involve EQUIPMENT ORDERED UNDER THE LAST, MAJOR CONTRACT WE ARE AWARE OF, WHICH WERE SIGNED IN 1977. NEGOTIATIONS FOR A LARGE NEW SOVIET-SYRIAN DEAL WERE NEAR COMPLETION IN APRIL, BUT WE HAVE NO CONFIRMATION THAT A NEW ACCORD IS INCEPTION.
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WAS SIGNED. IF THE SOVIETS MAINTAIN THE PACE OF AIRCRAFT
AND OTHER WEAPON SHIPMENTS TO SYRIA IN THE COMING MONTHS,
OVERALL SOVIET DELIVERIES COULD REACH THEIR HIGHEST LEVEL
SINCE 1974.

(PARAGRAPHS 10 - 17 UNCLASSIFIED)

10. ISRAEL-UNITED: ISRAELI DEPUTY PRIME MINISTER YADIN
SAID JULY 23 THAT THE US HAD SAID AT CAMP DAVID THAT IF
UNEF WERE NOT REMOVED, IT WOULD BE REPLACED BY "ANOTHER
INTERNATIONAL OR MULTINATIONAL FORCES." "THE US OBSERVERS
CAN ONLY REPORT ON WHAT HAPPENS...THE INTERNATIONAL FORCE
SHOULD PREVENT BREACHES OF THE AGREEMENT...ENSURE
FREEDOM OF NAVIGATION, FOR EXAMPLE." IN ISRAEL, HA'ARIV
REPORTED THAT "POLITICAL CIRCLES" THINK ISRAEL WILL FACE
A "SHARP CONFRONTATION" WITH THE US. TALKS BETWEEN ISRAEL
AND EGYPT ON THE MATTER WERE REPORTED AND THERE WERE
-HINTS-, THE PAPER SAID, THAT EGYPT WAS NOT HAPPY WITH
THE UNITED PROPOSAL EITHER.

11. BEGIN'S HEALTH: AP REPORTED JULY 23 THAT BEGIN'S
DOCTORS SAID HE HAS LOST 29 PERCENT OF THE VISION IN HIS
RIGHT EYE AND 10 PERCENT IN THE LEFT EYE BECAUSE OF THE
ARTERIAL BLOCKAGE. THE HEAD OF THE MEDICAL TEAM TREATING
BEGIN SAID IT WAS TOO EARLY TO TELL IF THE EYE PROBLEM
IS PERMANENT. THE DOCTOR ALSO SAID BEGIN'S "GRADUAL-
RECOVERY CONTINUES AS EXPECTED." BEGIN IS REPORTED
TO BE RECEIVING OFFICIAL VISITORS AND STILL MAKING MAJOR
DECISIONS.

12. PERES-EGYPT: CAIRO MENA REPORTED JULY 23 THAT
ISRAELI LABOR PARTY LEADER SHIMON PERES IS IN EGYPT
JULY 24 AND WILL MEET SADAT IN ALEXANDRIA.

13. TURKEY-ISRAEL: REUTER REPORTED JULY 23 THAT THE
TURKISH GOVERNMENT HAS PROTESTED TO ISRAEL OVER IMPLICIT
ISRAELI CRITICISM OF THE HANDLING OF THE SIEGE AT THE
EGYPTIAN EMBASSY. AN OFFICIAL OF THE ISRAELI EMBASSY
IN ANKARA SAID THE EMBASSY WAS ACCUSED OF INTERVENING
IN DOMESTIC TURKISH AFFAIRS BY ISSUING COPIES OF ARTICLES
ABOUT THE SIEGE TO JOURNALISTS. THESE ARTICLES INCLUDED
A PHOTOGRAPH OF THE TURKISH INTERIOR MINISTER KISSING
ONE OF THE GUERRILLAS AFTER THE SIEGE ENDED, REUTER SAID.
14. LEBANON-ISRAELI AIR STRIKES: THE LEBANESE GOVERNMENT HAS SAID IT WILL PROTEST TO THE UN SECURITY COUNCIL ABOUT THE ISRAELI AIR RAIDS OF JULY 22. NEWSPAPERS, EMBASSY BEIRUT-AND-DEFENSE ATTACHE-SOURCES PUT THE NUMBER OF DEAD AT 18 OR 20 WHILE THE WOUNDED ARE REPORTED TO NUMBER 43 TO 76. ALL THE LEBANESE PAPERS SAY CIVILIANS, INCLUDING WOMEN AND CHILDREN, WERE AMONG THE CASUALTIES. EMBASSY BEIRUT SAID THE RAIDS OCCURRED AT THE TIME WHEN THE ROADS IN THE AREA OF THE STRIKES ARE USUALLY FILLED WITH PEOPLE RETURNING FROM THE MOUNTAINS AND THE BEACHES. ONE OF THE AREAS HIT IS ABOUT FIVE MILES FROM BEIRUT AIRPORT WHICH WAS FORCED TO CLOSE FOR ONE HOUR. LEBANESE PRIME MINISTER AL-HUSSEIN SAID THIS WAS A "BLATANT CRIMINAL ACTION" AND CALLED ON OTHER COUNTRIES TO "ASSUME THEIR RESPONSIBILITIES" TO END THESE ACTIONS.

15. FLO-USA: IN A STATEMENT TO A LEFTIST LEBANESE NEWSPAPER AL-SAFIR ON JULY 23, YASER Arafat said that he will send a delegation to the United States if it expresses readiness to negotiate with the PLO. He denied there were any contacts between the US administration and some Palestinian university professors. Despite his expression of desire for a dialogue with the US, Arafat accused the United States of helping Israel to "exterminate" the Palestinian people.

16. EGYPT-NEGOTIATIONS: THE EGYPTIAN PRESS REPORTS THAT VICE-PRESIDENT HUSSEIN MUBARAK WHILE DELIVERING AN ADDRESS TO THE CENTRAL COMMITTEE OF THE ARAB SOCIALIST UNION ON THE ANNIVERSARY OF THE 1952 REVOLUTION:

(A) NOTED THAT NASSER WAS THE FIRST LEADER TO ACCEPT UNSC RESOLUTION 242 AS WELL AS THE JARRING AND ROGERS PLANS;

(B) CLAIMED THAT THE REJECTIONISTS THEN AND NOW FAILED TO APPRECIATE THE TRADEOFF BETWEEN ISRAELI WITHDRAWAL AND ARAB ACCEPTANCE OF ISRAEL;

(C) WARNED THAT EGYPT EXPECTS TANGIBLE PROGRESS IN AUTONOMY NEGOTIATIONS OR THERE WILL BE "GRAVE CONSEQUENCES;"

(D) INSISTED THAT AUTONOMY MUST APPLY TO LAND AS WELL AS PEOPLE AND THAT "PALESTINIAN GOVERNMENT" MUST HAVE LEGISLATIVE AND JUDICIAL POWERS; AND

(E) DECLARED THAT ISRAELI SETTLEMENT POLICY IS "UNACCEPTABLE;"

17. EGYPT-US: THE EGYPTIAN PRESS ON JULY 23 PROMINENTLY REPORTED ASSISTANT SECRETARY SAUNDERS' ASSERTION IN CONGRESSIONAL TESTIMONY THAT EGYPT HEDES THE F-4 TO ENSURE THE SECURITY OF THE NILE VALLEY, SUEZ CANAL AND THE SINAI. VANCE ET AL. #2344
E.O. 12065 GDS 7/25/85 (Tarnoff, Peter)

Tags: IX, US

Subject: (U) Current Foreign Relations, Issue No. 29, July 25, 1979

(L00) Table of Contents

1. IO - Middle East Issues in the UN
2. NPA - U.S. Orders Precautionary Evacuation of Dependents and Non-essential Emigrants from Kabul
3. ARA - New Government in Nicaragua
4. ARA - Panama Canal Treaty Legislation
5. AF - OAU Summit: Preliminary Conclusions
6. INR - Poland: Massive Grain Import Requirements
7. INR - Chinese Joint Venture Law Challenges Ingenuity, Flexibility of Would-be Partners
8. EB - Commodity Negotiations: No Summer Doldrums
9. PA - Public Does Not Believe SALT Will Permit Cuts in Defense Spending
10. EA - Geneva Refugee Conference

1. (U) IO - Middle East Issues in the UN (GDS 7/25/85)

(S) In recent weeks, several issues involving the Middle East have come before the Security Council. As a result of discussions at the Summit in Vienna, it became clear that the Soviets were determined to veto the renewal of the United Nations Emergency Force (UNEF) when its mandate expired July 24. Beginning in mid-April, we had asked Egypt and Israel to give us their views on the available alternatives to UNEF. Either the use of the UN Truce Supervision Organization (UNTSO) as a substitute for UNEF, or the creation of a non-UN multinational force. In July we explored with the Soviets whether they would be willing to allow UNTSO to continue to function, and we lined up a nine-vote majority in the Security Council on UNEF renewal, faced with the prospect of having to veto, the Soviets eventually accepted the use of UNTSO, provided we would not bring UNEF renewal to a vote. Egypt accepted this compromise proposal, but Israel rejected it. We are continuing to discuss this question with Israel and are confident that a satisfactory conclusion can be reached. There is no immediate crisis, and Israeli withdrawals are continuing in the Sinai as called for in the peace treaty.
A second issue involved a resolution on Israeli settlements in the occupied territories, debated by the Security Council July 17-19. We abstained in the vote on the resolution which was adopted because we were concerned that the resolution adopted recommendations made by a Security Council Commission on Israeli settlements which went beyond the settlements question.

At the same time, we restated our position that Israeli settlements are inconsistent with international law and pre-judge an issue which will have to be dealt with.
WITHIN THE NEGOTIATIONS.

(5) FINALLY, A RESOLUTION ON PALESTINIAN RIGHTS IS SCHEDULED TO BE DEBATED BY THE SECURITY COUNCIL ON JULY 27. A VOTE MAY COME AS EARLY AS JULY 30.

2. (U) NEA—U.S. ORDERS PRECAUTIONARY EVACUATION OF DEPENDENTS AND NON-ESSENTIAL EMPLOYEES FROM KABUL (GDS 7/25/85)

(LOU) IN THE FACE OF A DETERIORATING INTERNAL SECURITY SITUATION AND A RISING LEVEL OF VIOLENCE IN KABUL AND ALONG THE MAJOR OVERLAND ROUTE TO PAKISTAN, WE ORDERED THE EVACUATION OF ALL USG DEPENDENTS AND NON-ESSENTIAL PERSONNEL FROM AFGHANISTAN. THEY WILL BE COMING OUT OVER A TWO WEEK PERIOD ON REGULARLY SCHEDULED FLIGHTS. WE HAVE ADVISED THE PRIVATE AMERICAN COMMUNITY TO DO LIKEWISE AND ARE URGING THAT NON-ESSENTIAL TRAVEL TO AFGHANISTAN NOT BE UNDERTAKEN AT THIS TIME. OUR DRAWDOWN WILL INVOLVE ABOUT 100 PEOPLE. WE HAVE MADE CLEAR TO THE DRA THAT OUR DECISION DOES NOT REPRESENT A POLITICAL JUDGMENT BUT RATHER A PRUDENT STEP IN LIGHT OF OUR SECURITY CONCERNS.

(LOU) IN APPARENT RESPONSE TO OUR DECISION, THE DRA SUBSEQUENTLY NOTIFIED US THAT WE SHOULD REDUCE OUR STAFF IN KABUL IN LIGHT OF OUR REDUCED LEVEL OF AID. THE DRA HAS ASKED THE STAFF ASSIGNED AFTER THE APRIL 1979 REVOLUTION BE WITHDRAWN, BUT WE STILL ARE NOT CERTAIN WHAT THE FINAL LEVEL WILL BE.

(C) THE TREND OF THE INSURGENCY CONTINUES TO RUN AGAINST THE KHALIQI REGIME OF NOOR MOHAMMED TARIQI AS REPORTS OF FIGHTING AND SERIOUS MILITARY MORALE AND COORDINATION PROBLEMS MULTIPLY. HOWEVER, THE REBELS HAVE STILL NOT DEMONSTRATED A CAPABILITY TO COORDINATE THEIR ACTIVITIES OR TO STRIKE EFFECTIVELY AT THE SEAT OF KHALIQI POWER IN KABUL. THE SOVIETS ARE PROBABLY CONCERNED ABOUT THE STABILIZING POWER OF THE REGIME AND MAY HOPE FOR SOME KIND OF POLITICAL SOLUTION TO THE AFGHAN SITUATION. WHILE THE PRESENT REGIME IS CLEARLY IN TROUBLE, IT IS DIFFICULT TO PREDICT HOW OR WHEN LEADERSHIP CHANGES MIGHT OCCUR.

3. (U) ARENA: NEW GOVERNMENT IN NICARAGUA (GDS 7/24/85)

(U) THE SOMOZA DYNASTY ENDED JULY 17 WITH SOMOZA’S DEPARTURE FOR MIAMI. CHAMBER OF DEPUTIES PRESIDENT FRANCISCO URCUETO, ELECTED INTERIM PRESIDENT BY THE
Pro-Somoza Nicaraguan Congress, then disrupted carefully negotiated transition plans, to which he had previously agreed, by announcing his intention to remain in power until the 1981 elections. The U.S. promptly withdrew its ambassador and most embassy staff to protest Urcuyo's action. Urcuyo lasted 48 hours, until the national guard disintegrated and international pressures made his position untenable.

(C) The new government of national reconstruction (GRN) was installed July 20, in a ceremony attended by #0000
BY AMBASSADOR BOWDLER, WHO HAD BEEN U.S. REPRESENTATIVE IN A MEDIATION EFFORT FROM SEPTEMBER 1978 TO JANUARY 1979 AND RECENTLY IN CONTACT WITH GRN LEADERS IN COSTA RICA. RELATIONS WITH THE U.S. ARE A MATTER OF GREAT SENSITIVITY TO THE NEW NICARAGUAN LEADERSHIP. ALTHOUGH IT IS TOO EARLY TO TELL HOW THEY WILL EvOLVE, THE GRN SO FAR HAS BEEN CAREFUL, CORRECT AND FAIRLY RESPONSIVE IN ITS DEALINGS WITH THE UNITED STATES.

(U) THE GRN HAS INVITED OAS FOREIGN MINISTERS AND THE INTER-AMERICAN COMMISSION ON HUMAN RIGHTS TO VISIT NICARAGUA AND HAS PROMISED TO DISCOURAGE INDISCRIMINATE REPRISALS. IT HAS PLEDGED TO HOLD CITY COUNCIL ELECTIONS, A CONSTITUTIONAL CONVENTION AND NATIONAL ELECTIONS BUT HAS NOT ANNOUNCED A TIMETABLE.

(LOU) NICARAGUA FACES CONSIDERABLE PHYSICAL DEVASTATION, ECONOMIC DISLOCATION AND PERSONAL SUFFERING. WE ARE RESPONDING PROMPTLY TO REQUESTS FOR HUMANITARIAN RELIEF AND ALREADY HAVE APPROVED THE DIVERSION OF 2,225 TONS OF PL 490 COMMODITIES FROM THE UNITED STATES, GUATEMALA, COSTA RICA, AND EL SALVADOR. TO DATE, SOME 640 TONS HAVE BEEN AIRLIFTED INTO MANAGUA BY THE ICRC AND THE U.S.

4. (U) ARA - PANAMA CANAL TREATY LEGISLATION

(LOU) THE SENATE WILL BEGIN FLOOR DEBATE THIS WEEK ON LEGISLATION TO IMPLEMENT THE PANAMA CANAL TREATIES, WHICH ENTER INTO FORCE ON OCTOBER 1. THE SENATE ARMED SERVICES COMMITTEE ADOPTED A BILL SIMILAR TO THE ADMINISTRATION PROPOSAL, WHILE THE HOUSE BILL CONTAINS PROVISIONS WHICH ARE INCONSISTENT WITH THE TREATIES. THE SENATE WILL PROBABLY ADOPT THE ARMED SERVICES COMMITTEE BILL, SETTING THE STAGE FOR A TOUGHER FIGHT IN CONFERENCE. TIME IS NOW CRITICAL, WITH THE AUGUST CONGRESSIONAL RECESS CONSUMING NEARLY HALF THE REMAINING PERIOD UNTIL OCTOBER 1.

5. (U) AF - OAU SUMMIT: PRELIMINARY CONCLUSIONS

(GDS 7/25/85)

(C) CHAD WAS IN MANY RESPECTS THE MOST INTERESTING ISSUE OF THE OAU CONFERENCE, AS IT COMBINED THE ISSUE OF FOREIGN TROOPS WITH THAT OF AN EMERGING 'SUPERPOWER', NIGERIA, PRESSURING OTHER STATES INTO AN UNPRECEDENTED REFUSAL TO RECOGNIZE A DELEGATION ON THE GROUNDS THAT IT WASN'T 'REPRESENTATIVE'.

(C) IN GENERAL, THE MODERATES CONDUCTED THEMSELVES WITH
CONFIDENCE AND PURPOSE, AND WITH LITTLE CONCERN FOR THE
OPINIONS OF THE RADICALS. THE HARD CORE RADICALS--BFIN.
MADAGASCAR, ANGOLA, CONGO, ETHIOPIA--SEEMED IN FACT TO
BE LITTLE MORE THAN A SIDE SHOW AT THE CONFERENCE, LIBYA
REMAINING RESTRAINED THROUGHOUT.

(c) TANZANIA'S INVASION OF UGANDA THREW THE WEAKNESSES
OF THE OAU CHARTER INTO HIGH RELIEF. ALTHOUGH DEBATE ON
THE SUBJECT WAS HALTED ABRUPTLY BY THE SUMMIT (PRESUMABLY
AT THE URGING OF PRESIDENT TOLBERT, THE CHAIRMAN), ITS
IMPORTANCE WAS CLEARLY RECOGNIZED, BUT IT ESCAPED WITHOUT
SERIOUS DAMAGE.
(C) THE NECESSITY OF RE-EXAMINING THE CHARTER RECEIVED CONSIDERABLE ATTENTION. SUDAN'S NIMBIRI PROPOSED THAT THE OAU REMEDY ITS WEAKNESS IN CRISIS MANAGEMENT BY CREATING A COUNCIL OF FIVE HEADS OF STATE ABLE TO INTERCEDE IN CONFLICTS WITH THE POWER TO MAKE DECISIONS BINDING ON THE PARTIES. HOWEVER, THE OAU FUNCTIONS QUIETLY ADEQUATELY AS A FORUM, AND ITS MEMBERS WILL HAVE MORE THAN A FEW SECOND THOUGHTS ABOUT GIVING IT ANY EXECUTIVE AUTHORITY.

(C) IT MAY BE THAT THE PAST YEAR HAS MARKED A TURNING POINT FOR THE OAU IN ITS CONSIDERATION OF ECONOMIC ISSUES. THE DISMAL ECONOMIC SITUATION IN AFRICA HAS BEEN FOCUSED UPON AND DISCUSSED PUBLICLY WITH UNFLINCHING REALISM. THERE SEEMS TO BE A WILL TO ADDRESS ECONOMIC ISSUES IN A SERIOUS WAY, AND A REALIZATION THAT THE OAU JUST MIGHT BE A USEFUL INSTRUMENT IN THIS REGARD. WITHIN THE NEXT THREE MONTHS WE MAY SEE A SUMMIT ON ECONOMIC ISSUES IN LAGOS, AND THE BEGINNING OF ATTEMPTS TO TURN THE PLENTY INTO A WORKING PROGRAM.

(C) FOR THE FIRST TIME THERE WAS A GENERAL ACKNOWLEDGEMENT DURING THESE MEETINGS THAT THE HUMAN RIGHTS SITUATION IN AFRICA IS NOT UNIFORMLY IDEAL. A RESOLUTION ON A HUMAN RIGHTS CHARTER FOR AFRICA WAS ADOPTED. THE CONCEPT OF HUMAN RIGHTS HAS DEFINITELY ARRIVED IN AFRICA.

6. (U) INRE - POLAND: MASSIVE GRAIN IMPORT REQUIREMENTS (GDS 7/25/85)

(C) PLAGUED BY MONTHS OF BAD WEATHER, THE POLISH GRAIN CROP NOW BEGINNING TO BE HARVESTED COULD WELL BECOME ONE OF THE WORST IN RECENT YEARS. AT THE EXPENSE OF ITS ALREADY WORSENING FINANCIAL POSITION, WARSAW INTENDS TO OFFSET THE HARVEST SHORTFALL WITH LARGE-SCALE GRAIN AND FEED IMPORTS. THE GRAIN IS NEEDED TO SUPPORT THE CONTINUED EXPANSION OF LIVESTOCK HERDS--A TOP GOVERNMENT PRIORITY. WARSAW, HOWEVER, MAY NOT OBTAIN THE DOLLS 1.5 BILLION IN GRAIN CREDITS IT WILL REQUIRE TO STAVE OFF A DECLINE IN DOMESTIC MEAT PRODUCTION NEXT YEAR.

(U) PARTY LEADER GIEREK INDICATED LAST MONTH THAT, Owing to the poor harvest outlook, WARSAW PLANS TO STEP UP ITS GRAIN AND FEED IMPORTS BY ALMOST 1 MILLION METRIC TONS--TO 6 MMT--PROBABLY DURING THE CURRENT MARKETING YEAR (JULY-JUNE). WORLD GRAIN PRICES HAVE RISEN 40-50 PERCENT OVER THE LAST YEAR, AND ONLY SMALL QUANTITIES OF GRAIN WILL BE AVAILABLE FROM THE USSR. POLISH HARD-CURRENCY COSTS FOR THE DESIRED GRAIN AND FEED IMPORTS CONSEQUENTLY WILL RISE.
A rapid this marketing year to about Dols 1.5 billion (from less than than Dols 1 billion last year).

(c) since other western countries can provide little additional grain, much of Poland's imports must come from the US—about 3 MMT of grain and substantial quantities of protein feed. The Poles recently requested Dols 700 million in FY60 CCC credits to finance since imports but reduced the request to Dols 500 million when the USDA pointed out our lack of funds. The FY60 CCC budget has been cut in half from the FY79 level to Dols 800 million.
(C/NI) According to US bankers, Warsaw is preparing to draw on its Dols 100 million line of CCC guarantees and will request still more. Warsaw had been reluctant to use the guarantee program, which is currently limited to a total exposure of Dols 500 million worldwide, because of the higher interest charges involved.

(C) Polish grain credit requirements thus appear to exceed substantially the western government financing (including CCC credits and guarantees) likely to be available. Moreover, Warsaw may not be able to turn to Western banks to make up the difference, because private lenders are increasingly concerned about Warsaw's ability to service its debts.

7. (U) INR - CHINESE JOINT VENTURE LAW CHALLENGES INGENUITY, FLEXIBILITY OF WOULD-BE PARTNERS

(LCG) China's new joint venture law - while silent on many areas of importance to potential investors - places a minimum of restraints on joint ventures which might attract foreign capital, management, and technology to China. It also leaves wide latitude for negotiation of the terms of individual ventures. China, however, as any LDC, will be sensitive to the appearance of exploitation by foreigners, and investors are likely to be subject to ideological shifting as they negotiate with the bureaucracy.

(U) THE LAW APPEARS FLEXIBLE AND CLEARLY REFLECTS BENEFIT FROM THE EXPERIENCE OF OTHER COUNTRIES, NOTABLY YUGOSLAVIA, WITH SUCH LEGISLATION. AMONG THE INCENTIVES OFFERED TO ATTRACT FOREIGN PARTNERS ARE:

--PARTICIPATION IN MANAGEMENT, INCLUDING PRODUCTION DECISIONS;

--NO STATED MAXIMUM PARTICIPATION IN EQUITY BY A FOREIGN PARTNER (MINIMUM PARTICIPATION IS 25 PERCENT);

--PROTECTION OF EQUITY, REPATRIATION OF PROFITS, AND TAX AND REINVESTMENT INCENTIVES; AND

--PERMISSION TO USE IMPORTED RAW MATERIALS (WITH SOME "BUY CHINA" PREFERENCES) AND TO SELL THE PRODUCT WITHIN CHINA.

IMPORTANT LIMITATIONS INCLUDE:

--CHINESE APPOINTMENT OF THE CHAIRMAN OF THE BOARD OF A VENTURE, ENSURING PARTNERSHIP (I.E., CONSENSUS) RATHER
HAN CORPORATE (VOTING SHARES) MANAGEMENT DECISIONS; AND

--A UNIQUE PROHIBITION--WITH PENALTIES--ON THE SUPPLYING OF OBSOLETE TECHNOLOGY (WHICH COULD CONCEIVABLY CONFLICT WITH US EXPORT CONTROL LAWS AND POLICIES IN SOME CASES).

(LOU) A NEWLY CREATED FOREIGN INVESTMENT CONTROL COMMISSION--TO BE HEADED BY A WELL-KNOWN PRE-1949 INDUSTRIALIST--WILL REVIEW JOINT VENTURE AGREEMENTS, PRESUMABLY AS THEY RELATE TO CHINA'S ECONOMIC DEVELOPMENT PLANS. THE CREATION OF A SUBSTANTIAL PRIVATE SECTOR WILL INTRODUCE PROBLEMS THE HIDEBOUND CHINESE BUREAUCRACY HAS NEVER "

#0000
ENCOUNTERED BEFORE, AND THE FIRST FEW JOINT VENTURES WILL PROBABLY FACE MANY ADMINISTRATIVE PROBLEMS.

8. (LOU) EB - COMMODITY NEGOTIATIONS: NO SUMMER DOLDRUMS

(LOU) THIS SUMMER IS WITNESSING AN UNUSUALLY HIGH LEVEL OF ACTIVITY BOTH INTERNATIONALLY AND IN WASHINGTON ON OUTSTANDING COMMODITY ISSUES. THE MOST SIGNIFICANT DEVELOPMENTS INCLUDE:


-- COCOA: NEGOTIATIONS ARE NOW UNDER WAY TO DRAFT A NEW INTERNATIONAL AGREEMENT. PROGRESS HAS BEEN SLOW THUS FAR, WITH SUBSTANTIAL DIFFERENCE ON PRICE BETWEEN PRODUCING AND CONSUMING NATIONS. THE U.S. WAS NOT A MEMBER OF THE LAST COCOA AGREEMENT BUT HOPES TO BE ABLE TO JOIN THIS TIME. OUR ENTRY DEPENDS IN LARGE PART ON THE EVENTUAL STRUCTURE THAT A RENEGOTIATED COCOA AGREEMENT WILL TAKE. THE U.S. HAS ENCOURAGED INCREASED RELIANCE ON THE COCOA BUFFER STOCK RATHER THAN EXPORT CONTROLS AS A CENTRAL FEATURE OF ANY FUTURE AGREEMENT.

-- TIN: GSA STOCKPILE LEGISLATION HAS PASSED THE HOUSE, PROVIDING FOR DISPOSAL OF 35,500 TONS. FIVE THOUSAND TONS OF THIS WOULD GO TO THE INTERNATIONAL TIN BUFFER STOCK IN FULFILLMENT OF A 1977 PLEDGE MADE BY SECRETARY VANCE. THE BILL IS CURRENTLY UNDER COMMITTEE STUDY IN THE SENATE, WITH PROSPECTS FOR FLOOR ACTION AFTER THE AUGUST RECESS. AT THE SAME TIME, INTERNATIONAL TIN COUNCIL MEETINGS WHICH CONCLUDED LAST WEEK RAISED FLOOR, CEILING AND INTERVENTION PRICES SUBSTANTIALLY, OVER THE OBJECTION OF SEVERAL CONSUMING COUNTRIES INCLUDING THE U.S. THE ITC MEETING ALSO CONTINUED PREPARATORY WORK LOOKING TOWARDS NEGOTIATION OF A
SIXTH INTERNATIONAL TIN AGREEMENT NEXT YEAR.

-- SUGAR: U.S. RATIFICATION OF THE INTERNATIONAL SUGAR AGREEMENT (ISA) IS STILL BEING HELD UP PENDING ENACTMENT OF AN ACCEPTABLE DOMESTIC SUGAR SUPPORT PROGRAM. WORK ON SUCH A PROGRAM IS MOVING SLOWLY BUT A BILL SHOULD REACH THE HOUSE FLOOR BY SEPTEMBER. THE ADMINISTRATION HAS ASSURED ISA MEMBER COUNTRIES THAT THE AGREEMENT REMAINS A KEY PART OF U.S. SUGAR POLICY AND HAS USED EXISTING AUTHORITY TO RESTRICT SUGAR IMPORTS FROM NON-ISA SUPPLIERS AS WELL AS PAY OUR 1978 CONTRIBUTION TO THE ORGANIZATION.

BT

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— RUBBER: THE THIRD SESSION OF THE U.N. NEGOTIATING CONFERENCE ON NATURAL RUBBER MADE GOOD PROGRESS BUT ADJOURNED WITHOUT COMPLETING A FINAL TEXT ON THE FIRST INTERNATIONAL RUBBER AGREEMENT. THE MAJOR UNRESOLVED ISSUE IS FINANCING OF THE 556,000 TON BUFFER STOCK. THE CONFEREES AGREED THAT NEGOTIATIONS WOULD BE RESUMED NOT LATER THAN SEPTEMBER 1979. #4 BELIEVE THAT THE WORKABLE AGREEMENT WHICH IS IN SIGHT WILL MARK A SIGNIFICANT STEP IN OVERALL NORTH-SOUTH COMMODITY DISCUSSIONS.

— COPPER: THE UNCTAD EXPERTS GROUP MEETING IN LATE JUNE-EARLY JULY CONTINUED TECHNICAL STUDY OF COPPER STABILIZATION MEASURES, BUT WAS UNABLE TO ISSUE RECOMMENDATIONS. DISCUSSION CENTERED ON BUFFER STOCK SCHEMES, WITH THE U.S. ALONE VIEWING A PURE BUFFER STOCK APPROACH AS POTENTIALLY FEASIBLE. THE NEXT PREPARATORY MEETING IS SCHEDULED FOR SEPTEMBER. THE U.S. CONTINUES WILLING TO DISCUSS POSSIBLE STABILIZATION ALTERNATIVES IN THIS FORUM, WITHOUT MAKING A JUDGEMENT FOR NOW ON WHETHER A SUFFICIENT BASIS EXISTS FOR EVENTUAL NEGOTIATIONS ON AN INTERNATIONAL COPPER AGREEMENT.

9. (U) PA - PUBLIC DOES NOT BELIEVE SALT WILL PERMIT CUTS IN DEFENSE SPENDING

(U) THE AMERICAN PUBLIC IS INCLINED TO BELIEVE THAT RATIFICATION OF SALT WOULD NOT WARRANT A REDUCTION IN U.S. DEFENSE SPENDING. EVEN SUPPORTERS OF THE TREATY DO NOT ENVISAGE IT AS A MEANS OF CUTTING THE DEFENSE BUDGET.

(U) A CBS POLL CONDUCTED IN EARLY JUNE SHOWED A PLURALITY OF THE PUBLIC (49 PERCENT) REJECTED THE IDEA THAT PASSAGE OF THE TREATY WOULD PERMIT CUTS IN DEFENSE SPENDING. OPPOSITION TO DEFENSE CUTS CAME FROM SUPPORTERS OF SALT AS WELL AS FROM THOSE WHO OPPOSED THE TREATY. CBS ASKED THIS QUESTION:

"IF THERE IS A SALT TREATY WITH THE SOVIET UNION, DO YOU THINK THE UNITED STATES SHOULD OR SHOULD NOT CUT DEFENSE SPENDING?"

OPINION ON SALT

TOTAL PUBLIC FAVOR OPPOSE UNDECIDED.

104
(27 PERCENT (9 PERCENT) NO OPINION
OF PUBLIC) (64 PERCENT)

CUT DEFENSE SPENDING

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<td>49 54 73 43</td>
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<td>Should</td>
<td>34 41 25 33</td>
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(U) THE 34 PERCENT OF THE PUBLIC WHO WERE DISPOSED TO CUTTING DEFENSE SPENDING IF SALT WERE RATIFIED IS

#8000
ABOUT TWICE AS LARGE AS THE PROPORTION THAT FAVORED REDUCED DEFENSE SPENDING ON A DIFFERENT QUESTION ASKED BY CBS IN JANUARY. CBS ASKED: "SHOULD FEDERAL SPENDING ON MILITARY AND DEFENSE PROGRAMS BE INCREASED, BE REDUCED, OR KEPT ABOUT THE SAME?"

INCREASED 34  
KEPT SAME 47  
REDUCED 16  
NO OPINION 3

(U) WE DO NOT BELIEVE THAT THE PUBLIC'S ATTITUDES TOWARD DEFENSE SPENDING HAVE SUBSTANTIALLY ALTERED SINCE JANUARY. THE LARGER PROPORTION IN FAVOR OF REDUCED DEFENSE SPENDING ON CBS' JUNE POLL CAN BE EXPLAINED BY TWO MAJOR DIFFERENCES IN THE WORDING OF THE QUESTIONS: (1) IN JUNE, CBS ASKED ABOUT CUTTING DEFENSE SPENDING IN CASE OF SALT RATIFICATION, IN CONTRAST TO A MORE NEUTRAL QUESTION USED IN JANUARY; AND (2) CBS' JUNE POLL OFFERED RESPONDENTS ONLY TWO OPTIONS—CUTTING OR NOT CUTTING DEFENSE SPENDING. SOME OF THOSE WHO SAID IN JUNE THAT THE U.S. "SHOULD CUT DEFENSE SPENDING MIGHT HAVE RESPONDED KEEP SPENDING THE SAME," IF THEY HAD BEEN GIVEN THREE ALTERNATIVES AS IN JANUARY.

(U) THE DESIRE TO CUT MILITARY SPENDING HINGES LESS ON PASSAGE OF SALT THAN ON THE PUBLIC'S VIEWS OF HOW U.S. MILITARY POWER WILL COMPARE WITH THAT OF THE USSR AFTER SALT. THOSE WHO EXPECT SALT TO LEAVE THE U.S. AND THE USSR ABOUT EQUAL MILITARILY ARE EVENLY DIVIDED ON WHETHER TO CUT THE DEFENSE BUDGET. THOSE WHO EXPECT THE U.S. TO BE WEAKER AFTER SALT OPPOSE DEFENSE CUTS BY NEARLY THREE-TO-ONE.

10. (U) EA - GENEVA REFUGEE CONFERENCE (GDS 7/25/85)

(C) THE UN CONFERENCE ON INDOCHINESE REFUGEES CALLED FOR BY UN SECRETARY GENERAL WALDHEIM AND HELD IN GENEVA JULY 20-21 MADE SUBSTANTIAL PROGRESS TOWARD ITS HUMANITARIAN OBJECTIVES. IT REMAINS TO BE SEEN, HOWEVER, WHETHER VIETNAM WILL PROVIDE THE PROTECTION OF HUMAN RIGHTS AND LIVELIHOOD FOR ITS PEOPLE AND WHETHER IT IS WILLING TO SEEK A POLITICAL RATHER THAN MILITARY SOLUTION IN KAMPUCHEA.

(C) THE UNITED STATES ROLE WAS CENTRAL TO THE SUCCESS. VICE PRESIDENT MONDALE LED A DISTINGUISHED GROUP OF GOVERNERS, CONGRESSMEN AND LEADERS FROM THE PRIVATE SECTOR TO THE CONFERENCE. IN HIS ELOQUENT SPEECH AND PRIVATE
MEETINGS WITH FIFTEEN FOREIGN MINISTERS AND SECRETARY
GENERAL WALDHEIM, THE VICE PRESIDENT MADE IT STARKLY CLEAR
THAT THE TIME HAD COME TO CONFRONT THIS TRAGEDY OF AWFUL
HUMAN AND POLITICAL PROPORTIONS. HE CHALLENGED OTHERS TO
FOLLOW THE EXAMPLE SET BY THE U.S. AND JAPAN IN MAKING
CONCRETE SIGNIFICANT OFFERS FOR MORE REFUGEE RESETTLEMENT
AND FINANCIAL SUPPORT FOR TEMPORARY ASYLUM. HE EXPLAINED
WHAT WE WERE DOING AND WHAT WE THOUGHT OTHERS SHOULD DO IN
SEARCH AND RESCUE FOR REFUGEE BOATS IN DISTRESS AND IN
PROVIDING FOR ADDITIONAL REFUGEE PROCESSING CENTERS TO
LESSEN IMMEDIATE PRESSURES IN FIRST ASYLUM COUNTRIES. HE
URGED THAT ALL PRESENT PRESS AHEAD STRONGLY BOTH FOR A
BT
#000
CHANGE IN VIETNAM'S POLICY TOWARD ITS OWN PEOPLE AND FOR A POLITICAL SOLUTION AND AN END OF CONFLICT IN CAMPUCHA.

(C) FOLLOWING US LEAD, THE CONFERENCE AS A BODY MADE A SUBSTANTIAL HUMANITARIAN GESTURE COMMENSURATE WITH THE PRESIDENT'S TOKYO PLEDGE TO DOUBLE OUR REFUGEE INTAKE FROM 7,000 TO 14,000 A MONTH. THE NATIONS OF THE WORLD AGREED TO INCREASE THE NUMBER OF WORLDWIDE RESettlement PLACES AVAILABLE FOR REFUGEES FROM ROUGHLY 125,000 TO OVER 260,000. AN ADDITIONAL 190 MILLION DOLLARS WAS PLEDGED TO SUPPORT THE BUDGET OF THE UN HIGH COMMISSIONER FOR REFUGEES. JAPAN PLAYED A VITAL ROLE FINANCIALLY, HAVING PLEDGED AN ADDITIONAL AMOUNT OF 50 PERCENT OF THE UNHCR SOUTHEAST ASIA PROGRAM BUDGET. THE PHILIPPINES MADE ANOTHER EXTRAORDINARY GESTURE IN OFFERING A SITE FOR A REFUGEE PROCESSING CENTER TO ACCOMMODATE 50,000 REFUGEES WHICH WILL HELP RELIEVE PRESSURES ON MALAYSIA AND THAILAND.

