

ARAB STATES - ISRAEL: Tensions appeared to have eased somewhat on the battlefronts yesterday as the Arabs turned their attention to the summit conference in Algiers.

The Egyptians and Israelis met at Kilometer 101 again yesterday to discuss disengagement, and again reached no agreement. A UN spokesman described the session as "good," however, and another is scheduled for tomorrow. Their failure to meet today is probably caused less by disagreement than by the absence of President Sadat and his chief foreign policy advisers who are at the Arab summit conference.

Cairo and Tel Aviv both reported minor cease-fire violations yesterday. These consisted primarily of small arms fire along the Suez Canal, although Cairo radio referred briefly to "clashes in which heavy artillery and rockets were used."

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A Red Cross official and diplomatic contacts of the US Interests Section in Cairo have reported that the Egyptian Third Army is being resupplied by sea. There is no other information to corroborate these reports. In Israel, Trade and Industry Minister Haim Bar-Lev indicated last night that Egypt has lifted its blockade of the Bab al-Mandab Strait. According to press reports, Bar-Lev, when questioned on the blockade at a public meeting, replied that the land, sea, and air cease-fire was being fully observed.

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Last night's opening session of the Arab summit in Algiers featured speeches by Arab League Secretary General Riad, who outlined general Arab objectives, and by Algeria's President Boumediene, who

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called for continuing the battle against Israel until the occupied territories are evacuated and the rights of the Palestinians secured. Preliminary indications are that the final communiqué will be more moderate than Boumediene's opening speech or the proposals for a tougher oil embargo and renewed hostilities debated by the foreign ministers in their preparatory meetings.

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[REDACTED] According to press reports, Egypt and Syria have strongly affirmed their commitment to try for a negotiated settlement, and they are being permitted to set the tone of the conference. Those favoring a more militant position reportedly have decided to sit back and wait for the collapse of diplomatic efforts before taking further action.

The most serious problem facing the conferees is the Jordanian-fedayeen dispute over the representation of Palestinian interests.

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ing to Amman radio, the foreign ministers were told that Jordan would not take part in any future peace talks if such a resolution were adopted. This strong Jordanian opposition undoubtedly was a factor in the wording of the ministers' final resolution, which merely recognized the PLO's status as "representative of the Palestinians."

Another factor contributing to the softened resolution may have been the guarded reception PLO leader Yasir Arafat received during his visit to the Soviet Union last week. In a TASS statement issued yesterday, Moscow made its first formal note of the

