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SPECIAL NATIONAL INTELLIGENCE ESTIMATE

The Arab-Israeli Situation and the Oil Crisis

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SNIE 30-3-73

THE ARAB-ISRAELI SITUATION
AND THE OIL CRISIS

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THE ARAB-ISRAELI SITUATION AND THE OIL CRISIS

NOTE

This is a short-range look at principal factors in the Arab-Israeli confrontation as a background for a separate NIE: 1-1-73: THE WORLD OIL CRISIS: POLITICAL AND ECONOMIC RAMIFICATIONS FOR PRODUCERS AND CONSUMERS, considering how the oil issue may be treated by producers on the one hand and by consumers on the other. In the longer run, the course and outcome of peace negotiations will obviously influence Arab oil policies most significantly. But it is too early yet to attempt to forecast how such negotiations will proceed, let alone what conclusions they will reach. Hence the present paper deals principally with factors relating to the ceasefire and the initiation of peace talks.

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MAJOR JUDGMENTS

The ceasefire agreement between Egypt and Israel has taken some of the heat from the Middle East confrontation. The parties have accepted the principle of peace talks which at least hold out the prospect of basic change in the conflict. Highly contentious issues remain unresolved: principally the disengagement of forces and some important modalities of the peace conference—including representation issues. *While the parties recognize the need to begin the peace conference without delay, the negotiations will be long and difficult and an early breakthrough cannot be expected.*

Egypt knows what it wants from negotiations, and it wants it relatively quickly. President Sadat began the war to galvanize the Great Powers to impose a solution on Israel. While he will bargain over such matters as the phases of disengagement and the extent of demilitarized zones in the Sinai, *Sadat is determined to restore Egyptian sovereignty over the peninsula.* He feels he must make rapid progress toward a start of Israeli withdrawal to head off criticism.

In dealing with Israel, *Damascus will probably follow the Egyptian lead, lagging a few steps behind,* and taking a harder bargaining position. Yet if the Syrians are not satisfied, they may renew hostilities.

Serious peace talks raise extremely divisive questions within Israel. Territorial issues have always proved extraordinarily touchy matters for the Israeli body politic, and public opinion will find it especially hard to consider giving up the security that the Sinai, Golan Heights,

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and West Bank buffer zones provided. Moreover, in the context of the campaign for elections on 31 December 1973 Mrs. Meir's government feels particularly vulnerable to its political critics.

Substantive progress in negotiations is thus not likely at least until formation of a new government with a new mandate following the elections. *Should Mrs. Meir's coalition lose its majority in the Knesset, Israel's terms for a peace settlement would harden.*

Both the Arabs and Israel look to the US as the key element in peace negotiations.

- *The Arabs believe the US can force a total Israeli withdrawal, and they will grow increasingly impatient with Washington, and with the negotiating process, if movement toward this goal is not soon forthcoming.*
- *Israel still looks to the US to protect its interests and to serve as a counterweight to the USSR. But Israeli leaders cannot escape doubts about the reliability of Washington in light of the oil embargo, the strains in the European alliance, and the US-Soviet détente. Hence, Tel Aviv is inclined to move as slowly as it can in the peace process without alienating Washington.*

Soviet actions reflect the depth of Moscow's commitment to preserving, and, if possible, extending its influence in the area.¹ The Soviets are determined to insist on being accorded a role as arbiter of developments in the Middle East. While much of their activity will be directed to demonstrating support to their Arab clients, their own particular goal will be to get a settlement which gains formal US acknowledgement of their role in the area.

If hostilities resume, Moscow would support the Arabs. *Should the Arabs face military disaster, the chances are that the Soviets would intervene in some fashion.*

The linking of Saudi oil to Egyptian military might has been one of the striking new elements in the current phase of the Arab-Israeli dispute. While there may be some flexibility in using oil as a weapon, the Arabs will demand progress including substantial Israeli

¹ For the reservation of the Assistant Chief of Staff, Intelligence, USAF, on this point, see footnote 2 on page 9.

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withdrawals from occupied territory before ending the squeeze on oil supplies. King Faysal will concert his actions closely with those of his Arab partners, especially Egypt. Beside supporting Sadat, Faysal's religious convictions impel him to insist on some form of Arab control over the old city of Jerusalem.

The Palestinians also cannot be left out of the peace process. While Sadat and the leaders of other Arab states are not much swayed by Palestinian desires, the fedayeen are likely to resort to terrorism in an effort to disrupt negotiations if they are ignored.

