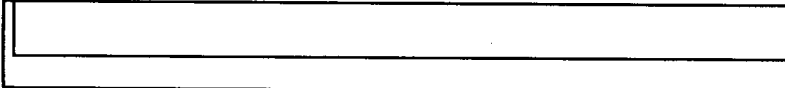
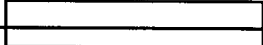


ARAB STATES - ISRAEL: Cease-fire violations were reported from both fronts yesterday.

Damascus charged that Israeli aircraft attacked Syrian positions yesterday morning in the central and southern sectors of the front, using what the Syrians described as Shrike missiles; the Shrike is a US missile used to destroy radars. The Syrians claim to have repelled the attacks, while an Israeli spokesman contended he had "no information" on them.



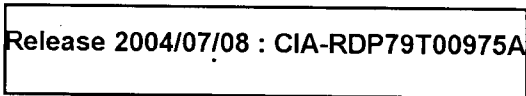
The Syrian

front has been relatively quiet since the cease-fire, and this attack is the first major violation thus far reported.

On the Egyptian front, an Israeli military spokesman reported one minor incident in the Second Army sector yesterday and two others in the Third Army area. According to the Israelis, the Egyptians initiated all three incidents but broke contact when the Israelis opened fire. No casualties were reported. A UN observer also reports seeing an Egyptian SAM fired at an aircraft near the Little Bitter Lake.

The Israelis have agreed to permit an additional 50 trucks with nonmilitary supplies to pass through their lines to the encircled Egyptian Third Army. This will bring to 175 the number of trucks which the Israelis have allowed through. Elsewhere in the southern sector, however, UN observers report that the Israelis have dammed the Sweetwater Canal outside Suez City. Stagnant fresh water remains in the canal and is drinkable with suitable treatment, but will become less so with time because the canal is used for sewage.

Israel announced yesterday that 1,854 Israeli soldiers had been killed during the war, and that an almost equal number of wounded were still hospitalized. The Israelis previously had not disclosed casualty totals, except for an announcement on 15 October that



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656 soldiers had been killed in the first eight days of fighting. While the public has suspected heavy casualties, these figures--three times the total during the 1967 war--will be a shock in casualty-sensitive Israel. The figures could have a sobering effect on those favoring a renewal of the war, and Prime Minister Meir may be trying to prepare the public for some Israeli concessions.

At the UN, there is growing pressure for a formal meeting of the Security Council--possibly as early as today--on Israel's failure to pull back to the cease-fire lines of 22 October. The nonaligned states, particularly Kenya, seem to be the chief agitators for a public session. Movement toward a Council meeting is no doubt intended to bring pressure on the US. The nonaligned states used this tactic before the cease-fire and are apparently employing it now to underline the Arab message that there must be some positive developments from Secretary Kissinger's Middle East consultations.

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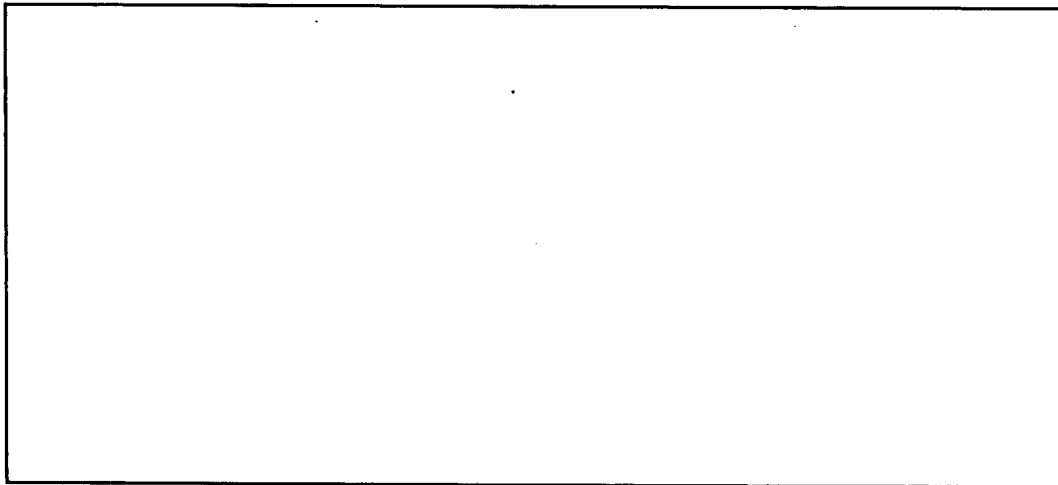
Arab countries. The separate travels of Presidents

7 Nov 73

*Central Intelligence Bulletin*

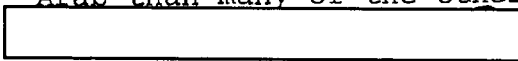
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Qadhafi and Boumediene in recent days were probably intended in part to consolidate plans for the Arab summit conference which Qadhafi is urging and Boumediene may host in the near future. In addition, Boumediene's call for a summit meeting of Organization of African Unity countries has been answered favorably by all Arab member states and several key African nations; Boumediene may hope to hold this conference as well in Algiers immediately following the Arab summit.



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The foreign ministers of the nine EC countries, meeting in Brussels, issued a joint declaration on the Middle East yesterday that leans slightly toward the Arab side. The declaration calls on the forces of both sides to return immediately to positions occupied on 22 October, and urges that negotiations take place within the UN framework. The statement did not, however, charge Britain and France, as Security Council permanent members, with representing the EC nine, probably because the two are more pro-Arab than many of the other EC members.



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7 Nov 73

Central Intelligence Bulletin

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INTERNATIONAL MONETARY DEVELOPMENTS: The dollar continued to strengthen sharply in active trading on major foreign exchange markets yesterday, rising to its highest average level relative to the other major currencies since 7 June 1973.

The dollar has appreciated most against the Dutch guilder and the German mark. In the past nine days the guilder has fallen from the top to the bottom of the European currency band, forcing the Dutch central bank to intervene in its support. The guilder's weakness is attributable to the serious threat posed to the Dutch economy by the Arab oil embargo. The mark's decline probably also reflects fears of the potential impact of Arab oil policy on West Germany. Growing confidence in the dollar's long-range prospects has also decreased the attractiveness of European currencies to foreign currency traders.

The price of gold has remained relatively stable during the past ten days. There have been no further indications of Arab dollar sales.

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7 Nov 73

Central Intelligence Bulletin

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