

ARAB STATES - ISRAEL: The Egyptian-Israeli prisoner-of-war exchange continued to move along smoothly over the weekend, with over half the prisoners held by each side reportedly having been returned. The evacuation of wounded from Suez city, meanwhile, was completed yesterday, according to a Red Cross spokesman. A total of 1,281 men, many reportedly from the Egyptian Third Army, and one child were evacuated in three days. Sixty wounded remain in Suez, but the Red Cross says they have adequate medical care there. The resupply of Suez and the Third Army with humanitarian and other non-military goods continued without any apparent problems. Egyptian and Israeli negotiators are to meet today for an informal session at Kilometer 101 to discuss, among other things, the disengagement of forces and the resupply of Suez city, according to a UN spokesman in Cairo.

Egypt, meanwhile, reportedly has protested to the UN Israel's efforts to construct a causeway across the Suez Canal at the northern end of the Great Bitter Lake, charging that such activity constitutes a very serious violation of the cease-fire and a major engineering change of the canal.

Exchanges of small-arms fire on both fronts and the downing of one [redacted] Israeli aircraft along the Suez Canal marred the cease-fire yesterday. Israel has admitted losing one aircraft to Egyptian surface-to-air missiles north of Ismailia,

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A report from the UN Emergency Force indicates that three Egyptians were killed and another three wounded when their truck approached Israeli lines near Suez city and was fired on by the Israelis. According to an Israeli press report, Syrian and Israeli forces yesterday exchanged mortar fire along the northern sector of the Syrian front.

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Libyan President Qadhafi began a four-day visit to Yugoslavia yesterday--his first trip outside the Arab world since he assumed power in 1969. Qadhafi considers Yugoslavia a trustworthy friend of the Arabs and apparently hopes to finalize a sizable oil sale in exchange for arms and a military assistance program. The Libyan leader's decision to travel at this critical point in Middle East politics may have been designed to underscore his disregard for current peace efforts there.

Meanwhile, press reports from Baghdad predict that Egypt's President Sadat will fly to Belgrade to explain his acceptance of the cease-fire to Qadhafi. Sadat reportedly asked President Tito to host such a fence-mending effort, perhaps in the belief that Tito could serve as an objective third party mediator. An article in a Beirut paper over the weekend also claimed Sadat would meet with Soviet General Secretary Brezhnev "very soon" to discuss matters of "extreme importance." No date or meeting place was given.

King Husayn of Jordan, meanwhile, arrived in Tehran yesterday. According to press reports, he intends to discuss with the Shah the possibility of convening, perhaps early next month, a summit conference of Islamic states.

Several important Arab leaders may not attend the Arab summit meeting to be held in Algiers on 26 November. According to press accounts, Libya's President Qadhafi has stated he will not attend and Iraqi leaders will not either. The Iraqi News Agency reported yesterday that 11 of the 18 Arab League member states have so far agreed to participate in the summit. Libya, Iraq, and Saudi Arabia were not among the 11.