Both Arabs and Israelis are at maximum alert. Already eagerness to fight is spreading among the troops of both camps, and accidental fire-fights will become increasingly difficult to control.

Military action would not promise easy success for either side. Given the high state of alert, surprise attack is not possible. Resumption of fighting would involve high casualties on both sides.

Nonetheless, Arab impatience, Israel's inclination to delay, and the arms resupply increase the risk of renewed hostilities. Indeed, if a peace conference does not soon promise significant results and the ceasefire threatens to freeze the situation on the ground in present positions, another round of war would be almost inevitable.

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THE CEASEFIRE

1. The Middle East conflict has now entered a diplomatic phase. The ceasefire, though still fragile, has stabilized to a certain degree. Egypt and Israel have made considerable progress in carrying out portions of the six-point accord hammered out with the help of the US. Prisoners have been exchanged, non-military supplies are being provided the encircled Egyptian Third Army, and the UN Emergency Force has taken up positions on the Israeli-Egyptian front. And, unlike the aftermath of the 1967 war, this is being done with direct contact of Israelis and Egyptians. Syria and Israel are also probing through intermediaries for an exchange of their respective prisoners, return of displaced civilian populations, and disengagement.

2. Yet despite this progress, some highly contentious ceasefire issues remain unresolved. The problem of disengaging forces, especially along the Suez Canal heads the list. In the six-point agreement the matter was left for further discussion with the idea that talks on this point might blend into more general peace negotiations. Differences in the Egyptian and Israeli approaches have become public. And President Sadat is under con-

siderable pressure to secure progress on disengagement without delay. Cairo reportedly also feels under pressure to continue the "blockade" of Israeli ships passing through the southern exit of the Red Sea at the Bab al-Mandab until progress is made on withdrawal. While this causes friction—and could potentially prove disruptive of the ceasefire—neither side has thus far allowed these disagreements to halt the peace process.

3. Indeed, there is a reasonably good chance that peace talks will take place in mid-December. Uncertainties remain on the modalities of the peace conference—including the important matter of what parties will be permitted representation at the conference. But both Egypt and Israel have agreed in principle that talks should take place.

4. This growing acceptance of the need for peace talks with Great Power involvement is a new ingredient in the recent history of the Arab-Israeli conflict. It holds out the possibility of a basic change in the confrontation. Yet at best the process will be long and difficult. At worst talks could soon stalemate, leaving high tension and bitterness on both sides with the prospect of an early resumption of hostilities.

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II. INTENTIONS OF THE COMBATANTS

The Arabs

5. President Sadat views the impending peace conference—as he viewed the war itself—as offering serious prospects for recovering Egyptian territory. His goals were limited from the start: to recover enough territory to reestablish Egyptian respectability and then to galvanize the Great Powers to impose a solution. Six years of defeat did not alter Egyptian determination to regain sovereignty over the Sinai Peninsula and secure withdrawal of Israeli forces from this territory. That determination has been reinforced by a military performance that has been creditable in Arab eyes and by singular success in gaining the support of the rich Arab oil producers.

6. Sadat will bargain over the phases of disengagement and withdrawal, the size of demilitarized zones, the extent of ultimate Egyptian reoccupation of the peninsula, and measures to guarantee the peace. There is no indication that in a final settlement he will settle for less than full Israeli troop withdrawal from Sinai. The outcome of the fighting has eased his inhibitions about dealing directly with the Israelis. And his final aim in the negotiations will remain restoration of Egyptian sovereignty.

7. Sadat will look to a combination of US pressures on Israel, Arab oil pressures on the US directly and through Europe, Soviet support, and his own ability to resume the fighting to help him achieve his ends, and to achieve them quickly. The start of Israeli withdrawal is an immediate goal. He is under pressure from Iraq and Libya not to negotiate at all; he faces some pressures—presently less insistent but potentially dangerous—from younger members of the Egyptian military to continue the fighting.

8. For Sadat, some early tangible progress in peace talks is thus critical. He regards movement toward the disengagement of forces now, in advance of the peace conference, and later toward a deeper Israeli withdrawal as necessary both to undercut the criticism of those who deride negotiations and to ease the impatience of those who would rather fight. Sadat currently enjoys popular support, and none of his critics, internal or external, seem to pose a threat to his position at present. He probably can forestall pressures to resume fighting for the near term. If time passes without clear signs of movement, however, his ability and willingness to sustain negotiations will diminish and the prospects for his overthrow will grow.