(C) MUCH REMAINS TO BE DONE NOT ONLY ON THE HUMANITARIAN SIDE BUT ALSO ON THE POLITICAL QUESTION WHETHER VIETNAM CAN BE PERSUADED TO PROVIDE ITS PEOPLE REASONABLE ALTERNATIVES WHICH DO NOT FORCE THEM TO FLEE AND TO REGULARIZE THE FLOW OF THOSE WHO WISH TO LEAVE. WE HAVE NOT YET LEARNED THE DETAILS OR SIGNIFICANCE OF THE VIETNAMESE INDICATION TO SECRETARY GENERAL WADDELMEN THAT THEY WOULD STOP "ILLEGAL DEPARTURES" FOR A "REASONABLE TIME." WE HAVE RESERVATIONS ABOUT VIETNAM’S INTENTIONS BUT RATION IS COMING UNDER GROWING PRESSURE FROM WORLD OPINION. WE REMAIN INTERESTED IN THE POSSIBILITIES OF A SECURITY COUNCIL SESSION ON THE OVERALL SITUATION IN INDOCHINA, I.E., INCLUDING THE POSSIBILITY OF A POLITICAL SETTLEMENT IN CAMPUCHA. WE WILL BE CONSULTING WITH OTHER GOVERNMENTS AND CAREFULLY REVIEWING THE SITUATION IN THE REGION AS WE DECIDE HOW TO PROCEED. VANCE #0000
29 Jul 75

SECRET SECTION 01 OF 03 STATE 193402/01

E.O. 12065: GDS 7/25/85 (ROBERTS, SAMUEL)

TAGS: EG, IS, PINK

SUBJECT: INTSUM 860 - JULY 25, 1979

LONDON FOR GLASGIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHOD INVOLVED NOT RELEASABLE TO FOREIGN NATIONALS

(Paragraphs 1-8 CONFIDENTIAL)

1. BEGIN'S CURRENT ILLNESS INEVITABLY RAISES THE ISSUE OF THE SUCCESSION. WHILE BEGIN MAY WELL BE ABLE TO RETURN TO OFFICE AND THE FULL EXERCISE OF HIS DUTIES, IT IS ALSO NOT IMPLausible THAT HE MIGHT BE PARTIALLY OR COMPLETELY INCAPACITATED IN THE NEAR FUTURE. IN THAT EVENT, MINISTER OF DEFENSE WEIZMAN HAS THE BEST CHANCE TO EMERGE AS THE SUCCESSOR IN A BITTERLY CONTESTED STRUGGLE.

2. UNDER ISRAELI LAW, THE DEATH OR RESIGNATION OF THE PRIME MINISTER AUTOMATICALLY CONSTITUTES THE RESIGNATION OF THE ENTIRE CABINET. IN THESE CIRCUMSTANCES, HOWEVER, IT WOULD CONTINUE TO SERVE IN A CAREAKER CAPACITY UNTIL A NEW GOVERNMENT CAN BE FORMED. SHOULD BEGIN RESIGN BECAUSE OF ILL-HEALTH, OR SHOULD HE DIE, DEPUTY PRIME MINISTER YADIN WOULD SERVE AS CAREAKER. SHOULD AN INCAPACITATED BEGIN DECLINE TO RESIGN, YADIN WOULD NOMINALLY ACT IN BEGIN'S STEAD. IN THAT CASE, MAJOR POLICY DECISIONS WOULD BE A VIRTUAL IMPOSSIBILITY.


4. THE PROSPECTS ARE THAT THE COALITION WOULD SURVIVE FOR A TIME AT LEAST. TENSIONS WITHIN THE COALITION, HOWEVER, HAVE BEEN ENDOMIC. BEGIN HAS BEEN ABLE TO
CONTAIN THEM THANKS TO HIS UNIQUE STANDING WITHIN HERUT, HIS RELATIONSHIP WITH EHRLICH, AND HIS RESIDUAL CREDIBILITY WITH THE NATIONAL RELIGIOUS PARTY (NRP). ANY SUCCESSOR WOULD HAVE CONSIDERABLE DIFFICULTY IN KEEPING THE COALITION TOGETHER. THERE IS A GREAT DEAL OF HOSTILITY BETWEEN HERUT AND THE LIBERAL PARTY, AND SHARP POLICY DIFFERENCES AS WELL.

5. WITHIN THE NRP, THERE ARE MANY WHO WOULD BE PLEASED TO RETURN TO THE HISTORIC CONNECTIO' WITH LABOR. EVEN WITHIN THE RANKS OF THOSE WITHIN THE NRP WHO PROMOTED THE ESTABLISHMENT OF THE COALITION WITH THE LIKUD, DISGRUNTLEMENT IS DEEP AND WIDESPREAD.

6. IF BEGIN'S SUCCESSOR WERE UNABLE TO KEEP THE COALITION TOGETHER, NEW ELECTIONS WOULD PROBABLY BE UNAVOIDABLE. THEY WOULD BE LIKELY TO FAVOR LABOR. A NEW LABOR-LED COALITION, HEADED BY PERES, COULD RESULT, PROVIDED THAT PERES WERE ABLE TO PROVIDE MINIMAL SATISFACTION TO THE NRP ON THE ISSUES OF THE WEST BANK AND SETTLEMENTS.

7. IF THE COALITION HUNG TOGETHER, THE KEY QUESTION WOULD BE WEIZMAN'S ABILITY TO SECURE THE SUCCESSION. ALTHOUGH VERY POPULAR WITH THE MAN IN THE STREET, WEIZMAN'S DOVISH STANCE HAS CREATED WIDESPREAD ANTAGONISM WITHIN HERUT. POSSIBLE ALTERNATIVES TO WEIZMAN—MINISTER OF AGRICULTURE SHARON, KNESSET SPEAKER YIZHAK SHAMIR, OR CHAIRMAN OF THE KNESSET DEFENSE AND FOREIGN AFFAIRS COMMITTEE MOSHE ARENS—ALL HAVE STRIKES AGAINST THEM. NEVERTHELESS, EACH HAS A REASONABLE CHANCE TO SUCCEED.

8. IT IS ALSO POSSIBLE THAT A DARK HORSE WOULD PREVAIL, AS WAS THE CASE WITH THE SUCCESSOR TO LEVI ESHKOL IN 1969. INDEED, A PUBLIC OPINION POLL CONDUCTED SEVERAL WEEKS BEFORE ESHKOL'S DEATH SHOWED THAT LESS THAN 1 PERCENT FAVORED MRS. MEIR, WHO SUCCEEDED HIM.

9. (U) ISRAELI COURT-SETTLEMENT ACTIVITY: AP REPORTED THAT THE ISRAELI SUPREME COURT JULY 24 ORDERED A HALT TO PRELIMINARY WORK ON A NEW JEWISH SETTLEMENT NEAR BETHELHEM. ARAB FARMERS HAD COMPLAINED TO THE COURT THAT THE MILITARY GOVERNMENT WAS MEASURING 50 ACRES OF LAND FOR EVENTUAL CONSTRUCTION OF A NEW SETTLEMENT CALLED EFRAT. NEWS REPORTS SAID ABOUT 100 ORTHODOX JEWISH FAMILIES, MOSTLY FROM THE US, WERE WAITING TO MOVE INTO EFRAT. RADIO ISRAEL SAID THE ATTORNEY FOR THE GOVERNMENT DID NOT OPPOSE THE INJUNCTION BUT IS AWAITING A DEFINITIVE COURT DECISION ON THE LEGALITY OF SUCH LAND SEIZURES. TWO SIMILAR CASES ARE BEFORE THE SUPREME COURT INVOLVING THE VILLAGE OF SALTIT AND THE JEWISH SETTLEMENT OF ELON MOREH NEAR NABLUS. IN EACH CASE THE MILITARY GOVERNMENT MUST PROVE THAT THE NEW SETTLEMENT IS ESSENTIAL TO ISRAELI SECURITY. IN A LANDMARK DECISION BY

#3482
NNNNN WV ES0622BA782
PP RUQMER
DR RUEHC #3402/02 2070154
ZNT SSSSZ ZBR
P 2521292 JUL 79
FM SE STATE WASHDC
TO INTSUM COLLECTIVE PRIORITY
INFO RUEATS/ TREASURY DEPARTMENT WASHDC PRIORITY 2541
RUEKCS/DOD/ISA PRIORITY
BT
S E C R E T SECTION 02 OF 03 STATE 193462/02

EARLIER THIS YEAR, THE COURT RULED THAT THE MILITARY
GOVERNMENT HAD THE RIGHT TO REQUISITION PRIVATE LAND FOR
CIVILIAN SETTLEMENT IF THE SETTLEMENT CLEARLY SERVED
STATE SECURITY. MEANWHILE, REUTER, REPORTED THAT ABOUT
200 BEDOUIN DEMONSTRATED JULY 14 IN JERUSALEM AGAINST
WHAT THEY CLAIMED WAS INADEQUATE COMPENSATION FOR
GOVERNMENT SEIZURE OF THEIR PASTURE LAND.

10. (U) ISRAELI PRESS REVIEW: ON JULY 24, THE ISRAELI
MEDIA HIGHLIGHTED DEPARTMENT SPOKESMAN RODDING CARTER’S
“STRONGEST CONDEMNATION TO DATE” AND “EXCEPTIONALLY
SHARP REACTION, TO ISRAEL’S AIR ATTACKS AGAINST SOUTH
LEBANON. ALSO PROMINENTLY FEATURED IS THE “OPEN CLASH”
BETWEEN WASHINGTON AND JERUSALEM OVER THE STATIONING OF
SINAI OBSERVERS. DAVAR’S POLITICAL CORRESPONDE T WRITES
THAT THE DECISION TO OPPOSE THE STATIONING OF UN OBSERVERS
IN THE SINAI WAS TAKEN AT FOREIGN MINISTER DATAN’S
DEMAND AND IN THE ABSENCE OF DEFENSE MINISTER EZZER
WEIZMAN. IT REPRESENTS A CHANGE IN THE POSITION PRE-
VIOUSLY ADOPTED BY GOVERNMENT ELEMENTS IN CONTACTS WITH
THE UNITED STATES. HOWEVER, AL-HAMISHMAR CITES INFORMED
SOURCES SAYING THAT BEGIN AND DATAN ALREADY MADE ISRAEL’S
POSITION CLEAR TO THE US ASSISTANT SECRETARY OF STATE
FOR INTERNATIONAL ORGANIZATIONS THREE MONTHS AGO DURING
HIS VISIT TO ISRAEL.

11. (U) WEIZMAN-BASSAN ALI: ISRAELI DEFENSE MINISTER
EZZER WEIZMAN AND HIS EGYPTIAN COUNTERPART, KAMAL HASSAN
ALI, WILL MEET NEXT WEEK IN HAIFA TO DISCUSS JOINT SE-
CURITY ISSUES, ACCORDING TO AN EGYPTIAN DEFENSE MINISTRY
ANNOUNCEMENT. THE EGYPTIAN ANNOUNCEMENT ALSO SAID THE
TWO MEN WOULD DISCUSS ARRANGEMENTS FOR DEPLOYING A UN
FORCE IN THE SINAI, ONCE THE TWO SIDES REACHED AGREEMENT
ON THE ISSUE. IT IS ALSO REPORTED THAT GENERAL ALI WILL
MAKE AN EXPLORATORY TOUR OF THE WEST BANK AND ARAB JERU-
SALEM DURING THE VISIT PREPARATORY TO DISCUSSING SECURITY
ARRANGEMENTS DURING THE AUTONOMY NEGOTIATIONS.

12. (U) SADAT-UN-SINAI: SADAT SAID JULY 24 THAT THE US, EGYPT AND ISRAEL WOULD SOON AGREE TO A FORMULA FOR MAIN- TAINING A UN PRESENCE IN THE SINAI. "I DON'T SEE IT AS A MATTER OF DIFFERENCE AND IT SHOULD NOT BE," SADAT SAID AFTER MEETING WITH VISITING ISRAELI LABOR PARTY LEADER SHIMON PERES.

13. (U) EGYPT-AUTONOMY NEGOTIATIONS: ACCORDING TO CAIRO RADIO, MINISTER OF STATE BUTRUS GHALI HELD A PRESS CONFERENCE IN GENEVA JULY 25, DURING WHICH HE SAID THAT IF AUTONOMY TALKS DO NOT ACHIEVE TANGIBLE RESULTS IN THE NEXT FEW MONTHS, IT WOULD BE NECESSARY TO FIND OTHER DIPLOMATIC MEANS. HE NOTED THAT IN HIS SPEECH IN MON- ROVIA, PRESIDENT SADAT SAID EGYPT IS PREPARED TO CALL FOR AN INTERNATIONAL CONFERENCE IN AL-ARISH WITH THE PARTICIPATION OF THE UNITED STATES AND THE SOVIET UNION IN ORDER TO REACH A NEW FORMULA FOR SOLVING THE PALESTINE PROBLEM. BUTRUS GHALI WAS REPLYING TO A QUESTION CONCERNING VICE PRESIDENT MUBARAK'S SPEECH THE PREVIOUS DAY IN WHICH HE WarnED OF SERIOUS DIFFICULTIES IF AUTONOMY N-GOTIATIONS DO NOT ACHIEVE SPECIFIC RESULTS BEFORE THE END OF THE YEAR.

14. (C) USUN VOTE-ARAB REACTIONS: IN COMMENTING BEFORE THE SECURITY COUNCIL ON THE VOTE ON UNSC RESOLUTION 452 ON ISRAELI SETTLEMENT IN THE OCCUPIED TERRITORIES, KUWAITI REPRESENTATIVE BISHARA CALLED THE US POSITION "DISCOURAGING." HE STATED THAT IT IS A VOTE THAT MAKES "THE MODERATE RADICAL, THE RADICAL INSANE, AND THE INSANE BERSERK IN OUR AREA." HE CLAIMED THAT HE AND OTHER ARAB DELEGATIONS HAD GONE TO GREAT LENGTHS TO TRY TO DRAFT A RESOLUTION THE US WOULD FIND ACCEPTABLE AND CHARGED THAT OUR ABSTENTION WAS DICTATED BY "POWER POLITICS" AND WAS "CALLOUS." HE ASSERTED THAT THE US RARELY VOTED "POSITIVELY" ON MIDDLE EAST ISSUES AT THE UN. SIMILARLY, KING HUSSEIN EXPRESSED TO AMBASSADOR VELIOTES HIS PROFOUND REGRET AND SURPRISE AT OUR ABSTENTION. HE NOTED THAT IT IS IMPOSSIBLE FOR OUR FRIENDS TO UNDER- STAND OUR FAILURE TO ENDORSE A RESOLUTION WHICH THE ARAB COMMITTEE TRY SO HARD TO MAKE ACCEPTABLE TO US. NICOLA CRABTREE, IN THE AMBASSADOR'S DEFENSE OF THE VOTE.

15. (S) ASSAD-HUSSEIN MEETING: ON JULY 23, KING HUSSEIN GAVE AMBASSADOR VELIOTES A BRIEFING ON HIS MEETING WITH PRESIDENT ASSAD ON JULY 21. HUSSEIN OBSERVED THAT THE
INTERNAL SYRIAN SITUATION WAS NOT QUITE AS BAD AS HE HAD FEARED. THE ALEPPO MASSACRE HAD SHOCKED ASSAD INTO APPRECIATING THE SEVERITY OF HIS DOMESTIC PROBLEMS. HUSSEIN NOTED THAT THE SYRIANS APPEAR CONVINCED THAT THE ISRAELIS, EGYPTIANS AND THE US WERE MANIPULATING THE ISLAMIC EXTREMISTS IN SYRIA. ASSAD'S THEORY WAS THAT THE US WAS TRYING TO 'AWAKE THE ISLAMIC GIANT' TO CONFRONT SOVIET GAINS IN AFGHANISTAN AND THE HORN OF AFRICA BUT THAT IN IRAN THINGS HAD GOTTEN OUT OF HAND. ASSAD ALSO RAISED WITH HUSSEIN THE ALLEGATION THAT JORDAN IS HARBOURING MUSLIM BROTHERHOOD FANATICS. (THE BROTHERHOOD IS LEGAL IN JORDAN.)
16. (C) EGYPT-CWA: US MISSION GENEVA REPORTS THAT CONSIDERATION OF AN ECONOMIC COMMITTEE FOR WEST ASIA (ECA) PROPOSAL TO SUSPEND EGYPT'S MEMBERSHIP HAS BEEN POSTPONED. AT THE SAME TIME, EGYPT'S MEMBERSHIP WAS REAFIRMED. THE EGYPTIANS ACCEPTED A COMPROMISE RATHER THAN PRESSING FOR A VOTE. HOWEVER, THE US MISSION SAYS THE ISSUE WILL COME UP AGAIN.

17. (U) LEBANON: ISRAEL-INCURSION: AN ISRAELI MILITARY COMMUNIQUE REPORTED THAT AN ISRAELI FORCE ENTERED THE SOUTHERN LEBANESE VILLAGE OF MAJDAL SLIM (IN THE IRISH SECTOR) AND BLEW UP A HOUSE. A MILITARY SPOKESMAN SAID THE HOUSE HAD BEEN USED BY PALESTINIAN GUERRILLAS AS A BASE FOR OPERATIONS AGAINST ISRAELI AND CHRISTIAN VILLAGES. BEIRUT RADIO REPORTS THAT 0130 JULY 24 THE ISRAELI FORCE ENTERED THE TOWN, SEARCHED A NUMBER OF HOUSES, AND DYNAMITED ONE PRIOR TO WITHDRAWING. ISRAELI GROUND FORCES INVADED THE SAME VILLAGE ON JULY 6 AND KILLED SEVERAL MEN.

1. Israel’s economic problems: discontent with mismanagement of economic policy has flared to a new high in Israel following failure of a specially convened cabinet meeting last week to tackle the issue of eliminating consumer subsidies. These subsidies are a major element in the swollen budget deficits—which are fueling Israel’s hyper-inflation. The economic imperative of eliminating or drastically cutting them is acknowledged by almost everyone in the country; yet the government has remained paralyzed by partisan infighting and fear of political repercussions. Although the immediate issue is subsidies, the level of public outrage ultimately is due to frustration with the lack of leadership in economic policy.

2. The cabinet—meeting on July 17 as only the latest in a series of attempts by finance minister Ehrlich to come to grips with Israel’s economic problems. Ehrlich, however, failed to do his homework, and his support melted away even before the meeting began. As a result, he was forced to drop his concrete proposals, and the meeting was converted to a "theoretical discussion" of the subsidies issue. In the end, the cabinet decided in principle to let fuel and imported beef prices rise but referred further action on subsidies in general to a special committee.

3. Despite galloping inflation, Israelis as individuals are faring well. Real income and private consumption continue to increase. Full employment prevails, with labor shortages in many sectors. Even so, the public mood is anxious and suspicious, and inflation rivals foreign policies as the leading topic of public concern. At the same time, no one is prepared to accept austerity or self-sacrifice. Ehrlich has tried for six months to sell anti-inflation programs, but the package finally adopted in May—consisted of little more than cosmetic adjustments in the budget and some cuts in investment subsidies.
4. The root causes of Israel's inflation are excessive government spending—the budget approximates and sometimes exceeds the gross national product—and a policy of maintaining high levels of private consumption. The inflation rate was over 40 percent last year. It has accelerated sharply in recent months and is nearing 100 percent as the domestic costs of the Sinai redeployment plus additional demands on an economy in which no excess capacity exists.

5. The public so far has been largely insulated by a widespread system of indexation of wages and savings, consumer subsidies, and social services. Nevertheless, hyperinflation tends to widen the gap between property holders and the poor, to discourage capital investment, and to increase the trade deficit. Israel's current account deficit is growing rapidly (to a projected $4 billion for 1979, compared to $3.4 billion in 1978 and $2.6 billion in 1977).

6. Despite these pressures the short-term prospects are for little-change in policy. Capital inflows—notably US aid—have more than balanced the current account deficits. Although foreign debt (currently nearing $13 billion) is piling up rapidly, its profile and repayment terms are favorable. Real GNP remains in a 6 to 8 percent growth range. With no immediate crisis in sight, it is likely that policy makers and the public will continue to moan and groan and to snipe at one another but to avoid taking the steps—i.e., sharp cuts in the government budget, and a substantial reduction in the standard of living—that would be needed.

7. The political implications of the worsening inflationary situation are reflected in declining political strength for the Likud as measured in public opinion polls and a drop in Begin's public rating. (Widespread public discontent over Labor's management of the economy was a major factor in Labor's fall from power in 1977.)

8. Dissension between Herut and the Liberals constitutes a major source of the cabinet's paralysis in dealing with the economic problem. Herut, whose electoral support rests on the lower income, predominantly blue collar Sephardic constituency, bridles at the prospect of removing subsidies or taking other actions that would run counter to #5945
9. The populist tone of Herut's economic stance is in sharp contrast to the free-enterprise approach of the Liberals. For their part, the Liberals want to achieve at least some of their policy objectives in this government. The policy conflict with Herut comes on top of continuing patronage disputes—and exacerbates tensions between the two principal partners in the Likud. It will be very difficult for this government to avoid a further erosion of public support over the economic situation in coming months in view of the insuperable political obstacles to taking decisive economic steps.

10. Israel-Hebron: The military government has established sewage, electricity and water services to the former Haddasah Clinic (1929) where some 50 women and children from the Jewish settlement of Kiryat Arba have been squatting for the last three months. Embassy Tel Aviv comments that this represents one more step in the now familiar process whereby nominal official opposition to Gush Emunim squatters is gradually eroded to the point where what began as illegal "defiance" of the government eventually receives outright legitimacy. The Embassy believes it is only a matter of time before Israelis are officially permitted to live in the heart of Hebron. If this proves true, we believe it may establish a precedent that will be utilized by the Gush elsewhere, such as in Nablus.

(paragraphs 11-15 unclassified)

11. Israel-settlements: Israeli media July 26 featured a blueprint submitted by the Co-Chairman of the World Zionist Organization's Settlement Department to encircle Nablus with about 16 Jewish settlements within the coming year. The Co-Chairman said his plan had not been formally submitted to authorities.

12. Begin's health: Israeli radio reported July 26 that Begin will remain hospitalized in the neurological ward of Haddasah Hospital for an undetermined period. (Doctors had previously said 70 days to two-week hospitalization was needed.) Visitors are reportedly restricted to family and close aides due to the Prime Minister's need for absolute rest.

117


15. **ZUHAIR MUHSIN**: SAIQA LEADER ZUHAIR MUHSIN DIED IN A FRENCH HOSPITAL YESTERDAY AFTER DOCTORS DETERMINED THAT HE COULD NOT SURVIVE AND TURNED OFF LIFE SUPPORT MACHINES. MUHSIN WAS SHOT IN THE HEAD JULY 25 BY UNKNOWN ASSAINTS. THE PLO CONTINUES TO BLAME ISRAELI FOR THE SHOOTING AND HAS VOWED-REVENGE. A LEFTIST ARAB NEWSPAPER-SUGGESTED COOPERATION BETWEEN ISRAELI AND EGYPTIAN INTELLIGENCE IN MUHSIN'S DEATH. THERE WAS NO MENTION OF POSSIBLE EGYPTIAN INVOLVEMENT IN OFFICIAL PLO STATEMENTS YESTERDAY. THE EGYPTIAN GOVERNMENT, WHICH SOME BELIEVE IS BEHIND THE SHOOTING IN REVENGE FOR SAIQA'S ANTI-EgyptIAN OPERATIONS, ISSUED A STATEMENT OF REGRET.

16. (C) **PALESTINIAN FIGHTING**: DEFENSE ATTACHE AND PRESS REPORTS SAID THERE WAS SOME FIGHTING BETWEEN SAIQA AND OTHER PALESTINIAN GROUPS IN CAMPS SOUTH OF BEIRUT AFTER THE NEWS BROKE OF THE SHOOTING OF SAIQA LEADER ZUHAIR MUHSIN IN FRANCE. AT LEAST ONE PERSON WAS REPORTED KILLED.

17. (C) **LAF DEPLOYMENT**: LEBANESE ARMY UNITS TOOK ANOTHER SMALL STEP TOWARD WIDER AUTHORITY IN THE COUNTRY, DEPLOYING MORE SOLDIERS TO THE UPPER METN JULY 25, ACCORDING TO DEFENSE ATTACHE SOURCES AND PRESS REPORTS. THE MOVE IS IMPORTANT PSYCHOLOGICALLY, EMBASSY BEIRUT SAYS, BECAUSE THE AREA HAS BEEN TENSE IN RECENT MONTHS. HOWEVER, CHRISTIAN RIGHTISTS, LEBANESE LEFTISTS AND SYRIAN TROOPS HAVE NOT WITHDRAWN AND THE TOTAL LAF STRENGTH IN THE AREA IS ONLY 65 MEN.

VANCE
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$5945
JAPAN-THAILAND: TRADE MINISTER'S TRIP; THE VISIT OF JAPAN'S MINISTERS OF INTERNATIONAL TRADE AND INDUSTRY TO THE MIDDLE EAST IN JULY BROUGHT FRESH COMMITMENT FOR OIL, ACCORDING TO SEVERAL JAPANESE SOURCES. INSTEAD, SOME ARAFAT OFFICIALS REASSURED ISRAEL OVER JAPAN'S SUPPORT OF THE ISRAELI INITIATIVES IN THE MIDDLE EAST, PARTICULARLY THE EGYPT-ISRAEL PEACE TREATY, AND WARNED TOKYO AGAINST INCREASING AID TO EGYPT.

AS NOTED IN A CIA ANALYSIS, IN SAUDI ARABIA AND KUWAIT, EBSA WAS ABLE EVEN TO BEGIN NEGOTIATIONS FOR BILATERAL OIL LEASES--THE PRINCIPAL PURPOSE OF HIS TRIP--BECAUSE OFFICIALS REJECTED TO DISCUSS OIL SUPPLIES. EBSA FOUND THE TACTICS PARTICULARLY INCREDIBLE OVER JAPAN'S SUPPORT OF THE PEACE SETTLEMENT, AND HIS TALKS WITH THEM CONSISTED A SERIES OF AIMLESS TACTICS IN TOKYO'S MIDDLE EAST POLICY. AS DEDUCED FROM IOR FOR 1986, SUBSEQUENTLY FROM THE UNITED STATES THAT TOKYO WOULD RECEIVE A FAIR SHARE OF A PRODUCTION INCREASE.
1. EISAI REPORTEDLY TOLD PRIME MINISTER OHTA THAT JAPAN
WAS SURPRISED TO FORMULATE A MORE REALISTIC POLICY TOWARD THE MIDDLE
EAST. OHTA WAS SURPRISED BY THE RECEPTION EISAI
RECEIVED FROM ARAB OFFICIALS AND IS CONSIDERING A VISIT
TO THE MIDDLE EAST HIMSELF.

4. (S) IN VIEW OF ITS DEPENDENCE ON THE MIDDLE EAST FOR
ABOUT 80 PERCENT OF ITS OIL顆S, JAPAN WILL CAREFULLY
CONSIDER ARAB CONCERNS ON MIDDLE EAST ISSUES, INCLUDING
JAPANESE AID TO EGYPT. JAPANESE OFFICIALS, AWARE OF THE
SENSITIVITY OF THIS QUESTION, HAD PREVIOUSLY CONSIDERED
PROVIDING MORE AID TO EGYPT IN THE CONTEXT OF A REGION-
WIDE INCREASE IN ASSISTANCE.

5. (S) NORTH YEMEN-SOUTH YEMEN: RISING TENSIONS: THE
FOUR-MONTH PERIOD TO COMPLETE A DRAFT CONSTITUTION, AS
ENVISIONED LAST MARCH IN THE UNITY DECLARATION BETWEEN
NORTH AND SOUTH YEMEN, EXPIRED JULY 30 WITH LITTLE PROGRESS
ACHIEVED. THE FRAGILE REGIME IN NORTH YEMEN, WHICH HAS
BEEN STALLING THE NEGOTIATIONS, IS CONCERNED THAT SOUTH
YEMEN MAY SOON ATTEMPT AGAIN TO USE FORCE TO UNITE THE
TWO STATES.

6. (S) A CIA ANALYSIS COMMENTS AS FOLLOWS: AT A MINIMUM,
SOUTH YEMEN SEEMS CERTAIN TO ENCOURAGE THE ADEN-BASED
NATIONAL DEMOCRATIC FRONT TO INCREASE ITS EFFORTS TO
SUBVERT THE GOVERNMENT OF NORTH YEMEN PRESIDENT SALIS.
THE POLITICAL COSTS TO SOUTH YEMEN WOULD BE SIGNIFICANT IF
THEM RESUMED FIGHTING ON THE SCALE OF ITS EFFORTS LAST
FEBRUARY. IRAQ, SAUDI ARABIA, AND SYRIA WOULD OPPOSE
SOUTH YEMEN POLITICALLY, AND IRAQ WOULD INTERVENE MILITARILY
IN NORTH YEMEN'S BEHALF. ANNIHILATION COULD NOT BE CARRIED OUT;
THE COUP WOULD RESULT IN A STATE OF TURMOIL. THE SOVIETS, CONCERNED ABOUT THE PASSAGE OF THE SAUDI
TREATY, DO NOT WANT A CONFRONTATION WITH THE US THAT A
RENEWED YEMEN WAR COULD FORTH.

7. (U) ISRAEL-EGYPT: THE ISRAELI PRAYS JULY 31
ANNOUNCED THAT DAYAN GAVE BEIN A LIST OF ALLEGED EGYPTIAN
VIOLATIONS OF THE PEAC'TREATY IN REGARD TO AL-ARISH.
THESE INCLUDE OPERATION OF THE AL-ARISH AIRPORT BY
MILITARY PERSONNEL, INTRODUCING RADAR INTO THE AREA AND
STATIONING SOLDIERS OUTSIDE AGREED BOUNDARIES. SHARON
WAS QUOTED AS SAYING HE WOULD DEMAND THAT HIS COLLEAGUES
IN THE ISRAELI CABINET TAKE A FIRM LINE ON THESE
VIOLATIONS. DEFENSE MINISTRY ASK, WHILE IN ISRAEL,
PUBLICLY DENIED THE ALLEGATIONS.

121
11. (U) ARAB DEMONSTRATIONS-NEGEV BANIAS: NEWS REPORTS OF JULY 30 REPORTED SEVERAL HUNDRED ISRAELI ARABS DEMONSTRATED NEAR THE KNESSET TO PROTEST A PROPOSED LAW TO ALLOW THE GOVERNMENT TO SEIZE LAND FOR NEW AIR BASES IN THE NEGEV. THE LAW REPORTEDLY WOULD NOT PERMIT NEGOTIATION FOR COMPENSATION WITH THE BEDOUIN LANDOWNERS.

12. (U) BEGIN-HEALTH: JERUSALEM RADIO JULY 31 SAID BEGIN'S CONDITION IS IMPROVING; HE MAY BE DISCHARGED FROM THE HOSPITAL LATER THIS WEEK.

13. (U) ISRAEL-SINAI: REUTERS REPORTED JULY 31 THAT RESIDENTS OF THE SINAI TOWN OF TAMIT THREATENED TO BURN OR DESTROY BUILDINGS IN A CAMPAIGN TO WIN INCREASED COMPENSATION FROM THE GOVERNMENT FOR ABANDONING THE TOWN THREE YEARS FROM NOW. THE SETTlers WERE DEMANDING THAT DEPUTY PRIME MINISTER YADIN MEET WITH THEM.

14. (U) ARAB PRESS-Strauss STATEMENTS: REFERRING TO AMERICAN ADO U S NEWS AND WORLD REPORT
INTERVIEW, THE JORDAN TIMES JULY 31 SAID "IT IS...

LATZ TO START UNDOING THE DAMAGE WHICH THE CARPER
ADMINISTRATION'S NAIVETE... HAS BROUGHT. AMBASSADOR
STRANS" SUFFOCATION "OF THE NEED FOR BROADER
LAP PARTIPATION LEADS THE PAPERS TO CONCLUDE THAT A
"NEW BEGINNING MUST BE INITIATED." A KUWAITI PAPER SAID
THE REMARKS ABOUT POSSIBLE PARTICIPATION OF MODERATE
PALESTINIANS SIGNALED "A WAR OF NERVES AGAINST THE PLO....

12. (U) SYRIANS-CHRISTIANS: REUTER REPORTED HEAVY
FIGHTING BETWEEN CHRISTIANS AND SYRIANS IN BEIRUT DURING
THE NIGHT OF JULY 30-31. THE FIGHTING THEN FADED INTO
SWIPER FIRE. THE KILLING OF A WORKER AT THE BEIRUT
PORT APPEARS TO HAVE TOUCHED OFF THE TROUBLE. CHRISTOPHER

123
1. Israeli perceptions of US policy: Various developments in recent weeks have reawakened Israeli suspicions of US intentions. These suspicions center on two themes:

(a) The US is moving to inject the PLO into the autonomy negotiations; and

(b) The US is trying to promote an autonomy arrangement which, in due course, will transform itself into an independent Palestinian state.

Dayan’s accusation on August 7 that the US, under the goad of Saudi oil pressure, favors a more extreme policy than Egypt constitutes an explicit statement of a long-held perception among the Israeli political elite.

2. The current criticism of the US by senior Israeli officials and opposition leaders places the US-Israeli relationship under unusual strain. Governments in Israel generally deny the existence of serious difficulties with the US. Indeed, the ability to maintain good relations with the US is a criterion of the Cabinet’s effectiveness. Thus Dayan’s public charges reveal a depth of concern that will make the Israelis particularly wary to handle in coming weeks.
3. CONCERN ABOUT THE COURSE OF US POLICY IS FOUND ACROSS THE BOARD, EVEN IN THE ISRAELI POLITICAL ELITE REGARD THE ESTABLISHMENT OF AN INDEPENDENT PALESTINIAN STATE AS FATAL TO ISRAEL. EVEN POLITICALLY SOPHISTICATED ISRAELIS SEE IN THE PLO AN ORGANIZATION DEDICATED TO THE ULTIMATE DESTRUCTION OF ISRAEL. IN THEIR VIEW, THE TRIUMPH OF A "MODERATE" PLO FRONT WOULD LEAD ONLY TO A MORE CLEVER, COVERT STRUGGLE AGAINST ISRAEL.

4. THE PERCEPTION OF ISRAELI MODERATES OF THE DIRECTION OF US POLICY AND THE PROPER RESPONSE FOR ISRAEL APPEARED RECENTLY IN AN ANALYTICAL NEWSPAPER ARTICLE BY FORMER PRIME MINISTER RABIN. RABIN WROTE THAT IT WAS BECOMING INCREASINGLY CLEAR THAT ISRAEL WAS FACING AN EGYPTIAN-US FRONT. THIS AXIS WAS STRIVING TO SECURE A COMPREHENSIVE PEACE BASED ON AN ISRAELI WITHDRAWAL TO THE PRE-1967 LINES AND THE ESTABLISHMENT OF A PALESTINIAN STATE IN THE WEST BANK AND GAZA. RABIN DESCRIBED EGYPT AS MODERATE AT THIS STAGE BECAUSE IT WAS RECEIVING TERRITORIES FROM ISRAEL, BUT HAD NOT YET BEEN REQUIRED TO NORMALIZE RELATIONS. THE US, MEANWHILE, "CONSTITUTES THE ELEMENT PUSHING TOWARD TURNING THE AUTONOMY NEGOTIATIONS INTO A LEVER FOR THE ESTABLISHMENT OF THE NUCLEUS OF A PALESTINIAN STATE." US STATEMENTS, IN RABIN'S VIEW, WERE DESIGNED TO TEST THE ACCEPTABILITY OF THIS GOAL TO US PUBLIC OPINION.

5. RABIN, WHO HAS LONG BELIEVED THAT THE PEACE PROCESS WITH EGYPT WILL FREEZE WHEN IT BECOMES CLEAR THAT THERE IS NO AGREEMENT OVER AUTONOMY IS IMPOSSIBLE, CALLED ON ISRAEL TO WORK ON US PUBLIC OPINION. HE ASSESSED THE SETTLEMENT ISSUE AS "THE LEVER WHICH THE CARL E. ADMINISTRATION IS EMPLOYING TO ERODE THE ISRAELI POSITION." TO COMBAT THIS PRESSURE, RABIN SUGGESTED AN UNANNOUNCED, TEMPORARY SUSPENSION OF SETTLEMENT CONSTRUCTION IN THE WEST BANK, WHILE CAMPAIGNING IN THE US AGAINST "THE CARL E. ADMINISTRATION'S TREND TOWARD ESTABLISHING AN ARAFAT-PALESTINIAN STATE."

6. THE ISRAELIS IN COMING DAYS AND WEEKS, WILL GIVE GREATER EMPHASIS TO US POSITIONS IN THE UN AND IN THE AUTONOMY TALKS THAN TO ASSURANCES FROM WASHINGTON. A FAILURE TO BLOCK MODIFICATION OF 242 OR THE ADOPTION OF A COMPLEMENTARY RESOLUTION DEALING WITH THE PALESTINIAN ISSUE WOULD BE REGARDED AS CONFIRMING THEIR WORST FEARS, AND IN THE AUTONOMY NEGOTIATIONS ISRAEL WILL BE PARTICULARLY UPSET IF THE US TRIES TO NEGOTIATE PROVISIONS THAT WILL ALTER THE NARROW, ADMINISTRATIVE CONCEPT OF THE AUTONOMY THE ISRAELIS FAVOR.

