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25 October 1973

MEMORANDUM

SUBJECT: Prospects For (A) US Relations with the Arab States Following a Cease-Fire
 (B) Meaningful Negotiations between the Arab States and Israel

A. US Relations with the Arab States Following a Cease-Fire

An effective cease-fire of and by itself will not work a significant improvement in US-Arab relations, even though it temporarily alleviates some of the difficulties of those Arab states in which there remains a significant motivation for preserving special relations with the US.

In the Arab view, the burden of the "struggle" has now been passed from the principal "confrontation" states--Egypt and Syria--to the governments who wield the oil weapon, particularly Saudi Arabia and the major Persian Gulf producers. This shift from military action to oil has been a central element in Egypt's overall planning for the "battle" against Israel; the rapprochement between Sadat and King Faysal in the weeks before the outbreak of war put the Saudi seal on this conception. From all reports, Faysal intends to take up his role to the best of his ability, even though he is liable to be upstaged on occasion by irresponsible elements like Shaikh Zayid of Abu Dhabi, the first ruler to embargo the shipment of oil to the US rather than simply cut back production. Faysal therefore intends to keep the pressure on the US, and even turn it up, until a result favorable to the Arabs has been achieved.

Among the further specific actions that the Saudis and other Arab governments could take are

-- a boycott of US goods and contractors, possibly selective at the outset; the present Arab boycott of foreign firms doing business with Israel could be revived and modified to serve current war aims.

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-- to differentiate more sharply still between the US on the one hand and Western Europe and Japan on the other in applying the oil embargo.

-- outright nationalization of US oil companies, e.g., Aramco and Gulf Oil in Kuwait.

-- a determined effort in the international money market to weaken the US dollar.

-- a shift in arms purchases by governments that normally have bought their major equipment in the US; there is considerable agitation in the Jordanian army on this score, and before the war there were clear signs that the Saudis were moving in this direction.

-- fuller cooperation between Arab governments and fedayeen terrorists.

-- to deny overflight rights to US civil and military aircraft.

There are constraints on the enthusiasm and persistence with which these measures would be undertaken by governments with a history of good relations with Americans. Fear of Soviet gains will deter moderate leaders from actions that might permanently rupture relations with the US. An anti-US boycott denies the Arab oil producers in particular skills and technology that they acknowledge are superior to what can be obtained elsewhere. Nationalizations ahead of schedule, like a boycott, are likely to bring technical difficulties in their train. Playing the money card would entail high costs for those governments--and this includes the principal oil producers--that maintain large balances in dollars. There are manifold problems for the buyer in a quick shift of arms purchases that is more than symbolic. Cooperation with the fedayeen is a high-risk policy over the longer term, especially for conservative Arab leaders, who also recognize that terrorism abroad is on balance counterproductive for the Arab cause.

→ // Nonetheless, if the cease-fire does not result promptly in negotiations that give promise of movement toward at least the immediate Arab objective--acceptance by Israel of the principle of withdrawal from the territory occupied in 1967--these courses will be considered seriously by those governments

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that have a capability to effect them. Pending the opening of negotiations, the emotional mood of Arab leaders is such that none will feel able or even wish to lift the anti-US restrictions that have been instituted since October 6.

Assuming that the cease-fire does result in the opening of negotiations, the evolution of Arab relations with the US will depend mainly on two factors: the way Arab leaders perceive the objectives of the US in the negotiations together with the style in which we play our role; and the perception that Arab leaders, particularly the more conservative ones, develop regarding the role of the Soviets.

The US is already identified as Israel's second; the question in Arab minds will be what else is the US prepared to be? Faysal, who in this context is even more a key figure than Sadat, must assume that the US wants to repair its relations and protect its interests in at least his part of the Arab world. His pressures are directed toward accentuating that kind of interest on our part. Our co-sponsorship of the cease-fire was a start. He will be looking for more signs--not merely assurances--that our objectives go beyond the protection of Israel. Initially, he will look for these signs in the style of our approach--whether we are perceived to be really willing to put leverage on Israel to enforce the cease-fire; whether we are seen to be working toward a "just" settlement or merely a restoration of the status quo ante October 6. To the extent that Faysal and other leaders are impressed by what they perceive, our relations will ameliorate, but not quickly. Indeed, initial evidence that the US is moving in their favor may well lead them to turn some of the screws a little harder in some cases--their strategy will seem to be working. The long term attractions of a good and useful relationship with the US will take time to make themselves felt again.

It may be argued that the US could turn this situation around by signalling to the Arab oil governments that we could play no constructive role in negotiations between the Arabs and Israel while we were under duress. This would come as a shock to those, like Faysal, who still believe that the US-Arab relationship can be beneficial. But the move would nonetheless be perceived as a bluff, and an illogical one at that. The Arab leaders simply cannot believe that the US

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can be driven further into the Israeli camp; in their view only an irrational disregard of true US interests has put us where we are. The only remedy, as they see it, is to keep hitting us until we wake up.

Paradoxically, our co-sponsorship with the Soviets of the cease-fire resolution--implying an acceptance of a legitimate Soviet role in the Middle East--may enhance the attractions that a resumption of good relations with the US has in the thinking of Arab leaders, again especially the conservative ones. In King Faysal's mind, the evils of Zionism are equalled only by the dangers of Communism. To the extent that the present situation in the area appears to be bringing gains for Soviet influence, the Saudi leadership, and to some lesser but still significant degree the leadership of virtually all the Arab states, will be concerned that US influence be preserved as a balancing element. For example, the Saudis probably greeted with some relief the US refusal to join the Soviets in placing a truce force in Egypt. While the Saudis of course want the cease-fire enforced, they will not want it done in a way that brings back a Soviet presence of the sort that they had thought removed in July 1972. The Egyptians basically feel the same way; hence their request for US as well as Soviet troops. Actual US-Soviet cooperation in the Middle East would dismay conservative quarters (and alarm Qadhafi, with his ultra-Islamic perspective), and this would encourage movement to repair relations with the US camp. This would be a somewhat longer run effect, however; the immediate impact is likely to be small.