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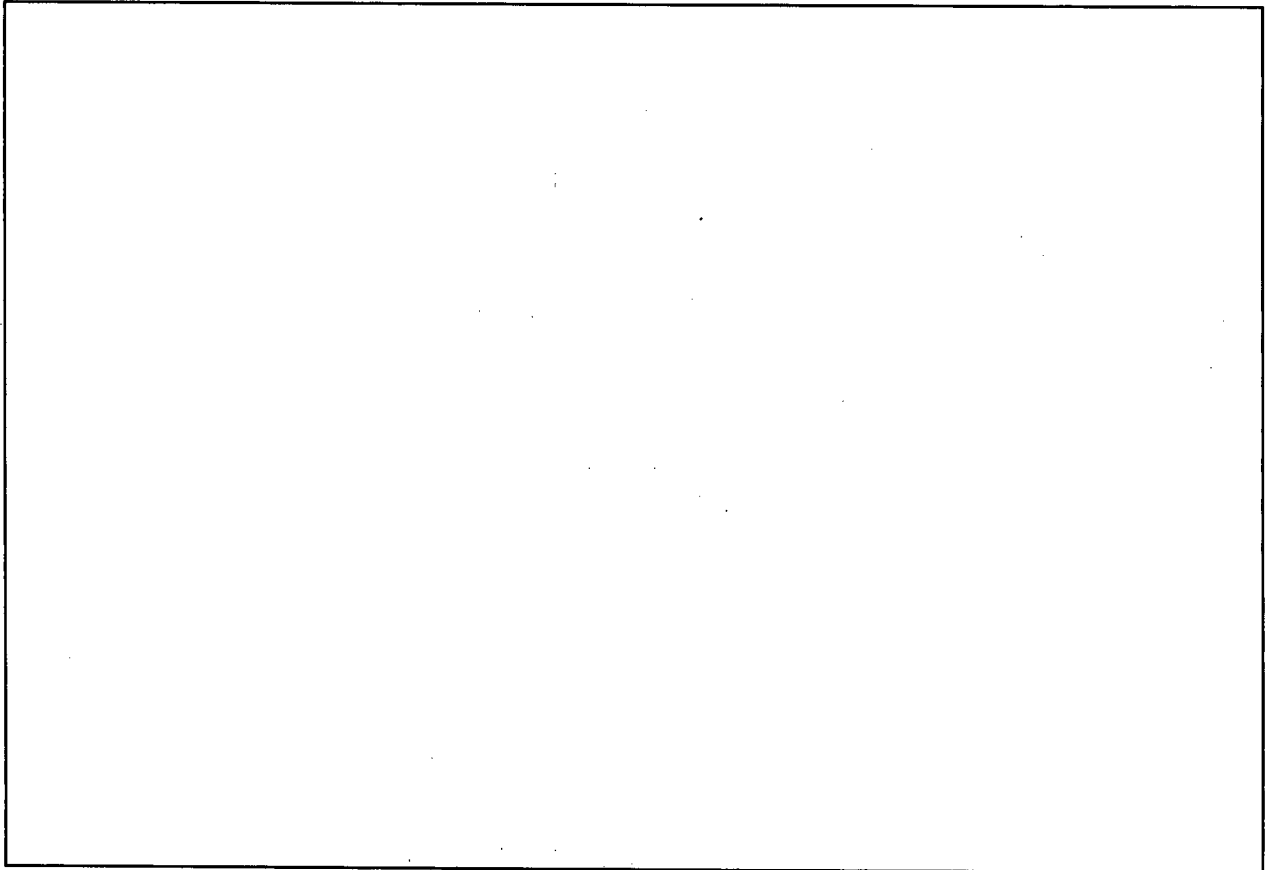
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Numerous Arab and black African officials, meanwhile, arrived in Addis Ababa over the weekend to attend a special session of the Ministerial Council of the Organization of African Unity starting today. The session was called at the urging of the Algerians, in particular, to discuss the Middle East crisis and to get the OAU on record as backing the Arab cause.

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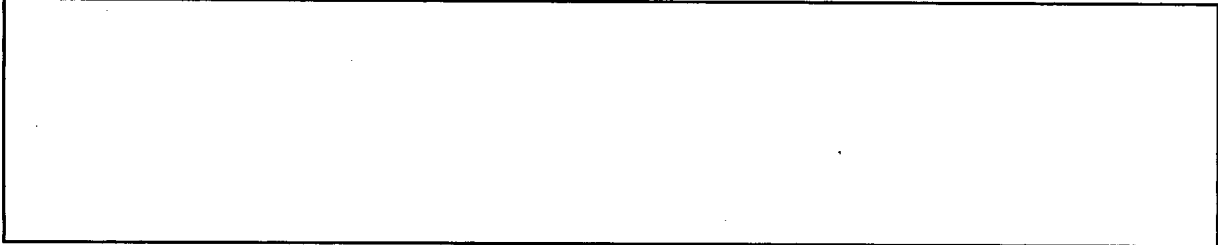
The Israeli cabinet, meanwhile, yesterday approved Prime Minister Meir's proposal to establish a special five-man judicial commission of inquiry to probe the armed forces' preparedness for and conduct of the war. The commission will be separate from a recently begun military investigation. According to press reports, Mrs. Meir chose what

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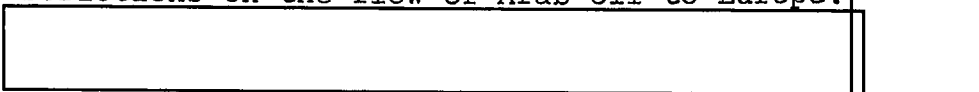
amounts to a judicial investigation so that it would be regarded as non-political by the Israeli public. It is unlikely, however, that the inquiry will be completed before the Israeli general elections scheduled for 31 December.