7. (C/NS) ISRAELI DEFENSE ATTACHE IN TEL AVIV COMMENTS THAT THE ISRAELI DEFENSE FORCE (IDF) APPEARS TO BE MAKING A DETERMINED EFFORT TO INSTITUTIONALIZE THE ROLE OF SETTLEMENTS IN ITS TERRITORIAL DEFENSE SYSTEM. THIS HAS BEEN STRESSED IN RECENT BRIEFS BY CHIEF OF STAFF EITAN. THE IDF IS ASSIGNING
FIRST LINE RESERVES TO STAY IN THE SETTLEMENTS AND
RIGHT. MOREOVER, THE REGULAR FORCE DEPLOYMENT ON THE
WEST BANK HAS RISEN DRAMATICALLY IN THE LAST THREE MONTHS.
THE DEFENSE ATTACHÉ CONCLUDES THAT FROM A STRAIGHT
MILITARY VIEWPOINT THE MARGINAL PAYOFF GAINED FROM ACTIVE
USE OF THE SETTLEMENTS FOR TERRITORIAL DEFENSE IS NOT
WORTH THE COST SO LONG AS REGULAR RESERVE FORCES CONTINUE
TO OCCUPY THE AREA.

6. (U) ISRAEL–AMBASSADOR YOUNG: JERUSALEM RADIO
AUGUST 14 ANNOUNCED THE ISRAELI GOVERNMENT'S PROTEST
TO THE US OVER AMBASSADOR YOUNG’S MEETING WITH THE PLO
OBSERVER AT THE UN. "THE ISRAELI CABINET SAYS THAT THE
MEETING CONTRADICTED THE US ADMINISTRATION'S COMMITMENTS
AND ITS REPEATED DECLARATIONS THAT IT WOULD NOT RECOGNIZE
THE PLO OR NEGOTIATE WITH IT AS LONG AS THE PLO DOES NOT
RECOGNIZE ISRAEL'S RIGHT TO EXIST... AND ACCEPT RESOLUTIONS
242 AND 338," THE REPORT SAID. THE BROADCAST ALSO
REPORTED A REUTER STORY WHICH SAID THAT THE PLO OBSERVER
AT THE UN HAD SAID ONLY "NEGOTIATIONS" WERE EXCHANGED DURING
THE MEETING AND THAT AMBASSADOR YOUNG HAD REFUSED TO
DISCUSS THE PALESTINIAN PROBLEM IN ALL THEIR MEETINGS.

7. (U) ISRAELI PAPERS CARRIED ACCOUNTS OF THE MEETING.
A JERUSALEM EDITORIAL SAID THE STORY OF THE MEETING "CALLS
TO MIND A FAIRYTALE ORIGINS OF A CHILDREN'S LITERARY
PRIZE." THE STORY GOES ON TO EXPRESS CONSIDERABLE
CRITICISM ABOUT THE US CLAIM THAT ITS POLICY ON THE PLO
REAINS UNCHANGED.

8. (U) ISRAELI PRESS–AMBASSADOR STRAUS: AN ISRAELI
TV CORRESPONDENT SAID AUGUST 14 THAT AMBASSADOR STRAUS
IS BEGINNING TO PREPARE THE GROUND FOR HIS MIDDLE EAST
VISIT. THE AMBASSADOR'S ACTIONS "WILL BE AIMED AT GIVING
THE PALESTINIANS A SAY IN THE DETERMINATION OF THEIR
FUTURE." THE AMBASSADOR'S RECENT REMARKS ON THE MIDDLE
EAST SOUNDED "UNEQUIVOCAL, DETERMINED, RESOLVED AND
UNCOMPROMISING AND THOSE SOUNDS WILL BE HEARD IN ISRAEL
THIS WEEK," HE SAID. AN ISRAELI TV CORRESPONDENT SAID
AMBASSADOR STRAUS WILL MAKE IT CLEAR THAT DESPITE "THE
SOOTHING STATEMENTS EMANATING FROM WASHINGTON" THE US
WILL TRY TO CHANGE 242 BY ADDING A STATEMENT OF THE
LEGITIMATE RIGHTS OF THE PALESTINIANS. THE AMBASSADOR'S
ARRIVAL WILL SPEED UP DAYAN'S RETURN TO THE "DRIVER'S
SEAT IN THE AUTOLOGY TALKS," THE BROADCAST SAID. A DAVAR
CORRESPONDENT SAID AMBASSADOR STRAUS WILL BRING A DRAFT
RESOLUTION ON THE PALESTINIANS. A DAVAR EDITORIAL WARNED
THAT AS EUROPEAN COUNTRIES AND THE US CHANGE THEIR
ATTITUDES TOWARD THE PLO, ISRAEL MUST GET READY FOR A
POSSIBLE CHANGE IN THE PLO POSITION.
10. (C) WEST BANK-MAYOR'S ACCUSATIONS: THE MAYOR OF RABAILLAH, KAMAL KHALLAF, HAS ACCUSED ISRAEL OF BLOWING UP 20,000 HOUSES SINCE IT OCCUPIED THE WEST BANK IN 1967. ACCORDING TO REUTER, KHALLAF TOLD A LEBANESE MAGAZINE THAT THIS FIGURE WAS INCLUDED IN A SURVEY HE WILL PRESENT TO TWO PALESTINIAN CONFERENCES ON PALESTINIAN AFFAIRS SCHEDULED TO BE HELD IN WASHINGTON (IN AUGUST AND SEPTEMBER). KHALLAF ALSO CLAIMED:

(C) THAT 23 PERCENT OF WEST BANK LAND HAD BEEN CONFOCISATED BY THE ISRAELIS;

(C) THAT THE ISRAELIS HAD EXPELLED 1,145 PALESTINIANS FROM THE WEST BANK; AND

(C) THAT THERE WERE ABOUT 7,000 ARAB PRISONERS IN ISRAEL.

11. (C) SOUTHL LEBAON-SITUATION REPORT: SEVERAL VILLAGERS IN THE TIRE DISTRICT CALLED ROMAN ARTILLERY FIRE FROM THE ISRAELIS ON AUGUST 12 AND TYPE ITSELF WAS SHELD BY 175-MM GUNS, ACCORDING TO BRIAN RASHD.

REUTER REPORTS THAT PALESTINIAN GROUPS HAD TAKEN THREE MORE VILLAGERS HOSTAGE (THEY HAD TAKEN THREE THE PREVIOUS DAY FROM HADDAD'S ENCLAVE TO EXCHANGE FOR TWO OF THEIR FIGHTERS THEY CLAIM HADDAD IS HOLDING. HADDAD REFUSED TO CONFIRM TO RED CROSS OR UN OFFICIALS THAT HE WAS HOLD

13. (C) BEIRUT-CLASHES: THE FIGHTING WHICH OCCURRED TWO DAYS AGO IN BEIRUT AREA BETWEEN THE LEBANESE ARMY AND PHALANGIST MILITIA HAS NOT SPREAD TO INCLUDE SYRIAN FORCES STATIONED IN LEBANON.

AP REPORTS THAT AUGUST 14 CIVILIAN TRAFFIC IN PARIS
OF EL ALUT WAS COUNTERED, THE BANKING AREA (IN CENTRAL LEBANON) WAS DESERTED, MILITIA MEMBERS WERE FORTIFYING THEIR POSITIONS, AND WORKERS HAD TO FLEE THE PORT AREA. AP
tained the Syrians helped halt the fighting between the USA AND THE PHALANGE, BUT THAT AUGUST 13 THE PHALANGE'S LOADED THEIR ANTI-AIRCRAFT GUNS AND FIRED INTO WEST BEIRUT. THE SYRIANS REPLACED WITH ARTILLERY, MORTARS AND MACHINE GUNS.

11. (C/SP) ISRAEL-LEBANON: ISRAEL APPEARS TO HAVE SOMewhat Reinforced, Its Artillery Units in the Eastern Sector of Its Border With Lebanon. Recently Only One Battery of M109 155mm Guns Has Been Located in This Area, But on August 13, in a Road Reconnaisance of the Border, Two and Possibly Three Batteries Were Identified by Defense Attaché Personnel. While Not a Dramatic Increase, The Deployment of Up to a Battalion of M109 Does Increase Israel's Ability to Provide Fire Support to Its Own or Christian Forces Operating Against the Palestinians. VANCE

13.971
1. The current state of Israeli politics: The Begin cabinet is in disarray. The sharp conflicts over policy and personality are reinforced by other factors which undermine the cabinet's authority and its ability to conduct negotiations. These include:

(A) The fragile health of Begin and Dayan, the two principal foreign policy decision-makers;

(B) Cabinet paralysis in dealing with the high rate of isolation;

(C) The virtual collapse of the Liberal Party, one of the Likud's two primary components; and

(D) The bitter controversy over settlements.

Also of central importance is the growing strength of the Labor party and the increasing discontent of the National Religious Party (NRP) with the Likud. Indeed, the possibility that the government might suddenly be dismissed by the Knesset cannot be ruled out.

Against this background, the cabinet can be expected to proceed with extreme caution. To assure the survival of the government, Begin will have to devote increasing attention to conciliating the NRP. His actions in the immediate future will be governed by the perception that the future of the NRP's support could bring down the government.
3. YET BEGIN'S LOSS OF POPULARITY, THE IMPRESSIVE GROWTH IN THE LABOR OPPOSITION'S PUBLIC APPEAL, AND THE
STAGNATION FOR SIGNIFICANT PROGRESS IN THE ECONOMIC SITUATION COMBINE SHARPLY TO REDUCE BEGIN'S LEVERAGE
ON THE NRP. IN THE PAST, BEGIN COULD HAVE THREATENED TO RESIGN AND GO TO NEW ELECTIONS IN THE EXPECTATION OF
COMING OUT ON TOP AND THEREBY BEING ALLOWED TO STAY IN OFFICE
AFTER NEGOTIATING THE COALITION AGREEMENT WITH THE
NRP, BUT ELECTIONS NOW PROBABLY WOULD MEAN HIS POLI-
TICAL OBLIVION. CONSEQUENTLY, BEGIN'S SCOPE FOR
MANEUVER IN THE AUTONOMY NEGOTIATIONS WILL DEPEND ON
THE LEVERAGE THE NRP GIVES HIM.

4. THE NRP IS CONSCIOUS OF ITS STRENGTH. PARTY MILI-
TARIANS VEHEMENTLY OPPOSE CONCESSIONS ON IDEOLOGICAL,
STRATEGIC, AND PRAGMATIC GROUNDS, INTERNAL CONSI-
DERATIONS MILITATE STRONGLY AGAINST A MODULATION OF THE
APPROACH.

4A. MINISTER OF EDUCATION HAKANAN WILL MAINTAIN A
HAWKISH STANCE OUT OF CONVICTION: THE NEED TO RETAIN
UNITY WITHIN HIS FRACTION OF THE PARTY; AND THE IMPER-
ATIVE OF PREVENTING A WALKOUT BY GUSH EKUNIM SUPPORTERS.

4B. MINISTER OF INTERIOR BURG WILL NOT WANT TO RISK
A PARTY SPLIT, ESPECIALLY IF THE "HMAR" POPULACE SEEN AS
WANTING AN "AUTONOMY WITH TEETH," WHICH HE FEARS
WAS EVOLVE INTO AN INDEPENDENT PALESTINIAN STATE.

5. THE PERIOD SINCE CAMP DAVID HAS SEEN THE RAPID
SPREAD OF THE CONCEPTION AMONG ISRAELIS THAT AN AUTONOMY
ARRANGEMENT IN THE WEST BANK AND GAZA WOULD EVOLVE INTO
A FULL-Fledged, INDEPENDENT PALESTINIAN STATE. WHILE
THIS PERCEPTION EXTENDS ACROSS THE POLITICAL SPECTRUM,
ITS SPREAD TO THE RIGHT WOULD IMMEDIATELY THREATEN
BEGIN IF HE AGREED TO ANY SUBSTANTIVE CONCESSIONS-
CONCLUSIONS WHICH COULD BECOME INSTANTANEOUSLY KNOWN.

5A. WITH LITTLE LEFT TO THE CIRCLING OF THE AUTONOMY ISSUE,
BEGIN WOULD HAVE AN UPHILL STRUGGLE TO REMAIN IN POWER
OVER THE LONGER RUN. IN HIS WEAKENED PHYSICAL CONDITION,
HE DOES NOT SEE HIM RETAINING THE INITIATIVE.
CONFIDENTIAL FINAL SECTION OF 32 STATE 215873/62

LOST A FRIEND AT THE UN WITH THE RESIGNATION. THE
SAME OFFICIAL REPORTEDLY "ARMED THE RESIGNATION COULD
HURT ISRAEL'S RELATIONS WITH AFRICAN STATES. THE
JERUSALEM POST E-EDITORialized THAT THE "EVIDENCE SUGGESTS"
THAT AMBASSADOR YOUNG'S CONTACTS WITH THE PLO DID NOT
"DISINTERPRET" US POLICY.

THE VOICE OF PALESTINE SAID THE RESIGNATION WAS CAUSED
BY "INTIMIDATION AND RACIAL PERSECUTION." IN JERUSALEM,
AL-QUDS SEES A GROWING CONVICTION THAT THERE IS A
PERCEPTIBLE SHIFT IN US POLICY TOWARD THE PLO.

REUTER REPORTED AN ATLANTA CONSTITUTION STORY THAT
ISRAELI INTELLIGENCE AGENTS HAD FOLLOWED THE PLO
OFFICIAL TO HIS MEETING WITH AMBASSADOR YOUNG.

6. (C) DAYAN STATEMENTS: EMBASSY TEL AVIV REPORTS THAT
ISRAELI FOREIGN MINISTRY OFFICIAL, BAR-ON, PROFESSIONED TO BE
IGNORANT OF DAYAN'S RECENT ASSERTIONS THAT THE US
"ACCEPTS" ISRAELI POLICY IN LEBANON AND THAT THE US IS
WILLING TO HAVE JOINT OBSERVERS IN THE FINAL. OUR
GOVERNMENT REMARKS THAT BAR-ON'S IGNORANCE MAY BE A SMOKE
SCREEN FOR HIS AND THE FOREIGN MINISTRY'S EMBARRASSMENT
OVER DAYAN'S REMARKS.

OHA REPLY 9-13 UNCLASSIFIED

7. PLO-US AMBASSADOR: A VIENNA RADIO BROADCAST AUGUST
16 REPORTED THAT A PLO REPRESENTATIVE IN VIENNA REPEATED
ISRAELI PRESS REPORTS THAT THERE HAD BEEN CONTACTS BE-
TWEEN A PLO REPRESENTATIVE AND THE US AMBASSADOR TO
AUSTRIA. HE SAID THAT IF THE AMBASSADOR HAD SPOKEN WITH
A PALESTINIAN, IT WAS NOT WITH A PLO REPRESENTATIVE
ACTING ON OFFICIAL ORDERS.
1. PLO-ISRAEL—REISKY, CHANCELLOR KREISKY, WAS REPORTED TO HAVE TOLD AN AUSTRICAN NEWSPAPER AUGUST 16 THAT THE PLO IS "READY TO RECOGNIZE THE ISRAELI STATE." THE ISRAELIS "HAVE LEARNED NOTHING," KREISKY REPORTEDLY SAID, "IF THEY THINK THEY CAN REELE A PEOPLE MULTIPLYING SO RAPIDLY UNDER POLICE CONTROL...."

2. LIBAN-SYRIA: A KUWAITI TELEGRAM REPORTED FROM BEIRUT AUGUST 16 THAT A TOKEN FORCE OF IRANIAN TROOPS WOULD BE LEAVING FOR DAMASCUS AUGUST 17 TO TAKE UP POSITIONS ON THE FRONTLINE WITH ISRAEL. THERE HAS BEEN NO CONFIRMATION OF THIS REPORT. THE SYRIAN FOREIGN MINISTER HAS BEEN ON AN OFFICIAL VISIT TO IRAN AUGUST 16 HE ANNOUNCED THAT THE TWO COUNTRIES HAD AGREED TO SET UP ECONOMIC AND FOREIGN POLICY COMMITTEES TO DISCUSS COMMON INTERESTS.


4. ISRAEL-SOUTH LEBANON: ISRAELI RADIO REPORTED THAT ISRAELI ARTILLERY STRUCK THE VILLAGE OF YHABA IN SOUTH LEBANON AUGUST 16, KILLING A GIRL AND WOUNNING FOUR OTHER YOUTHS INCLUDING THREE MEMBERS OF ONE FAMILY. ISRAELI PLACED THE TOLL AT THREE CIVILIANS KILLED AND FOUR WOUNDED. CHRISTOPHER STIR TRIBUNE TIMES, 16:73.
THE UPU WILL HOLD IN RIO DE JANEIRO ON SEPTEMBER 16 - OCTOBER 16. ONE OF THE ISSUES TO BE RESOLVED AT THE CONGRESS IS THE FATE OF PROPOSED CONSTITUTIONAL AMENDMENTS PROVIDING FOR THE "RETRACTION" BY THE CONGRESS OF A MEMBER STATE'S ACCEPTANCE TO THE UPU CONVENTION. "RETRACTION OF ACCEPTANCE" WOULD BE THE EQUIVALENT OF EXPULSION FROM THE UPU. SUCH ACTION COULD SERIOUSLY PREJUDICE POSTAL COMMUNICATIONS BETWEEN THE EXPULSED STATE AND OTHER STATES, AS THE UPU CONSTITUTION NOW PROVIDES.—ARTICLES 2 AND 11—that "BY REFERENCE OF THE UK IS ADMITTED TO THE UPU UPON REQUEST.

4. THE LIST OF INDIVIDUAL CO-SPONSORS IS NOT YET AVAILABLE AND THE AMENDMENTS HAVE BEEN SUBMITTED BY THE ADMINISTRATION OF THE UPU CONVENTION. THEY ARE TO BE DISCUSSED AT THE UPU CONVENTION.
6. IF WE ARE SUCCESSFUL IN BLOCKING THE CONSTITUTIONAL AMENDMENTS, ISRAEL’S OPPONENTS IN PAPAS THE EXCLUSION OF ISRAEL FROM THE CONGRESS. THIS COULD BE ACCOMPLISHED BY A MAJORITY OF THOSE PRESENT AND VOTING, EXCLUSION OF ISRAEL FROM THE CONGRESS WOULD ALSO BE PUT FORWARD BY CERTAIN STATES. WHILE EXCLUSION DOES NOT PREVENT A COUNTRY FROM RECEIVING MOST BENEFITS OF UPU MEMBERSHIP, WE WOULD ALSO STRONGLY OPPOSE EXCLUSION OF ISRAEL FROM THE CONGRESS. SOUTH AFRICA HAS BEEN EXCLUDED FROM EACH CONGRESS SINCE 1964, AND UNDER NO CIRCUMSTANCES DO WE WANT TO SEE ISRAEL TREATED IN THE SAME FASHION. WHILE EXCLUSION OF ISRAEL HAS NOT YET BEEN PROPOSED, AND WE DO NOT WISH TO PRECIPITATE SUCH A MOVE THROUGH UNNECESSARY DISCUSSION, EMERGENCIES SHOULD BE FOREWARNED OF THE POSSIBILITY.

2. IN A SEPARATE BUT RELATED MATTER, THE CONGRESS WILL ALSO HAVE TO DISCUSS WHETHER TO SUPPORT THE SOUTH AFRICA MEMBERSHIP AMENDMENT TO THE CONSTITUTION. IT IS SPONSORED BY ETHIOPIA, EGYPT, GHANA, GUINEA, GRENADA, LIBERIA, LIVYA, MALI, MEXICANIA, SOMALIA, SUDAN, AND ZAIRE. BECAUSE THE UPU CONSTITUTION AND RULES OF PROCEDURE DO NOT PROVIDE FOR EXPULSION OF A MEMBER STATE, IT IS OUR VIEW THAT SUCH EXPULSION CANNOT LEGITIMATELY BE GRANTED OUT. IF ANY EXPULSION ACTION WOULD HAVE NO PRACTICAL EFFECT WITHOUT APPROPRIATE CONSTITUTIONAL AMENDMENTS, IN THE VIEW OF THE AMERICANS AND OTHER MEMBERS. THEREFORE, EVEN IF A MEMBER COULD BE EXPULSED, IT WOULD BE IMMEDIATELY ELIGIBLE FOR READMISSION WITHOUT A VOTE OF THE CONGRESS. THE SOUTH AFRICAN ISSUE HAS ARISEN IN ONE FORM OR IN ANOTHER AT EACH OF THE CONGRESSES SINCE 1964, WITH THE OUTCOME IN EACH CASE BEING EXCLUSION OF SOUTH AFRICA FROM PARTICIPATION IN THE CONGRESS, BUT NOT EXPULSION FROM THE UPU ITSELF. SOUTH AFRICA IS A MEMBER OF THE UPU, BUT WILL NOT BE RECEIVING A DELEGATION TO THE RIO CONGRESS.

6. OUR TACTICAL OBJECTIVE IS TO OBTAIN SUPPORT FROM STATES IN OPPOSITION OR PRINCIPLES EXPULSION OF MEMBER COUNTRIES FROM THE RIO. WHILE EFFORTS TO EXCLUDE ISRAEL AND SOUTH AFRICA ARE LIKELY TO BE THE CONCRETE CASES AT ISSUE, WE HOPE TO OBTAIN THE WIDEST POSSIBLE SUPPORT FOR OUR POSITION BY
LIMITED OFFICIAL USE SECTION 02 OF 03 STATE 22134572/22

CAPITALIZING THE PROBLEM IN PRINCIPLE WITH EXPULSION—OR EXCLUSION FROM PARTICIPATION—OF ANY MEMBER. SIMILARLY, ALL EFFORTS TO EXPEL OR EXCLUDE MAY BE DIRECTED AT BOTH ISRAEL AND SOUTH AFRICA, THERE ARE OBVIOUS TACTICAL DISADVANTAGES TO LINKING THE TWO IN OUR DEBATES. ACCORDINGLY, WE INTEND TO HANDLE THE TWO CASES DIFFERENTLY.

AMBASSADORS ARE REQUESTED TO RAISE MATTER OF UNIVERSAL PARTICIPATION IN THE UPU WITH PAST GOVERNMENTS, DRAWING AS APPROPRIATE ON FOLLOWING TALKING POINTS, UNLESS EMBASSY BELIEVES IT WOULD BE COUNTERPRODUCTIVE:

-- THE 15TH CONGRESS OF THE UNIVERSAL POSTAL UNION IS SCHEDULED FOR SEPTEMBER 12 TO OCTOBER 26 IN RIO DE JANEIRO.

AS THE UNITED NATIONS SPECIALIZED AGENCY CONCERNED WITH INTERNATIONAL POSTAL MATTERS, THE UPU FILLS AN IMPORTANT NEED OF THE INTERNATIONAL COMMUNITY.

-- IT IS OUR UNDERSTANDING THAT AMONG THE PROPOSALS TO BE CONSIDERED BY THE CONGRESS ARE AMENDMENTS TO ARTICLES 11 AND 12 OF THE CONSTITUTION, WHICH AMENDMENTS WOULD ESTABLISH PROCEDURES FOR "RETRACTION" BY THE CONGRESS OF POLICIES OF MEMBER STATES. THESE AMENDMENTS WOULD THEREFORE ELIMINATE EXPULSION OF MEMBER FROM THE UPU.

-- EXCLUSION FROM THE UPU COULD SEVERELY PREJUDICE POSTAL COOPERATION BETWEEN THE EXPELLED STATE AND THE OTHER MEMBERS OF THE UPU AND, IN PARTICULAR, COULD ELIMINATE THE PRINCIPLE OF UNIVERAL MEMBERSHIP ON WHICH THE UPU NOW OPERATES. SUCH POLITICALIZATION OF A UN AGENCY WOULD SERIOUSLY UNDERMINE THE INTEGRITY OF THE ORGANIZATION AND INTERFERE WITH THE TECHNICAL WORK IT IS INTENDED TO ACCOMPLISH; THE MAINTENANCE OF INTERNATIONAL MAIL IT WOULD ALSO UNDERCUT PUBLIC SUPPORT FOR THE UPU SYSTEM IN OUR COUNTRY.
WE BELIEVE THAT APPROVAL BY THE CONGRESS OF THE PROPOSED CONSTITUTIONAL AMENDMENT, AUTHORIZING "REJECTION OF THE ACCESSION" OF A MEMBER STATE WOULD BE A SERIOUS MISTAKE AND WE HOPE THE GOVERNMENT OF WILL INSTRUCT ITS DELEGATION TO OPPOSE SUCH ACTION.

WE HAVE REASON TO BELIEVE THE PROPOSED CONSTITUTIONAL AMENDMENTS ARE INTENDED TO FACILITATE EXPULSION OF ISRAEL FROM THE UPU. WE HOPE THE GOVERNMENT OF APPRECIATES THE NEGATIVE EFFECT EXPULSION OF ISRAEL FROM THE UPU, OR ANY OTHER ACTION DESIGNED TO LIMIT ISRAELI PARTICIPATION IN THE UPU, WOULD HAVE ON THE UPU ITSELF AND THROUGHOUT THE UNITED NATIONS SYSTEM. AS THE GOVERNMENT OF WILL APPRECIATE, ANY SUCH ACTION WOULD ELICIT AN EXTREMELY NEGATIVE REACTION IN THE UNITED STATES.

WE HOPE THE DELEGATION WILL BE INSTRUCTED TO TAKE THE NECESSARY ACTION TO PREVENT THE CONFRONTATION THAT WOULD RESULT AT THE RIO CONGRESS FROM ANY EFFORT TO EXCLUDE ISRAELI PARTICIPATION IN THE UPU. IT IS THE OPINION OF THE UNITED STATES GOVERNMENT THAT DISCUSSION OF THIS OR OTHER EXTRANEOUS POLITICAL ISSUES CAN ONLY IMPED THE EFFECTIVENESS OF THE CONGRESS AND THE UPU. HOWEVER, SHOULD ANY SUCH EFFORT BE MADE, WE HOPE YOUR DELEGATION WILL BE INSTRUCTED TO OPPOSE ANTI-ISRAELI ACTIONS BY THE CONGRESS.

(TO BE USED ONLY IN DISCUSSION IF FOLLOWING SPECIFIC CONTINGENCY IS RAISED BY HOST GOVERNMENT) THE GOVERNMENT OF THE UNITED STATES WOULD ALSO STRONGLY OPPOSE ANY EFFORTS TO EXCLUDE ISRAEL FROM THIS CONGRESS FOR THE SAME REASONS GIVEN ABOVE. THE AMERICAN PEOPLE WOULD NOT DIFFERENTIATE BETWEEN EXCLUSION AND EXPULSION, AND THEIR REACTION TO EITHER EVENT WOULD BE EQUALLY NEGATIVE. IN THE INTEREST OF PRESERVING THE INTEGRITY OF THE UPU AND THE RIO CONGRESS, WE HOPE THE GOVERNMENT OF WILL JOIN US IN ATTEMPTING TO PREVENT EXCLUSION OF ISRAEL FROM THE CONGRESS SHOULD SUCH A PROPOSAL BE RAISED.

WASHINGTON, BONN, OTTAWA, LONDON, STOCKHOLM, THE HAGUE
TOKYO: EMBASSIES SHOULD RAISE WITH HOST GOVERNMENTS THE

#187

136
LIMITED OFFICIAL USE FINAL SECTION OF 23 STATE 22130263

POSSIBILITY OF THEIR TAKING DEPARTURES SIMILAR TO OUR OWN TO OTHER CAPITALS PRIOR TO THE SEPTEMBER 12 CONGRESS.

FOR EYES ONLY: Dr. Fritz Koller, Head of the Interna
tional Postal Service, Federal Ministry of Posts and
telecommunications, will be Chairman of the Fourth (General)
Committee at the HIC Congress. This Committee would
nominally consider Constitutional Amendments (see Para 15
of Refill and State 227841). Israel has agreed with our
recommendation that it would be preferable for the Amend-
ments to be considered there rather than in Plenary. Israel
should have already have contacted Koller, along the lines
recommended in State 207641 Para 3, but we do not have a
report on the contact. By virtue of his chairmanship of
the Fourth Committee, Koller will be a member of the Con-
gress Bureau (the Congress Steering Group) and may be in a
key position to affect Congress decisions. Embassy may
wish to touch base with Koller, indicating the importance
of his attachment to maintaining the universality of the CP and
its design, in particular, of avoiding any action against
ISRAEL.

II. FOR BRAZILIAN PRESIDENT OF THE UPU CONGRESS WILL BE JOSE LUCAS CARDEO DITO DE LAMPOS, PRESIDENT OF THE BRAZILIAN ENTERPRISE OF POSTS AND TELEGRAPHS CHANCE D'AFFAIRES OF THE CONGRESS WILL BE NEWLY LUCAS LADEIRA, OF THE SAME ORGANIZATION. IF AMBASSADOR BELIEVES THAT HISOBJECTIVES, AS OUTLINED IN THIS CABLE, WOULD BE ADVANCED BY HIS CONTACTING DITO, WE REQUEST THAT SUCH A CONTACT BE MADE WITH A VIEW TO EMphasizing THE IMPORTANCE WE ATTACH TO MAINTAINING THE UNIVERSALITY OF THE UPU AND EXPRESSING THE HOPE THAT CONTROVERSIAL POLITICAL ISSUES CAN BE AVOIDED.


IV. IF ISSUE OF SOUTH AFRICA IS RAISED BY HOST GOVERNMENT, POSTS SHOULD DRAW ON LEP FOR RESPONSE.

V. TALKING POINT: IN FRENCH AND SPANISH WILL FOLLOW.

VIVIENDA
CONFIDENTIAL

S. 12365 GDS 8/27/75 (MONTVILLE, JOSEPH V.)

TAGS: EG, 16, PINR

SUBJECT: INTSUM 883 - AUGUST 27, 1975

LONDON FOR GLASPIE
WASHINGTON FOR NICHOLAS MURPHY
DOJ/ISA FOR RANSOM

OTHER ADDRESSES FOR CHIEFS OF MISSION

WARNING NOTICE SENSITIVE SOURCES AND METHODS INVOLVED
NOT RELEASED TO FOREIGN NATIONALS

(PARAGRAPHS 1-6 CONFIDENTIAL)

1. ISRAEL: THE STATE OF THE LABOR PARTY: THE POLITICAL
   STABILITY OF THE LABOR PARTY IS IMPROVING. INDEED, THE
   TIDE TURNED LABOR AND AWAY FROM THE LikUD HAS ACCELERATED
   IN RECENT MONTHS. THE LATEST PUBLIC OPINION POLL INDICATES
   THAT LABOR WOULD WIN A CLEAR VICTORY OVER THE LikUD IF
   ELECTIONS WERE HELD TODAY. OF COURSE, LABOR WILL STILL
   FALL CONSIDERABLY SHORT OF A MAJORITY, HOWEVER, AND WOULD
   HAVE TO FORM A COALITION WITH THE NATIONAL RELIGIOUS PARTY.

2. LABOR'S SUPPORT IN RECENT MONTHS IS PROBABLY
   DUE TO THE MISTAKES OF OTHERS RATHER THAN TO ANY NOTE-
   WORTHY INTERNAL RECONSTRUCTION. THE PERCEPTION THAT THE
   LikUD ADMINISTRATION IS INCOMPETENT, ESPECIALLY IN THE
   MANAGENENT OF THE ECONOMY, IS Pervasive, AND That HAS
   HELD LABOR. THE OVERT HEDGING OF LEADING MINISTERS HAS
   COMPROMISED THE RELIABILITY OF THE LikUD.

3. OF ALMOST EQUAL SIGNIFICANCE HAS BEEN THE ELIMINATION
   OF THE NATIONAL YADIA PARTY (NYP) AS A SERIOUS POLITICAL
   FORCE. RECENT POLLS INDICATE A VIRTUAL TOTAL FENOMENON
   OF PUBLIC SUPPORT FOR IT. THE GREAT bulk of THE ORIGINAL
   NYP VOTERS HAVE PERMITTED THEIR ALLENEANCE TO THE LABOR
   PARTY.

4. ALL IS NOT ROSES FOR THE LABOR PARTY, HOWEVER. THE
   GREAT PUBLICITY OF FORMER PRIME MINISTER RABIN'S
   ACCUSATIONS EXPOSES DEEP DISUNITY WITHIN THE LABOR ALIGNMENT.
   WHILE ACCUSES THE LEADER OF THE LABOR PARTY, PERES, OF
   Lying, DECEPTION, AND SECURITY LEAKS DURING THE LAST
   LABOR GOVERNMENT, RABIN'S CLAIM THAT PERES IS unfit TO
   LEAD MINISTER WILL NOT HELP LABOR.
5. The present storm probably will not affect Peres' position. Labor is more or less committed to follow Peres' leadership, and the latter remains the odds-on favorite to become prime minister in the event that Labor wins the next election. A real problem could develop for Peres and Labor, however, if Mabat repeats his 1978 charge just before the next election.

6. The jury is still out on whether the appearance of the present coalition government is likely to be a more important election issue than old Labor party scandals. The memories of many Israeli voters are short, and their attention will remain drawn to the Likud government's operations.

7. (C) Israeli press in Jerusalem: positing article on ambassador Strauss. Wolf Blitzer wrote August 24 that the latest chapter in the Middle East peace negotiations is left Ambassador Strauss with a "prayed confidence." The article began by saying that "the Carter administration's recently scrapped proposal to have the US introduce its own co-resolution was a major diplomatic blunder." A Netanyahu interview with the ambassador said that "when Strauss says people are speaking ill of Israel... preventing Palestinian participation in the talks, and when Strauss hints that he does not subscribe to the view... (he) could be saying indirectly that Israel must not let such thoughts get hold.

Elsewhere, a Netanyahu article says Washington's interest has shifted from the real Israeli dispute to the linkage of oil to Palestine.

Writing from Washington, a Yediot Aharonot reporter wrote that the "economic mill for the gainers of Israeli finance minister Efron's company is postulated by Uncle Sam who will soon find the show too tough to swallow." He also wrote that "the past stunning discovery of natural gas under the Gulf of Elat may have turned to relief to the Palestinians as they fought to sell their cause to the American public." But he cautions that "now when the situation calls for US to talk on 100%... Israeli officials carry on like bulls in a china shop."

8. (C) Golan-Sharon claims: In an August 23 visit to the village of Omer, the Golan Heights, Sharon renewed his claim that Israel intends to keep the Golan even in the event of peace with Syria, "as far as I am concerned," he said. "The Golan Heights are an integral part of Israel."
ISRAEL...IN MY OPINION, THE GOVERNMENT VIEWS IT AS I DO, ONLY IT HAS USED DIFFERENT WORDING,” EMBASSY TEL AVIV REMARKS THAT STATEMENTS LIKE SHARON’S AND OTHER ACTIONS, LIKE THE ANNEXATION PETITION (WHICH NOW HAS REPORTEDLY 40,000 SIGNATURES) ARE SUBSTITUTE FOR CONCRETE ACTIONS IN ANNEXING THE Golan. THE GOVERNMENT’S HESITATION TO GRANT IDENTITY CARDS TO THE Druze IN THE AREA IS ANOTHER INDICATION OF ITS AMBIVALENCE ON THE ISSUE, THE EMBASSY SAYS. WEIZMAN HAS SIGNED THE ANNEXATION PETITION, LARGELY FOR RHETORICAL PURPOSES.

BEGIN AND DAYAN HAVE NOT SIGNED IT AND DAYAN CONTINUES TO BELIEVE THAT ULTIMATELY, ISRAEL WILL HAVE TO WITHDRAW FROM MOST OF THE Golan.

1. (C/F) ISRAELI NEAR LOSS OF AIRCRAFT: ON AUGUST 15 THE ISRAELI AIR FORCE (IAF) NEARLY LOST ITS FIRST F-2C LIGHTNING AND CONTROL AIRCRAFT. AN ON BOARD FIRE FORCED THE PLANE TO MAKE AN EMERGENCY LANDING. THE AIRCRAFT WAS SEVERELY DAMAGED AND WILL BE INOPERABLE FOR ONE TO SIX MONTHS. THE LONGER PERIOD IS CONSIDERED MORE LIKELY. F-2C HAVE BEEN USED SINCE JUNE 1979 TO SUPPORT ISRAELI STRIKE AND RECONNAISSANCE MISSIONS OVER LEBANON. ISRAEL HAS THREE OTHER F-2C IN ITS INVENTORY.

2. (C) ISRAEL-UNITED ISSUE: JERUSALEM RADIO REPORTED THAT AUGUST 26 ISRAELI CABINET MEETING DECIDED TO DEMAND THAT THE UNITED STATES HONOR ITS COMMITMENT REGARDING THE PRESENCE OF UN FORCES IN SINAI OR THE ESTABLISHMENT OF A MULTINATIONAL FORCE THERE. FOREIGN MINISTER DAYAN REPORTEDLY SAID IN THE MEETING THAT ISRAEL SHOULD CONSIDER ITS REACTION BEFORE ANY MORE OF THE SINAI PENINSULA IT RETURNED. THERE WERE OTHER MINISTERS WHO PROPOSED EXPPLICITLY INFORMING THE US AND EGYPT THAT IF AN EARLY SOLUTION IS NOT FOUND, ISRAEL WILL NOT EVACUATE THE AREA IT IS SCHEDULED TO LEAVE THE MIDDLE OF NEXT MONTH. THE RADIO’S POLITICAL CORRESPONDENT SAYS THOSE EFFORTS TO CLARIFY THIS ISSUE WITH THE US ADMINISTRATION WILL BE UPTAKEN SOON, CULMINATING IN THE MEETINGS DAYAN WILL HOLD IN THE US NEXT MONTH.

3. (UD) ISRAEL CABINET-LEBANON: JERUSALEM RADIO REPORTS THAT IN THE NEXT FEW DAYS THE ISRAELI CABINET WILL DISCUSS MEASURES ISRAEL HAS BEEN TAKING IN LEBANON. THE MINISTERS REPORTEDLY TOOK EXCEPTION TO CURRENT ISRAELI AIR AND GROUND OPERATIONS.
We have, Cabinet Secretary Nakasone August 26 summed up Israel's position on the fighting by blaming "terrorists in the so-called PLO" for escalating the fighting. He cited Palestinian clashes with Jordan soldiers and rocket attack against Israeli civilian settlements (carried on after a week of heavy Israeli/Gaza shelling of northern Lebanon). "To our cry, we are launching counter-strikes on those murderers...and we shall continue," Nakasone said.