9. Sadat's negotiating strategy is influenced by his close ties with the man who controls the oil weapon, King Faysal. The Saudi leader has played a singular part not only in Sadat's political and post-war strategy, but also in making possible much of Sadat's prewar planning. Knowledge of Faysal's political and economic backing undoubtedly facilitated the decision to move toward war. There seems little question that the relationship is firm enough to outlive negotiations, and there has been no indication that Faysal will lift the oil embargo before Sadat is ready. Both Sadat and Faysal are probably aware that a long continuation of the oil curtailment would be excessively damaging to future relationships with all the nations affected. Thus they, like the consumer nations, would be all the more interested that negotiations progress quickly.

10. The strategy of the Syrian leadership is less clear. In dealing with Israel, Damascus will probably continue to follow the Egyptian lead, lagging always a few steps behind, making tougher statements and taking a harder bargaining position. The Asad government clearly wants to recover the territory lost to Israel in 1967 and 1973 and has indi-

cated that it is willing to enter the negotiating process. Yet the possibility cannot be ignored that, if the Syrians are not satisfied with the progress on Asad's goals, they would decide on their own to resume hostilities. This would put Sadat under tremendous pressure to join in the combat.

11. Thus far, Damascus and Cairo have had difficulty in coordinating a common political strategy. The Syrians have complained, sometimes bitterly, about being kept in the dark on Egyptian plans. Since Syrian Foreign Minister Khaddam went to Cairo on 17 November apparently to air Syrian complaints as well as to try to work out a common position for the Arab summit meeting in Algiers, there has probably been some progress in concerting their positions on peace negotiations. But it seems unlikely that all points of difference have been resolved. The problem of meshing Syrian and Egyptian strategies will remain troublesome.

12. The Arab summit meeting concluded in Algiers on 28 November has somewhat clarified the problem of coordinating Arab strategies for regaining the occupied territories. The Arab states, except for Libya and Iraq which did not attend, accorded Sadat and Asad a free hand in entering the negotiations. The parties reaffirmed their determination to work together for a joint settlement involving the Sinai, the Golan Heights, Jerusalem and the West Bank, and providing for the Palestinians. Indeed, thus far they have demonstrated an impressive degree of cooperation in the current crisis. And this unity is fostered by the strong backing of Saudi Arabia which has provided financial assistance as well as moral encouragement. However, there remain serious disputes within the Arab camp, notably the controversy highlighted at the summit between the Jordanians and the Palestinians over representation at the peace conference. As time goes on, the temptation to divide on specific issues is likely to increase. It is still

questionable whether in the end Egypt would allow complications in reaching a settlement on issues primarily affecting others to block agreement on the Sinai. But even if the Egyptians were to sign a separate accord, they would almost certainly insist on couching it in terms suggesting that this agreement was merely part of a larger package.

The Israelis

13. Israel views the ceasefire and the approach of peace talks with a mixture of apprehension and distrust. Basic Israeli military strategic concepts have been called into question. The Israelis can no longer rely on swift and severe military response to intimidate the Arabs. Indeed, the Israelis are concerned lest the Arabs resume hostilities, particularly as Egypt continues to reinforce its troops on the front lines and the Soviets complete the replacement of Arab equipment losses.

14. Yet at the same time, hopes of some basic resolution of the conflict with the Arabs are being voiced. Politicians and commentators in Israel have begun to express the view that Israel must show more flexibility in negotiations. This somewhat more responsive approach is still tentative and could be easily reversed by aggressive bombast from the Arabs, especially the Egyptians.

15. Serious peace talks raise extremely divisive questions within Israel. Failure to anticipate the Arab attack and to seize the initiative in the early days of the battle has cost Golda Meir's government some of the popular confidence it once enjoyed. Hawks at home are seeking to capitalize on these failings in the campaign for the 31 December 1973 national elections. Mrs. Meir's government is seriously concerned over attacks from this quarter.

16. *Substantive progress in negotiations is thus not likely at least until formation of a new government with a new mandate follow-*

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ing the elections. Political party allegiances within Israel have traditionally changed with glacial slowness. Yet recent events have generated powerful uncertainties that may lead to an increase in the vote of the more conservative parties. Should Mrs. Meir's coalition lose its majority in the Knesset, Israel's terms for a peace settlement would harden. Even a smaller shift in popular support could alter the balance within the ruling coalition and push Mrs. Meir into a more unyielding posture in peace talks.

