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3			
4			
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NATIONAL INTELLIGENCE DAILY CABLE

Friday 16 June 1978

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## ISRAEL-EGYPT: Debate on Negotiations

[ ] The Israeli cabinet remains divided over how to respond to US questions concerning eventual sovereignty over the West Bank and the Gaza Strip and arrangements for Palestinians in these areas to express their views. The next and perhaps conclusive cabinet debate on these issues will be held on Sunday. Prime Minister Begin may seek to rally support for some compromise formula acceptable to hard-liners and moderates alike in order to avert an open cabinet split that could weaken his capacity to provide strong leadership on peace issues. President Sadat, for his part, is stressing the need for Israeli concessions but he is vague about what Egypt will do if these are not forthcoming.

[ ] Begin apparently has not yet formally committed himself to any proposal but has remained above the debate while assessing cabinet sentiments. According to the Israeli press, Minister without Portfolio Chaim Landau, Foreign Minister Moshe Dayan, and Defense Minister Ezer Weizman have proposed different responses to the US queries.

- Landau, Begin's confidant, is said to support the Prime Minister's original plan that would permit some sort of "review" of the sovereignty issue after Begin's plan for limited Palestinian self-rule had been allowed to operate for five years.
- Dayan allegedly favors negotiations with Jordan and Palestinian representatives from the West Bank and Gaza to reach a final decision after five years. Dayan also believes Israel should seek acceptance of as many elements as possible in Begin's autonomy plan, including a continuing Israeli military presence, rejection of an independent Palestinian state, and agreement that Israelis can continue to settle in the West Bank and Gaza.

-- Weizman is said to advocate a vaguer and more open-ended proposal providing only that a final decision be reached after five years through negotiations with Jordan, Palestinian representatives, and Egypt.

[ ] Landau presumably enjoys strong support among cabinet hard-liners from Likud and the National Religious Party. Dayan, for his part, has few friends in the cabinet. If his proposals are to carry weight, Begin would have to give them his strong personal blessing.

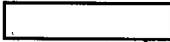
[ ] The four ministers of the Democratic Movement for Change probably favor some modifications in Begin's plan and, unless they present some ideas of their own, might support Weizman as they sometimes have done in the past. Without the additional backing of Finance Minister Simcha Ehrlich, leader of Likud's liberal wing, and moderates in the National Religious Party, however, Weizman would be unlikely to push vigorously for an alternative to Begin's plan. Since his unsuccessful political challenge to Begin a few months ago, Weizman has assumed a low profile and has sought to avoid further antagonizing Begin's influential supporters in Likud.

[ ] The Prime Minister may be considering an alternative plan said to have been circulated among cabinet ministers that combines elements from the other proposals. This plan declares that Israel will be prepared to discuss a permanent resolution of the West Bank - Gaza sovereignty question after five years if "mutual agreement" among the parties involved can be reached. As long as no new arrangements can be arrived at, Begin's autonomy plan will remain in force.

[ ] Although a number of Israelis clearly have reservations about Begin's negotiating tactics, most do not believe that there is any compelling reason for him to offer major new concessions at this time, and they apparently do not expect him to do so. In their view, as long as Sadat is sincerely interested in reaching a settlement, no harm can result if Begin continues to move slowly and cautiously in negotiations.

[ ] In a series of addresses last week to military units based at the Suez Canal, President Sadat strongly implied that Israel would have to put forward new, positive elements in its answers to the US, if the possibility of direct negotiations

is to be kept alive. He was less clear, however, about what Egypt would do if the Israelis fail to open new avenues for negotiations. In one speech, Sadat warned that, if there were no change in Israel's position, it would be "futile" to continue talks, but he later took a more cautious line, reminding his audience that the peace process needs more time.

 Sadat and the Egyptian media have been particularly direct in laying responsibility for continuing negotiations at the US door. In a widely publicized interview last week, Sadat stated that President Carter has chosen not to pressure Israel at this time but could do so at any time, with results. Egyptian correspondents in the US are predicting that the US is on the brink of taking a "highly active" role in the peace process; speculation has included the possibility of a US arms embargo against Israel and of a US-Egyptian summit by mid-summer.