14. (C) ISRAEL-DEPORTATIONS: CONSULATE GENERAL JERUSALEM REPORTS THAT THE AUGUST 26 ISSUE OF AN ANAR NEWSPAPER CLAIMED THAT A PALESTINIAN FROM A VILLAGE NEAR RAMALLAH, THE WEST BANK WAS DEPORTED "RECENTLY" BY THE ISRAELI MILITARY AUTHORITIES. THE DEPORTATION HAD ARRIVED ON THE WEST BANK IN FEBRUARY UNDER A FAMILY REUNION PROGRAM. THE ISRAELI SUPREME COURT UPHELD THE ACTION. (THE NUMBER OF DEPORTATIONS FROM THE WEST BANK HAS DROPPED DRAMATICALLY IN RECENT YEARS BUT THE POLICY OBVIOUSLY REMAINS IN FORCE.)

15. (C) ISRAEL-ATTACKS: A VOICE OF PALESTINE BROADCAST (VO) CLAIMED THAT AT 11:00 (LOCAL) AUGUST 26 A BOMB EXPLODED AT AN "ENEMY PERSONNEL PICKUP POINT" (POSSIBLY A CHECKPOINT STATION FOR IDF PERSONNEL) NEAR JERUSALEM. THE BROADCAST REPORTED THAT A "NUMBER OF ENEMY PERSONNEL WERE KILLED OR WOUNDED" AND THAT A NEARBY ELECTRICAL STATION WAS DAMAGED. IT ALLEGED THAT ISRAEL RADIO HAD CONFIRMED THE INCIDENT. WE HAVE NO CONFIRMATION FROM ISRAEL THAT SUCH AN ATTACK OCCURRED.

16. (C) WEIZMANN-GAZA STRIP: NAHARIYA NOV. 14 REPORTS THAT WEIZMANN'S AUGUST 26 VISIT TO THE GAZA STRIP WAS A LARGELY MEDIA EVENT AND AN ATTEMPT TO DEMONSTRATE HIS CONCERNS FOR BOTH JEWISH SETTLERS AND PALESTINIANS. HE INDICATED POSITIVE MOVEMENT ON SOME PALESTINIAN REQUESTS. WEIZMANN'S DEPUTY SAID, ACCORDING TO ISRAELI RADIO, THAT ANOTHER SETTLEMENT IS EXPECTED WITHIN THE NATHIF DISTRICT WITHIN TWO WEEKS, BRINGING THE TOTAL NUMBER OF SETTLEMENTS THERE TO FIVE. WEIZMANN ADVISED THE SETTLERS TO "COME BUILDING YOUR FUTURE. THE ISRAELI GOVERNMENT WILL SUPPORT ACCORDING TO THEプランS WE HAVE ADDED." THE EFFECT OF VIEWS THAT WEIZMANN ALSO MAKES THE POINT THAT EVEN THOUGH HE IS AVOIDING THE POLITICAL TALKS, HE IS STILL THE ISRAELI OFFICIAL RESPONSIBLE FOR THE WEST BANK AND GAZA.

17. (C) PERSIAN GULF-OIL TANKER SINKING: PRESS AND WITNESS REPORTING INDICATES THAT A SINGAPOREAN TANKER SANK OFF Arau, Brunei August 26 AFTER AN EXPLOSION ON BOARD. THE
A relatively small vessel (78,000 DWT) named Mayflower broke up and sank about 17 miles from Ras Island. Press reports indicate that the ship's agents attribute the explosion to gas and oil vapors in the ship and not to sabotage. The Abu Dhabi Marine Authority reported that the vessel was travelling in ballast from Port Said to Abu Dhabi (a port west of Abu Dhabi). Five crew members are missing; one died in route to Abu Dhabi.

16. (U) PLO-ROMANIA: YASSIN ARAFAT MET AUGUST 25 WITH NICOLAE CESACEVICU AT A BUCURESTI SUBURB ONLY NINE DAYS AFTER THE TWO MEN HAD CONFERRED IN DAMASCUS. AP REPORTS THAT THE ROMANIAN NEWS AGENCY SAID THE JOINT STATEMENT WAS ISSUED "WHICH CALLED FOR ISRAEL'S TOTAL, UNCONDITIONAL AND INDIANED WITHDRAWAL FROM OCCUPIED TERRITORIES." THE STATEMENT ALSO DEMANDED RECOGNITION OF THE "PALESTINIAN PEOPLE'S INEXORABLE NATIONAL RIGHTS, INCLUDING THE RIGHT TO SELF-DETERMINATION, TO RETURN TO ITS HOME AND TO ESTABLISH ITS OWN INDEPENDENT STATE." IF THE AP REPORT IS CORRECT, THIS FORMULATION WOULD GO WELL BEYOND ANYTHING TO WHICH ROMANIA HAS COMMITTED ITSELF IN ITS EFFORTS TO MEDIATE ARAB-ISRAELI DIFFERENCES.

Arab press reports mention that Arafat may travel to the Sudan prior to going to the non-aligned summit in Havana. The Soviets are thought to be unhappy with some of Arafat's recent initiatives.

17. (U) PLO-CHESTY: REUTER REPORTS THAT AMERICAN CHANCELLOR CHESTY HAS IN AN INTERVIEW WITH A JEAALI NEWSPAPER UNDER THE WORLD TO RE-OWN THE PALESTINIAN PEOPLE'S RIGHT TO SELF-DETERMINATION. "CHESTY SAID PROMINENT JEWISH-AMERICAN NAUM VOILMAN HAD THIS WEEK THE US TO MEET ARAFAT AND CONTINUE A DIALOGUE WITH HIM. CHESTY OFFERED THE VIEW THAT ARAFAT "FACELESS MATTERS"
PRACTICALLY AND OBJECTIVE.

1. (L) "ALL THEM BEING CRAMMED"-SAAD STRIKES AGAIN

14. SAAD REPSIT TROTTED THAT SAAD BEAD THE VALUE OF A

15. CONFESSION ON THE PALESTINIANS AND AGAIN LANESTED HIS

16. CRITICS IN A GEEH IN SUBJ. AUGUST 26. SAAD

17. REE AY SAYING THAT A NEW SECURITY COUNCIL RESOLUTION

18. COULD NOT GIVE THE PALESTINIANS SELF-RULE, RELEASE

19. PALESTINIAN PRISONERS, AND AN ISRAELI WITHDRAWAL ON

20. ENGLISH-ISRAELI CIVILIAN AND MILITARY RULE. EGYPT, SAAD

21. SATUR, WAS AGAINST ISRAELI WITHDRAWAL AND PALESTINIAN

22. SELF-RULE. HE SAID ISRAELI SECURITY FORCES WILL NOT BE AN

23. PART OF OCCUPTION AND WILL BE PULLED BACK TO LIMIT

24. SECURITY POOLIES. SAAD SAID HE TOLD AMBASSADOR STRAUB

25. THAT EGYPT COULD NOT RETREAT FROM CAMP DAVID. HE SAID

26. THAT A NEW RESOLUTION SHOULD MEET TWO CONDITIONS: A PRECISE

27. DEFINITION OF THE LEGITIMATE INTERESTS OF THE

28. PALESTINIANS AND NON-INTERFERENCE WITH THE CAMP DAVID

29. ACCORDS.

30. SAAD SAID HIS ARAB CRITICS COULD "SHOUT AND DRINK

31. FROM THE SEA." THE ARAB THREATS, HE SAID, ARE "HYPOCRITES, SINCE

32. THEY HAVE PRIVATELY TOLD THE US THEY ARE OPPOSED TO A

33. PALESTINIAN STATE." HE IMPLIES THAT THE SAUDIS AND OTHER

34. GLUT ARABS ARE CELEBRATING THE MOSLEM HOLIDAYS WITH GOLD,

35. RINGS AND GAMBING. SAUDI PEACECOACH, HE SAID, IS

36. SIMPLIFIED, PETTY AND CHILDISH. HE RETURNED TO HIS PAST

37. PRACTICE OF BLITTLING THE PRESENT SAUDI LEADERSHIP BY

38. RASHING THE REIGN OF YING FAISAL. HE DISMISSED

39. KING FAISAL AS AN IMPORTANT FIGURE. HIS ONLY KIND

40. WORKS WERE FOR SOMALI, OMAN AND SOMALIA.

41. (U) CIVIL-CASUALTIES: THREE FIJIAN UNIFIL SOLDIERS

42. WERE KILLED AND TWO WERE WOUNDED, ONE CRITICALLY

43. AUGUST 24. WHEN THEIR PATROL WAS AMBUSHE, APPARENTLY BY

44. FIJIAN ISRAELI LEPPERS. THE INCLINT IS THE

45. HEADER IN A SERIES OF CLASHES OVER THE PAST THREE DAYS

46. BETWEEN UNIFIL TROOPS AND THE ISRAELIS, ONE OF WHOM WAS

47. WOUNDED. A FIJIAN SOLDIER ONCE THIS WEEK. SEVERAL

48. FIJIAN SOLDIERS WERE WOUNDED TWO DAYS AGO IN TWO FIRE

49. FIRES.

50. (L) FRO-AMBASSADOR PRESS REPORTS AUGUST 24 SAID A

51. JEWISH BOMB WAS THROWN AT THE WEST GERMANY EMBASSY IN

52. LEBANON. THIS IS THE SECOND ATTACK ON THE EMBASSY WITHIN

53. JANUARY. NO DAMAGE OR CASUALTIES REPORTED. THE LATEST

54. INCIDENT CAME FOUR DAYS BEFORE THE VISIT OF FRO FOREIGN

55. MINISTER GENSCHER.
21. (C) LEBANON—PROXIMITY FUSES: AMBASSADOR DEAN HAS EXPRESSED THE VIEW THAT ISRAEL'S APPARENT ADMISSION IN A DIAEB INTELLIGENCE REPORT FROM OUR DEFENSE ATTACHE IN AMB. THAT IT IS USING PROXIMITY FUSES IN LEBANON, WHICH EXPLODE BEFORE THEY HIT THE GROUND, IS AN ADMISSION THAT ISRAEL IS USING A VERY LETHAL ANTI-PERSONNEL WEAPON. ISRAEL HAS CLAIMED THAT THESE BOMBS ARE USED AGAINST ORANGE GROVES AND FORESTS FOR 'EFFECT PURPOSES.' CHRISTOPHER

SYRIA AND IRAQ: A STANDBY RELATIONSHIP

The Syrian-Iraqi relationship has been one of mutual support and cooperation. This is evident in various aspects of their relationship, including economic, military, and cultural exchanges.

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1. **SYRIA AND IRAQ: A STAND-BY RELATIONSHIP**

   Reciprocal agreements have been reached between the two countries. These agreements include in particular the exchange of military and economic support, as well as cultural and educational exchanges. The memorandum of understanding signed between the two countries in 1990 and ratified in 1992, is an example of the increased cooperation between Syria and Iraq.

2. **SYRIA AND IRAQ: A STAND-BY RELATIONSHIP**

   The Syrian-Iraqi relationship has been characterized by a high level of mutual support and cooperation. The two countries have a long history of collaboration in various fields, including economic, military, and cultural exchanges. This relationship has been further strengthened by the recent increase in trade and investment between the two countries.

3. **SYRIA AND IRAQ: A STAND-BY RELATIONSHIP**

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(B) REINFORCING THIS, USING BAGHDAD NOTES, WERE WIDE-Spread REPORTS IN BAGHDAD THAT SA'IDAM HAD TOLD THE IRAQI PARTY FAITHFUL OF THE SYRIAN PRESIDENT'S PERSONAL INVOLVEMENT IN THE PLOT AGAINST HIM.

4. THE SYRIANS, BEFORE THE BRIEF SPILLED INTERVIEW, HAD INCREASED IRAQI ANXIETY BY DISCLOSING SYRIAN MINISTERS SA'IDAM TO TEHRAN FOR WIDELY DISTRIBUTED TELEGRAMS. SYRIAN LEADERS, INCLUDING STATE-LES KHALIL, BAGHDAD IS HIGHLY SUSPICIOUS OF IRAN, AND THE IRAGIS ARE PROOF TO FEAR A SIMILAR LINE BETWEEN THE SHIITES OF IRAN AND IRAQ AND THE ALAWITE MINORITY THAT RULES SYRIA. WE HAVE NOT YET EVIDENCE THAT LEADAM'S VISIT TO IRAN PRODUCED ANY ANTI-IRAQI PLANNING.

5. FOR NOW, THE IRAQIS, WHO WERE ALSO LEADING FORCES BEHIND THE APPROACHMENT WITH SYRIA, MAY BE CONTENT TO DISPERSE THE RELATIONSHIP MAINTAINED WHILE THEY LOOK FOR OTHER WAYS TO MAINTAIN OPPOSITION TO KUSAY AND THE IRAQI LEADERS. FOR EXAMPLE, IRAQ IS NOW PURSUING ITS INSURGENCY STRATEGY IN THE HOUR OF ITS OWN HEALTH, AND WILL PROBABLY FIND THAT AREA FOR MAINTAINING INSURGENCY AND COORDINATING ON THE HARASH FRONT OF ARAB OPPOSITION TO THE PEACE PROCESS.

6. IDA, MAY ALSO PULL HARD ON IMPROVING ITS TIES WITH SAUDI ARABIA AND JORDAN IN ORDER TO STIMULATE ANTI-TARIKI EFFORTS. IN THIS REGARD, IT WILL PROBABLY WATCH CLOSER TO SEE WHAT COMES OF KUSAY AND SUSSAM'S VISIT TO THE SAUDI EMIRATE. SIMILAR TO THAT IS THE PROJECTIONS THAT THIS MONTH, SIMILARLY, THAT WILL OCCUR TO THE SUDAN'S ACTIONS FOR ANY SIGNALS THAT THEY ARE PLEASING TO US EFFORTS TO AFFECT PALESTINIANS TO THE PEACE PROCESS.


(A) ANOTHER EDITORIAL HAD IT THAT THE HEROES CAN EXPECT TO BE JOINED COUNTERFULLY NOT TO HOLD MEETINGS WITH PLO REPRESENTATIVES WHEN THE FOREIGN MINISTERS OF ISRAEL VISIT THE JORDANIAN WITH A FULLY PUBLIC MEETING. THE LEADERSHIP IS NATURALLY BEING IN THE PERSON HE CAN'T BE HURT TO KNOW THAT THE U.S. AMBASSADOR TO THE OAS HAD TOLD
FEELINGS WITH THE ON THO OBSERVER UNDERGROUND AND PAY
SKEARLY FOR IT.

2. (U) ISRAEL-US ALL THE AMOUNT OF US AID TO ISRAEL
WAS, ALONG WITH THE SADAT VISIT, A MATTER OF GREAT CONCERN
TO THE ISRAELI PRESS. SEPTEMBER 4, HA'ARAZT AND BAVAK
CONDEMNED UNFAVORABLY THE ISRAELI'S ALLEGED PLANS TO ASK
FOR 2 TO 3 BILLION DOLLARS IN US ASSISTANCE. AT A
GOVERNMENT DEBATE ON THE AID REQUEST, FOREIGN MINISTRY
OFFICIALS EXPRESSED RESERVATIONS ABOUT A REQUEST OF SUCH
AMOUNTS. SOME OF THE PARTICIPANTS IN THE DELIBERATIONS
ESTIMATE THAT, IT WOULD BE VERY DIFFICULT TO ASK THE
AMERICANS FOR SUCH MASSIVE AID IN 1980 AND THE YEARS TO
FOLLOW.

8. (c) KEEP RAM - VONTARY ASSOCIATION: A MEMBER OF THE ECONOMIC CENTRAL COMMITTEE WHICH GOES ALONG PROJECTS ON THE ISRAELI SIDE TELL GENERAL JACOB WOLFF THAT ISRAEL CONTINUES ITS EFFORTS TO CONTAIN VOLUNTEER AGENCY REPORTS ON THE WEST BANK. THE MILITARY GOVERNMENT DOES NOT PERMIT THE PALESTINIAN OFFICIALS TO HAVE CONTACTS WITH THE INTERNATIONAL AGENCY TO GRANT THEM PERMISSION FOR ANGIL PROJECTS, AND HAS DELAYED RELEASING A IMPORTANT VIOLENCE PERMIT TO A JCC ANTI-VIOLENCE. THE MINISTRY WAS TOLD TO PALLSTINIANS THAT AN OFFICIAL OF THE MILITARY GOVERNMENT TOLD THEM THAT JEWISH SETTLEMENTS IN THE JORDAN VALLEY HAVE COMPLETEN THE NEXT YEAR THIS IRRIGATION PROJECTS IN THE VALLEY. ACCORDING TO THE CITIERS, THESE PROJECTS "PROPOSED ARE IN THE VALLEY." TO PROJECTS ARE PROPOSED IN THE NCS.

10. (c) ISRAELI-MAY AS-OS: THE MINISTRY DIRECTOR-GENERAL TOLD AN AMBASSADOR'S VISIT TO ISRAEL ON SEPTEMBER 12 TO CALL ON THE MINISTER OF ENERGY. THE MINISTER WAS TOLD WITH AMERICAN EMBASSY IN ISRAEL FOR APPRAISING THE VISIT DIRECTLY WITH THE ENERGY MINISTRY SINCE IT COULD NOT BE FAUL MIND FOR EITHER LIDA.

11. (c) SADAT-MAHFA VISIT: ACCORDING TO MAHFA, SADAT CALLED INTO WAJNA TO JEFTEHED TO A JIMY WELCOME FOR PRESIDENT MAHFA, PRIME MINISTER MAHFA, AND A SET OF POLITICAL AND RELIGIOUS PERSONALITIES. ACCORDING TO THE RECEPTION TALK BETWEEN SADAT AND MAHFA AND MAHFA.
DELEGATED TO CONCENTRATE ON THE FOLLOWING ISSUES:

(A) PALESTINIAN SELF-GOVERNMENT IN THE OCCUPIED WEST BANK AND GAZA, PARTICULARLY THE ISSUES OF ORGANIZATION OF ELECTIONS AND THE AMOUNT OF FREEDOM PALESTINIANS ARE TO HAVE.

(B) ISRAEL’S WITHDRAWAL FROM SINAI AND THE EGYPTIAN SUPPLY OF ISRAELI WITH OIL.

(C) THE STATUS OF ARAB EAST JERUSALEM.

17. (A) ALL-WESTERN MEETING: ACCORDING TO JERUSALEM RADIO, EGYPTIAN DEFENSE MINISTER AHMAD SAID THAT IN HIS MEETING WITH DEFENSE MINISTER WEIZMAN, THEY WOULD PROPOSE A PROPOSAL FOR SOLVING THE PROBLEM OF SUPERVISION OF THE SINAI IN THE WITHDRAWAL OF UN FORCES.

18. (B) ARMS-LINKING SINAI WITHDRAWAL: IN A LLL AVIV RADIO BROADCAST, CHAIRMAN OF THE Knesset FOREIGN AFFAIRS AND SECURITY COMMITTEE, MOSHE ARENS, SAID THAT PRIME MINISTER BEGIN IN HIS MEETINGS WITH SADAT SHOULD DEMAND THE SIGNING OF AN AGREEMENT THAT WILL ASSURE THE SUPPLY OF EGYPTIAN OIL TO ISRAEL IN QUANTITIES SUFFICIENT FOR ALL ITS NEEDS AND THAT THIS DEMAND SHOULD BE DIRECTLY LINKED TO ISRAELI WITHDRAWAL.

19. (C) BULGARIAN-ROUMANIAN EMBASSY: ACCORDING TO EMBASSY RELATIONS, ARMS ARE NOT THE UNANNOUNCED VIST TO PRIME MINISTER VENZIE BY A ROUMANIAN EMBASSY WAS MAINLY INFORMATIONAL. TADEUSZ BURGAN, WHO ARRIVED AUGUST 31, ENTERED PRIOR ON CLAUDIO’S RECENT TIP TO THE MIDDLE EAST. THE MISSION, IN PROPERLY STATED BY SADAT'S REFUSAL TO LISTEN TO AN ACCOUNT OF CHANCELLOR’S TALKS WITH ARENS AND ITS CRITICISM OF CHANCELLOR’S STATEMENT FOLLOWING THE SESSIONS WITH ARENS AND ARENS.


(S) SAID THE MEETING WILL BE LARGELY ADMINISTRATIVE AND THE LATION OF PROPOSALS FOR THE ECONOMIC BOYCOTT OF EGYPT WOULD BE POSTPONED PENDING EXAMINATION OF THE PROPOSALS (OF THE FOURTH) OF THE AUGUST TALKS. HOWEVER, A BROAD CORRESPONDENCE TOLD THE EMBASSY THAT THE MEETING IS ECONOMIC MINISTERS WHICH WOULD BE HELD IN TUNISIAN AN ARAB LEADER OFFICIAL FOR THE PURPOSE OF THE MEETING IS TO DISCUSS THE BOYCOTT ISSUE IN PREPARATION FOR THE SUMMIT MINISTERS’ MEETING.

3
12. (c) - SALIL-US: EMBASSHY CAIRO REPORTS THAT SALIL PLACED GREAT EMPHASIS IN A RECENT CAIRO RADIO INTERVIEW ON THE CENTRALITY OF THE US ROLE IN THE PEACE NEGOTIATIONS. THIS, IN EMBASSHY CAIRO'S VIEW, IS AN EFFORT TO DEMONSTRATE PUBLICLY THAT ANY SHADOWS IN THE US-EGYPTIAN RELATIONSHIP HAVE FADED, DESPITE THE APPARENT ANNOYANCE OF SADAT AND SALIL WITH INITIAL US POLICY ON THE PALESTINIAN RIGHTS RESOLUTION.

17. (LOU) EGYPT-CRITICISM OF SAUDI ARABIA: IN MEETINGS WITH SEVERAL NEWSPAPER EDITORS, EMBASSY CAIRO OFFICIALS WERE TOLD THAT EGYPTIAN EDITORS DO NOT FEEL UNDER OBLIG-
A U.S. MEETING OF CHIEF OF STAFF 23355/66

ACTIONS TO AVOID ATTACK IN SAUDI ARABIA DESPITE THE FACT
AN EARLIER GOVERNMENT INSTRUCTIONS TO AVOID SUCH ATTACKS
ARE NOT EXPLICITLY RULED OUT. THE EDITORS APPARENTLY
DON'T TAKE THE CURRENT FROM SAUDI'S PUBLIC CRITICISM OF THE
ATTACKS. HOWEVER, SOME EDITORS INDICATED THAT THE CURRENT
ATTACHMENT WILL PROBABLY NOT BE SUSTAINED AT THE PRESENT
LEVEL OF RECENT EVENTS.

2. (C) OUR BILATERAL RELATIONS. ACCORDING TO EMBASSY
DURING A MEETING ON THE AMBASSADOR WITH PRESIDENT
ON SEPTEMBER 21, SALEH DISCUSSED VARIOUS ASPECTS OF
A PROGRAM WITH THE US AND ISSUED AN OFFICIAL INVIT-
ATION TO THE US SECRETARY OF DEFENSE ON DEPUTY SECRETARY
ATTENDING YAR NATIONAL DAY CELEBRATIONS ON SEPTEMBER 26.
THE AMBASSADOR CONSIDERED IT HIGHLY DESIRABLE FOR THE NEW
SECRETARY OF DEFENSE TO ATTEND TO GIVE NEW IMPetus
OUR MILITARY ASSISTANCE EFFORT AND AS A SYMBOL OF
THEIR MUTUAL MILITARY COOPERATION.

3. THE COMMENTS OF SAUDI'S EXPRESSED AT THE MEETING WERE AS
FOLLOWS:

(3) SAUDI ACKNOWLEDGED THE INTENTIONS OF SAUDI ARABIA
IN ITS ARM'S SUPPLY CUT, BUT THAT ONCE FARS WERE PAID FOR
BY SAUDI ARABIA, THEY SHOULD BE SHIPPED DIRECTLY TO THE

(4) SAUDI WISHT TO DISPLAY ON SEPTEMBER 21 ALL THE FARS
TWO C-130S AND AS MANY OTHER JET EQUIPMENT AS POSSIBLE
(at least some pilots that it is for any reason the aircraft
are not available). SARAH MAY THE COMMUNICATION AS A JUSTI-
FYING FOR JANUARY AGAIN.

BY IMPHASIS OF THEIR EXPRESSION OF GRATU-
ITY FOR AMERICAN MILITARY ASSISTANCE RECEIVED PROMINENT
COVERAGE IN THE JAPANESE PRESS ON SEPTEMBER 4
AFTER AN AMERICAN VISIT. THE FIRST SHIPLMENTS
EGYPTIAN MILITARY EQUIPMENT REPORTEDLY HAVE ALREADY ARRIVED IN MOROCCO. THE EDITOR OF AM-FAX SPECULATED THAT THE SUDDEN VISIT OF SAUDI PRINCE ABDULLAH TO MOROCCO IS DESIGNED TO HEAD OFF EGYPTIAN-MOROCCAN APPREHENSION.

DESCRIBING THE SAUDI PRINCE AS "LEADER OF THE CAMPAIGN AGAINST EGYPT," THE EDITOR WONDERED HOW ABDULLAH WAS ABLE TO A PLACE QA'IDAT'S REVOLUTIONARY DAY REMAINS ATTACKING EGYPT, WHEN ONLY A SHORT TIME AGO THE LISTEN LEADER WAS CALLING FOR THE OVERTHROW OF THE SAUDI MONARCHY.

7. (U) LEBANON-BOMBING: A BOMB DAMAGED THE WEST GERMAN LUFTHANSA AIRLINE OFFICE IN BEIRUT ON SEPTEMBER 4. AN UNKNOWN PALESTINIAN GROUP CLAIMED RESPONSIBILITY. THIS WAS THE FOURTH WEST GERMAN INSTALLATION BOMBED IN BEIRUT IN THE LAST THREE WEEKS. AN ANONYMOUS CALLER TOLD AL-NABAR THAT THERE WOULD BE MORE BOMBINGS UNLESS PALESTINIANS IN WEST GERMAN JAILS WERE RELEASED WITHIN A WEEK.

8. (U) ANTI-AMERICAN DEMONSTRATION-SIDON: ACCORDING TO REUTERS, SOME TWENTY ARAB AND FOREIGN DIPLOMATIC ENVOYS VISITING SIDON SEPTEMBER 4 WERE HOSTED BY 2,000 DEMON- STRATORS SHOUTING ANTI-AMERICAN SLOGANS AS THE DELEGATION PASSED THROUGH THE CITY ON AN INSPECTION TOUR OF SOUTHERN LEBANON ORGANIZED BY THE MINISTRY OF FOREIGN AFFAIRS AND INFORMATION, IN COOPERATION WITH THE UN INTERIM FORCE IN LEBANON. ARABAMBASSADOR TADD AS RECENT AS THE CROWN, CHIEFLY COMPOSED OF REFUGEES FROM SOUTH LEBANON, CALLED ON APPEAL TO STOP ALL AID TO ISRAEL AND URGED THE DEPLOYMENT OF UNITED NATIONS TROOPS IN SYRIA.

VARO

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153
PROSPECTS FOR A CHANGE IN ISRAELI'S SETTLEMENT POLICY

The current Israeli government has made a decision to change its policy on settlements in the West Bank. This decision has been met with opposition and criticism from various quarters.

The new policy aims to accelerate the expansion of settlements, which has been a contentious issue in the region. Critics argue that this will further escalate tensions and accelerate the movement towards a two-state solution.

The move has been welcomed by some supporters of Israeli settlement expansion, who see it as a strategic decision to strengthen Israel's hold on the territories. Others view it as a step towards annexation, which many consider illegal under international law.

The Israeli government has justified its decision by arguing that it will secure Israel's national interests and ensure the survival of the Jewish State.
(B) DAYAN AND WEIZMAN REGARD THE CABINET’S SHARON-INSPIRED POLICY AS HIGHLY IMPUDENT.

(C) MOST LIBERALS ARE ON A SIMILAR WAVE-LENGTH.

(D) THE ULTRA-ORTHODOX, NON-ZIONIST AGUDAT YISHAEL HAS ALSO INDICATED THAT IT IS UNHAPPY WITH THE CABINET’S POLICY.

4. OUTSIDE THE COALITION, THE LABOR PARTY HAS BEEN CRITICAL OF THE POLICY OF ESTABLISHING SETTLEMENTS IN THE AREA OF THE WEST BANK. WHILE CONTINUING TO FAVOR SETTLEMENT IN THE JORDAN VALLEY, MANY LABORITES ARE INCREASINGLY INCLINED TO FAVOR A DE FACTO MORATORIUM ON THE ESTABLISHMENT OF ALL NEW SETTLEMENTS AT THIS TIME. FORMER PRIME MINISTER Rabin HAS PUBLICLY SUGGESTED THE WISDOM OF SUCH A STEP.

5. IN VIEW OF ALL OF THESE PRESSURES, WHY HAS THERE BEEN NO CHANGE IN THE SETTLEMENT POLICY OF THE BEGIN GOVERNMENT? THERE ARE THREE ANSWERS: SHARON, HAMMER, AND BEGIN.

6. SHARON HAS BEEN THE ENGINE FOR THE ESTABLISHMENT OF NEW SETTLEMENTS THROUGHOUT THE TENURE OF THIS GOVERNMENT. THE “SHARON BULLDOZER” HAS TAKEN ADVANTAGE OF HIS POSITION AS CHAIRMAN OF THE MINISTERIAL COMMITTEE ON SETTLEMENTS, OF BEGIN’S ADMIRATION FOR HIM, AND OF HIS TIES WITH THE JOSH ERMINCIM SETTLEMENT MILITANTS TO PRESENT THE CABINET WITH FAITS ACCOMPLIS.

7. SHARON’S ACHIEVEMENTS ARE LARGELY DUE TO THE SUPPORT THAT HE HAS RECEIVED FROM HAMMER. SO FAR AS WE KNOW, HAMMER HAS NOT INITIATED PROPOSALS FOR NEW SETTLEMENTS, BUT HE HAS BACKED SHARON FULLY ON VIRTUALLY EVERY OCCASION. SHARON, DESPITE HIS POWERFUL PERSONALITY AND HIS IRON DETERMINATION, HAS LITTLE INDEPENDENT POLITICAL POWER. HAMMER, BY CONTRAST, Wields GREAT POWER. AS THE DE FACTO LEADER OF THE NATIONAL RELIGIOUS PARTY (NRP), HE COULD BRING THE GOVERNMENT DOWN ON THE WEST BANK issue IF HE CHOSES TO DO SO.

8. HAMMER REMAINS FIRMLY COMMITTED TO THE PRINCIPLE OF JEWISH SETTLEMENT THROUGHOUT JUDEA AND SAMARIA, BUT HE HAS BECOME MORE SOPHISTICATED SINCE BECOMING MINISTER OF EDUCATION. HE HAS INDICATED THAT HE WOULD PREFER A POLICY OF EXPANDING EXISTING SETTLEMENTS RATHER THAN ESTABLISHING NEW ONES.
6. Nevertheless, Hammer finds it impossible to do anything other than back Sharon when the latter makes proposals that the former privately views as unwise. Hammer is the prisoner of his own long-standing ideological commitment. In addition, he is sensitive to pressure from more extreme elements from within his party, and from Gush Emunim, which he played a major role in founding. Furthermore, he will go to great lengths to prevent the defection of ultra-hawks to the new right-wing party recently established by Professor Yuval Neeman.

7. Hammer's relationship with Begin has altered in the past few months.
Two years since the establishment of the Likud-Har Dolev coalition, Begin has travelled much further down the road of pragmatism than Barak. Hammarskjold’s colleagues in the Youth Action of the HAP no longer trust Begin. Har Dolev has been affected by these developments, and is less inclined to follow Begin’s lead than previously.

11. Begin combines an intense attachment to his ideological principles with occasional pragmatism. Settlement constitutes a key ideological handicap for Begin. He is extremely sensitive to accusations of ideological erosion from his old colleagues, weakened politically by a sharp election in his popularity, by rampant inflation, by intensified inter-party and intra-coalition fighting. He has little stomach for testing the limits of his power in the face of a reduced parliamentary basis.

12. While Begin might be able to rally cabinet support for a de facto moratorium on new settlements, such a step would entail political jeopardy. The coalition could survive a resignation by Sharon, but it would probably not be able to survive Barak’s withdrawal. When Barak resigned from the cabinet without pulling the HAP out of the coalition, his move would still be probably prove fatal to the coalition before too long.

13. (c) Israeli-Knesset debate on settlements: Embassy Tel Aviv reports that Deputy Prime Minister Yadin, by threatening to resign, has extracted from Begin restoration of his party’s special right of appeal on settlements to the Knesset Foreign Affairs and Defense Committee, which he intends to exercise as soon as possible. While Begin believes he can muster support in the committee, the vote will certainly be a close one. (Begin may enjoy no more than a one vote majority in all twenty-five members on the Committee vote.) However, even if the Knesset support committee approves Yadin and votes
AGAINST THE TWO SETTLEMENTS IN QUESTION, IT IS NOT LIKELY TO PRESSURE ANY GENERAL MORATORIUM ON SETTLEMENTS SINCE IT WOULD BE BASED LARGELY ON FLAGRANT IRREGULARITIES IN THE MINISTERIAL DEFENSE AND JOINT SETTLEMENTS COMMITTEES' PROCEDURES.

14. (U) DAYAN-BONN VISIT: ACCORDING TO REUTER, ISRAELI FOREIGN MINISTER DOSSET DAYAN FINISHED HIS ROUND OF TALKS WITH WEST GERMAN CHANCELLOR HELMUT SCHMIDT AFTER ASSURANCES THAT BONN HAD NOT CHANGED ITS STANCE ON THE MIDDLE EAST. THE CHANCELLOR'S PARADING IS REPORTEDLY VIEWED AS AN ATTEMPT TO COUNTER CRITICISM FROM ISRAEL ABOUT RECENT GERMAN CONTACTS WITH THE PLO. IN A TALKER SPEECH ON SEPTEMBER 18, DAYAN CRITICIZED THE FACT THAT BONN SPEAKS OF THE PALESTINIAN RIGHT TO SELF-DETERMINATION, ALTHOUGH THIS CONCEPT WAS NOT MENTIONED, ACCORDING TO DAYAN, IN ANY IEC STATEMENT OR IN THE CAMP DAVID ACCORD. DAYAN NOTED AFTER HIS FIRST SERIES OF TALKS THAT TRUST HAD BEEN RESTORED BETWEEN THE TWO SIDES BUT INFORMED SOURCES SAID THAT DESPITE SUCH DECLARATIONS, A NUMBER OF DIFFICULTIES REMAINED, MOST NOTABLY THE WEST GERMAN INSISTENCE ON THE PALESTINIANS' RIGHT FOR SELF-DETERMINATION, CRITICISM OF ISRAEL'S SETTLEMENTS IN THE OCCUPIED TERRITORIES AND ITS ROLE IN LEBANON. ACCORDING TO REUTER, AT A PRESS CONFERENCE CONCLUDING HIS VISIT TO BONN, DAYAN STATED CLEARLY THAT THE FOUNDING OF A PALESTINIAN STATE WITHIN THE FRAMEWORK OF A MIDDLE EAST SETTLEMENT IS OUT OF THE QUESTION FOR ISRAEL.

15. (U) SAUDI ARABIA-IRAQ CHANGING OIL POSITIONS: ACCORDING TO A MIDDLE EAST ECONOMIC SURVEY (MERS) ARTICLE, IRAQ HAS INFORMED MANY OF ITS OIL CUSTOMERS THAT THEIR CONTRACTS WILL BE TERMINATED AT THE END OF THIS YEAR WHEN DIFFERENT CONDITIONS WILL BE INTRODUCED. NAMELY: A POSITIVE COMMITMENT TO COMPLY WITH IRAQI LAWS, INCLUDING THE BOYCOTT REGULATIONS AND AN UNDERTAKING NOT TO SEND OIL TO OR THROUGH ISRAEL, EGYPT, SOUTH AFRICA OR PROSPEXIA. MERS SAID THE COMPANIES MOST AFFECTED WOULD BE US ONES, WHICH WOULD BE UNABLE TO SIGN CONTRACTS INCLUDING ANY BOYCOTT OF ISRAELI OILS. MERS ADDRESSED THAT COMPANIES THAT HAD RECEIVED TERMINATION NOTICES WERE ADVISED TO INCLUDE SHELL, BRITISH PETROLEUM, GULF OIL, EXXON, AND POSSIBLY AMOCO. IF NO COMPROMISE IS FOUND AND IF ALL AMERICAN LIFTINGS OF IRAQI OILS WERE ELIMINATED BY THE END OF THE YEAR, 300,000 TO 400,000 BARRELS PER DAY WOULD SK FREL FOR DELIVERY IN ISRAEL.
IN AN INTERVIEW WITH A DANISH RADIO STATION SHAHCH AHMAD TAI YAMANI REPORTEDLY HINTED AT THE POSSIBILITY OF A SLIGHT INCREASE IN OIL PRICES. HE ALSO SAID THAT HE WELCOMED THE IDEA OF IMPOSING SUPERVISION ON OIL COMPANIES WHICH MAKE UNLAWFUL PROFITS AND EXPRESSED THE HOPE THAT THE DECISIONS ADOPTED BY THE TOKYO INDUSTRIAL SUMMIT MEETINGS WOULD BE IMPLEMENTED.