17. Israel's ultimate aim is to achieve secure existence by establishing new borders through agreement with its Arab neighbors. This process implies both formal recognition and establishment of normal relations with surrounding states. Since 1967 there has been considerable reluctance within Israel to confront the issue of whether or not to return occupied Arab territories. And while there was some public discussion of the so-called "Allon Plan" for demilitarizing the bulk of the West Bank of the Jordan River, but leaving it within an Israeli security zone, Mrs. Meir's government preferred to postpone adoption of peace terms that would offer return of territories. The retention of the Golan Heights, the West Bank, and part of the Sinai as buffer zones has become embedded in Israeli thinking; it will be painful for Israelis to abandon them. But the enormous cost of maintaining full mobilization, withdrawing up to 20 percent of Israel's industrial and agricultural labor, argues in favor of sacrifice to achieve a more permanent solution to the security problem. And the election platform of the ruling Labor Alignment suggests greater flexibility on boundary issues than recent policy formulations would have allowed.

III. THE ROLE OF THE GREAT POWERS

The USSR

18. Faced with the imminent defeat of its clients, Moscow welcomed the ceasefire in the

Middle East. A resumption of fighting would again face the Soviets with the decision of whether or not to intervene, with the attendant risk of a US-Soviet confrontation. We believe, therefore, that Moscow will counsel the Arabs against resumption of hostilities. As in the period prior to 6 October, however, the Arabs will have the final word.

19. If fighting does resume, we would expect the Soviets to render support to the Arabs. In addition to resupply, Moscow might employ Soviet units on the Arab side. There is good evidence that SCUD missiles, perhaps in Soviet hands, are in Egypt, and that a Soviet SA-6 unit arrived in Syria during the second half of October. Less reliable reports assert that other Soviet units are in the area, and the USSR could quickly deploy an airborne division. If the Arabs were faced with military disaster, the chances are that the Soviets would intervene in some fashion for both military and political effect, although the level and form of their intervention would depend on the particular circumstances.

20. There is no sign that the USSR intends to change significantly its policy of military assistance to the Arabs. Moscow recognizes such aid as its most important tool in assuring itself a place in the Middle East and may have taken equipment from its own operational units to resupply the Arabs during the recent fighting. Hence, Moscow is likely to be most reluctant to agree with the US on mutual limitations on arms supply to the Middle East. If a settlement satisfactory to the Soviets were reached, however, the USSR might be willing to regulate its arms deliveries, at least initially, in such a way as not to encourage a new Arab offensive. But Moscow would want to avoid a formal commitment on this score in order to preserve its freedom of action should circumstances change.

21. At this point, the Soviets probably find their position in the Middle East uncertain—

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there have been losses, as well as both real and potential gains. However, Arab dependence on Moscow for arms is mutually recognized and a binding tie. The Arabs attribute what military success they have achieved to their own prowess rather than to Soviet arms, and longstanding Arab complaints about Soviet arms aid and the level of Soviet diplomatic support have begun to resurface. More important, the US is now taking the lead in diplomatic activity, and the USSR is certainly not pleased to remain on the sidelines while its clients turn elsewhere. Moscow is anxious to rectify this situation.

22. Soviet actions reflect the depth of the Soviet commitment to preserving and, if possible, extending its influence in the area.² Beyond this, the Soviet leadership probably sees its actions as a key test of the credibility of its world-wide image of a superpower equal to that of the US. Moscow is determined to

² The Assistant Chief of Staff, Intelligence, USAF, believes that Soviet objectives in the Middle East transcend the Arab-Israeli issue. Soviet actions in the current crisis—in particular their encouragement to the Arabs to widen the scope and character of hostilities, and their advocacy of the use of oil as political leverage—are but the most recent manifestations of Soviet long-term strategic goals. Fundamental to the realization of these goals is the ability to influence, control, deny or disrupt Western and Japanese access to energy resources to the Arab world.

The Soviet Union must recognize the tremendous economic impact that the oil embargo and production cuts has had on Western and Japanese economies. Parallel to this and of potentially graver concern are the divisive forces the crisis has surfaced in the Atlantic community and in US-Japanese relations. Clearly, Moscow has achieved more towards fragmenting the Western world and isolating the US from her allies through the Arab use of the oil weapon than they were able to achieve in almost three decades of cold war, co-existence and détente. Further, the Soviets have demonstrated a willingness to assume unprecedented risks in employing military force in support of political goals in the region. It is believed that the current estimate fails to recognize the full magnitude of the Soviet interest and involvement in this crisis.

insist on being accorded a role as arbiter of developments in the Middle East by virtue of its great-power interests.

