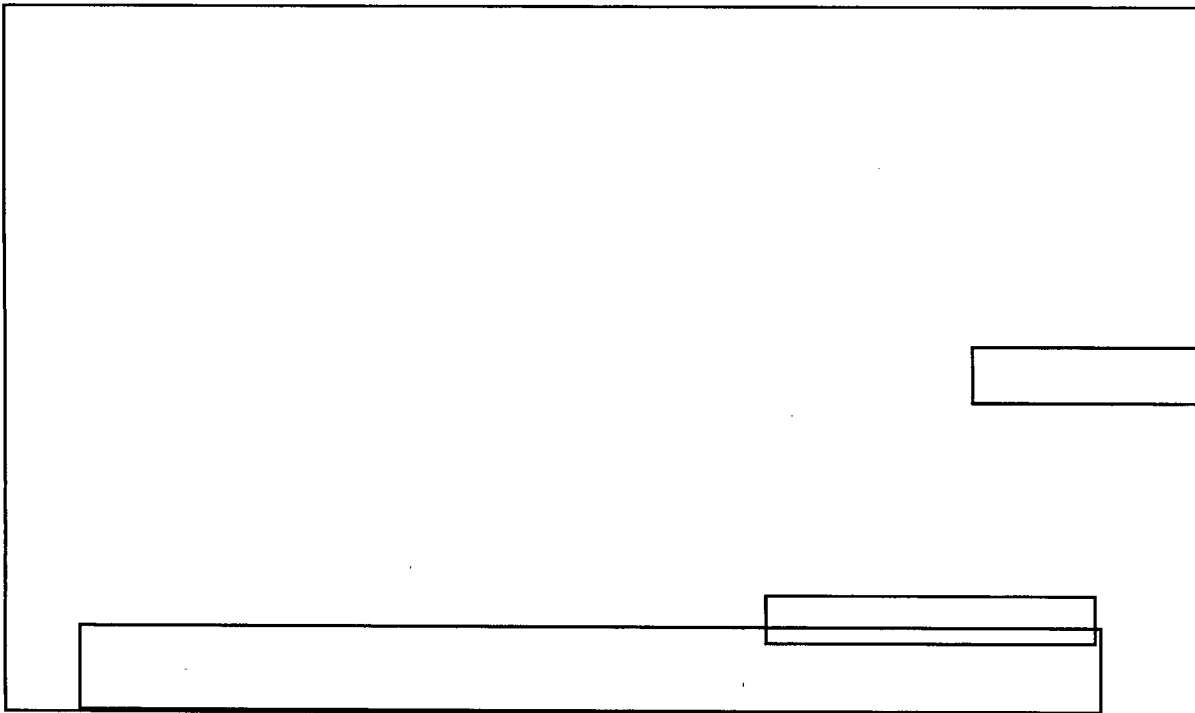


ARAB STATES - ISRAEL: Egyptian and Israeli representatives held an unofficial meeting at Kilometer 101 yesterday, and, according to an Israeli military spokesman, discussed the POW exchange, arrangements for a battlefield search for missing and dead soldiers, and the resupply of Suez city and the Egyptian Third Army. Both sides agreed to hold a formal meeting on 22 November. The Egyptian-Israeli POW exchange continued yesterday. Eighty-five Israeli and fewer than 3,000 Egyptian prisoners remain to be repatriated.

The Egyptian and Syrian fronts remained quiet yesterday except for some minor incidents in the Suez Canal area; one Egyptian soldier reportedly was killed. Israeli aircraft flew over the canal but drew no fire from Egyptian air defense units. Beirut claimed that the Israelis shelled southern Lebanon yesterday for the second day in a row, wounding five persons.