15. (C) ALI HAMDI AL-GAMMAL DIES: ALI HAMDI AL-GAMMAL, CHAIRMAN OF THE BOARD AND EDITOR IN CHIEF OF AL AHRAH, CAIRO'S BEST KNOWN NEWSPAPER, DIED SEPTEMBER 19 AT HIS HOTEL IN WASHINGTON. AL-GAMMAL WAS HERE TO COVER EGYPTIAN VICE PRESIDENT HOSNI MUBARAK'S VISIT TO THE US.
17. (LOU) ARAB LEAGUE MEETING POSTPONED TO SEPTEMBER 18: THE EMBASSY IN TUNIS REPORTS THAT THE ARAB LEAGUE FOREIGN MINISTERS' MEETING IN TUNIS HAS BEEN POSTPONED UNTIL SEPTEMBER 18 AT THE REQUEST OF SAUDI ARABIA. ACCORDING TO A RELATD REPORT FROM KIEJER, REMY MOHAMAD, ENVOY OF LEBANESE PRESIDENT ELIAS SARKIS, HAS BEEN TOURING ARAB CAPITALS TO CANVAS SUPPORT FOR AN ARAB SUMMIT TO DEAL WITH THE DETERIORATING SITUATION IN SOUTH LEBANON. THE TUNIS MEETING, REPORTedly, ALSO WILL STUDY A REPORT BY THE LEAGUE SECRETARY-GENERAL ON POSSIBLE AMENDMENTS TO THE LEAGUE'S CHARTER.

18. (LOU) LEBANON/ARMENIANS-HIGHEST CLASH: ON SEPTEMBER 14 HIGHEST MILITIA PATROLS REPORTedly CLASHED WITH ARMENIAN CIVILIans IN CHRISTIAN EAST BEIRUT. ONE TO THREE PERSONS WERE REPORTED ILLED AND FIVE TO TEN WERE WOUNDED.

19. (U) FATATI-WEST GERMANY: AFTER A WAVE OF BOMBINGS IN BEIRUT AGAINST PLO INSTALLATIONS BY AN UNKNOWN PALESTINIAN GUERRILLA GROUP, PATATI HAS MOUNTED A GUARD ON THE PLO EMBASSY. IT WAS ALSO REPORTED THAT IT WOULD PUNISH ANYBODY WHO ATTACKED PLO INSTITUTIONS IN BEIRUT.

20. (LOU) RETURN OF PRESIDENT BANDAR REGIZEE: THE ACTING PRESIDENT OF THE UNIVERSITY ON THE WEST BANK HAS TOLD CONSULATE GENERAL JERUSALEM THAT THE UNIVERSITY WAS EXERTING STRONG EFFORTS WITH DEFENSE MINISTER WIDEMAN TO PERMIT EXILED BIR ZEIT PRESIDENT BANDAR REGIZEE TO RETURN TO DISPERSE ITS FUNCTION. ACCORDING TO BANDAR, WEST BANK AND PALESTINIAN POLITICAL LEADERS IN EXILE IN LEBANON WANTED HIM TO RETURN TO THE UNIVERSITY.
INITIAL REACTIONS TO PRIVATE ISRAELI LAND PURCHASES IN THE OCCUPIED TERRITORIES: THE ISRAELI CABINET DECISION TO PERMIT ISRAELI CITIZENS AND ASSOCIATIONS TO PURCHASE LAND IN THE WEST BANK AND GAZA STRIP CAME AS A GENERAL SURPRISE. JERUSALEM RADIO SAID THAT THE PROPOSAL, SUBMITTED TO THE CABINET BY PRIME MINISTER BEGIN, WAS BASED ON A DRAFT BY DEFENSE MINISTER WEIZMAN, LATER AMENDED BY THE GOVERNMENT'S LEGAL ADVISOR. THE RADIO CORRESPONDENT SAID THAT RESPONSIBILITY FOR IMPLEMENTING THE DECISION WILL COME UNDER THE AIRRAFT EXISTING MINISTERIAL COMMITTEE ON SECURITY AFFAIRS.

CABINET SECRETARY ARFF WADE EXPLAINED THE DECISION IN TERMS OF ENDING "DISCRIMINATION" AGAINST JEWS. HE SAID CLAIMS THAT THE DECISION HAD BEEN ADOPTED FOLLOWING PRESSURE BY GUSH EMUNIM, WHICH HAD RAISED THE ISSUE IN SEVERAL RECENT MEETINGS HE HELD WITH THE PRIME MINISTER. WADE NOTED THAT THE LPHL HAD CAMPAIGNED ON THE ISSUE TWO YEARS AGO AND THAT ITS PROMISE WAS NOW BEING FILFILLED. HE INDICATED, HOWEVER, THAT JEWS WHO PURCHASED LAND CANNOT LIVE ON IT WITHOUT THE SPECIAL PERMISSION OF THE MILITARY GOVERNMENT.

GOVERNMENT SOURCES TOLD PRUHL THAT HE EXPECTED THAT
THE FIRST DEALS UNDER THE NEW RULING WOULD INVOLVE THE SALE OF PROPERTY NEAR EXISTING SETTLEMENTS.

4. ARAB WORLD REACTIONS: REACTIONS TO THE DECISION IN

THE ARAB WORLD WERE SWIFT AND BITTER.

(A) THE MAYORS OF THE PREDOMINANTLY CHRISTIAN TOWNS OF BETHELHEM, BETH JAIL, AND BETH NAHR UN ANNOUNCED THE DECISION. BETHLEHEM MAYOR FREED TOLD NEWSMEN THAT IT ENTAILS GRAVE CONSEQUENCES, "FOR IT MEANS THE ISRAELI GOVERNMENT WILL FORGE AHEAD IN IMPLEMENTING ITS POLICY ON LOCAL ADMINISTRATION BEFORE THE COMPLETION OF THE NEGOTIATIONS...."

(B) THE MUNICIPAL COUNCIL OF JERUSALEM MET IN SPECIAL SESSION SEPTEMBER 17 AND AFTERWARD REPORTED THAT IT HAD SENT LETTERS OF PROTEST TO THE THREE SIGNATORIES OF THE CAMP DAVID AGREEMENTS. IT CALLED THE DECISION A BLOW AT ANY ATTEMPTS TO ACHIEVE A MIDDLE EAST PEACE AND SAID THAT "THE STEP WAS TAKEN IN ORDER TO ALLOW THE GOVERNMENT TO CONTINUE ITS WEST BANK SETTLEMENT ACTIVITIES.

(C) AMMAN RADIO QUOTED A JORDANIAN NEWSPAPER AS SAYING THAT THE DECISION WAS BASED ON THE BASIS OF BEGIN'S PLAN, WHICH IS CONDONED BY THE CAMP DAVID ACCORDS. IT SAID THAT "THE DENIALS WHICH ARE MADE BY CAIRO AND WASHINGTON ARE MERELY MEANT TO THROW SAND IN THE ARABS' EYES.

AL-JUSTIR reported that the decision coincides with the first anniversary of the Camp David accord and quoted President Carter's statement calling on other Arab leaders to join the peace process.

(D) AN EGYPTIAN FOREIGN MINISTRY SPOKESMAN, ACCORDING TO APA, CHARACTERIZED THE DECISION AS CONTRADICTING THE CAMP DAVID ACCORDS AND AS AN ATTEMPT TO INFLUENCE THE OUTCOME OF THE AUTONOMY NEGOTIATIONS. HE SAID: "THIS DECISION ADDS A FURTHER AND SERIOUS OBSTACLE...ALONG THE ROAD OF ACHIEVING A COMPREHENSIVE AND JUST SETTLEMENT (AND) CASTS DOUBT ON ISRAELI'S COMMITMENT AT CAMP DAVID TO RECOGNIZE PALESTINIAN RIGHTS."

5. ISRAELI REACTIONS: REACTIONS TO THE DECISION IN

ISRAEL WERE MIXED BUT GENERALLY POSITIVE.

THE JERUSALEM POST CITED SEVERAL LAWYERS AS ARGUING

THE LAW CHANGES THE STATUS OF OCCUPIED TERRITORY.

THEY WOULD CONTRADICT THE ARTICLE 46 OF THE GENEVA
CONVENTION.

(F) BALZEREK SAID THAT THE DECISION SHOULD NOT BE VIEWED AS A POLITICAL MOVIE BUT AS RIGHTING A JORDANIAN LAW STILL IN FORCE. IT REGRETTED THAT THE DECISION WAS SO LONG IN COMING.

(C) YEDIOT AHARONOT COMMENTED EDITORIALLY: "WE HAVE A SPECIAL TALENT TO DO THINGS WHEN THE TIMING IS MOST INCONVENIENT." THE PAPER MAINTAINED THAT THE DECISION IS "MUCH LATER THAN NEVER" SINCE IT WOULD HAVE BEEN "UNBearable DISGRACE TO PROHIBIT JEWS FROM BUYING LAND IN KREZT YEBRAEL."
5. (U) ISRAELI PRESS ON GOVERNMENT DISINTEGRATION:

IN AN HA'ARETZ EDITORIAL BENZIMAN DESCRIBES BEGIN AS BEING IN A "BLACK MOOD...APPARENTLY CUTTING HIMSELF OFF FROM HIS SURROUNDINGS AND REACTING SLOWLY TO WHAT GOES ON AROUND HIM." HE GOES ON TO SAY THAT PROMPTED BY HIS STATE OF HEALTH OR OF MIND, BEGIN IS OUSTING TERRIBLE WEAKNESS, TO THE POINT THAT EVEN PRESIDENT SADAT HAS SENSED THE PREMIER'S SPECIAL CONDITION." SPEAKING OF "THE STENCH OF THE GOVERNMENT'S DEATH RATTLE," BENZIMAN EXPLAINS THAT "MOST CABINET MINISTERS HAVE BEEN ACTING AS IF THEY WERE ON THE BRINK OF DISASTER:" THIS PROVING THAT THE IMPER DESTROYING FORCES ARE FAR STRONGER THAN THE COHESIVE ELEMENTS WHICH UNITE THEM IN THEIR BASIC INTEREST TO STAY IN POWER." A YEDIOT COMPLIMENTED NOTED, "THIS IS NO LONGER A CABINET WHICH HAS JUST CHANGED TO FUNCTION; IT IS A BAND OF MINISTERS LED BY THEIR UNBIDDEN ORGANS INTO A SUICIDAL ASSAULT." ANOTHER REPORTER DECLARES THAT "THE PRESENT GOVERNMENT HAS SUNK LOWER IN ITS CONDUCT THAN ANY PREVIOUS GOVERNMENT...IT HAS LOST ALL SENSE OF SHAKE...AND HAS BECOME THE SCENE OF GROSS VULNERABILITY AND OF A TOTAL LACK OF CLASSIC FORMS...."

7. (U) COSTAINT ACCUSATION ACCUSES: ACCORDING TO REUTERS, SOME OF THE WESTERN EMPIRE ON A ONE DAY VISIT TO THE POST ATTACKED THE EGYPTIAN-ISRAELI ACCUSATIONS AS AN OBSTACLE IN THE WAY OF A COMPREHENSIVE MIDDLE EAST SETTLEMENT.

8. (U) STRAUSS VISIT: THE ISRAELI PRESS IS INTERPRETING REMARKS MADE BY AMBASSADOR STRAUSS AT A SEPTEMBER 12 PRESS CONFERENCE AS AN INDICATION THAT THE US WILL NOT PRESS FOR IMMEDIATE TABLE ON PALESTINIAN AUTONOMY. THE AMBASSADOR WAS QUOTED AS SAYING THAT THIS WAS NOT SEEKING TO IMPose ANY SOLUTIONS TO THE VARIOUS PROBLEMS CONFRONTING EGYPTIAN-ISRAELI NEGOTIATIONS.
1. (C) REPORT ON BEGIN'S FALLING HEALTH continued:

BEGIN'S ADVISOR ON MEDIA AFFAIRS IN AN INTERVIEW WITH RADIO JERUSALEM'S LETTERED A REPORT IN TIMES MAGAZINE THAT BEGIN WAS ADVISED BY THREE NON-ISRAELI DOCTORS NOT TO WORK MORE THAN THREE HOURS A DAY. BEGIN'S ADVISOR SAID THAT THE PRIME MINISTER WORKS FROM 9:00 A.M. TO NOON AND FROM 4:00 P.M. UNTIL EVENING EVERYDAY AND THAT THIS HAS BEEN HIS ROUTINE SINCE HE RETURNED TO A FULL WORK SCHEDULE.

1. (U) MORE ON THE LITANI AFFAIR: ACCORDING TO REUTER, A LETTERING MEMBER OF THE ISRAELI CHASEN SAID SEPTEMBER 17 THAT THE TORTURE AND MURDER OF FIVE LEBANESE CIVILIANS IN AN ISRAELI CAMP WAS NOT THE ONLY SUCH INCIDENT BUT DECLINED TO GIVE DETAILS. GENERAL KITAN, WHO HAS BEEN ATTACKED IN THE KNESSET AND THE PRESS FOR REDUCING THE PRISONER'S SENTENCE TO TWO YEARS, SAID IN AN INTERVIEW WITH MA'ARAVI SEPTEMBER 17 THAT HE DO NOT INTEND TO DENT AND THAT THE ACCUSED LIEUTENANT STOOD ALONE AND GAUDLY IN AN EXTREME SITUATION TANTAMOUNT TO A THREAT TO HIS LIFE. MA'ARAVI SEPTEMBER 17 EXPRESSED NO DOUBT ABOUT THE AUTHENTICITY OF THE STORY AND SAID THAT THE ISRAELI PEOPLE DESERVE A CHIEF OF STAFF WHO WILL NOT SHOW SUCH CARELESSNESS TOWARDS A CONVICTED CRIMINAL AND WHO WILL NOT HIDE HIS SHAME BY BLARING THE TRUTH. MA'ARAVI SAID THAT KITAN OWED THE ISRAELIS A FULL AND CANAL REPORT.

1. (C) ASSAD LYING LOW: ACCORDING TO EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN UNCHARACTERISTICALLY OUT OF EMBASSY HEADLINES, ASLAD HAS BEEN 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TO RADIO BAGHDAD, IRAQ SEPTEMBER 17 CALLED FOR A
SUMMIT CONFERENCE OF OPEC HEADS OF STATE TO BE HELD IN
BAGHDAD DURING THE SECOND HALF OF 1979 (THE TWENTIETH
ANNIVERSARY OF OPEC'S ESTABLISHMENT). THE SOURCE
EMPHASIZED THAT THE MEETING WOULD DISCUSS VARIOUS
INTERNATIONAL DEVELOPMENTS, THE ENERGY ISSUE, AND THE
WORLD ECONOMIC SYSTEM IN THE HOPE OF REACHING A STABLE
STRATEGY FOR THE FUTURE AND TO SERVE OPEC'S INTERESTS
AND THOSE OF DEVELOPING COUNTRIES.

14. (C) EGYPT: OIL SECTOR HIGHLIGHTS: EMBASSY CAIRO,
UPDATING ITS ESTIMATES FOR 1979 EGYPTIAN OIL PRODUCTION,
NOW EXPECTS EGYPT'S NEXT REVENUES TO EXCEED ONE BILLION
DOLLARS.
DOLLARS ON EXPORT SALES AVERAGING 150,000 BARRELS PER DAY (BPDA) OUT OF A PRODUCTION TOTAL OF 550,000 BDG. CURRENT SALES OF SUEZ GULF CRUDE ARE BRISK AND THE MARKET IS BRINGING TOP PRICES OF DOLS. 52.50 PER BARREL. CONSUMER DEMAND IS COMPLICATING THE EGYPTIAN PETROLEUM COMPANY'S INTENTION TO BRING PRICES CHANGED ITS CONTRACT CUSTOMERS INTO LINE WITH THOSE QUOTED ITS SHARING PARTNER, LIKELY ANOCO, WHO ARE REFUSING TO PAY MORE THAN DOLS. 22.50 PER BARREL. NEGOTIATIONS WITH THE ISRAELIS, REGARDING THE TRANSFER OF THE ALMA FIELD, ARE PROGRESSING SATISFACTORYLY ACCORDING TO THE CHIEF NEGOTIATOR AT AL OR. THE FIELD WILL BE TURNED OVER EITHER ON NOVEMBER 25 OR 26. ISRAEL IS INSISTING ON NOT PAYING MORE THAN DOLS. 25.00 PER BARREL FOR THE PRODUCTS THAT SADAT PROMISED WOULD BE MADE AVAILABLE FOR ISRAEL IN DECEMBER. SOME BROKERS ARE ALREADY ARRANGING THE SHIPMENTS.

15. (U) EGYPTIAN COMMUNISTS ORDERED RELEASED; COMMENTING ON THE PRESUMABLY WEAK CASE PRESENTED BY THE GOVERNMENT PROSECUTION EMBASSY CAIRO, CITING THE LOCAL PRESS, REPORTS THAT THE SUPREME STATE SECURITY COURT HAS ORDERED THE IMMEDIATE RELEASE OF 55 ALLEGED MEMBERS OF THE OUTLAWED EGYPTIAN COMMUNIST PARTY WHO WERE FOUND IN AUGUST AND CHARGED WITH HAVING CONTACTS WITH HOSTILE FOREIGN ELEMENTS AS WELL AS MEMBERSHIP IN A SUBVERSIVE ORGANIZATION. INCLUDED IN THIS TOTAL ARE 30 WHO HAVE PREVIOUSLY BEEN HELD ON BAIL. PRESIDENT SADAT APPARENTLY HAS THE RIGHT TO APPEAL THE COURT'S DECISION WITHIN 15 DAYS DURING WHICH THE DEFENDANTS WILL REMAIN IN CUSTODY.

16. (U) LEADER OF MUSLIM BROTHERHOOD KILLED; ACCORDING TO REPORTER ABDUL SATTAR AL-ZAIM, A LEADING MEMBER OF THE OUTLAWED MUSLIM BROTHERHOOD IN SYRIA, WAS KILLED IN A CLASH WITH A MILITARY POLICE PATROL. ZAIM HAD BEEN WANTED BY POLICE ON CHARGES OF CARRYING OUT SEVERAL
ASSASSINATIONS THERE AS WELL AS HAVING BEEN INVOLVED IN THE MASSACRE OF FIFTY ARMY CADETS IN ALEPPO IN JUNE.

17. (c) LEADERS OF SCLC TO MEET WITH ARAFAT: ACCORDING TO REUTER, A GROUP OF BLACK LEADERS FROM THE SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE LEFT FOR BEIRUT SEPTEMBER 17 TO MEET WITH ARAFAT. THE GROUP INCLUDES: PRESIDENT OF THE SCLC, THE REV. JOSEPH LOWERY, WALTER FAUNCEY, DR. CLAUDE YOUNG OF DETROIT, AND DR. RON WATERS, A FACULTY MEMBER AT HOWARD UNIVERSITY. DR. LOWERY SAID THE TRIP WAS PREDEDICTED ON ARAFAT'S INTEREST IN PURSUING THE PROPOSALS THE SCLC MADE IN ITS AUGUST MEETING WITH TEQI, PLO OBSERVER AT THE UN, WHICH INCLUDE PLO RECOGNITION OF THE NATIONHOOD OF ISRAEL, ISRAEL'S RECOGNITION OF PALESTINIAN RIGHTS, AND AGREEMENT BY BOTH GROUPS TO A MORATORIUM ON VIOLENCE." VANCE
1. IMPLICATIONS OF ISRAELI PURCHASES OF WEST BANK-GAZA LAND: LEGAL IMPLICATIONS ASIDE, THE DECISION TO PERMIT ISRAELIS AND ISRAELI ASSOCIATIONS TO PURCHASE LAND ON THE WEST BANK AND GAZA IS LIKELY TO HAVE A PROFOUND PSYCHOLOGICAL IMPACT ON THE PALESTINIAN ARABS IN THE WEST BANK AND GAZA AND FURTHER TO UNDERCUT THOSE ARGUING FOR ARAB MODERATION. THE MOST EXPLOSIVE ISSUES FOR PALESTINIANS ARE THOSE OF LAND AND WATER. THE RESOLUTION OF THESE

ISSUES IN THE AUTONOMY NEGOTIATIONS IS THE FACTOR MOST LIKELY TO DETERMINE THE DEGREE TO WHICH PALESTINIANS IN THE OCCUPIED TERRITORIES WILL BE ENCOURAGED TO SEEK HASHEMITE OR PLO ACQUIESCENCE FOR THEIR PARTICIPATION IN THE SELF-GOVERNING AUTHORITY.

2. THE PRACTICAL EFFECTS OF THE DECISION ARE FAR FROM CLEAR AND WILL BECOME APPARENT ONLY IN THE COMING MONTHS. A RESPECTED ISRAELI JOURNALIST, WHO IS AN EXPERT ON SETTLEMENTS, HAS TOLD EMBASSY TEL AVIV THAT HE EXPECTED THE DECISION TO HAVE FEW PRACTICAL CONSEQUENCES. HE ARGUED THAT MUCH OF THE LAND WHICH CAN BE BOUGHT ALREADY HAS BEEN PURCHASED CLANDESTINELY. HOWEVER, HE BELIEVED THAT JORDANIAN LAW REQUIRE THE DEATH PENALTY IN SUCH CASES AND THE POSSIBILITY OF PLO RETRIBUTION WOULD MAKE IT EXTREMELY UNLIKELY THAT PALESTINIANS WOULD ALLOW ANY SUCH DEALS TO OCCUR.
3. Another Israeli columnist has argued that some Arab residents are quite willing to sell land to individual Israelis, but that they would not want to sell to an institution dealing with settlement matters because that would constitute a "political" act. He also noted that if land registrations were carried out in accordance with Jordanian law it would produce near insuperable hurdles. He concludes that the decision will be tested according to how registration procedures are handled in practice.

4. However, these predictions are preliminary and may be too sanguine. Settlement advocates, such as Sharon and the Gush Emunim, will be working to have the new decision implemented in a way that facilitates their settlement activities. (Israeli governments have found ways to obtain the land they want for new settlements despite count challenges and other obstacles.)

5. The law could be particularly significant in the areas around "Greater Jerusalem," even before the new decision most of the illegal purchases that have taken place are believed to have occurred here, often by high government officials, for large contractors intent on speculation. Land prices in the area are rapidly rising. A further incentive to private purchases in this area is the significant number of expatriate Arabs from Jerusalem and environs who have emigrated to the west but still own land. Many are concerned that their claims will not be recognized and might be amenable to selling their lands. Meanwhile, the Jewish National Fund is required by its charter to buy land in "Eretz Yisrael" whenever the opportunity presents itself.

6. Arabs in other areas who may not be inclined to sell nevertheless can sometimes be induced to do so, if they feel that eventual expropriation is inevitable. Intimidating suggestions of expropriation have occurred. Settlement enthusiasts, working with friendly government officials, could play upon the fears of landowners, as some Arab landowners see large tracts of land they regard as theirs fenced in for "security reasons" or claimed as "state lands." Some will undoubtedly question the wisdom of holding to principle and foregoing an opportunity for compensation.

7. One unanswered question is how land already purchased illegally by Israelis will be handled under this decision. Such Israelis will probably now try to have their lands registered openly, some cases are now in the courts in which Arabs who did not have valid ownership or power-of-attorney fraudulently sold land to Israeli buyers.

8. Moreover, the Jewish National Fund and some private citizens held 32,000 dunams on the West Bank before 1948.
THE ISRAELI LAND AUTHORITY IS ADMINISTERING THIS LAND, AND MOST OF IT HAS BEEN LEASED TO ARABS. IF THE FUND OR THE PRIVAT OWNERS NOW RECLAIM THEIR RIGHTS TO ADMINISTER THE LAND, IT COULD CREATE FRICTION WITH THE ARAB TENANTS.

9. FINALLY, THE DECISION RAISES THE POSSIBILITY THAT ISRAELI ARABS COULD BE USED AS FRONTS TO PURCHASE LAND, EITHER BY ARAB INTERESTS OUTSIDE THE OCCUPIED TERRITORIES OR JEWISH GROUPS INTENT ON SETTLEMENT ACTIVITY.

10. (C) DAYAN DEMANDS TO HEAD DELEGATION TO US; ACCORDING TO DAVAR, DAYA DEMANDED THE TITLE OF HEAD OF THE ISRAELI DELEGATION TO THE TALKS ON THE SUPERVISION ARRANGEMENTS IN THE SINAI AS THE CONDITION FOR HIS GOING TO THE US. PREVIOUSLY, DAYAN REQUIRED TO BE RELEASED FROM MAKING THE TRIP EXPLAINING THAT WEIZMAN COULD CONDUCT THE NEGOTIATIONS BY HIMSELF.

11. (C) PERES LASHES... AT PLO; ACCORDING TO AP, SHIMON PERES LASHED OUT AT THE PLO IN A SPEECH SPONSORED BY THE YALE UNIVERSITY POLITICAL UNION SEPTEMBER 17. PERES CHARGED THAT THE PLO HAS NEVER FOLLOWED A MODERATE POLICY AND THAT THERE IS NOT THE SLIGHTEST CHANCE THAT THE PLO WILL CHANGE ITS GOVERNMENT OR POLICIES. PERES ADDED THAT, "THE PALESTINIANS PEOPLE HAVE A RIGHT TO DETERMINE THEIR OWN FUTURE THE MINUTE THE PLO THREAT IS LIFTED."
12. (U) ISRAEL TO HONOR SOUTH AFRICAN ARMS EMBARGO; US UN REPORTS THAT IN AN ISRAELI-UN MISSION NOTE TO THE ARMS EMBARGO COMMITTEE ISRAEL SAYS IT WILL COMPLY WITH SECURITY COUNCIL RESOLUTION 418 (1977) AND ACCORDINGLY WILL NOT PROVIDE SOUTH AFRICA WITH ARMS OR RELATED MATERIAL INCLUDING THE SALE OR TRANSFER OF WEAPONS AND AMMUNITION, MILITARY VEHICLES AND EQUIPMENT.

13. (C) SAUDI CONCERNS ABOUT YEMEN UNITY; EMBASSY JORDAN REPORTS THAT THE FOREIGN MINISTRY DIRECTOR FOR ARAB AFFAIRS, ISMAIL SHURA, TOLD THE POLITICAL COUNSELOR ON SEPTEMBER 17, THAT THE PURPOSE OF THE VISIT OF THE YAR PRIME MINISTER AND HIS DEPUTY TO SAUDI ARABIA ON SEPTEMBER 11 WAS TO INFORM THE SAUDIS THAT SALIH PLANNED TO ACCEPT THE PROPOSAL FOR A SUMMIT MEETING WITH PDNY'S ABD AL-FAITAH ISMAIL. SHURA SAID THAT PRINCE SAUD WAS SCHEDULED TO VISIT SANA THE DAY OF THE SUMMIT, SEPTEMBER 17, TO DISCUSS YEMENI UNITY AND EASTERN BLOC ARMS DELIVERIES TO THE YAR. SHURA THOUGHT THAT SALIH AGREED TO THE SUMMIT BECAUSE HE WAS AFRAID THE PDNY WOULD ATTACK IF HE DID NOT AT LEAST GIVE THE APPEARANCE OF MOVING TOWARD UNITY. THE SAUDIS, PURPORTEDLY, DID NOT HAVE MUCH CONFIDENCE THAT SALIH WOULD ABIDE BY HIS ASSURANCES TO THEM ON THE UNITY QUESTION.

14. (U) CORRECTION-YAR EMBASSY "BOMB" EMBASSY SANA REPORTS THAT THE PACKAGE DELIVERED TO THE EMBASSY MONDAY WAS ERRONEOUSLY BELIEVED TO BE A BOMB.

15. (U) OMAN, UAE REACH BORDER AGREEMENT; ACCORDING TO QATAR'S PRESS, THE UNDERSECRETARY OF THE QANT FOREIGN MINISTRY HAS DECLARED THAT THE UAE AND OMAN HAVE REACHED AN AGREEMENT ON THE BORDER DISPUTE BETWEEN THE TWO COUNTRIES AND THAT THE AGREEMENT WILL BE ANNOUNCED SOON.

16. (C) HUSS ON PLO WITHDRAWAL; PRIME MINISTER AL-HUSS TOLD AMBASSADOR DEAN SEPTEMBER 14, THAT HE HAD TALKED WITH SALIH KHALAF (ABU IYAD) RECENTLY AND AS A RESULT OF THIS MEETING WAS CONVINCED THE PLO WOULD AGREE TO THE LEBANESE ARMED FORCES TAKING OVER WIDER RESPONSIBILITIES IN SOUTH LEBANON ONLY IF THERE WERE SOMETHING IN IT FOR THE PALESTINIANS. KHALAF TOLD AL-HUSS THAT THE DEPLOYMENT OF LEBANESE SOLDIERS TO THE SOUTH REQUIRED A POLITICAL AGREEMENT AMONG THE LEBANESE GOVERNMENT, THE VARIOUS LEBANESE FACTIONS, THE PLO, AND THE SYRIANS. VANCE BT 6664
12 YEARS IN PRISON. HIS SENTENCE WAS LATER REDUCED TO EIGHT YEARS BY THE MILITARY COURT OF APPEALS. IN JUNE 1970, KITAN FURTHER REDUCED THE PRISON TERM TO TWO YEARS.

3. KITAN JUSTIFIED HIS DECISION ON THE GROUNDS THAT THE PRESENCE OF COMBAT WAS MITIGATING CIRCUMSTANCES AND THAT THE OFFICER'S LOSS OF EIGHT YEARS WAS THE MOST EFFECTIVE PUNISHMENT. REPORTS LEAKED TO THE ISRAELI PRESS, HOWEVER, HAVE ALLEGED THAT THE OFFICER WAS NOT IN A SITUATION OF DANGER, BUT STAYED ALIVE IN cold BLOOD. PRESS REPORTS HAVE ALSO CLAIMED THAT THE OFFICER WAS INVOLVED WITH THE DAUGHTER OF A GENERAL OFFICER WHO IS A FRIEND OF KITAN.


5. THE CREDIBILITY ISSUE: MUCH OF THE CONTROVERSY SURROUNDING THE 'IDF OFFICIAL AFFAIR' WAS CENTERED ON THE ISSUE OF KITAN'S CREDIBILITY. HIS CRITICS ARGUE THAT KITAN FELT EMOTIONAL, MISLED THE NATION ABOUT THE CIRCUMSTANCES OF THE DEATH OF THE FOUR MEN. EFFORTS BY KITAN AND WEIZMAN TO CLARIFY THE SITUATION HAVE BEEN LESS THAN SUCCESSFUL.

6. THIS ISSUE IS IMPORTANT BECAUSE BOTH GOVERNMENT AND PEOPLE DESIRE A CHIEF OF STAFF WHOSE CREDIBILITY IS BEYOND QUESTION. IT WOULD BE PROFOUNDERLY DISTURBING TO ISRAELIS IF NOT TO BE DISBELIEVED THAT HIS POLICY POSITIONS ARE BASED ON OBJECTIVE MILITARY JUDGMENT AND THAT HE IS NOT INFLUENCED BY OTHER CONSIDERATIONS. THE CURRENT AFFAIR WILL INEVITABLY DISTRACT SOMEWHAT FROM KITAN'S CREDIBILITY, THOUGH NOT NECESSARILY ENOUGH TO PROVOKE HIS RESIGNATION.

7. THE ISSUE OF MORALITY: THE IDF HAS GIVEN MODERN GROUND SERVICE TO THE CONCEPT OF JUSTICE IN WAR AND TO THE ISRAELI MILITARY DOCTRINE THAT REQUIRES MAINTAINING "PURITY OF ARMS." HOWEVER, THIS DOCTRINE HAS BEEN
AT ODDS WITH THE DOCTRINE OF "EXHAUSTING THE MISSION," I.E., THE UNACCEPTABILITY OF A FAILURE TO CARRY OUT A GIVEN OPERATION, EXCEPT UNDER EXTREME CIRCUMSTANCES, THERE HAVE BEEN ENOUGH EXAMPLES OF "EXHAUSTING THE MISSION," EVEN IF IT ENTAILED CASUALTIES OF INNOCENT, TO SUGGEST THAT THIS IS AT LEAST OCCASIONALLY THE DOMINANT CONCEPT.

P. FOR A NATION ENGAGED IN WHAT IT VIEWS AS A PROTRACTED WAR AGAINST "TERRORIST" OPPONENTS, AND TRYING TO CONVINCE INTERESTED OBSERVERS OF THE JUSTICE OF ITS WAR, THE ISSUE OF KILLING DEFENSELESS INDIVIDUALS IS NOT UNIMPORTANT. BY READING THE SENTENCE, KIFAN -- IN THE EYES OF MANY ISRAELIS -- HAS PUT THE IDF ON THE SAME LEVEL IT

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175
CONDUCT AS THE DESPISED "TERRORISTS." ISRAELIS FIND IT DISTRESSING TO SEE THEIR MOST REVERED INSTITUTION REVILED IN SUCH LIGHT.

II. (U) BOMB BLAST IN JERUSALEM: ACCORDING TO AP, A BOMB EXPLODED AT A CROWDED SHOPPING MALL IN JERUSALEM SEPTEMBER 19, KILLING ONE AND INJURING THIRTY-FOUR PEOPLE.

III. (U) WALDHEIM CRITICIZES ISRAELI DECISION ON LAND PURCHASES IN OCCUPIED TERRITORIES: ACCORDING TO OUR MISSION, SECRETARY GENERAL WALDHEIM ISSUED A STATEMENT CONCLUDING THAT THE REPORTS OF THE ISRAELI DECISION (ON PRIVATE PURCHASES OF LAND) IF ACCURATE, IMPLY A DECISION CONTRARY TO A NUMBER OF UN RESOLUTIONS RELATING TO THE ACQUISITION OF LAND IN THE OCCUPIED TERRITORIES AND TO THE TERMS OF THE FOURTH GENEVA CONVENTION.

IV. (C) PFJJ ON UNRESST. DECISION ON LAND SALES: ACCORDING TO GENERAL JERUSALEM REPORTS THAT DURING THE COURSE OF A CONVERSATION SEPTEMBER 18 WITH AID ADMINISTRATION STAFF, BETHLEHEM'S MODERATE WATAN PFJJ EMPHASIZED TO HIM THAT THE ISRAELI DECISION PERMITTING ISRAELIS TO PURCHASE LAND IN THE WEST BANK WAS AN EXTREMELY ALARMING STEP. HE SAID THAT IT MUST BE REMEMBERED THAT MANY WEST BANKRES WILL EXPLOIT LAND HOLDINGS, PARTICULARLY those IN THE BETHELHEM AND RAMALLAH AREAS, ARE LIVING ABROAD IN NORTH AMERICA AND EUROPE WITH LITTLE INTENTION OF RETURNING AS LONG AS ISRAEL HOLDS ONTO THE LAND. MORE THAN EVER, THESE PEOPLE WILL BE UNABLE TO CARRY, PARTICULARLY SINCE THE MILITARY GOVERNMENT FORCES THE NAMES AND ADDRESSES OF THOSE ABSENTEE LANDOWNERS THAT POTENTIAL JEWISH BUYERS WILL BE ABLE TO CONTACT THE ABSENTEE WITH GOOD OFFERS.

V. (U) RESTRAINT PREVENTED FROM ENTERING ISRAELI-ARAB
13. (U) KHALLIL BLASTS ISRAELI LAND DECISION: ACCORDING TO REUTER, PRIME MINISTER KHALLIL SAID SEPTEMBER 19 THAT ISRAELI DECISION TO ALLOW ITS CITIZENS LAND-BUYING RIGHTS IN OCCUPIED TERRITORIES WAS PART OF AN ATTEMPT TO FORCE ARABS INTO SETTLEMENT. HE ADDED THAT THE MOVE WAS "A NEW ATTEMPT TO OBSCURE THE ARAB CHARACTER OF PALESTINIAN LAND AND CREATE A NEW STATUS LIKELY TO OBSTRUCT THE PALESTINIAN PEOPLE'S PRACTICE OF THEIR RIGHTS OVER THEIR LAND AND HOME." (THIS COMES IN ADDITION TO THE STRONG CONDEMNATION OF THE ISRAELI DECISION ISSUED SEPTEMBER 19 BY THE EGYPTIAN FOREIGN MINISTRY.)

14. (C) BAHRAIN SHOWS FIRMNESS IN COUNTERING TERRORIST ATTAKS: EMBASSY MANAMA REPORTS THAT BAHRAIN'S POLICY OF ACTING RAPIDLY AND FIRMLY TO DISPEL THE SEVERAL SMALL SHITE DEMONSTRATIONS HELD DURING THE PAST TWO WEEKS, HAS BEEN SUCCESSFUL AND THE CITY IS CALM. RIOT SQUAD PATROLS HAVE BEEN IN EVIDENCE DURING QUESTIONS AND THERE HAVE BEEN ALMOST DAILY PRESS STATEMENTS BY THE MINISTERS OF INFORMATION AND OF THE INTERIOR, REPEATEDLY EMPIRICAL THE GOVERNMENT'S FIRM ATTITUDE.

15. (C) YAR-SOVET ARMIS AGREEMENT: EMBASSY SANA REPORTS THAT A SENIOR YEMENI OFFICIAL TOLD THE EMBASSY ON SEPTEMBER 19 THAT HE DID NOT BELIEVE SALIH WAS ACTIVELY CONSIDERING AN ARMED DEAL WITH THE SOVIET UNION. HOWEVER, DEPUTY CHIEF OF STAFF, ALL NARROW CONTINUES TO SHUTTLE BETWEEN PRAGUE AND BEIRUT, WAITING FOR INSTRUCTIONS FROM THE PRESIDENT AND HAS NEGOTIATED THE DETAILS OF AN AGREEMENT, ALTHOUGH HE HAS CLEARLY NOT YET RECEIVED THE AUTHORITY TO SIGN IT. THE SOURCE COMMENTED THAT SALIH SAID IT WAS PUBLIC KNOWLEDGE THAT HE HAD TAKEN MONEY FROM THE CENTRAL BANK AND PURCHASED NEW POLISH TANKS.

16. (U) PLO-SCLC: REUTER QUOTE THE PRESIDENT OF THE SOUTHERN CHRISTIAN LEADERSHIP CONFERENCE, JOSEPH LOWERY, AS SAYING IN BEIRUT THAT: "WE ARE CONVINCED THAT THE ULTIMATE SOLUTION FOR LEBANON AND THE MIDDLE EAST IS FOR
Both the Israelis and the Palestinians to be secure in their respective homelands, and to live in peace with justice. Lowry said the GCOC plans to hold seminars in major American cities which will focus on peace efforts in the Middle East and Africa and expressed the hope that representatives of all parties involved would participate.