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Yesterday's announcement by the Arab oil producers that the production cutback planned for December will not affect exports to eight of the nine EC countries should at least temporarily reduce public criticism in Europe of the pro-Arab position recently adopted by the EC. The announcement stated that the Arab action was "in appreciation" of the EC's stance on the Middle East, as expressed in the statement adopted by the nine EC foreign ministers on 6 November. The latest Arab action on oil, however, does not include any changes in the previously announced 25-percent cutback in production or in the total ban on exports to the Netherlands. Thus, while the Europeans can take some satisfaction, the oil squeeze will continue.

The Arab move will also have the effect of emphasizing differences between Europe and the US on Middle East issues. These differences may be made even sharper if the exemption gained by the EC encourages it to tilt still more toward the Arabs in hopes of inducing a further relaxation of the restrictions on the flow of Arab oil to Europe.



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LIBYA: President Qadhafi--angered by Cairo's acceptance of the cease-fire and President Sadat's apparent willingness to go to the negotiating table--is openly campaigning against the six-point accord between Egypt and Israel.

Breaking a long silence in a press interview early last week, Qadhafi protested great-power efforts to halt the Arab-Israeli conflict, which he claimed could never be resolved by negotiations. Although the Libyan leader stopped short of publicly denouncing Egypt, his remarks reflected his deepening rift with Sadat and unwillingness to cooperate in future peace talks.

Qadhafi's behavior throughout the recent crisis has been almost exclusively determined by his belief that the war was ill-timed and waged solely for the territorial gains of Cairo and Damascus rather than for the complete restoration of Palestine to the Arabs. The events of the past six weeks, and particularly Egypt's acceptance of the six-point accord, have confirmed Qadhafi's long-held suspicion that Egypt is prepared to accept the boundaries of Israel as they existed before the 1967 war. Recognition of Israel, however indirect, and the prospect of great-power sponsorship of a settlement are anathema to Qadhafi.

Although Qadhafi at present appears anxious to avoid an open rupture with Egypt, he is working behind the scenes to undermine support for Sadat's position. He and other members of the Revolutionary Command Council have been in frequent contact with other Arab leaders with the apparent aim of isolating Sadat before peace talks begin. Despite Qadhafi's lack of credibility in most Arab capitals, he may be receiving a hearing from many of those who have long regarded Egypt as a too-powerful and self-interested neighbor and from those radical elements in all Arab countries who share Libya's goal of ejecting all "European" Jews from Palestine.

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Even among Arab moderates, Libya's appeals may well play on traditional fears of Egyptian hegemony, especially now that Cairo has renewed its indebtedness to Moscow. The Libyans may also amplify misgivings by Syrians and Palestinians that Egypt will abandon their territorial claims, once serious negotiations are under way.

A major purpose of Libya's diplomatic initiatives has been to drum up support for an Arab summit conference. Qadhafi's initial hope was to create a situation in which Sadat would be forced to explain his intentions and in turn would be held answerable to those who take a hard line toward a settlement with the Israelis. Angered by the scheduling of a meeting of foreign ministers prior to the 26 November date set for the summit in Algiers, Qadhafi now refuses to attend the conference, which he claims will only rubber-stamp what has "already been worked out in Cairo."

The Libyans' effort to counter Egypt's commitment to negotiations has been complicated by the Arab oil production cuts and embargo against the US. King Faysal has clearly tied lifting of the embargo to an Israeli withdrawal from the territories occupied since 1967--an objective that Qadhafi feels does not serve the broad pan-Arab cause. Libya's footdragging in implementing the embargo and its relatively moderate initial cuts in production may have been the result of Qadhafi's reluctance to participate in a venture he believed would only hasten an imposed settlement. Although Tripoli's production cutbacks are now in line with the 25-percent reductions of other Arab oil producers, Prime Minister Jallud said last week that Libya's sanctions are being applied against those countries that refuse to sell advanced weapons to Libya. Jallud did not specifically state that his country had withdrawn its support from the overall Arab oil sanctions; however, his announcement seemed to be aimed at gradually dissociating Libya from the Saudi-sponsored objectives. Such a move would give Qadhafi greater flexibility to manipulate Libyan oil to his own political ends.

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