In sum, our relations with the Arabs in general are likely to stay bad for some time before they get better; the diplomatic and economic heat will be kept on while the Europeans and the US East Coast get colder. Relations will improve earlier--but still not very soon--if the US can demonstrate in the negotiations that it sits other places as well as in Israel's corner, and, less directly, if Soviet gains frighten the conservative Arab leaders.

B. Prospects for Negotiations

Whatever the chances are for getting meaningful negotiations going, they will diminish rapidly the longer a beginning is delayed.

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At present, the Arabs' self-image is high despite the realities of their military positions in Egypt and Syria. The mere fact that "the Arabs" fought bravely and in some sense successfully--that they really did knock out Israeli tanks and shoot down Israeli Phantoms on a significant scale--opens, slightly and probably only for a moment, doors to negotiation that have been psychologically closed for at least six years. There is a wisp of an opportunity for beginning direct talks between Egyptians and Israelis on prisoner exchange and humanitarian resupply of the Egyptian Third Army on the southern sector of the Suez front.

Beyond this very immediate and admittedly chancy opportunity, there are some new elements in the situation that may promote negotiations, again if the process can be started quickly.

One is Sadat's need to show some political gain for his military effort before disillusionment with Egypt's actual achievement sets in. Sadat's objectives have not changed: he is still out to obtain Israeli withdrawal to the pre-June 1967 border at as low a political price as he can pay. But he is prepared to pay; he probably does not trust the efficacy of the "oil weapon" and he needs results now. He cannot abandon his objective, but he can show a good deal of flexibility in how it is gained. He is keeping his relations with the US open for this purpose, and despite the help and advice of his Soviet second he still expects that the US will be the source of a solution to his problem. Delay will not only complicate his situation domestically, but will also give time for inter-Arab pressures and psychoses to work. The Syrians already think that the Egyptians have done less than they could; the Syrians and the Iraqis may soon make this known in unhelpful ways. At their most flexible, neither the Syrians nor the Jordanians can be expected to make any move before Sadat does.

On the Israeli side, there is at present a more acute sense of Israel's dependence on American support than ever before. The Israeli leadership may well calculate that the extent to which the US has assisted them so far and the tenor of American domestic opinion make the US a prisoner of Israel, but they cannot be sure; the dimensions of the energy crisis and its impact on US policy in Europe as well as at home are

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not precisely known to the Israelis. In this uncertainty the US has some leverage we do not ordinarily possess.

Israel's sense of dependence may make Israeli leaders more interested in international--and specifically US, but under no circumstances UN--security guarantees than they have been since 1967. This opens the possibility that they might be willing now, while still in shock from the actuality of war, to trade some territory for such guarantees. This mood, in the sense that it promotes negotiations, is not likely to last. Already there is a strong tendency in Israel to argue that the cost of the war demands that Israel have a strategic situation that will not only assure Arab defeat but will forestall the possibility of Arab attack, however unrealistic this notion may be. At the moment, this line of thinking might translate into acceptance of serious international (not UN) forces in Sinai. As time passes, however, it is more likely to take the form of a demand that Israel give up nothing in the way of territory and obtain guarantees from the US.

On both sides, the sense of compelling interest in some kind of arrangements more satisfactory than those of pre-October 6 is likely to dissipate rather than increase with the passage of time, and the old entanglements--the meaning of "peace," the future of the Palestinians, the precise arrangements for Israeli shipping, the control of the fedayeen--will resume their importance as insuperable obstacles to meaningful negotiations. Unless a beginning is made now, the elements of the Arab-Israeli situation will tend to shift back into a pattern of intractability, leaving the US, Western Europe, Japan, and the Soviets groping grimly to reduce their losses or trying to make marginal gains at each other's expense.

As for the Soviets, we believe that their agreement to support a cease-fire was closely linked to Moscow's expectation that negotiations on broader issues would get underway quickly. In private and public comments prior to Secretary Kissinger's visit, Soviet officials emphatically endorsed the Arab position that there had to be an Israeli commitment to withdrawal from all the territory occupied in 1967 before the cease-fire went into effect. Changing Arab military

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fortunes in the period immediately prior to Secretary Kissinger's visit and the visit itself caused the Soviets to back off from their insistence on an Israeli commitment prior to a cease-fire, but there is no suggestion that Moscow is not interested now in carrying through on the points in the US-Soviet agreement to get negotiations on the broader issues started "immediately."

Basically what the Soviets want from the negotiations is to take an active part that would assure them a continuing role in the Middle East and credit from the Arab states for any territory that is regained. Surely, Moscow will start by supporting the Arab position that "all" territory taken by Israel in 1967 be returned to the Arab states. During the negotiations, Moscow is unlikely to depart significantly from the Arab bargaining position. The Soviets have consistently held that Israel should be allowed to exist and that all states in the area should have secure and recognized boundaries. Any territorial alterations in the 1967 lines acceptable to the Arabs would be acceptable to Moscow, but the Soviets would not exert much if any pressure to get the Arabs to be more forthcoming. The Soviets probably would be willing to play an active role on the ground, e.g., by furnishing peace-keeping elements.

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