According to the PLO's Radio, Congressman Fausntroy said civil rights leaders have begun talks with the PLO in the hope that the US government will follow suit.

17. (U) Arafat–Hussein meet: Amman radio reported that Yassir Arafat met with King Hussein September 19 at the

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CODTIAN BORDEL TOWN OF AL-RAMTA. (THIS IS THE
CONFERENCE MEETING ARAFAT HAS HELD WITH HUSSEIN IN JORDAN
IN THE PAST YEAR AND FOLLOW THEIR REPORTED MEETING AT
THE NON-ALIGNED SUMMIT IN HAVANA.) ARAFAT SAID "THE PLANNED
TO COORDINATE ISSUES OF MUTUAL CONCERN WITH HUSSEIN FOR
MY FORTHCOMING "UN" SESSION, PARTICULARLY SINCE THE "UN"
WILL BE THE FIRST SPACER AT THE SESSION.

B. (10L) PLO-RECOGNITION OF ISRAEL. IN AN INTERVIEW
WITH THE BEIRUT PERIODICAL "MONDAY MORNING" SENIOR PLO
LEADER SALAH KHALAF SAID THAT RECOGNITION OF ISRAEL IN
THE "UN" IS "THE BIGGEST CARD" IN THE PLO'S POSSESSION, AND IT IS WILLING
TO RELINQUISH IT ONLY IN RETURN FOR A STATE NOT A
STATEMENT. I AM COUNTRY FOR THE PARTY WHO CAN GIVE ME
WHAT I HAVE AS A RESULT OF THIS CONCESSION IN RETURN.
HE SAID. "I REGARD THIS STATEMENT AS EXTREMELY
SIGNIFICANT SINCE KHALAF IS GENERALLY MORE RESERVED IN
PUBLIC STANDARDS THAN ARAFAT. PLO LEADERS ARE
MORE WILLLING TO ADMIT TO THEIR FOLLOWERS THAT
RECOGNITION OF ISRAEL WILL BE THE POLITICAL PRICE THAT
WILL BE PAID IF THEY ARE TO REALIZE THEIR LIMITED GOALS.
ARAFAT RECENTLY HAS DODGED SUCH QUESTIONS BY ASKING
INTERVIEWERS WHY THEY DID NOT ASK THE ISRAELIS IF THEY
WANT A PLO WORKING TO RECOGNIZE PALESTINIAN RIGHTS.

KHALAF ALSO SAID THAT HE EXPECTED ARAFAT TO ASK FOR
INVITATIONS FROM ALL WESTERN EUROPEAN COUNTRIES WITHIN THE
NEXT YEAR MONTHS. HE SAID THAT ARAFAT WOULD GO TO
FRANCE AT THE INVITATION OF THE FRENCH COMMUNIST PARTY
AND THAT IT WOULD BE UP TO THE FRENCH GOVERNMENT TO DECIDE IF
AN OFFICIAL VISIT OCCURS. VANCE

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E.O. 12063 ODS 9/27/83 (MONTVILLE, JOSEPH V.)
TAGS: EQ, IS, PINS
SUBJECT: INTSUM 925 - SEPTEMBER 27, 1979

LONDON FOR GLASPIE
PARIS FOR NICHOLAS MURPHY
DOD/ISA FOR RANSOM
OTHER ADDRESSEES FOR CHIEFS OF MISSION

(PARAGRAPHS 1-9 CONFIDENTIAL)

1. WEST GERMAN INITIATIVES WORRY ISRAEL: WEST GERMANY IS CAUTIOUSLY MOVING TO IMPROVE RELATIONS WITH THE ARABS IN WAYS THAT ARE GROWING TO CAUSE ISRAEL CONCERN. BONN WILL ATTEMPT TO BALANCE ITS NEW ARAB ENTHUSIASM WITH EFFORTS TO MAINTAIN THE SUPPORTIVE RELATIONSHIP WITH ISRAEL THAT HAS BEEN FOLLOWING IN ATONEMENT FOR THE NAZI ERA. THE FRG REMAINS COMMITTED TO ISRAEL'S CONTINUED EXISTENCE AND ITS RIGHT TO SECURE BOUNDARIES, BUT WEST GERMAN INITIATIVES ARE CAUSING THE FRG TO BE PERCEIVED BY BOTH ARABS AND ISRAEL AS CLOSER TO THE ARABS THAN IN THE PAST.

2. BONN DOES NOT WANT TO GET TOO FAR AHEAD OF WASHINGTON ON MIDDLE EAST ISSUES. IT WOULD LIKE THE MOMENTUM OF CAMP DAVID TO PICK UP. SCHMIDT AND FOREIGN MINISTER GENSCHER BELIEVE THAT THE PALESTINIAN ISSUE LIES AT THE HEART OF A SETTLEMENT AND THAT RECOGNITION OF ISRAEL'S EXISTENCE BY THE PALESTINIANS IS CRUCIAL TO A SUCCESSFUL CONCLUSION OF NEGOTIATIONS. THEY ALSO WANT TO HELP MAKE A US MOVE TOWARD DIALOGUE WITH THE PLO POSSIBLE.

3. GENSCHER, WHO RETURNED IN EARLY SEPTEMBER FROM HIS SECOND RECENT TOUR OF THE MIDDLE EAST, IS INTERESTED IN PROMOTING A MORE PROMINENT EUROPEAN ROLE IN THE AREA. HE WOULD LIKE WEST GERMANY AND THE EC-9 TO AUGMENT US EFFORTS BY EXERTING A CALMING AND CONSTRUCTIVE INFLUENCE ON THE ARAB RADICALS.
4. Genscher is worried in particular about the opposition of the Arabs to the Camp David arrangements and about the lack of effective Western involvement with the PLO. The new, more active European role that he envisages is strongly supportive of US efforts; he expects that it would be carried out with US blessings.

5. In a Bonn briefing of EC ambassadors, shortly after Genscher's return from his Middle East trip, FRG foreign office spokesman reportedly emphasized that in order to help the US, the EC-9 needed to show that there existed a European alternative to Soviet influence. The Arabs, Genscher concluded, had been favorably impressed with the basic European positions that he had outlined to them on his trips.

6. The FRG explicitly supports the right of the Palestinians to self-determination. At the same time, the FRG is engaged in putting an end-to-end pressure on Israel to adopt a more accommodating stance towards the Arabs. West German opposition to Israeli settlements, to Israeli policy toward southern Lebanon, and to Israeli opposition to a Palestinian state was made clear to Tel Aviv.

7. How far Bonn will persist in a policy which antagonizes the Israelis remains to be seen. When Dayan visited Bonn earlier this month, EC leaders attempted to reassure him. Under Israeli prodding, Genscher retreated slightly from his insistence on "self-determination" for the Palestinians. He added the important qualification that the "approval of all parties concerned" was needed for Palestinian self-determination.

8. Dayan left Bonn with less than he had been looking for. Yet, there is no possibility that the FRG will back off from its basic commitment to Israel's continued existence and its right to secure boundaries.

9. (U) Israel-Egypt-Land Sales: Jerusalem radio characterized the exchange between minister luthus Chaliland ministerburg at the autonomy negotiations over the decision to permit Israelis to buy land in the occupied territories as "a fierce argument." luthus Chaliland said that the decision creates facts accomplish and recapitulated "Let it be clear that without the participation of Palestinians our discussions here will only be academic." the Egyptian newspaper al-akhbar said that, "the decision has generated the first clouds of anger and resentment since the peace initiative was launched."

The commentary concluded, however, that both sides must concentrate on achieving progress at autonomy negotiations and not be diverted by Israeli attempts to raise side issues.

10. (U) Israel-Eitan Affair: reuters reports that a new case alleging the murder of Arai civilians by an Israeli officer has surfaced. it came to light through a letter sent to defense minister wizman, according to several reuters sources.
10. (U) BEGIN VOWS TO STRIKE TERRORISTS: JERUSALEM RADIO REPORTED SEPTEMBER 25 THAT WHILE ADDRESSING A CONFERENCE IN JERUSALEM, PRIME MINISTER BEGIN STATED THAT: "WHOMEVER RECOGNIZES THE SO-CALLED PLO RECOGNIZES GENOCIDE." THE RADIO CORRESPONDENT SAID THAT DURING THE SPEECH BEGIN MADE IT CLEAR THAT ISRAEL WILL CONTINUE TO STRIKE AT THE "TERRORISTS."

11. (U) ISRAEL-SINAI SUPERVISION: HA'ARETZ MILITARY CORRESPONDENT ZI'EV SCHIFF WROTE SEPTEMBER 25 THAT: "THE IDF AUTHORITIES ARE PLEASED WITH THE TEMPORARY SINAI SUPERVISION AGREEMENT."

12. (C) ISRAEL-TORTURE ALLEGATIONS: EMBASSY TEL AVIV REPORTS THAT MINISTER OF JUSTICE TAHIR HAS GIVEN THEM THE IMPRESSION THAT HE HAD TAKEN A CASE IN WHICH TORTURE OF AN ARAB SUSPECT WAS ALLEGED WITH THE UTMOST SERIOUSNESS. TAHIR CLAIMED THAT THE ARAB'S CHARGES WERE GROSSLY EXAGERATED, BUT HE SAID THERE WAS A GEMEL OF THUTH TO THEM AND, THUS, THE INTERROGATOR IN THE CASE HAD BEEN REPRIMANDED AND TRANSFERRED. SHIN BETH WAS PUT ON NOTICE THAT SUCH INTERROGATION TECHNIQUES WOULD NOT BE TOLERATED, ACCORDING TO TAHIR. THE EMBASSY COMMENTS IT IS SIGNIFICANT THAT TAHIR IS INVITING CLOSE SCRUTINY OF HIS INVESTIGATION SINCE IT INDICATES THAT HE AND HIS ASSOCIATES HAVE MADE A REAL EFFORT TO GET AT THE TRUTH.

13. (U) ISRAEL-JACKSON VISIT: ACCORDING TO WIRE SERVICE REPORTS, REV. JACKSON FIRED UP A PALESTINIAN CROWD IN NABLUS TO "A SCREAMING PITCH" SEPTEMBER 26 WITH BLACK PRIDE CHANTS. THE ARABS LATER CARRIED HIM OFF ON THEIR SHOULDERS CHANTING JACKSON; ARAFAT. JACKSON SUPPORTED THE ESTABLISHMENT OF A PALESTINIAN HOMELAND BUT SAID THE WEST BANKERS SHOULD MODEL THEIR TACTICS AFTER THE CIVIL RIGHTS STRUGGLE IN THE U.S. EARLIER, VISITING THE YAD VASHEM MEMORIAL TO THE HOLOCAUST VICTIMS, JACKSON SAID THIS SHOULD NOT BE ALLOWED TO HAPPEN TO ANYONE INCLUDING THE PALESTINIANS. HE ALSO SAID HE WOULD URG THE PLO TO RECOGNIZE ISRAEL.
Jackson was criticized by several prominent Israelis for refusing to meet with Lebanese Rightist militia commander Sabah Haddad. According to Reuters, he was also criticized by Shimon Peres and other labor party leaders for intimating that Begin's refusal to meet him was a racist decision.

Jackson proceeded on to Amman. He will later go to Beirut where he will meet with Arafat.

15. (U) ISRAEL-INSUBORDINATION: Reuters reported September 25 that an Israeli army reserve officer was sentenced to jail for refusing to serve in the occupied territories. According to Reuters' military sources, it was believed to be the first case of its kind. The officer said he would not serve "for political reasons."

16. (U) PLO-ISRAEL: According to Reuters, Sedki al Dajani, who is responsible for PLO public relations in Europe, told a conference on Palestinian rights in Rome that the PLO was ready to create a state in a part of what was formerly Palestine. He said the organization would be ready to talk with Israel "the morning after" it took possession of a small parcel of territory. Asked if that would mean recognition of Israel, he replied, "obviously it implies something of the sort."

17. (C) SAUDI ARABIA-EGYPT-SUDAN: Ismail al Shura, foreign ministry director for Arab affairs told Embassy Jidda September 27, that the Sudanese had pressed Prince Saud to visit Khartoum but since Saud leaves for the US September 27, there was little time for him to do so. Shura said that the subject of talks with the Sudanese would be "bilateral relations" (read: economic assistance).

Shura dismissed Sadat's interview with October magazine as rubbish but said that it was too bad that it came at a time when Saudis were trying to persuade other Arabs to moderate their attitudes to Egypt. He added that King Khalid's upcoming visit to Libya will unfortunately probably be read by Sadat as proof of a Saudi-Libyan plot against Nimeiri and that Qadhafi has succeeded in embarrassing the king.

18. (C) SAUDI ARABIA-OIL PRODUCTION LEVEL: Embassy Jidda reports that Crown Prince Fahd September 26 authorized President Carter to announce the continuation of
OF SAUDI OIL PRODUCTION OF 9.5 MB/D FOR THE FOURTH QUARTER.
1. (S) ISRAEL: CABINET DISARRAY: A CIA ANALYSIS INCLUDES THE FOLLOWING: RECENT DEFECTIONS FROM PRIME MINISTER BEGIN'S DOMINANT Likud bloc have reduced his parliamentary majority to about six seats in the 120-member knesset. A BUST OF 11 SEATS OVER THE PAST YEAR, BEGIN'S Dwindling PARLIAMENTARY STRENGTH WILL ENCOURAGE THE GOVERNMENT TO PRESS THE PRIME MINISTER FOR SUPPORT ON ISSUES OF SPECIAL INTEREST TO THEM, EXACERBATING COALITION TENSIONS AND TESTING BEGIN'S LEADERSHIP. THE COALITION PROBABLY WILL CONTINUE TO LIMP ALONG OVER THE NEAR TERM, BUT TENSIONS AND PUBLIC CRITICISM OF THE GOVERNMENT'S PERFORMANCE—ESPECIALLY ITS DISASTROUS ECONOMIC RECORD—ARE LIKELY TO INTENSIFY. BEGIN COULD WELL loose THE NATIONAL ELECTION IN 1981.

2. (S) DESPITE REAL ECONOMIC GROWTH APPROACHING 4 TO 5 PERCENT THIS YEAR, ISRAEL IS BESET BY SERIOUS ECONOMIC DIFFICULTIES. INFLATION IS THE MOST INTRACTABLE PROBLEM, WITH CONSUMER PRICES NEARING AN ANNUAL RATE OF ALMOST 170 PERCENT. THE BALANCE OF PAYMENTS—OVER 1 BILLION DOLLARS IN SURPLUS LAST YEAR—IS LIKELY TO WEAKEN AND UNLESS PRESENT POLICIES ARE CHANGED, ISRAEL COULD EASILY RUN A DEFICIT OF AROUND 700 MILLION DOLLARS BY 1981.
3. Public criticism has focused on Finance Minister Simcha Kuplich and his colleagues in the Liberal Party contingent of Likud, which holds most key economic ministries. The public's criticism in turn has fueled highly publicized policy disputes within the Liberals and figures in Begin's right party, the senior member of Likud, thus reinforcing the public's perception of government disarray.

4. Kuplich has become such a liability—his popularity has fallen below 10 percent in new polls—that Begin probably will be compelled to replace him and to reshuffle other key economic portfolios. In an effort to salvage a measure of their party's growing credibility, Liberal leaders reportedly have gained Kuplich's agreement to submit to Begin later this fall a plan for a cabinet reorganization that in which Kuplich would no longer hold the Finance portfolio.

5. Such a reorganization almost certainly would spark increased tension and jockeying for position among the coalition parties if, as seems likely, Begin reshuffles involved several ministries and if Begin appoints a minister from outside the Liberal Party to fill Kuplich's post. Begin's preliminary authority is said to be fragile in the small, tight-knit Likud contingent of Likud and an outspoken Begin critic.

6. The prolonged absence of credible government action on the economy threatens to alienate lower-income secular Jews, whose support was instrumental in putting Begin at the top in the election in 1977. Increased inflation already has cost Begin some Sephardic votes and is certain to hurt the Labor opposition a major lift when strong campaigning begins about a year from now.

7. Begin's advantage to a rigid negotiating strategy aimed at ensuring Israel's control over the West Bank will continue to be the major factor determining the loyalty of key coalition partners. Agriculture Minister Sharon, a member of Begin's and ultranationalist leader of the National Religious Party, without whose support Begin's government would fall, would be certain to reject the prime minister if he made major concessions.

5. Palestinian autonomy arrangements.

5. The role of the Palestinian Liberation Organization.
ORGANIZATION IN THE NEGOTIATION PROCESS.

(C) JEWISH SETTLEMENT ACTIVITY.

(D) ISRAELI MILITARY WITHDRAWAL FROM THE WEST BANK.

P. (S) BEGIN IN THE PAST HAS DEMONSTRATED A GOOD SENSE OF THE CONSERVATIVES' BOTTOM-LINE ON NEGOTIATIONS ISSUES, WHICH LARGELY DOUTTAILS WITH HIS OWN VIEWS. THE PAROCHY OF INFLUENTIAL MODERATES IN THE CABINET AND BEGIN'S CONVICTION THAT EGYPTIAN PRESIDENT SAID WILL ACCEPT FAR LESS THAN THE PALESTINIANS' PROPOSED MINIMUM ON AUTO-NOMY ISSUES CONTINUE TO REINFORCE HIS DETERMINATION NOT TO MAKE CONCESSIONS ON CRUCIAL SOVEREIGNTY-RELATED MATTERS.
2. (9) Some leaders of the Orthodox Agudat Israel Party, which holds four seats in Parliament, have threatened to bolt the coalition unless Begin follows through soon on his promise to secure legislation outlawing abortions on demand. If pressed, this demand is certain to stymie the tolerance of Likkud's liberals and the Democratic Movement. The leading secular members of the coalition, Begin nonetheless probably remains confident of his ability to keep Secularist counter pressure within tolerable limits.

10. (9) Agudat Israel may not withdraw its support even if anti-abortion legislation is delayed. Party leaders are divided over the wisdom of abandoning their important patronage positions, which include a Deputy Premier seat and two important Knesset committee chairmanships. If the party does withdraw, the coalition would retain a razor-thin majority.

11. (9) Labor's growing appeal is due primarily to the return of Binyamin Labor supporters from Deputy Prime Minister Tadman's wobbling Democratic Movement and to a lesser extent to public discontent with the Begin government. If sustained, Labor's gains will enable the party to offer stiff competition in the election in 1981.

12. (9) A sizable percentage of voters remains undeclared and at this point probably is skeptical that Labor could win and maintain a more effective coalition, gaining significant support from this group--over a third of the voting population--will be crucial to Labor's prospects.

17. (9) Labor has made some progress in reviving its
14. (c) Continuing factional and personal rivalries and a senior leadership that many voters associate with the scandals that paved the way to Labor's defeat in 1927 nevertheless could undermine the party's recovery. The notorious rivalry between Labor Chairman Shimon Peres and former Prime Minister Yitzhak Rabin—recently highlighted by the publication of Rabin's visceral anti-Peres memoirs—and a growing challenge to Peres by former Foreign Minister Tzahal Azulay doubtless have convinced some voters that Labor remains unable to reform itself. Labor, moreover, continues to have problems generating ideological appeal to hawkish-minded religious and other lower-income urban groups, which constitute a vast bloc of the electorate.

15. (b) West Bank land seizure: Radio Jerusalem reports that the Gush Emunim settlers who seized an olive grove near their settlement at Qaddumi willingly evacuated the area late on October 18. The Israeli defense force has dismantled the buildings erected by the settlers in the olive grove.

16. (b) Israel-Erdheim: The Jerusalem Post reported that next week Begin will begin discussions with his coalition partners concerning a cabinet reshuffle. His decision to move on this issue follows talks that he had on October 16 with Finance Minister Erdheim whose post is at the center of the cabinet reorganization controversy. The Jerusalem Post felt that Erdheim will certainly retain a senior cabinet post in the reshuffle. Radio Jerusalem said October 11 that Erdheim was asking for a personal vote of confidence from his own Likud party because he was convinced that the party would support him.

17. (c) Vietnamese peace prizes: Reuters reports that Ayes Elia, former PM and a leading Israeli leftist, and Issam Shalik, a member of the PLO and a close confidant of Arafat, will be awarded peace prizes in Vienna on October 19, by Chancellor Brundt for their efforts to find a peaceful solution to the Middle East conflict.
15. (U) IRAQ-BAHRAIN: Radio Bahrain reports that
Bahraini Prime Minister Khalifa said on October 9, after
meeting with Iraqi President Saddam Hussein, that Iraq
and Bahrain "are agreed in their views on Gulf issues."-
Khalifa added that the concept of Persian Gulf Security
held by Iraq and Bahrain is not limited to the protection
of shipping, but also includes the protection of Persian
Gulf states against "foreign intervention."

16. (C) SUDAN-SAUDI ARABIA: Embassy Khartoum reports
that there are "reasonably firm indications" that Saudi
Arabia is prepared to provide the Sudan with a $200 million
Dollar military assistance package. (This appears to
confirm Saudi denials of Egyptian charges that the Saudis
were training and equipping Sudanese forces.)
20. (C) ISRAEL-PLO: REUTER REPORTS THAT THE ISRAELI MILITARY GOVERNMENT ON THE WEST BANK WAS OUTLAWED A PALESTINIAN COMMITTEE WHICH WAS FORMED AFTER THE CAMP DAVID MEETINGS TO COORDINATE LOCAL ARAB RESISTANCE TO THE IMPLEMENTATION OF AUTONOMY. THE GROUP WAS OUTLAWED AFTER THE ISRAELIS DISCOVERED THAT IT WAS THE PLO'S EXECUTIVE ORGANIZATION IN THE WEST BANK.


22. (U) LEBANON-OVERFLIGHTS: AP REPORTED THAT HIGHLY PLACED PALESTINIAN SOURCES CLAIMED THAT SYRIAN AND ISRAELI AIRCRAFT EXCHANGED FIRE OCTOBER 11 OVER SOUTHERN LEBANON, BUT THAT NO AIRCRAFT WERE LOST BY EITHER SIDE. JERUSALEM RADIO ANNOUNCED THAT THE ISRAELI DEFENSE FORC WOULD DENY REPORTS THAT A CLASH HAD TAKEN PLACE.
ISRAEL: TENSIONS IN THE COALITION OVER THE SETTLEMENT ISSUE


THE LATEST CONTROVERSIES CENTER ON PROPOSALS FOR "QUITTING PRIVATELY OWNED ARAR LAND IN THE WEST BANK TO PROVIDE EXISTING SETTLEMENTS WITH BREATHING ROOM," SETTLEMENT ACTIVISTS OF THE GUSH EMUNIM HAVE TAKEN UNAUTHORIZED STEPS TO EXPAND THEIR LANDHOLDINGS.

TRYING TO FIND THE PROPER RESPONSE TO MOUNTING CUT-INSPIRED PRESSURES, THE CABINET FINDS ITSELF CAUGHT IN FOREIGN POLICY (US AND INTERNATIONAL) CONSIDERATIONS.
TIONS ON THE ONE HAND AND POWERFUL DOMESTIC POLITICAL
FORCES ON THE OTHER. DAYAN AND WEIZMANN ARE INCLINED
TO OPPOSE THE DEMANDS OF THE SETTLERS, BUT BEGIN REMAINS
A MAN DIVIDED AGAINST HIMSELF. HE HAS A COMMITMENT TO
A GREATER ISRAEL, BUT HE WANTS ALSO TO BECOME ISRAEL'S
PEACEMAKER. PERHAPS THE MOST DETERMINING CONSIDERATION,
HOWEVER, IS HIS ANALYSIS OF THE DOMESTIC POLITICAL
IMPLICATIONS OF A WEST BANK SETTLEMENT POLICY LESS
CONGENIAL TO BUSH MINIM.

4. ALL MAJOR DECISIONS OF THE BEGIN GOVERNMENT ARE BEING
MADE WITH AN EYE TO THE DECLINING POLITICAL STRENGTH
OF THE COALITION. THE STEEP DROP IN BEGIN'S PUBLIC
STANDING AND THE IMPRESSIVE INCREASE IN LABOR'S STRENGTH
PORTEND DEFEAT FOR THE LIKUD IN THE NEXT ELECTION. BEGIN
IS EXTREMELY SENSITIVE TO THE NEED TO ACCOMMODATE THOSE
WHO COULD BRING HIS GOVERNMENT DOWN.

5. THE LEVERAGE OF THE MRP HAS BEEN UNBROKEN BY THE
RECENT ESTABLISHMENT OF THE ULTRA-NATIONALIST TIKVA
(RENEWAL) PARTY, WHICH WILL HAVE CONSIDERABLE APPEAL
TO WAYS WITHIN BOTH THE MRP AND THE LIKUD. THE PRESSURE
FROM TIKVA WILL PREVENT HAMMER FROM WANDERING FROM THE
HAWISHI PATH.

6. MRPS PRESSURE ON BEGIN IS EFFECTIVE BECAUSE THE MRP
HAS THE ABILITY TO BRING THE GOVERNMENT DOWN, AND
THEREFORE AN MRP THREAT TO DO SO IS CREDIBLE. LEADERS
OF THE MRP'S YOUTH FACTION HAVE INDICATED THAT THEY WILL
CONTEST A RETURN TO THE "HISTORIC PARTNERSHIP" WITH
LABOR IN PREFERENCE TO A BEGIN "SELL-OUT" ON THE WEST BANK.

7. CONTRARIWISE, THE LEVERAGE OF THE DOVISH ELEMENTS IN
THE COALITION IS WEAK. YADIN'S PARTY WOULD BE UNLIKELY
TO LEAVE IT, DESPITE OCCASIONAL THREATS TO DO SO. YADIN
AND HIS COLLEAGUES REALIZE THAT THE FALL OF THE CABINET
AND NEW ELECTIONS WOULD ASSURE THEIR OWN POLITICAL
OBLIVION.

8. THE LIBERAL PARTY, WHICH CONTAINS A SIGNIFICANT DOVISH
ELEMENT, WOULD BE LOATH TO BRING THE GOVERNMENT DOWN.
SUCH AN ACT WOULD TERMINATE THE LIBERAL'S 16-YEAR ALLIANCE
WITH BEGIN AND WOULD RESULT IN ELECTION LOSSES AND POLITICAL
HUMiliation TO THE POLITICAL FRINGE. THE LIBERALS ARE DEEPLY
CONCERNED ABOUT THE NEGATIVE IMPACT OF BEGIN'S SETTLEMENT
SHENANIGANS ON THE PUBLIC OPINION. SHENANIGANS HAVE LITTLE
INFLUENCE WITH BEGIN ON THIS Issue.

9. THE ULTRA-ORTHODOX ACUEDAT MIKHAIL IS IN THE MAIN A
POVSE PARTY, BUT IT REDEEMS THE POLITICAL I.O.U.'S THAT IT HAD TO BARGAIN FOR CONCESSIONS ON RELIGIOUS ISSUES OF 
AFACTION FOR THE BENEFIT OF THE DP.

10. FOR THE ABOVE REASONS, THE BEHAVIOR OF THE BEGIN 
GOVERNMENT TO THE SETTLEMENT ISSUE IS UNLIKELY TO CHANGE 
IN THE FORESEEABLE FUTURE. ONLY A LABOR PARTY DECISION 
TO RESTORE A NATIONAL UNITY GOVERNMENT WITH THE LIKUD 
COULD FREE BEGIN FROM THE CONSTRAINTS THAT THE NRP 
CONTINUES TO IMPOSE. IN THE ABSENCE OF SUCH A DECISION, 
THE BEGIN ADMINISTRATION’S SETTLEMENT POLICY WILL CONTINUE 
TO BE GOUVERNED BY THE LIMITS IMPOSED LARGELY BY THE NRP.

11. (C) EGYPT-ISHAMI BUTHUS THALI TOLD A FRENCH PRESS 
GROUP ON OCTOBER 11 THAT, EVEN IF NEGOTIATIONS ON 
THE
PALESTINIAN AUTONOMY FAILS, HE SAYS NOT TRUE, THAT THERE WILL BE FURTHER HOSTILITIES BETWEEN EGYPT AND ISRAEL. HE SAID THAT THE TREATY WILL BE CANCELED, AND ON FEBRUARY 25, HE WILL BE AN EGYPTIAN AMBASSADOR IN TEL AVIV. THE CAIRO PRESS FEATURED HIGHLIGHTS OF HIS SPEECH WHICH INCLUDED DEMANDS ON ISRAEL TO

(A) HALT SETTLEMENT ACTIVITIES IN OCCUPIED TERRITORIES

(B) PROHIBIT JEWISH PURCHASE OF ARAB LAND

(C) GRANT GENERAL AMNESTY TO POLITICAL DETAINERS;

(D) TRANSFER ISRAELI MILITARY OUT OF ARAB CITIES.

10. (C) SADAT-MARTIAL LAW: EMBASSY CAIRO REPORTS THAT THE LOCAL PRESS OCT 11 WAS DOMINATED BY REPORTS OF SADAT'S SPEECHES TO THE JUDICIARY IN WHICH HE PLUGGED TO ENGLISH MARTIAL LAW AS SOON AS ISRAEL HAS WITHDRAWN FROM SINAI. HE MAINTAINED, HOWEVER, THAT MARTIAL LAW HAS IN FACT NEVER BEEN APPLIED. SADAT ALSO OUTLINED HIS PLANS TO REINSTATE THE ROLE OF SOCIALIST PROSECUTOR TO DEAL WITH THOSE WHO ARE EXPLOITING DEMOCRACY.

THE EMBASSY COMMENTS THAT THE ABOLITION OF MARTIAL LAW HAS BEEN VEHEMENTLY DEMANDED BY SADAT'S CRITICS AND OTHERS SINCE THE SINGING OF THE PEACE TREATY. IN HIS COMMENTS SADAT HAS DELAYED THE ABOLITION FOR ANOTHER TWO YEARS. MORE DISCOURAGING TO THE EMBASSY IS SADAT'S RECENT INVENT TO GIVE TEETH TO THE JOB OF SOCIALIST PROSECUTOR BY PERMITTING HIM TO FUNCTION PRECISELY OUTSIDE THE NORMAL JUDICIAL STRUCTURE, WITH POLITICAL CASES TO BE HELD IN SPECIALLY DESIGNATED COURTS AND APPEALS REFERRED TO A PANEL IN WHICH SADAT'S PARTY ENJOYS A MAJORITY.
13. (C) NEW ISRAELI PARTY: EMBASSY TEL AVIV HAS LEARNED THAT THE OBJECTIVES OF THE ND WAR-RIGHT TOLITA PARTY WILL INCLUDE A BALT IN THE ISRAELI WITHDRAWAL FROM SINAI; ABANDONMENT OF AUTONOMY; IMMEDIATE ANNEXATION OF THE WEST BANK, THE GOLAN HEIGHTS, AND THE GAZA STRIP; A REVISING OF THE ISRAELI-EGYPTIAN PEACE TREATY. POLLS INDICATE THAT TOLITA CAN EXPECT TO WIN 6 TO 5 KNESSET SEATS IN A GENERAL ELECTION.

14. (C) BOMB EXPLODES NEAR JERUSALEM: REUTER REPORTS THAT A TIME BOMB EXPLODED EARLY OCTOBER 12 IN A WOODEN AREA NEAR UN HEADQUARTERS IN JERUSALEM BUT CAUSED NO CASUALTIES OR DAMAGE. ISRAELI POLICE SAID THAT THE BOMBM APPEARED TO HAVE BEEN SET BY ARAB GUERRILLAS.

15. (U) WEST BANK SETTLEMENTS EXPANSION: RADIO JERUSALEM REPORTED OCTOBER 13 THAT THE ISRAELI CABINET VOTED TO EXPAND SEVEN SETTLEMENTS IN THE WEST BANK. THE LAND TO BE USED FOR THE EXPANSION WILL INCLUDE GOVERNMENT LAND AND 'LANDS WHERE REGISTRATION HAS NOT YET BEEN FINALIZED IN THE LAND REGISTER,' ALTHOUGH THE CABINET REJECTED DEMANDS BY SETTLERS TO EXCAT PRIVATE ARAB PROPERTY.

16. (U) SINAI WITHDRAWAL: ACCORDING TO RADIO CAIRO, OCTOBER 13 THE EGYPTIAN CABINET APPROVED THE AGREEMENT ON THE TASKS OF THE UNIF DURING THE ISRAELI WITHDRAWAL FROM SINAI.

17. (LOC) Sharon to VISIT EGYPT: EMBASSY CAIRO HAS BEEN INFORMED BY EGYPTIAN MINISTER OF AGRICULTURE SARGOOD DAWOOD THAT ISRAELI MINISTER OF AGRICULTURE SHARON HAS ACCEPTED HIS INVITATION TO VISIT EGYPT AND WILL ARRIVE ON OCTOBER 16. THE TWO MINISTERS WILL DISCUSS COOPERATION IN LAND RECLAMATION AND SETTLEMENT.

18. (C) ARAB SUMMIT CONFERENCE: REUTER REPORTS THAT JORDAN PREMIER AL-HUSEN ANNOUNCED OCTOBER 11 THAT AN ARAB SUMMIT CONFERENCE DEALING PRIMARILY WITH SOUTHERN THREATS WILL BE HELD IN TUNIS ON NOVEMBER 29. AL-HUSEN AND THE AGREEMENT WERE SEIZED THROUGH BANGLADESH CONTACTS WITH TUNISIAN LEADERS. ALL ARAB LEAGUE COUNTRIES EXCEPT TUNISIA ARE EXPECTED TO ATTEND.

19. (U) JORDANIAN PRESS REACTION: THE WEEKEND EDITION OF THE JORDANIANS' BRITISH MINISTER HURD'S CONDEMNSATION OF ISRAEL'S SETTLEMENT POLICY DURING HIS MEETING WITH
PRINCE HASSAN'S AB-RAFTE HEADLINED THE NEW PEACE PROPOSALS SUGGESTED BY LORD CARADON WHICH INCLUDE:

(A) DIVIDING JERUSALEM INTO TWO PARTS, ONE RULED BY THE ARABS THE OTHER BY THE ISRAELIIS.

(B) APPOINTING A UN BORDER COMMITTEE AND

(C) AMENDING THE 1967 BORDERS.

20. (U) EC-PLO: RADIO BRUSSELS REPORTS THAT A SPOKESMAN FOR THE EC COMMISSION HAS DENIED ANNOUNCEMENTS THAT COMMUNITY REPRESENTATIVES WILL MEET WITH FADUQ QADDUMI DURING HIS STAY IN BRUSSELS.

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11. (C) PRE-CAMP DAVID ACCORDS: CHINA "REJECTS" THE CAMP DAVID ACCORDS BECAUSE THEY DO NOT PROVIDE FOR A COMPREHENSIVE PEACE SETTLEMENT, ACCORDING TO THE CHINESE EMBASSADOR IN KUWAIT. THE STATEMENT, QUOTED BY THE KUWAIT NEWS SERVICE, IS SURPRISING AS BEIJING HAS UNTIL NOW PROVIDED FACILITATIVE SUPPORT FOR CAMP DAVID, ALTHOUGH CRITICIZING THE ACCORDS AS INCOMPLETE. IF THIS PNSHERA STATEMENT IS NOT A MISUNDERSTANDING, IT COULD BE ONE MORE REFLECTION OF A RECEIVED, MORE PESSIMISTIC CHINESE APPROACH REGARDING THE SUCCESS POTENTIAL OF THE US-INSPIRED PEACE EFFORT.

12. (C) EMBASSY WASHDC REPORTS THAT THE PLO IS TRYING TO CLARIFY ITS POSITION IN THE built-up COLLISION UPSET BY THE PLO'S POSITION FOLLOWING VISIT BY JACOB, JACOB'S VISIT TO JORDAN, A LEBANESE NEWSPAPER SAID THAT JACOB IS A NEW PLO DIRECTIVE STATES THAT THE PLO'S "UNILATERAL" RESOLUTION OF SOUTHERN LEBANON IS "SIMPLY A REAFFIRMATION OF AN ALREADY EXISTING SITUATION. THE DIRECTIVE ALSO SAID THAT THE JACKSON VISIT DID NOT CHANGE THE PLO'S BASIC STRATEGY OF CONTINUING THE ARMED
STUGOLE "UNTIL PALESTINIAN RIGHTS HAD BEEN REESTABLISHED."

23. (U) PAINTROY-APARAT: REP. PAINTROY HAS WITHDRAWN HIS INVITATION TO APARAT TO VISIT THE US. AP REPORTS THAT PAINTROY SAID HE WITHDREW THE INVITATION BECAUSE THE US HAD REJECTED THE PEACE PLAN PROPOSED BY LEADERS OF THE SCRC.

24. (C) PLO-IRAN: WRITER REPORTS THAT A SENIOR MEMBER OF PLO'S INVITED ABDULLAH SADDE A LEADING MEMBER OF IRAN'S REVOLUTIONARY COUNCIL TO VISIT SOUTH LEBANON, ACCORDING TO PALESTINIAN SOURCES. BANIS SADDI SAID HE WAS RESPONSIBLE FOR ASSESSING THE NEED FOR IRANIAN ASSISTANCE TO THE PALESTINIAN REVOLUTION.

25. (C) IRAQ-PORT: US INTERESTS SECTION, BAGHDAD, REPORTS THAT IRAQ AND PORTUGAL HAVE SUCCESSFULLY NEXOTIATED THE REOPENING OF THEIR DIPLOMAT MSSIONS IN BAGHDAD AND PORTUGAL, FOLLOWING THE RELEASE OF PRISONERS TAKEN IN LATE JUNE'S CONFLICTS OVER THE MURDER OF AN IRAI PROFESSOR IN AL-AZAN. ACCORDING TO A PORTUGUESE DIPLOMAT, THE AGREEMENT TO NORMALIZE RELATIONS WAS PREREQUISITE TO THE ASSIGNMENT OF COMPLETELY NEW STAFFS TO BOTH MISIONS.