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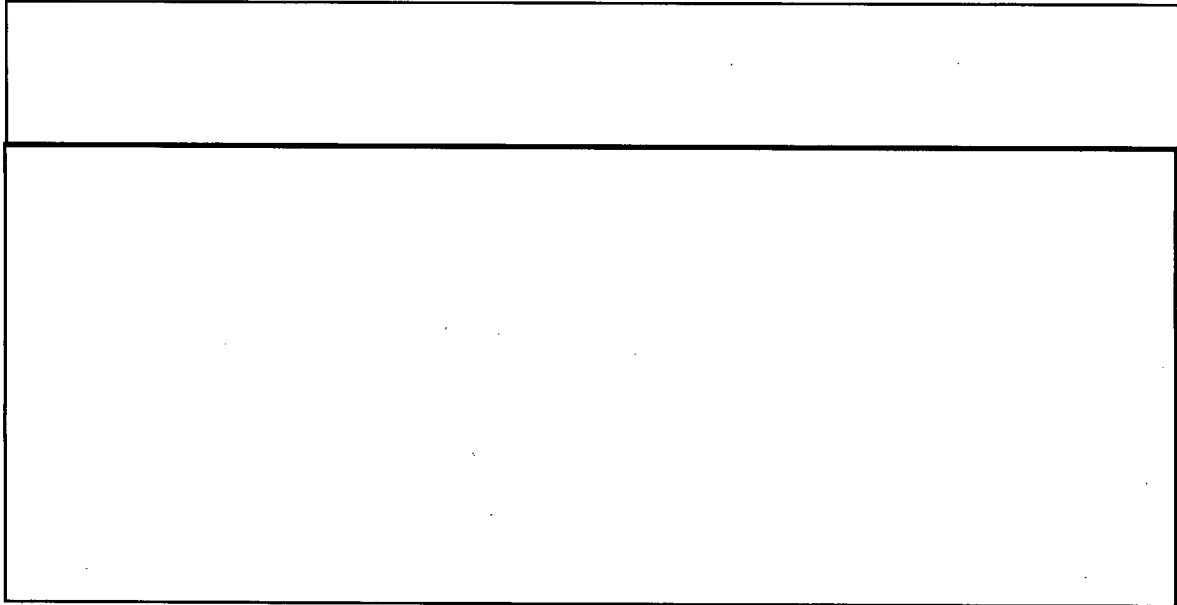
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Soundings taken by Minister of State for Foreign Affairs Saqqaf during his recent ten-day tour of Arab capitals have led him to be concerned that next week's Arab summit conference will be bullish and aggressive, and that the Arab positions adopted there might set back moves toward a peace settlement. Saqqaf told the US ambassador to Saudi Arabia yesterday that he found the mood of the Syrian Government to be extremely realistic but also very self-confident. In both Syria and Egypt, Saqqaf reported there are many who are prepared to accept renewed fighting if there are no prospects for a political solution soon.

Saqqaf suggested that Washington strengthen the hand of Arab moderates at the conference by, for instance, issuing a statement affirming the necessity for an Israeli withdrawal to the cease-fire lines of 22 October or by getting Tel Aviv to make moves in that direction. Iraq joined Libya yesterday in announcing that it would not attend the summit, and Baghdad's and Tripoli's absence will make it much easier for the more moderate Arab states to dominate the session.

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The Saudi petroleum minister warned Japan yesterday that it will face further oil cutbacks unless Tokyo breaks diplomatic relations with Tel Aviv. The minister said that this decision had been taken in concert with other Arab oil-producing countries. The Japanese ambassador to Jordan told the US ambassador there that he thought Tokyo would give in to the Arab pressure.

A politically independent Beirut newspaper, meanwhile, reported yesterday that secret discussions were under way to establish diplomatic relations between Saudi Arabia and the Soviet Union. The paper claimed that King Faysal had accepted an invitation "in principle" to visit Moscow. Faysal exchanged greetings with Soviet leaders this year on Moscow's October Revolution anniversary, giving rise to press speculation of this kind. Most Arab commentators, however, are reportedly treating the story with reserve because of Faysal's well-known and long-standing hostility toward communism.

The Palestinian News Agency in Beirut announced yesterday that Fatah and Palestine Liberation Organization head Yasir Arafat, together with leaders of most of the other major fedayeen organizations, had left on their oft-postponed trip to the Soviet Union. The trip is designed to hammer out with Moscow a common position favoring fedayeen participation in a peace conference and acceptance of a small Palestinian state that would coexist with Israel.

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