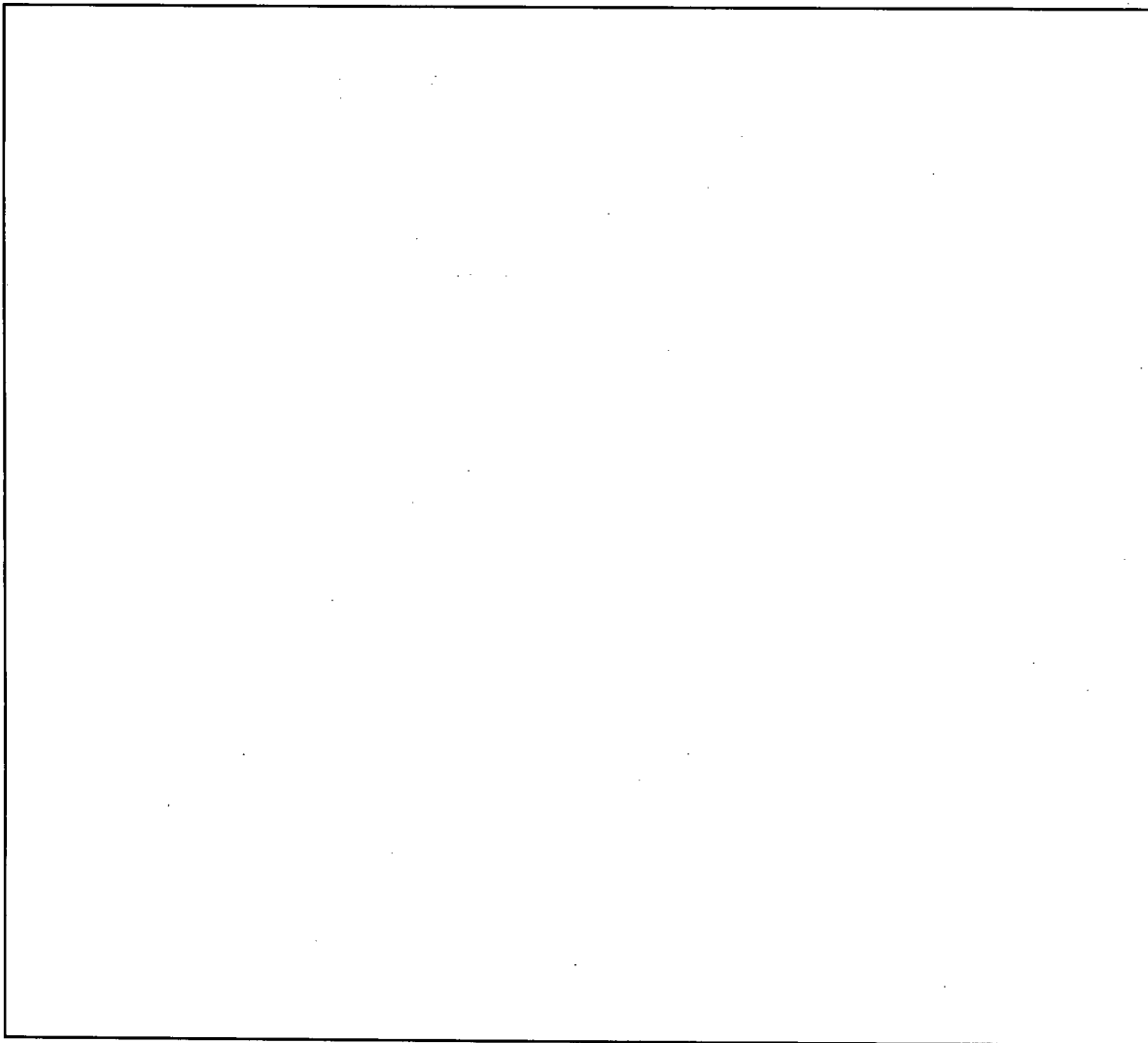
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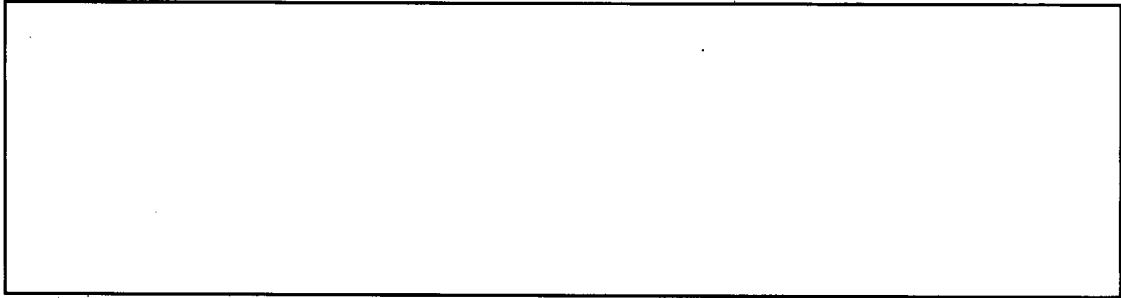
PLO visit. The statement contained only generalized assurances of Soviet support for the Palestinian cause, and stressed the "unofficial" nature of the visit. This treatment is in line with earlier indications that Moscow is taking a cautious approach to the complex Palestinian issue until the Palestinians themselves and the Arab governments come up with a unified policy.



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Prime Minister Meir announced yesterday that Israel would be willing to give up two fortified positions on Mount Hermon, in Syrian territory, if Damascus would agree to a prisoner exchange. The issue of a POW exchange with Syria is a particularly delicate one in Israel; the government will be under fire from its domestic opponents until the prisoners are returned.

In the expectation that Mrs. Meir will ask Labor Party leaders for a vote of confidence tomorrow, the Israeli press is heightening its call for the government to define clearly its policies. The newspaper Maariv, for example, has asked "who speaks for the government; the defense minister who says that we are at the beginning of a war, or the foreign minister, who sees in the Geneva Conference a good chance for a peace agreement?" In response to such public pressures and as a result of calls for her replacement from critics within the party, Mrs. Meir has called for a policy debate in the party's central committee.



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JAPAN - ARAB STATES: In response to Tokyo's pro-Arab statement on 22 November, the Arabs have exempted Japan from the scheduled 5-percent cutback in oil shipments next month. Saudi Arabia's Foreign Minister told US officials that Japan will receive the same treatment as most of the European Community states, but has not gained the status of a "friendly nation." Reports on the Arab oil ministers' meeting in Vienna on 24 November by a respected economic journal published in Beirut suggest that Japan will have to take a much stronger pro-Arab stand by the end of December or face a greater than 5-percent cut in oil supplies in January.

If, in fact, the Arabs are using such a carrot and stick approach toward Japan, their chances for success are relatively good. To cope with supply cutbacks, the government already has ordered a 10-percent reduction in oil and electric power consumption in all major industries by the end of December and plans a further 5-percent cut during January-March. The industries that will be hit hardest--including steel, transport equipment, and chemicals--account for about two thirds of total industrial output, and a sizable drop in production is likely to occur during the first quarter of 1974.

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