26. (U) ISRAELI MILITARY: OUT DEFENSE ATTACHÉ IN TEL AVIV BELIEVES THAT THE ISRAELI AIR FORCE MAY BEGIN FLYING THEIR F-15S IN COMBAT AIR, PATROL OVER THE GAZA COAST AND ESCORTING RECONNAISSANCE FLIGHTS OVER OTHERfighters. THIS ACTION MAY BE CAUSED BY THEIR FEAR OF LOSING F-15S AND THEIR DESIRE TO GIVE F-4, MISSIL, AND CFIR PILOTS AN OPPORTUNITY TO PARTICIPATE IN A DOGFIGHT, THE DEFENSE ATTACHÉ COMMENTED.

27. (C) SYRIAN TROOP ROTATION: WESTERN MILITARY OFFICERS REPORT THAT THE SYRIAN 7TH MECHANIZED INFANTRY DIVISION IS REPLACING 5TH DIVISION UNITS IN LEBANON, INDICATING THAT A COMPLETE DIVISIONAL ROTATION IS UNDERWAY. ACCORDING TO DEFENSE ATTACHÉ DAMASCUS, THIS IS A NORMAL ROTATION.

28. (C) PHALANGIST HOSTAGES: EMBASSY BEIRUT REPORTS THAT ACCORDING TO SOURCES IN THE LEBANON ARMY, SEVERAL HOSTAGES ARE STILL BEING HELD BY FRANJIAN'S FORCES DESPITE HIS RELEASE OF 150 PRISONERS LAST WEEK IN RESPONSE TO THE PLO'S REQUEST. THESE SOURCES AND THE LEBANON ARMY ALSO INDICATE THAT PHALANGISTS ARE STILL HOLDING 50 HOSTAGES AND ARE DemANDING CERTAIN CONDITIONS FOR THE RELEASE, INCLUDING
(A) RETURN OF PRO-PHALANGIST INHABITANTS TO THEIR HOMES IN NORTHERN LEBANON

(B) RELEASE OF PHALANGISTS ARRESTED BY SYRIA AFTER THE KILLING OF FRANJEH'S RELATIVES AND

(C) REPLACEMENT OF SYRIAN MILITARY WITH LEBANESE MILITARY IN THE NORTH. VANCE
1. ISRAEL: STATE OF THE LABOR PARTY: IN THE MONTHS SINCE THE LABOR PARTY SUFFERED ITS SHATTERING DEFEAT IN THE LAST GENERAL ELECTION (MAY 1977), ITS STANDING IN THE PUBLIC OPINION POLLS HAS BEEN RISING. THE MOST RECENT POLLS SHOW IT AHEAD OF LIKUD BY A SUBSTANTIAL MARGIN. UNLESS BEGIN IS ABLE TO REVERSE THIS TREND, LABOR WILL PROBABLY WIN THE NEXT ELECTION AND ONCE AGAIN BECOME THE CENTER OF A COALITION GOVERNMENT.

2. LABOR’S GAIN IN PUBLIC ESTEEM IS DUE LESS TO THE GROWTH OF ITS APPEAL THAN TO THE POOR PERFORMANCE OF THE LIKUD-LED GOVERNMENT AND LIKUD’S COALITION PARTNER, YADIN’S DEMOCRATIC MOVEMENT. INDEED, RECENT POLLS INDICATE THAT BOTH COMPONENTS OF YADIN’S ORIGINAL DEMOCRATIC MOVEMENT FOR CHANGE (DMC) WILL BE VIRTUALLY ANNIHILATED IN THE NEXT ELECTION. THE INEFFECTIVENESS OF YADIN AND THE DEMOCRATIC MOVEMENT HAVE CONVINced THOSE EX-LABORITES WHO LEFT LABOR FOR THE DFC THAT THE ONLY WAY TO ACHIEVE CHANGE IS BY RETURNING TO AND WORKING THROUGH LABOR.

3. THE BIGGEST PLUS FOR LABOR HAS BEEN THE DISMAL PERFORMANCE OF THE LIKUD-LED GOVERNMENT, ESPECIALLY IN THE ECONOMIC SPHERE, WHERE RUNAWAY INFLATION, SUBSIDY CUTS, AND GENERAL MISMANAGEMENT HAVE DEMORALIZED THE PUBLIC. BEGIN’S LAUGHING INABILITY TO EXERT STRONG LEADERSHIP OVER CABINET, PARTY, AND COUNTRY HAS BEEN A STRICK TO MANY OF HIS EREWHILE SUPPORTERS. IT WAS A STRIVING FOR DECISIVE LEADERSHIP THAT LED MANY DEMOCRATIC MOVEMENT TO SUPPORT BEGIN IN 1977.
4. Begin's handling of foreign policy issues has also encountered widespread disarray within Israel. He has been repelled by his concessions to Kadima and by the autonomy.

5. While the government is thus beset by many problems, Labor is given by personal, factional, and ideological differences. Many party members strongly mistrust party chairman Peres. His leadership has not been particularly impressive over the past two years. Nevertheless, he will probably continue to lead the party and be its candidate for prime minister in the next elections. At the same time, Peres faces continuous pressure from his enemies. Among these, former prime minister Rabin is the most embittered and vengeful. He has recently published his memoirs, in which he describes Peres as an inveterate coward who is unfit to be prime minister. Rabin, who believed that Peres undermined him at every turn during his government, gives the impression of being a man who would destroy Peres even at the cost of destroying Labor in the process. Rabin can hurt Peres, but it is unlikely that the former could become prime minister again.

6. Yigal Allon, once foreign minister and longtime adversary of Peres, refuses to count himself out of a possible contest with Peres. Allon is un tainted by scandal, but he is another old face whom increasingly pragmatic Labor politicians would be disinclined to accept as leader.

7. Maneuvering for position and power also continue on a lower level in the Labor party. Relatively youthful leaders of the recently merged kibbutz federations and of some branch organizations are seeking to increase their own power and rid Labor of its worn-out image by replacing many of the older secondary leaders of the party.

8. For the near to intermediate term, Labor will continue to attack Begin for mismanagement of the economy, disarray in the cabinet, and errors in foreign and settlement policies. He is vulnerable on the first two issues, which are risqué for Labor. At the same time, Labor will...
RETAIL ITS CONTACTS WITH THE NATIONAL RELIGIOUS PARTY SO THAT THE "HISTORIC PARTNERSHIP" BETWEEN THE TWO CAN BE RESUMED AFTER THE NEXT ELECTION--PROVIDING THAT THEY CAN REACH AGREEMENT ON THE WEST BANK ISSUE.

9. (U) WEST BANK SETTLEMENTS: ON OCTOBER 15 ISRAELI TROOPS BEGAN EVICTING GUSH EMUNIM SETTLERS FROM THE 31 TEMPORARY CAMPS THAT THEY HAD SET UP OVERNIGHT IN REACTIONS TO THE CABINET DECISION ON WEST BANK SETTLEMENTS. GUSH EMUNIM CONTINUES TO DEMAND THAT ISRAEL SEIZE ARAB-OWNED LAND FOR JEWISH SETTLEMENTS.

THE WEST BANK PRESS CLAIMED THAT THE GOVERNMENT DECISION TO USE ONLY "STATE LAND" WAS MERELY A PLAY ON WORDS, ADDING: "THE VERY ACT OF SETTLEMENT IS ILLEGAL." IN A FOLLOW-UP INTERVIEW, DEPUTY PRIME MINISTER YADIN STATED, "IN THE FUTURE AS IN THE PAST, WE, THE DEMOCRATS, WILL BE OPPOSED TO ANY SETTLEMENTS WHOSE ESTABLISHMENT IS NOT FOR SECURITY REASONS."

10. (U) JORDAN PRESS: RADIO AMMAN SAID THAT THE ISRAELI DECISION TO EXPAND SETTLEMENTS ON THE WEST BANK "HAS DEMONSTRATED TO THE WORLD THAT A STRONGER ISRAEL MEANS THAT ITS AGGRESSIVE AND EXPANSIONIST INTENTIONS ARE INTENSIFIED." THE OCTOBER 14 PRESS HIGHLIGHTED THE DEPARTURE OF THE JORDANIAN-FLO DELEGATION ON A FUND-RAISING TOUR OF LIBYA, ALGERIA, TUNISIA, AND MOROCCO.

11. (U) EGYPT ON ISRAELI SETTLEMENTS: RADIO CAIRO DECLARED OCTOBER 15 THAT THE ESTABLISHMENT OF NEW SETTLEMENTS OCCUPIED ARAB TERRITORIES BY ISRAELI CONTRADICTS THE CAMP DAVID AGREEMENT IN WHICH ISRAEL "WAS FORCED TO RECOGNIZE THE "LEGITIMATE RIGHTS" OF THE PALESTINIANS.

12. (S) ISRAELI AID REQUEST FOR FY-81: EMBASSY TEL AVIV REPORTS THAT ISRAEL WILL HAVE A HUGE BALANCE OF PAYMENTS DEFICIT IN FY-81 IF IT PURSUES ECONOMIC POLICIES THAT IT NOw HAS IN MIND. ISRAEL'S FY-81 AID REQUEST ASKS THAT U.S. ASSISTANCE BE INCREASED FAR BEYOND PRESENT LEVELS SO THAT ISRAEL WILL NOT HAVE TO TAKE VERY SEVERE AUSTERITY MEASURES.
14. (U) EGYPT-SINAI OIL: EMBASSY CAIRO REPORTS THAT THE EGYPTIAN PRESS ON OCTOBER 14 SAID THAT EGYPT WILL NOT SELL OIL ON A GOVERNMENT-TO-GOVERNMENT BASIS TO ISRAEL, BUT ONLY TO PRIVATE COMPANIES AT THE FREE MARKET RATE.

15. (U) ASSAD'S VISIT TO MOSCOW: RADIO DAMASCUS REPORTS THAT ONE OF THE "MOST IMPORTANT" TOPICS FOR DISCUSSION DURING ASSAD'S VISIT TO MOSCOW, WHICH BEGAN OCTOBER 15, WILL CONCERN THE INTERNAL SITUATION IN SYRIA AT THIS TIME. ASSAD WILL EVIDENTLY ASK FOR INCREASED SOVIET ECONOMIC AND DEVELOPMENT ASSISTANCE WHICH IS NEEDED TO BUILD "A SOLID SYRIAN ECONOMIC BASE." RADIO TOKYO REPORTED OCTOBER 15 THAT BREZHNEV WILL BE UNABLE TO MEET WITH ASSAD FOR REASONS OF HEALTH.

16. (C) ARAB LEAGUE: THE CAIRO BRANCH OF THE ARAB LEAGUE HAS ANNOUNCED AN UPCOMING SERIES OF ARAB LEAGUE SPONSORED SEMINARS. SECRETARY GENERAL MOHAMMED RIAH TOLD EMBASSY CAIRO THAT HE SAW THE SEMINAR SERIES PRINCIPALLY AS A "HOLDING ACTION" TO KEEP THE CAIRO LEAGUE OFFICE ALIVE PENDING RECONCILIATION OF ARAB DIFFERENCES AND REUNIFICATION OF THE LEAGUE.

17. (C) RUMORS OF YEMENI-EGYPTIAN RECONCILIATION: ON OCTOBER 13 AN EGYPTIAN NEWSPAPER REPORTED THAT ONE OF THE ARAB COUNTRIES WHICH WAS A PARTY TO THE BAGHDAD SUMMIT RESOLUTIONS AGAINST EGYPT HAS RECONSIDERED ITS POSITION AND IS SEEKING TO RESTORE RELATIONS WITH EGYPT. AN EXPERIENCED GREEK DIPLOMAT INFORMED EMBASSY CAIRO THAT THE COUNTRY IN QUESTION IS THE YAR, BUT NO CONFIRMATION OF THIS HAS BEEN RECEIVED.

18. (U) KUWAITI OIL PRODUCTION: THE NEWSPAPER AL-WATAN ANNOUNCED ON OCTOBER 14 THAT KUWAIT PLANS TO CUT ITS OIL PRODUCTION OF 2.2 MILLION BARRELS DAILY BY A QUARTER. NO DATE FOR THE CUT HAS BEEN ANNOUNCED.

19. (U) THE PLO AND OIL: REUTER REPORTED ON OCTOBER 14 THAT FAROUK QADDOUMI, HEAD OF THE PLO'S POLITICAL DEPARTMENT, HAS CALLED UPON THE ARAB STATES TO USE THE "OIL WEAPON" TO INFLUENCE NEXT YEAR'S PRESIDENTIAL ELECTIONS IN THE US.

20. (C) IRAN-PLO: EMBASSY TEHRAN REPORTS THAT IRANIA FOREIGN MINISTER YAZDI ANNOUNCED ON OCTOBER 10 THAT THE
FLO WOULD NOT BE PERMITTED TO OPERATE AN OFFICE IN AHWAZ.

THAT SAME DAY, THE COMMANDER OF IRAN'S REVOLUTIONARY GUARD, ABOU SNARIF, AND THE MILITANT ISLAMIC GROUP, MOHAJEEDEEN, VOICED THEIR DISSATISFACTION WITH IRANIAN POLICY TOWARD THE FLO. ON OCTOBER 12 A FLO DELegATION LED BY FAYAZ MILITARY COMMANDER AL-WAZIR ARRIVED IN TEHRAN TO MEET WITH THE MINISTERS OF DEFENSE AND FOREIGN AFFAIRS AND, REPORTEDLY, WITH KHOMEINI.

Embassy Tehran does not feel, however, that the visit of the FLO delegation will result in a change in Iran's basic policy toward the FLO.

21. (U) NADDAD-SARKIS: ON OCTOBER 15 THE VOICE OF LEBANON BROADCAST A STATEMENT BY MAJOR NADDAD ANNOUNCING HIS DECISION TO CEASE PROPAGANDA AGAINST PRESIDENT SARKIS AND THE LEBANESE GOVERNMENT. NADDAD FEELS THAT THE LEBANESE GOVERNMENT IS COOPERATING WITH THE US TO REMOVE STRIANS AND PALESTINIAN ELEMENTS FROM LEBANON.

HE ALSO BELIEVES THAT LEBANON WILL BE "THE SECOND COUNTRY TO SIGN THE PEACE TREATY WITH ISRAEL." VANCE
1. Arafat's West Bank veto: a combination of adroit diplomacy, Israeli settlement policies, and Arab pessimism over the autonomy negotiations have led to unprecedented support for the PLO on the West Bank. Arafat's new relationship with Hussein is permitting him to pursue his West Bank policies without fear of challenge by the King.

2. Arab West Bank newspapers reflect the popular feeling that the Israeli government's claims of fighting against illegal settlements have become void: "The Gush Emunim and the government are two aspects of the same settlement policy." Moreover, West Bankers argue that the very act of settlement is illegal no matter whether the lands are private or claimed as "State" lands.

3. These anxieties and pressures have made even notables who harbor doubts about the PLO rally to show solidarity with that organization:

(A) Bethlehem Mayor Felli now says that he will oppose any autonomy agreement and that no credible
PLOSTINANS WILL PARTICIPATE. PEIYED T. J. CONG UJERUAP OFFICERS THAT HE WOULD WORK "WITH THE LAST DROP OF MY BLOOD TO THwart ANY ELECTION THAT MIGHT BE HELD IN HIS DISTRICT.

(B) MAYOR SHAWA OF GAZA CONTINUES TO CLAIM THAT HE WILL NOT PARTICIPATE FOR ANYTHING LESS THAN AN END TO SETTLEMENTS AND A FORMULA LEADING TO PALESTINIAN SELF-DETERMINATION. (THE MAYOR CONCEIVES, HOWEVER, THAT ISRAELI AUTHORITIES COULD IMPOSE A SEAM AUTONOMY ON GAZA SIMPLY BY WITHDRAWING THE MILITARY GOVERNMENT.)

(C) THE VENERABLE HICMAT AL-MASRI OF NABLUS AND HIS CLAN ALSO ARE VERY PESSIMISTIC THAT ANY AUTONOMY FORMULA THAT THEY COULD SUPPORT WILL BE ACHIEVED.

(D) AZIZ SHIHADY SAID THAT HE AND OTHER PALESTINIAN MODERATES WILL NOT ATTEND THE ISRAELI-MIS PONSORED "NEW OUTLOOK" CONFERENCE IN WASHINGTON THIS MONTH BECAUSE THE PLO HAS ADVISED AGAINST IT.

4. EVEN IF THESE STATEMENTS ARE TO SOME EXTENT POSTURING, IT IS SIGNIFICANT THAT THESE MEN INCREASINGLY WANT TO BE SEEN PUBLICLY ALIYING THEMSELVES WITH THE MODERATE WING OF THE PLO. THEIR STATEMENTS INDICATE THAT THEY PERCEIVE THE PEOPLE UPON WhOM THEY DEPEND FOR POLITICAL SUPPORT AS INCREASINGLY BEHIND THE PLO. MOST WEST BANKERS AGREE THAT IF THE ISRAELI AUTHORITIES PERMIT MUNICIPAL ELECTIONS TO BE HELD NEXT SPRING ALL CANDIDATES FROM CONSERVATIVES TO COMMUNISTS WILL WRAP THEMSELVES IN THE MANTLE OF THE PLO.

5. HOWEVER, ARAFAT CANNOT MerELY DICTATE TO THE MANY VARIOUS PERSONALITIES OF THE WEST BANK. THE RELATIONSHIP IS ONE OF GIVE AND TAKE, WITH A constant EXCHANGE OF VIEWS. ARAFAT DOES NOT WANT TO LOSE THE WEST BANK SUPPORT HE HAS SO PATINAINGLY WON. HE WOULD HAVE TO GIVE SERIOUS CONSIDERATION TO ANY CONSENSUS VIEW TOWARD AUTONOMY THAT EMERGED AMONG THE WEST BANKERS. HOWEVER, IN THE ABSENCE OF MAJOR ISRAELI CONCESSIONS IT IS UNLIKELY THAT HE WILL FEEL OBLIGED TO PERMIT COOPERATION WITH THE AUTONOMY PROCESS.

6. IN THE FINAL ANALYSIS, ARAFAT WILL PROBABLY BE THE ONE TO DECIDE THE NATURE OF THE WEST BANK RESPONSE TO ANY AUTONOMY AGREEMENT THAT IS EVENTUALLY NEGOTIATED. It INCREASINGLY APPEARS THAT IT WILL INCLUDE ARAFAT'S PART INelige TIVE CANDIDATES FROM EMERGING AND PALESTINAINS FOR VOTING. HE WOULD HAVE THE APPROVAL OF SYRIA, IRAQ,
AND PROBABLY JOHAN AND SAUDI ARABIA AS WELL, FOR SUCH A MOVE.

4. ON THE OTHER HAND, BY ALLOWING ELECTIONS TO OCCUR, ISRAEL CAN ALMOST CERTAINLY BE ASSURED OF CONTROLLING THE SELF-GOVERNING AUTHORITY; WE COULD THEN USE IT TO EMBARRASS THE ISRAELIS AND PERHAPS CAUSE THE AGREEMENT TO COLLAPSE. WHATEVER PATH IS CHOSEN, IT WILL LIKELY CONFIRM THE PLO'S CONSIDERABLE STRENGTH ON THE WEST BANK.

B. (U) AUTONOMY TALKS: ACCORDING TO EMBASSY CAIRO, PRIME MINISTER KHALIL SAID OCTOBER 17 THAT EGYPT IS HOLDING FIRM TO ITS POSITION THAT ARAB JERUSALEM MUST BE

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298
1. (U) AGUDAT YISRAEL THREATENS TO LEAVE COALITION: ACCORDING TO A RADIO TEL AVIV BROADCAST, THE AGUDAT YISRAEL FRACTION THREATENED OCTOBER 17 TO LEAVE BEGIN'S RULING COALITION IN THE COALITION AGREEMENT ON BANNING ABORTIONS IS NOT KEPT. MEMBERS OF THE COALITION FEEL, HOWEVER, THAT AGUDAT YISRAEL WILL NOT CARRY OUT ITS THREAT.

2. (C) CAIRO EMBASSY TO SETTLERS: THE EGYPTIAN PRESS HIGHLIGHTED KHALIL'S INTERVIEW WITH YEDIOT AHARONOT IN WHICH HE SAID THAT ISRAEL'S DECISION TO EXPAND SETTLEMENTS ON THE WEST BANK CONFLICTS WITH BEGIN'S PROMISE TO SADAT AND PRESIDENT CARTER. HE ADDRESSED THAT THE ISRAELI GOVERNMENT SURPRISES EGYPT EVERY MONTH BY MAKING DECISIONS WHICH "THREATEN THE ATMOSPHERE OF CONFIDENCE AND PEACE."

3. (U) CABINET MEET SETTLEMENT PLANS: ON RADIO TEL AVIV OCTOBER 17 CABINET SECRETARY ARNON NAZAR HELD REPORT IN THE JERUSALEM POST THAT THE ISRAELI GOVERNMENT PLANS TO ESTABLISH SIX NEW SETTLEMENTS AS DEFENSIVE FORTIFIED LINKING THE JORDAN RIVER VALLEY WITH THE COASTAL PLAIN.

4. (U) PALESTINIAN ENCOURAGES VISITORS TO TEL AVIV: EVEN THE MOST EXTREME SYMPTOMS OF THE PLO WOULD NOT CAUS ANOTHER ANTI-ISRAELIAN WAR. HE SAID THAT THE TERRORISTS OF THE WEST BANK WOULD ENGAGE THEIR IDEALS BETWEEN THE WARPING SIDES AND TURN THEM INTO BASTIDES.
17. (C) PURCHASES OF WEST BANK LAND: EMBASSY TEL AVIV REPORTS THAT THE DECISION TO ALLOW THE SALE OF WEST BANK LAND TO ISRAELI'S HAS HAD LITTLE EFFECT ON THE VOLUME OF LAND SALES BECAUSE OF THE FOCUS OF PUBLIC ATTENTION ON THE ISSUE. THE EMBASSY NOTES THAT FORMERLY SUCH SALES COULD BE CARRIED OUT IN SECRET...USUALLY THROUGH ARAB "FAMILY WORN.

HOWEVER, CONSULATE GENERAL JERUSALEM IS WITHHOLDING JUDGMENT, IT NOTES THAT PALESTINIANS LIKE LUTFI AL'S MAYBE PRIVILEGED IN THE EFFECTS OF THE DECISION. WE BELIEVE THAT ITS EFFECTS COULD BE PARTICULARLY IRRITATING IN CASES OF ABSOLUTE OWNERSHIP.

18. (U) YADIN IN HOSPITAL: EMBASSY TEL AVIV REPORTS THAT DEPUTY PRIME MINISTER YADIN HAD SUFFERED A MILD HEART ATTACK ON OCTOBER 15 AND IS NOW IN MADASSAH HOSPITAL IN JERUSALEM. REPORTS REPORTED THAT YADIN WAS IN "VERY SATISFACTORY CONDITION."

19. (C) "WAIT OIL: EMBASSY TEL AVIV REPORTS THAT DURING THE EMBASSY'S MEETING WITH OIL MINISTER TO PROTEST "WAIT'S OIL POLICIES, THE MINISTER CONFIRMED THAT "WAIT WILL CUT ITS PRODUCTION NEXT YEAR. HE ALSO HINTED THAT THERE WILL BE A SECOND PRICE RISE TO AROUND DOLLARS 22.00 A BARREL IN THE NEXT TWO MONTHS."

20. (U) SYRIA/ USSR ON IRAQ AND PLOT: ACCORDING TO A UNTESTED CLANTSTAN SOURCE, SYRIAN FOREIGN MINISTER SHADAM TOLD GROMYKO THAT IN SEPTEMBER THAT PRESIDENT SADDAM HUSSEIN OF IRAQ WAS TREATING USSR AND NOT A TRUE ALIY OF THE SOVIET UNION. GROMYKO REPORTEDLY AGREED AND ADDED THAT NEITHER BE NOR MOSCOW TRUSTED SADDAM HUSSEIN. SHADAM ALSO TOLD GROMYKO THAT SYRIA WAS WORRIED THAT THE PLO WAS TOYING WITH THE IDEA OF OPENING A DIALOGUE WITH THE US.

21. (S/NF) SYRIA AND THE AS-9: A RELIABLE WESTERN MILITARY OFFICIAL HAS INFORMED OUR DEFENSE ATTACHE IN DAMASCUS THAT HIS HEADQUARTERS INFORMED HIM OCTOBER 17 THAT SYRIA HAD RECEIVED THE AS-9 AIR-TO-SURFACE MISSILE.

22. (U) IRAQ-CUBA: RADIO HAVANA BROADCAST STATEMENTS BY PRESIDENT SADDAM HUSSEIN OCTOBER 17 IN WHICH HE TOOK STATEMENTS BY US OFFICIALS ON THE PRESENCE OF CUBAN SOLDIERS IN IRAQ.
10. (C) PHALANIST HOSTAGES: EMBASSY BEIRUT REPORTS THAT THE HOSTAGE SITUATION IN NORTH LEBANON REMAINS UNCHANGED. PHALANIST SOURCES SAY THEY DO NOT EXPECT AN EARLY RELEASE OF MANNITIYAH'S FOLLOWERS. AN ATTORNEY REPRESENTING THE MARONITE LEAGUE IS ATTEMPTING TO MEDIATE THE DISPUTE. VACCP
1. (S) ISRAELI FOREIGN MINISTERS DAYAN'S RESIGNATION SUNDAY IS CERTAIN TO DAMAGE THE GOVERNMENT'S ABILITY TO MAINTAIN CREDIBILITY, AND MAY AFFECT THE LEXED PRESSING PRIME MINISTER BEGIN'S MOST PRESSING GOAL TO REPLACE DAYAN, WITHOUT PROVOKING WIDER DIFFICULTIES WITHIN THE COALITION. PRESSING HAS ALREADY BEGUN OVER REALIGNING CABINET POSTS. THE PRIME MINISTER WILL ATTEMPT TO PRESERVE AN ACCOMMODATING DISTRIBUTION OF CABINET POSTS, AND TO COMPLETE THE REALIGNMENT QUICKLY TO KICK OFF INTRAMURAL PARTY FUNDING. IN THE MEAN TIME, BEGIN WILL HOLD THE FOREIGN MINISTER'S PORTFOLIO HIMSELF.

THE ISRAELI POPULARITY OF THE GOVERNMENT'S ECONOMIC POLICY HAS ALLOWED FOR THE LAST TWO MONTHS, HAS BEEN RUNNING AT AN ANNUAL RATE OF 150 PERCENT, AND WILL BE OVER 100 PERCENT FOR THE YEAR.

TO RECENT MONTHS, THE GOVERNMENT'S POPULARITY HAS STEADILY INCREASED, AS PUBLIC OPINION POLLS, WHICH SHOWED A MAJORITY FOR THE OPPORTUNITY LABOR PARTY.
BEGIN'S PERSONAL STANDING HAS ALSO SUFFERED, ACCORDING TO A
FULLER REVIEW BEFORE DAYAN'S RESIGNATION, FOR THE FIRST TIME MORE
MEMBERS WERE DISSATISFIED WITH BEGIN'S PERFORMANCE, THAN WERE
SATISFIED. REFLECTING THIS 'INCREASING DISSATISFACTION' HAD BEEN
THE SHILLING OF LIAD'S PARLIAMENTARY MAJORITY FROM 17 TO 5 SEATS.

OPPOSITION LABOR PARTY LEADER, SIMON PERES, PREDICTABLY
ACCLAIMED DAYAN'S RESIGNATION, WHICH WILL UNDERMINE PUBLIC
CONFIDENCE IN BEGIN'S LEADERSHIP ON THE PEACE ISSUES. UNTIL
NOW, THIS HAS BEEN BEGIN'S GREATEST SOURCE OF STRENGTH. PERES
IS CALLED FOR BEGIN'S RESIGNATION AND WILL TERRY SEEK TO
EXPLOIT PUBLIC CRITICISM.

BEGIN ON THE OTHER HAND, SURVIVED FIVE JC CONFIDENCE MOTIONS
IN THE PARLIAMENT YESTERDAY BY A VOTE OF 55 TO 47. ALL MEMBERS
OF THE LIAD COALITION THAT WERE PRESENT VOTED FOR THE GOVERNMENT.
This vote indicates that Begin is in no immediate danger of
LOOSING POWER. (PM KOSIMO, PM 6254) (SOURCE: OISECOM J2, VARIOUS)

(SAUDI - ALL PAST) ARABIAN PENINSULA: THE FOREIGN
MINISTERS OF SAUDI ARABIA, KUWAIT, QATAR, BAHRAIN, U A E AND OMAN
RECENTLY CONCLUDED A CONFERENCE AT TA'IY, SAUDI ARABIA.

ACKNOWLEDGING THAT A DISCUSSION OF REGIONAL SECURITY FOR THE
GULF WOULD BE MEANINGLESS WITHOUT IRAN AND IRAQ, THE SUBJECT WAS
NEVER APPROACHED, THE CONFERENCE PREFERING TO MEETING TO
ENHANCE UNDERSTANDING AND COOPERATION AMONG THEMSELVES.
ECONOMIC DEVELOPMENT AND THE PROBLEMS OF ARMS SMUGGLING AND
THE MOVEMENT OF SUGGERSIVES ACROSS THE BORDERS OF THE SIX STATES,
AND OF THE MOST INTERESTING THINGS TO ARISE FROM THE MEETING
WAS A REPORT PRESENTED BY THE KUWAITI FOREIGN MINISTER THAT THE
SOUTH YEMENI GOVERNMENT HAD APPROACHED THE KUWAITIS IN DAVEN.
THERE ASKED FOR KUWAITI ASSISTANCE IN SPONSORING A CONFERENCE
FOR IMPROVING RELATIONS BETWEEN SOUTH YEMEN AND OMAN. THE
SOUTH YEMENIS HAD NOT ESTABLISHED ANY SPECIFIC CONDITIONS FOR
SUCH A MEETING, BUT HAD SUGGESTED THAT IT WOULD ASSIST THEM IN
THEIR PRESENT DOMESTIC SITUATION, IF KUWAIT WOULD ANNOUNCE THAT
YEMEN WAS NO THREAT TO THE HUMANITY OF AN EGYPTIAN MILITARY PRESENCE
IN OMAN. IT HAS BEEN SPECULATED THAT THE SOUTH YEMENI INITIATIVE
WAS A RESULT OF THE PRESENT INTERNAL SITUATION IN THE COUNTRY,
UNTIL THEIR DOMESTIC PROBLEMS COULD BE RESOLVED, THEY DID NOT
WISH TO HAVE ANY PROBLEMS BETWEEN THEMSELVES AND OMAN. IT IS
LIKELY THAT SUCH A MOVE IS TEMPORARY, AS WE BELIEVE SOUTH
YEMENI PRESIDENT ISMAIL HAS NOT GIVEN UP HIS LONGER TERM
AMBITIOUS OF SPREADING SOCIALISM TO ALL OF THE MORE CONSERVATIVE
REGIMES ON THE PENINSULA.

THE FOREIGN MINISTERS' MEETING HAS BEEN TENDED A SUCCESS BY AT
LEAST ONE ATTENDEE, WHO STATED THAT THE CONFERENCE HAS SERVED
TO IMPROVE UNDERSTANDING AND COOPERATION AMONG THE LIKE-MINDED
REGIMES OF THE ARABIAN PENINSULA. (MAJ RYAN, PM 0234)
(SOURCE: AMBASSADOR MUSCAT, USEUCOM J2)

3. (U) OTHER SIGNIFICANT DEVELOPMENTS.
A. (U) ALGERIA: ALGERIAN PRESS STRONGLY CRITICAL OF US ARMS
TO "MOROCCO," CHARGES ARMS "MAY BE USED AGAINST ALGERIA ITSELF,"
AND "ACT OF HOSTILITY TOWARD ALL PEOPLES IN NORTH AFRICA."
(PRESS)

B. (U) MAURITANIA: FRANCE REPORTEDLY TO SEND 150 TROOPS TO
MOHAMEDOU IN NORTHERN MAURITANIA TO ENSURE PROTECTION OF 1,500
FRENCH IN AREA, ALSO TO "SERVE AS WARNING TO POLISARIO"

PAGE 6 RUSCบาล2742 S F C R E T KOWORN
NOT TO VIOLATE MAURITANIAN SOVEREIGNTY." (PRESS).
4. (U) INDICATIONS AND WARNING (IW) STATUS: THERE ARE NO
CHANGE TO THE IW STATUS SECTION FOR TODAY, 24 OCT 79.
(SOURCE: USEUCOM J2)
PREP 23 OCT 79
EC
#2742
CONFIDENTIAL

1. ISRAEL: NOVEMBER 1 CABINET MEETING MAY BE CRUCIAL: THE SPECIAL CABINET MEETING ON NOVEMBER 1 ON SETTLEMENTS COULD PROVE DECISIVE FOR THE FATE OF THE BEGIN GOVERNMENT. Till ministers will consider a compromise formula: it is designed to enable Begin to carry out the supreme court decision to dismantle the Elon Moreh settlement and at the same time to provide sufficient satisfaction to Gush Emunim to prevent the resignation of agriculture minister Sharon, and possibly education minister Hanner as well.

2. IT IS A TOSSED, HOWEVER, WHETHER THE PATRONS OF THE GUSH IN THE CABINET WILL ACCEPT BEGIN’S COMPROMISE. The withdrawal of Sharon and Hanner would almost certainly bring down the cabinet.

3. THE COURT RULED THAT THE EILON MOREH SETTLEMENT MUST BE REMOVED BY NOVEMBER 21. PRESS REPORTS SUGGEST THAT BEGIN IS:

(a) Considering moving the Elon Moreh settlers to a nearby site;

(b) Declaring the land occupied by the settlers a military foothold; and
ANNOUNCING A DECISION TO ESTABLISH A LARGE NUMBER OF SETTLEMENTS IN SAMARIA IN THE NEAR FUTURE.

These steps could anticipate a political phase of the current crisis.

4. WHETHER SUCH MEASURES WILL WORK WILL DEPEND ON THE ATTITUDE OF GUSH EMUNIN. THE GUSH MAY NOW PREFER TO PRACTICIZE THE COLLAPSE OF THE TUMBLING BEGIN GOVERNMENT RATHER THAN VOLUNTARILY ACCEPT A COMPROMISE SOLUTION.

5. THE LEADERS OF THE GUSH HAVE BEEN LITERALLY DISAPPOINTED IN BEGIN, WHO THEY RECALLED IN THE PRE-1977 PERIOD AS A HEROIC FIGURE AND PATRON.

(A) THEY CONSIDER THE NEGOTIATIONS THAT BEGIN HAS CONDUCTED WITH EGYPT AS DISASTROUS.

(B) THEY SEE THE AUTOGRAPHY PLAN AS FORESHADOWING ISRAEL'S LOSS OF THE WEST BANK.

(C) THEY REGARD BEGIN'S FAILURE (DESPITE THEIR PRODDING) TO ESTABLISH SETTLEMENTS THROUGHOUT "SAMARIA" AS A BETRAYAL OF HIS TRADITIONAL BELIEFS AND COMMITMENTS.

6. IN THE PAST, THE GUSH HAS PRESSURIZED BEGIN THROUGH THE NATIONAL RELIGIOUS PARTY TO EXTRACT CONCESSIONS ON SETTLEMENTS. IT MAY BE THAT THE GUSH HAS ALSO CONVINCED THAT THIS TACTIC HAS NOT RUN ITS COURSE. IN ANY CASE, IT COULD BE VERY DIFFICULT FOR BEGIN TO REMAIN IN OFFICE IF THE GUSH CARRIED OUT ITS THREAT TO RESIST THE REMOVAL OF THE GUSH SETTLEMENTS. A CONFRONTATION WITH GUSH EMUNIN IS SOMETHING THAT HE WILL DO HIS UPTO TO AVOID.

7. BEGIN'S OWN INTENTIONS WILL PLAY A MAJOR ROLE IN THE OUTCOME. BEGIN MAY BELIEVE THAT HIS STANDING FOR THE SUPREME COURT DECISION WOULD ENABLE HIM TO FACE DOWN HIS OPPOSITION. ON THE OTHER HAND, HE MAY WILLINGLY COURT POLITICAL CRISIS AS A FACE-SAVING WAY TO ENGINEER HIS OWN RESIGNATION. HE MAY WILL HAVE CONCLUDED THAT IT WOULD BE BETTER FOR HIM TO LEAVE OFFICE NOW, SINCE HE HAS BEEN EMOTIONALLY SAPPED BY THE INCREASED POLITICAL CONFLICT THAT HIS FOREIGN POLICY HAS PRODUCED AMONG HIS TRADITIONAL SUPPORTERS.

8. BEGIN'S DESIRE TO BE THE PEACEMAKER -- AND THEREBY RAISE HIS NETWORKS WITH ISRAELI AND FOREIGN LIBERAL -- HAS CLASHED WITH HIS LIFELONG COMMITMENT TO IDEOLOGICAL PRINCIPLES, FOREMOST AMONG WHICH IS THE ELECTION TO THE PRINCIPLE OF THE INDIVIDUALITY OF "THE STATE." BEGIN APPEARS INCAPABLE OF TRANSFORMING THE TUMBLING BEGNI

9. YET, BEGIN MAY ALSO DECIDE TO STAND UP, DESPITE THE PLEASURABLES OF HIS POLITIC, WE PROBABLY HAS NOT YET
MADE UP HIS MIND YET ABOUT WHICH COURSE HE WILL FOLLOW.

II. IN THE MEANTIME, THIS WEEK'S CABINET RESHUFFLE HAS BROUGHT BEGIN A LITTLE BREATHING SPACE ON ANOTHER TROUBLESOME FRONT -- THE MALFUNCTIONING OF THE CABINET. THE CHANGES LEFT THE FOREIGN MINISTRY TEMPORARILY IN BEGIN'S HANDS, BROUGHT HORWITZ IN AS FINANCE MINISTER, MOVED EMMICH TO A NEW BUT POWERLESS POST AS SECOND DEPUTY PRIME MINISTER, AND MADE MINISTER WITHOUT PORTFOLIO MISSIN THE HEAD OF THE NEWLY ESTATISED MINISTRY OF INFORMATION.

II. (C) LAYAN-WEST BANK AUTONOMY: THE ISRAELI PRESS AND STATESIDE EMBASSY TEL AVIV REPORTS, THAT THE "REAL" REASON FOR LAYAN'S RESIGNATION WAS A CABINET DECISION, ICALLY FIVE MONTHS AGO, THAT ISRAELI SOVEREIGNTY WOULD BE APPLIED TO THE WEST BANK AT THE END OF THE FIVE-YEAR AUTONOMY REGIME AND THAT THIS POSITION HAS BEEN "THE COMPASS AND GUIDE" OF ISRAEL'S NEGOTIATING TEAM. LAYAN HAS REPORTEDLY SAID THAT THE DECISION, WHICH HE OPPOSED, WAS MADE BY THE CABINET IN A SECRET SESSION. CABINET SECRETARY NAHUM AND INTERIOR MINISTER BURG HAVE DENIED THIS.

IT FELT, THE CABINET'S DECISION IS A SIGNIFICANT DEPARTURE FROM BEGIN'S ORIGINAL POSITION ON THIS ISSUE. EMBASSY TEL AVIV COMMENTS, HOWEVER, THAT MANY ISRAELIS HAD LONG ASSUMED THAT SUCH A GOVERNMENT POSITION EXISTED, BUT THAT THIS HAD NEVER BEEN OFFICIALLY CONFIRMED.

II. (C) ISRAELI LABOR PARTY: EMBASSY TEL AVIV REPORTS THAT THE LABOR PARTY FAVORS DOING ALL IT CAN TO MOVE FORWARD THE ELECTIONS, WHICH IT IS CONFIDENT OF WINNING. PERES IS STILL VERY MUCH IN CHARGE DESPITE BEGIN'S ATTACKS, ALLEN'S POSSIBLE CHALLENGE FOR LEADERSHIP, AND THE GROWING STRENGTH OF THE NEW LABOR GENERATION. THE PARTY IS ALREADY EXPLOITING POST-ELECTION SITUATIONS, SUCH AS AN ALIANCE WITH NON-LABOR CENTER ELEMENTS, A NATIONAL UNITY GOVERNMENT IS ALSO THOUGHT TO BE IN THE OFFICE, BUT ONLY AFTER ELECTIONS.
13. (U) BEGIN'S HEALTH: HAARTEZ STATED OCTOBER 30 THAT THOSE CLOSE TO BEGIN HAVE OBSERVED THAT HIS VITALITY IS "GENERALLY ON THE WANE" AND THAT HIS PREVAILING FRAME OF MIND IS CHARACTERIZED BY "GLOOMINESS AND DEPRESSION." AT THE OCTOBER 28 CABINET MEETING, BEGIN WAS REPORTEDLY "QUIET AND WITHDRAWN," ALLOWING THE DELEGATE TO TAKE ITS OWN COURSE. HAARTEZ COMMENTED THAT THE CURRENT GOVERNMENT CRISIS IS, TO SOME DEGREE, RELATED TO BEGIN'S CONDITION.

14. (U) ISRAELI THEFT RING ARRESTED: AP HAS REPORTED THAT ISRAELI POLICE HAVE ARRESTED 43 SUSPECTS, 13 OF THEM SOLDIERS, IN A THEFT RING THAT ALLEGEDLY SUPPLIED STOLEN ARMY WEAPONS AND AMMUNITION TO ARAB VILLAGES IN ISRAEL. A POLICE SPOKESMAN SAID THAT THE WEAPONS WERE NOT USED FOR TERRORIST ACTIVITIES. WE HAVE RECEIVED NO CONFIRMATION OF THIS REPORT.

15. (U) BURG ON AUTONOMY TALKS: IN A PRESS CONFERENCE CARRIED OCTOBER 31 BY IILF RADIO, BURG SAID THAT HE HAD AGREED WITH THE US DELEGATION THAT AUTHORIZED ISRAELIS AND ARABS FROM THE WEST BANK AND GAZA WOULD PARTICIPATE IN THE PREPARATION AND SUPERVISION OF THE ELECTIONS. HE ADDED THAT THE "JOINT STATEMENT" ON ELECTIONS IS IMPORTANT BECAUSE IT HAS BEEN A ISSUE FROM THE BEGINNING OF AN INTERNATIONAL BODY SUPERVISORS THE PROCEEDING.

16. (U) ISRAEL-CANADA: RADIO JERUSALEM REPORTS THAT OFFICIALS IN ISRAEL ARE DISAPPOINTED, ALTHOUGH NOT SURPRISED, AT CANADA'S DECISION NOT TO MOVE ITS EMBASSY TO JERUSALEM.

17. (U) US AID TO ISRAEL: THE ISRAELI PRESS OCTOBER 30 CONTAINED SEVERAL STORIES REFERRING TO COMMENTS MADE BY THE STATE DEPARTMENT'S SPOKESMAN ON THE INTERVIEW GIVEN BY AID ADMINISTRATOR BERNSTEIN TO LEUTER. ON OCTOBER 25, DAVAR CARRIED THE MOST DETAILED ARTICLE, INCLUDING THE COMMENT THAT THE STATE DEPARTMENT "CONFIRMS THERE IS A LINK BETWEEN AID TO ISRAEL AND WITHDRAWAL FROM THE TERRITORIES."

18. (C) PLO-ITALY: EMBASSY ROME REPORTS THAT WHEN PLO OFFICIAL FARUC QADUMI VISITED ITALY THE FOREIGN MINISTRY INFORMED HIM THAT ITALY CANNOT RECOGNIZE THE PLO "JURIDICALLY" BUT WILL DO SO "POLITICALLY." A STATEMENT ISSUED BY FOREIGN MINISTER RALFATTI ACKNOWLEDGED THAT THE INVITATION TO QADUMI MAY BE CONSIDERED "DE FACTO" RECOGNITION OF THE NEECESSITY FOR INCLUDING THE PLO IN THE PEACE PROCESS.

19. (U) PLO-WEST GERMANY: ACCORDING TO REUTER, A WEST GERMAN SPOKESMAN CONFIRMED ON OCTOBER 29 THAT AN ISRAELI INTELLIGENCE AGENT WAS PERMITTED TO QUESTION FOUR PALESTINIAN GOURDILLAS IN A MUNICH PRISON. PLO REPRESENTATIVES IN GERMANY AND GERMANY HAVE THREATENED TO TAKE SOME SORT OF RETALIATORY ACTION AGAINST WEST GERMANY.

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21. (U) CHINA-LEBANON-PLO: REUTER REPORTS THAT PRC DEPUTY FOREIGN MINISTER HAO YING ARRIVED IN BEIRUT ON OCTOBER 29 FROM OMAN FOR TALKS WITH LEBAANESE FOREIGN MINISTER FUAD BUTROS, ARAFAT, AND OTHER PLO LEADERS. VANCE
WE ARE NOT SURE OUR OPERATION AGAINST YEVGENY NOBEEVICH NOBEL WAS WELL CONCEALED. IT APPEARS THAT OUR RELATIONSHIP WITH YARIR VATER IN TEHRAN DID NOT SUCCEED IN ESTABLISHING A RELATIONSHIP WITH OUR TEHRAN OFFICER. THAT COULD BE EXPLOITED OPERATIVELY AGAINST ME OUT BEFORE OUR PCS DEPARTURE FROM TEHRAN. THE OPERATION DID ESTABLISH, HOWEVER, THAT IN AT LEAST ONE CASE, A QUIET INTL SERVICE PROBABLY HIGH TO IRAN AGAINST ISRAELI USING A JEWISH STAFF OFFICER (WHOSE AIRONYMIC WAS COMMONLY JEWISH). IT ALSO SEEN YEVGENY NOBELS AS A JEW RECRUIT AN ISRAELI BUSINESSMAN WHOSE OFFICE, FELIKS WEIRES OF VENZAN, IN CONTACT WITH HIM. EVEN NOW, NOZIKHAN IS OF ARMEANIA RATHER THAN JEWISH ORIGIN. THEN
2. Since it was surprising to the agent that the KGB might possibly drop an ILEARN that the GKB might possibly drop a member of the Israeli Department of Intelligence that he and his family were expected to know about, they decided to make a study of their operations in other Soviet Bloc operations. We identified a similar "Jewish operation" and found that it was targeted against Israel. The operation was apparently aimed at the Israeli government, who appeared to be a target of the operation.

3. Telecorrespondent Nikolai Ivanovich Kornik arrived in Tehran in late 1977 and was fluent in Persian and English. Although Kornik had not been involved in operations in Iran for some time, he was considered to be a reliable source of information on Iranian intelligence. He had previously worked with this individual and who had introduced Kornik to the Iranian intelligence community. Kornik had also been involved in operations against Israel in the past.

4. When Kornik arrived, he was asked by his Israeli government contact to travel to Tehran to meet with Kornik. Kornik had been asked to gather information on Israeli policies and to meet with "contacts friends." The Israeli government had threatened to travel in the next several weeks, when he said the trip must take place. However, when the Israeli government claimed prior commitments elsewhere, Kornik never did agree to the trip.

5. The Soviet State Committee for Foreign Economic Relations representative in Iran, Economic Director Alexander D. Shemyakin, arrived in Tehran in late 1977. While Kornik had warned about Shemyakin's activities during his previous tour, he was used by the KGB during this time.
PREPARED REPORT CLAIMS PBO TO ASSIST IN THE RECRUITMENT OF AN
ISRAELI FOR THE SOVIET TRADE MISSION. HE SPOKE FAMILIAR Farsi AND ENGLISH AT THE
MEETING. ALTHOUGH I MIGHT NOT HAVE BEEN UNUSUAL FOR THE KGB
TO HAVE CO-OPTED THE SERVICE OF THE SOVIET TRADE MISSION TRANSLATOR,
EVEN IF HE WAS JEWISH, 25 YEARS AGO TO AID IN THE RECRUITMENT
OF SOMEONE HE PRESUMABLY HAD NATURAL ACCESS TO, IT WOULD BE SIGNIF-
ICANT IF HE WAS AGAIN CO-OPTED BY THE KGB IN HIS PRESENT HIGH
POSITION. THERE ARE SOME INDICATIONS THAT HE WAS, AND THERE IS A
CHANCE WE MAY BE ABLE TO DEVELOP FURTHER INFORMATION. IF SO, YOU
WILL BE INFORMED IF IT PRESENTS THAT THE RIS ATTEMPTED TO USE
SHAKOVSKY'S JEWISH AND SOCIAL RELATIONSHIP.

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2. THE ONLY DESPAIR IS THAT MUCH OF OUR OPERATIONAL CAPABILITY
AGAINST TARGETS SUCH AS THOSE DESCRIBED ABOVE THAT COULD BE OF
INTEREST TO ISRAELI MASALS, AND DESPITE THE LATTER'S OWN LOSS OF
AN IRANIAN OPERATIONAL VAE WITH THE FLIGHT OF THE LARGE JEWISH
COMMUNITY THERE, WE ARE INTERESTED IN LEARNING MORE ABOUT THIS
APPARENT RIS TOG FOR OPERATING AGAINST ISRAEL, AND IF THE SOVIET
MENTIONED ABOVE, ANY CONTVTS OR INFO LINKED MAY HAVE BEEN WANTED.
WELCOME TO THE KABSTAN, AND KOROL. I WAS PURSUING IS SIVRAMP/Z
A PUBLIC HEALTH ACCESS AGENT, WHO WAS ALSO AWARE OF SIVRAMP/Z'S
CONTACT WITH KOROL. IN THE COURSE OF A NOVEMBER RATION 535765,
EXAMINATION, SIVRAMP/Z SAID HE HAD NEVER WORKED FOR JONAN
SERVICE, BUT HE DID ADMIT TO HAVING A FAIRLY CLOSE RELATIONSHIP WITH
A SOLOMON DYANE, WHO SUBJECT FILET COULD POSSIBLY BE AN ISRAELI IN
OFFICE. THERE ARE NO HIS TRACES ON DYSAN.

S. FILL 201-01-6599, 201-050 649,
201-01-5667, 201-3667744, RNV 27.5 679 DRV 001 BY 23.01.61,
ALL SECRET.

CDS CONTENT: IRANIAN AD E. PER HEADQUARTERS REQUEST
CHRAH 52754 (GLIDORDF ACT 1).

DIRECTOR 1.

SDITRAM 412599

SDITRAM 1/1 (T/1) WAS PAID SALARY/BONUS SUGGESTED PARA ONE REF TOTALLED RIALS 120,000. HE WAS MOST APPRECIATIVE.

PARA TWO REF ASSUMPTION IS CORRECT.

I MENTIONED THAT AFTER LONG BREAK IN CONTACT, WE MET TASS.

MOLY 2. KOROL ON 17 APRIL AT DEPUTY PM ETEZAM'S PRESS BRIEFING

SAID THAT WE WOULD WELCOME A CHANCE TO CHAT PRIVATELY WITH T/1.

SUGGESTED THAT THEY TAKE A TOLL TOGETHER ON KARIM KHAN-E-ZAND.

I THINK HRS ON 12 MAY WILL DISCUSS WITH T/1 AND FOLLOW-UP.

ADREE PRESENT SECURITY SITUATION WILL PERMIT EVENT CONTACT OF

FUTURE.

FILE: REFER, RVW 20/PRM, DRV 09C... ALL SECRET.

RE TV: REFER, RVW 20/PRM, DRV 09C... ALL SECRET.
A document page with text that is not legible due to the quality of the image. The text appears to be a mix of sentences and possibly a list, but the content cannot be accurately transcribed.
S: E REPRESENTS STAFF
C. E. TERMAN REPS. (SECRETARY AGING)

TO: SIGRID N. STORCH INFO TEL AWY.

WHEN WILL I TALK?

REF: E. WASHINGTON - 417-566
B. DIXON XV-227-45
C. TEL AMY 226-24

1. WANTED TO REVIEW RANGE OF POST/PRESENT CONTACTS AND PLAN
TO RECEIVING OFFICERS. SET APPRAISALS (T/1) MENTIONED IN PASSING ATAL
FOR KNOWLEDGE THAT HAS NEVER BEEN IN TOUCH WITH ISRAELI INTELLIGENCE
STATION KEY, THEY BE HELD ON THIS POINT, BUT BELIEVE BASED ON
SOCIAL SUPPORT, THIS STATEMENT IS NOT PREPARED TO BE HELD AT
TRIPS TO ISRAEL OR THAT JERUSALEM OPERATIONAL INFORM.
TWO BELIEVE THAT IN THIS IMPERFECT WORLD, SUBJECT WILL REMAIN
A MOUTH POINT UNTIL SHE IS IN BRIEFED ON HIS TRIPS IN DETAIL.
INCLUDING PAST IN NATURE WITH SOVIETS, RELATIONSHIP WITH SAVAK,
ETC. STATION IS PAKISTAN TO DO THIS IF HEADQUARTERS BELIEVES
THAT AVAILABLE THINKING IS INADEQUATE.

2. HOWEVER, SUCH PROPOSALS EXPRESSED NOT, SUGGEST
ENTIRE PROBLEM NEEDS ANOTHER BY NOT REFERENCING TO SOVIET PACKAGE
OF T/1 AT ALL OFFICIALS, AS WE OURSELVES LACK THE DETAILS.
ANY EVENT, IT IS TO STAY INSPIRED, IF POSSIBLE, TO SURFACING T/1 OPERAL
SOFTWARE TO尻G WITH EASIER LEAD IN THE HANDLING SITUATION.
SUGGESTION IS NOT TO PULL IN SPite OF A DISAPPOINTMENT AS IT IS LIKELY THAT T/1 WILL AGREE TO BE
IN BED WITH SOVIETS UNDER CHILL EYE OF ANTI-BLACK KURDISTAN
REGIME WHICH KNOWS POWER FROM THAN.

3. FILE REF: AMY X-24, CIP-97, 04, 15, SEC.

SECRET
3. AT ABOUT SAME TIME, PDOI TOOK SITRAMP, STATION ASSET WHO HAS BEEN RUN AGAINST FOR SOME TIME. THIS FACT, AND PITCH TO C/O, LED TO IDEAS OF PDOI AS KNOWN RIS (GRU BASED ON HIS PRIMARY INTEREST IN MILITARY MATTERS AND FACT THAT SITRAMP'S PREVIOUS SOV HANDLERS WERE KNOWN GRU).

4. PDOI CONTINUED MEETING WITH SITRAMP AND URGED (LATER DIRECTED) HIM TO TRAVEL TO ISRAEL TO COLLECT INFORMATION, SINCE SITRAMP IS IRANIANJEW. THIS IN TURN LED TO LENGTHY BUT UNRELATED EXCHANGE CONCERNING EQUITIES OF REPORTING THIS FACT TO
SECRET 02514 GST STAFF
CIIT TEL AVIV 153
TO: TEHRAN INTELLIGENCE
WINTEL INTEL
REF: TEHRAN 542 (WIT-575P)

1. WITH STATION CONCERN WISH TO PASS REF ON MISSION OF PASDARAO: ISRAELI ALLIANCE SOURCED TO A RELIABLE SOURCE.

2. NO FILE. ER 04 OUT OF DRY DEC. ALL SECRET.
SECRET
#9793
SECRET 5413252 DT 78 5093
CITE TEL AVIV 5078

TO: TEHRAN INFO DIRECTOR.

INTEL INTEL

REF: TEHRAN 54335 (N) 0743

1. WITH STATION CONCURRENCE WISH TO PASS REF ON AGREEMENT ON RESTRICTIVE INTERPRETATION OF ARTICLE 5.7. LIAISON SOURCED TO A SOURCE WHOSE RELIABILITY HAS NOT BEEN FROM AN INFORMANT.

2. NO FILE. RW 46 OCT TO DIP DOC. ALL SECRET.

SECRET

DT 50784
S E C R E T 0313142 AUG 79 DEP TED TELE POUR
CIDE WASHINGTON 488214.
TO: TEL AVIV INFO TEHRAN.
FM: WE/ISK INFO WASHINGTON.
SUBJECT: KH.COMPOUN D TARGETING IRANIAN INTELLIGENCE.
REPS: A. TEL AVIV 03105.
B. WASHINGTON 468334.

1. REGRET DELAY RESPONDING TO REP. WE WOULD BE
INTERESTED IN LEARNING THE NAMES OF THE TWENTY-FIVE MEMBERS
OF THE RESEARCH COMMITTEE WHO KH.COMPOUN D'S SOURCE CLAIMS
TO KNOW. SHOULD KH.COMPOUN D DESIRE TO PROVIDE THEM TO US,
WE ARE WILLING TO FURNISH THEM. SHOULD ANY OF THAT NUMBER
APPEAR TO HAVE ACCESS AND VULNERABILITIES AND BE ACCESSIBLE
TO US BUT NOT TO THEM, WE WOULD BE WILLING TO CONSIDER MOUNTING
AN OPERATION AND SHARING THE PRODUCT.

2. CONCERNING PARAGRAPH TWO OF REFERENCE, STATION WAS
CORRECT IN DIVERTING LIAISON FROM FOCUSING ON IRANIAN STUDENTS
IN THE U.S. AT THIS TIME WE HAVE NO LEADS TO SUSPECTABLE
IRANIAN STUDENTS IN EUROPE WHO WERE FORMERLY IN THE U.S.
IF WE DID, IT IS UNLIKELY WE WOULD NEED KH.COMPOUN D'S ASSISTANCE
TO EXPLOIT THEM. AS STATED IN REP B, HOWEVER, IF KH.COMPOUN D
HAS CONTACT WITH POTENTIALLY RECRUITABLE IRANIAN STUDENTS
OUTSIDE IRAN AND FOR ONE REASON OR ANOTHER NEEDS OUR
ASSISTANCE IN MAKING AN APPROACH, WE WOULD BE WILLING TO
REVIEW THE PROPOSAL AND CONSIDER A JOINT OPERATION.

3. FILM 11-5-77. WASHINGTON 498624.

#2303.
BI 3916172 AUG 79 STAFF

TIS 16 AVIV 29496

2. DIRECTOR INFO BEIRUT, KUWAIT, MANAMA, ABU DHABI, ADEN, MUSCAT, BANDAL.

WINTEL INTEL FG1

1. THE FOLLOWING IS A LIAISON REPORT ON A FATAH REQUEST FOR
INFORMATION ON AMERICAN TARGETS IN PERSIAN GULF. IT WAS PASSED TO
STATION ON 26 AUGUST 1979 WITH A DCP AUGUST 794—NO SPECIFIC DATE
AND SOURCED TO AN INDIVIDUAL CLOSE TO PLO CIRCLES IN THE MIDDLE EAST
AND RELIABLE.

"FATAH HQ DISPATCHED A SECRET REPORT TO ITS REPRESENTATIVES
AND HEADS OF OFFICES IN KUWAIT, ABU DHABI AND ADEN, REQUESTING TO
PREPARE WELL-TRAINED MEN AND TO OBTAIN INFORMATION ON CENTERS AND
OFFICES IN THE PERSIAN GULF CONNECTED WITH THE UNITED STATES SO
THAT THEY COULD BE ATTACKED SOON."

2. THE INFORMATION IS BEING MADE AVAILABLE IN THIS FORMAT DUE
TO ITS TIMELINESS.

3. NO FILE. RW 30 AUG 88, DEV DGP 2 BY 018630. ALL SECRET.

SIG R E T

BT

029496
S. E. C. B. 1

SECRET

JANUS

C-IN-CE

SEP 19

STAFF

RE: DIRECTOR S. E. C. B.

TO: TEL AVIV INFO DEPT.

RE: PRODUCED WEAPONS TO SYRIA AND THE PLO. WHO IS ON THE OTHER END OF THErance MEETING? BUT I SKEPTICAL ABOUT REFUGEE STATUS BASED ON THE COMMENTS BELOW AND NEXT STATION USE IN DISCUSSIONS ON LIAISON AND IN SCREENING FUTURE REPORTS ON THIS SUBJECT.

REGARDING THE POSSIBLE TRANSFER OF IRAN-PRODUCED WEAPONS TO SYRIA AND THE PLO, WHO IS ON THE OTHER END OF THE CALLING MEETING? BUT I DOUBT THE REFUGEE STATUS BASED ON THE COMMENTS BELOW AND NEXT STATION USE IN DISCUSSIONS ON LIAISON AND IN SCREENING FUTURE REPORTS ON THIS SUBJECT.

FIRST, WE DOUBT SERIOUSLY THAT IRAN IS REALLY CONSIDERING TRANSFERRING ANY OF ITS MAJOR WEAPONS TO SYRIA. ALTHOUGH SOME IRANIAN OFFICIALS MAY HAVE MENTIONED ABOUT THE IDEA, TRANSFERRING ANY WEAPONS NOW WOULDopardize IRAN'S MILITARY-JOURNAL RELATIONS WITH THE U.S. SOMETHING PROFESS ORABIZING THAT THE U.S. ONLY RECENTLY AGREED TO SELL IRAN 100 MILLION DOLLARS WORTH OF SPARES AND ADDITIONAL IRANIAN GOVERNMENT'S REQUESTS, IT APPEARS THAT THE JSCHIJIN WITH THEIR EXPERIENCE OF THE LARGE U.N. ARMS TRANSFERS UNDER AND THIS

SECOND, THE U.S. WOULD ALMOST CERTAINLY NOT ALLOW THE TRANSFER OF ARMS FROM IRAN TO EITHER SYRIA OR THE PLO. IF IRAN WENT THROUGH AN ILLEGAL CHANNEL TO DO SO, THE INTRODUCTION OF U.S.-PRODUCED WEAPONS INTO SYRIAN INVENTORIES COULD WELL CAUSE TROUBLE FOR THE LAWFULLY SOVIET-SUPPLIED SYRIANS. FURTHERMORE, THERE ARE INDICATIONS THAT THE SYRIAN ARMY AGAIN RECEIVING MORE SOVIET ARMS AT A STEEP RATE, INCLUDING ADVANCED ITEMS SUCH AS T-72 TANKS AND MIG-21 AIRCRAFT, WITH WHICH THE SYRIANS WILL HAVE THEIR HANDS FULL.

THIRD, WE FIND IT ALMOST INCONCEIVABLE THAT THE
THE FOLLOWING IS A PRELIMINARY REPORT FOR A DISCUSSION BETWEEN OUR OFFICER ON IRAQ AND THEIR REPRESENTATIVE. IT IS BASED ON OUR ANALYSIS OF THE RECENT DEVELOPMENTS IN IRAQ. THE REPORT COMBINES THE POINTS AND ARGUMENTS PUT FORWARD IN THE RECENT MEETINGS WITH THE RECENT DEVELOPMENTS IN IRAQ. THE REPORT WILL BE FURTHER REVISED BASED ON THE DISCUSSION AT THE MEETING.

Regardless of whether they are home-grown or are caused by outside influence, the following developments, which might be inter-related, could have a significant change:

1. Exacerbation of the political struggle, especially confrontation with the organized left, or by and especially political involvement on the part of the Islamic societies depart from the scene.

2. Deterioration of the economic situation caused by the export of oil and the consequent income from such export.

3. Riots among separatist ethnic minorities, especially when it occurs simultaneously in the Kurdish region and the southeastern province of South East.

This report seeks to characterize the process of the consolidation of the revolution and to assess the strength and the vulnerability of the Khomeini regime. Consolidation of the regime.

4. A revolution in any sense of the word took place in Iran at the beginning of the year. Not only did the Shah's regime fall, but the entire social-political structure was overthrown, and broad-based programs for social change were set in motion. However, the new government is faced with enormous challenges, and it has made significant progress in areas such as the economy and education. The government is also trying to reassert its control over the country, which has been weakened by the revolution.

5. The banner of change has been borne by the hierarchy of the Islamic Republic. This has been particularly evident in the person of the leader, Ayatollah Khomeini, who has been a revolutionary figure with an ideological basis that has gained widespread support.

6. The contents of extremist religious leaders along with the
9. AT THIS STAGE THE REGIME'S STRENGTH LIES IN THE FOLLOWING:

A) KHOMEINI'S PERSONALITY AND THE MOMENTUM OF THE REVOLUTION - THIS MOMENTUM RESTS ON BOTH: KHOMEINI'S DOMINANCE AND HIS SACRED PERSONALITY AND THE REVOLUTION'S RELIGIOUS ROOTS. IT IS ORGANIZED BY A HIERARCHY FROM THE LEVEL OF LOCAL COMMITTEES TO THE REVOLUTIONARY COUNCIL. THESE ARE CAPABLE OF MOBILIZING THE masses, especially among the rural population, and can rely on vociferous support. Despite the fact that the revolution was a popular uprising, KHOMEINI IS STILL CAPEABLE OF RECALLING MANY SUPPORTERS OF THE REGIME. KHOMEINI MAKES FOR THE LEGITIMACY, NOT THROUGH A CONSTITUTION THAT IS STUCK TO THE MASSES, BUT FOR THE FIRST TIME FROM A DEMOCRATIZATION.

B) TRANSIGENCE OF THE REGIME ALONGSIDE THE PRACTICE OF COMPROMISE, RESOLVE AND ADJUSTMENT TO THE REVOLUTION.
C) LACK OF ORGANIZER OPPOSITION - KHOMEINI'S REGIME.

To a certain extent, derives benefit from the vacuum that existed. He did not yet have an organized opposition to challenge him. Most of the previous opposition was now in power and the feudal regime did not turn into an opposition because it was caught up in the country. Elements recently opposing Khomeini, such as the left and armed groups, are not united and have turned into an opposition not by their own choice but as a result of Khomeini's oppressive measures. Neither than because they cross to challenge the regime. Figures like Hashemitab, Matin, and Maimon may not agree with Khomeini's policies, but they are not capable of forming a popular movement that would be a real counterweight to his regime. Furthermore, the fact that the army, after being humiliated, supports the regime and the revolution (although far from unresponsible) helps Khomeini as long as the fact that the army is still relatively weak.

D) OIL REVENUES. The continued revenues from oil (higher than $2.3 billion per year) and a boost to the Iranian economy and easily compensate for the economic difficulties which are created by the revolution. The Khomeini regime functions and the feeling of financial constraints and it is to the regime to finance its various expenses without necessarily having to rehabilitate the economy. The economic problems continue in the economy, thus cushioned by the oil revenues, do not appear
AGAINT THIS THERE ARE ACTUAL OR POTENTIAL HICK-POINTS AND VULNERABILITIES WHICH MAY ENERGIZE THE REGIME. PROVINCENT AMONG


GOVERNMENT WAS REACHED, THERE BEGAN A PROCESS OF DISTRAGRATION IN THE REGIME, WHICH WAS NEEDED AND ORGANIZED RESISTANCE AGAINST THE REGIME. HOWEVER, THE PROCESS IS REFLECTED IN

RELIGIOUS AND POLITICAL MOVEMENTS, INCLUDING THE CONSTITUTION, AND

THE RELIGIOUS COMMUNITY, WHICH IS BEGINNING TO SHOW UP

B) THE TERRORISM AND REPRESSION WHICH THE REGIME USES AS A CONSTRAINT ON THE RIGHTS OF CITIZENS. THE LEFT IS BEING PERSECUTED

241
AND THE FIERCE ARMED GROUPS CONVINced WITH THE FACT THAT THE MILITARY THE SITUATION WAD AN ELEMENT IN THE DESTRUCTION OF THE REVOLUTION AND THE MANY MANIFESTS CULLED THE SOVEREIGN TRAPP PARTY, PARTICULARLY IN THE VARIOUS SECTORS HAS BEEN EXPRESSLY OR DIRECTLY CONSTITUTED." WAS THE URBAN POPULATION AND NUMEROUS EXCEPTIONS TO THE FACT THAT SO MANY PEOPLE ON THE OTHER HAND, PARADOXICALLY ENOUGH IT COULDN'T EXPRESS THEIR DEEP FEELING FOR INCOMPATIBILITY, WHICH PROMPTED "OPPOSITION"

AND IT'S CLEAR THAT IT DEPLETED THE RANKS OF THE INTERIOR, OPPOSITION

SHORTCOMINGS OF GOVERNMENTAL CONTROLS AND THE CRISIS ITSELF OFFERED TO BE

ADDED "EXPRESSIVE MEASURES." FROM THE BEGINNING THE REVOLUTION WAS UNDER THE CONTROL, TORN BETWEEN THE CABINET AND THE REBELLION, TOO

COUNCIL. AND THIS DETRACTED FROM ITS ABILITY TO FUNCTION AWARE

WHILE IN THE SAME TIME THE SIGNS OF GOVERNMENTAL DESPERATIONLOCKS AND STRUGGLES FROM THE REVOLUTION REMAINED.

THE WAR BATTLE GROUND RESULTED FROM THE REVOLUTION REMAINED.

THE WEAK BATTLES GROUND RESULTED FROM THE REVOLUTION REMAINED.

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THE WEAK BATTLES GROUND RESULTED FROM THE REVOLUTION REMAINED.
ECONOMIC WEAKNESS AND VULNERABILITY OF THE OIL INDUSTRY

The events of the revolution brought with them the economic weakness and vulnerability of the oil sector. Production of oil has been disrupted and slowed down, and there is a potential threat from neighboring Iraq and effectively a threat from neighboring Iraq and effectively a potential threat from neighboring Iraq. The oil industry has been disrupted and slowed down, and produce output and production of oil has been disrupted and slowed down in the past months. The Iranian economy is relatively weak, and any future disruption of oil production could bring about a deterioration of the condition. This may be the most dangerous of the potential consequences that the regime has to cope with.

INTERNAL AND EXTERNAL OPPOSITION

The formation of a new government which could oust the Shah may bring about the formation of a new government which could oust the Shah may bring about the formation of a new government which could oust the Shah may bring about the formation of a new government which could oust the Shah may bring about the formation of a new government which could oust the Shah.
AND THE ARMED UDDIST GROUPS HAVE BEEN PERSECUTED AND SITIVATED.

ACTION ELEMENTS, AND THERE ARE SEVERAL MAJOR ORGANIZED

ACTIVITIES. FILATIONS OF THE RELIGIOUS ELITES HAVE OPENLY

STATED THEIR INTENTIONS TO TURN THE ARMED FORCES INTO SUCH A POSITION.

ACTIVITIES OR TREACHERY OR CONSPIRACY AGAINST THE REVOLUTION.

CRUMBLING BY ARMY PERSONNEL, WHETHER IN REGIMES OR THE BASE,

CARRIED OUT BY THE REVOLUTIONARY GUARDS OR AGAINST THEM COULD CARRY

OF THEIR MISSION TO PUT DOWN THE KURDISTAN REVOLUTION. ALSO RUN

THEY ARE NOT EASY TO JOIN ORGANIZE INTO A BROAD FRONT, MUCH LESS THAT THEY ARE THE SUFFICIENT

JOINING OF THE ARMY. IT IS IMPOSSIBLE TO RELIEVE THE SOMETHING HERE. IT IS ALSO IMPOSSIBLE TO ENJOY, BY DEFAULT, THE LACK OF ANY ORGANIZED OPPORTUNITY

IF THE ARMY, THOUGH STILL IN DISEMBARRAS, IS POTENTIALLY

SUFFICIENT ELEMENT IN THE POLITICAL ARENA. THERE ALSO COULD BE A

STRENGTHENED CURRENT OF CRITICISM AND DISCONTENT. THERE IS NO DOUT

THERE ARE SIGNALS OF CRITICISM AND DISCONTENT.

THE ARMY AND THE OTHER OPPOSITION GROUPS COULD ENDANGER THE REVOLUTION.

IN ANY EVENT IT IS DIFFICULT TO SEE THE ARMY AS A BODY WHICH WILL

RESTLESSLY LOCAL TOWARD KURDISTAN AND HIS PART IN A LONG

MANNER TO THE ACTIVITIES OF THE ANTI-RELIGIOUS LIQUIDATION.

FORCED TOWARDS THE ARMY AND ALSO MUST WATCHING

ORGANIZATION, APOSTATE, AND ALSO MUST WATCHING

EXTERNAL THREAT-SOVIET UNION. IT IS POSSIBLE THAT

THEM TO COLLISION COURSE IN THE RELATIONS WITH

THE KURDISTAN UNION AND/OR THE OTHER COUNTRIES IN THE AREA. THE

SOVIET UNION ALREADY HAS A INTERESTS IN THE VARIOUS SHIITE MINORITIES

OUTSIDE IRAN, HOWEVER AS YET THERE STILL SEEMS TO BE MUTUAL IRRANIAN

INTEREST NOT TO LET THIS RELATIONS DETERIORATE

ARE HAVING UNTIL RECENTLY RESTRAIN

SAME GOES FOR THE SUPPRESSION OF THE TUDA AND KHALIFAT'S

WITH REGARD TO THE SUPPRESSION OF THE TUDA AND KHALIFAT'S

SUFFICIENT REASON TO BE CONCERNED OVER

SUFFICIENTLY RECENTLY MOSCOW BEGAN REVEALING HER

SUFFICIENTLY TO THE INDIAN CEASEC ESPECIALLY WHEN SEE

THAT REGARDING THE RELATIONS ARE IMPROVING. IT IS POSSIBLE

IRANIAN-PAKISTAN RELATIONS COULD TURN TO THE KURDISTAN

WHICH RELIES ON THE TAUFA-1 MASSEULS WITHIN HER POWER TO

THAT
The revolutionary momentum continues, with Khomeini's regime now firmly in place. The challenge of daily problems of control and the management of the 1979 upheaval remain. Khomeini's regime is now serving the country, but the revolutionary ferment and the desire for a religious order have yet to be fully realized. The new constitution is still in the distant future, and its implementation will take time. In the army, and among the religious leaders, there are strong personalities who may be considered for leadership roles. The situation looks promising.

It is just because of the fact that Iran is a country in transition, and the new regime has not yet consolidated itself, that it should not be prematurely concluded that there is no hope for change. The sensational establishment of a new regime can only be accompanied by significant changes in society. The establishment of the political struggle, which depends on the extent of the community of opposition bodies, on the extent of the activities of the regime, and on the mobility of the organized army, in political life, and on the new regime of organized society, especially in the potential for change. The situation in which the struggle could be brought into the religious circles is not yet clear, and it is difficult to predict what the future holds for the revolution, first and foremost if caused by the
PAGE 316.

A new wave of unrest has emerged in Iran, primarily due to declining oil exports and consequent economic strain. The regime's development could severely undermine any support which at present remains from the urban sector.

1. Simultaneous rebellion of the minorities, especially if it occurs in Kurdistan and Khuzestan, under such circumstances could also be an economic deterioration in描述.

12. As present, the regime's economic situation appears to weaken, and there is no immediate danger that the regime will rapidly lose its relative stability which it has achieved. However, the consolidation of the revolution is far from being complete; the consolidation of the revolution is far from being complete. The regime is in more than one way. It is in a race against time. Some enterprises and in more than one way. It is in a race against time. Some enterprises are in more than one way. It is in a race against time. Some enterprises are at risk. The regime could affect it if it will not further consolidate its grip on the government. Should these enterprises and developments come to pass, or even if there should be a deterioration in the current situation, chaos could return, in the course of which the main political forces will probably engange in a battle for control. The political forces will probably engage in a battle for control.

13. Points for discussion

1. Main points of debate in the council of experts.
2. Details of the debate in the council of experts.
3. Close the constitution; positions taken, leading figures.
4. Presentation of the position of the regime within the armed forces.
5. Extent of dissatisfaction within the armed forces.
6. Extent of the involvement of opposition groups; the Islamic, the secular, the communist, etc.
7. The role of the USSR, the Soviet role, the Western role, the Middle East role, etc.
8. The strength and potential of opposition groups.
9. The nature, scope of unrest among local groups.