23. The Soviets probably calculate that co-sponsorship of peace talks will facilitate their playing this role. While much of their activity will be directed to demonstrating support to their Arab clients, their own particular goal will be to get a settlement which gains formal US acknowledgement of their role in the area. For example, Moscow will certainly insist on a part in guaranteeing whatever boundaries are drawn.

24. Moscow's current activities in encouraging the Palestinians, especially Yasir Arafat, to produce a unified position for future peace talks are also probably geared toward shaping a Middle East settlement which would provide for a long-term Soviet role in the area. The Soviets have given both private and public support to the aim of creating a Palestine territorial entity. Such a Palestine entity, if realized, would doubtless constitute a bone of contention, furnishing an opening for continued Soviet presence in the Arab world. On the other hand, should the Arab regimes withdraw support from the project of a Palestine entity, the Soviets as sponsors of the Palestinians, will be in a position to explore trade-offs between the Palestinian question and other issues. The USSR is unlikely to push Palestinian claims or other matters to a point that would disrupt the talks. Its concern to sustain a positive relationship with the US and to support the Egyptian position will constrain Moscow to avoid the appearance of blocking diplomatic progress.

The US

25. Constant US involvement will be a necessity for successful peace talks. *Correctly or not, Sadat believes that the US, through its relationship with the Israelis, can force Israel to withdraw completely from the occupied ter-*

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ritories. With each concession from Israel his conviction will grow—as will his expectation for further US-induced concessions and his impatience if these are not quickly forthcoming.

26. US leverage with Egypt and potential for influencing Sadat is limited. An Egyptian conviction of US goodwill and a belief that Washington is finally ready to work for an acceptable peace can induce some relaxation in the rigidity of Cairo's position. US leverage depends less on the absolute facts of US actions and intentions than on Egyptian perceptions of those intentions. Given this lack of influence, the US may continue to find it necessary to look to Soviet cooperation in seeking concessions from the Arabs. Sadat, for his part, undoubtedly fears that the US might back out when the diplomatic going gets toughest. He would have more confidence that an acceptable settlement can be reached if the US and Soviet Union remain jointly engaged.

27. The Syrian regime is showing new signs of willingness to deal with Washington. Damascus is clearly unwilling to be left out of the current round of diplomacy and recognizes the central US role in this activity. But the Syrians have to overcome a large backlog of suspicion of US intentions. And they will constantly be concerned not to appear to be giving in to US pressure. Asad will look to the US to secure Israeli withdrawal from the Golan Heights.

28. Israel is intensely conscious of its dependence on US military, economic, and—to a lesser extent—political support. Tel Aviv continues to regard the US as a necessary balance to offset the weight of the USSR. Mrs. Meir has long counted on a US commitment to extend support and material assistance as an adjunct of Israel's own defense efforts. In this context, the Israeli Government is willing to accept increasing US ties with Cairo as useful in moderating Arab demands.

29. Yet despite essential confidence in the US, Israeli leaders cannot escape nagging doubts about the ultimate objectives of US policy. They worry lest the Arab oil embargo, US concern over disruption of its European alliance, and US-Soviet détente work a fundamental change in American willingness to support Israel. And they are seriously concerned that Washington might pressure them into unpalatable concessions to the Arabs.

30. Mrs. Meir has to balance these hopes and fears in deciding how to respond to pressures concerning the ceasefire and the start of peace negotiations. She sees danger in permitting rapid movement which could risk generating inexorable pressures to pull back faster than she believes wise. So at best her preoccupation will be to slow down the process without appearing intransigent and without creating serious danger of provoking renewed hostilities at a time and place of the Arabs' own choosing.

IV. ROLE OF OTHER ACTORS

The Remaining Arab States

31. Saudi Arabia has established itself as a very important factor in the Middle East political equation. King Faysal considers the curtailment and embargo of oil to be part of a common Arab policy, not a unilateral Saudi action. In operational terms, this means that Faysal will concert his actions closely with those of his Arab partners, especially Egypt, in seeking a return of the Arab territory occupied by Israel since 1967. Indeed, close collaboration with Cairo, linking Saudi oil to Egyptian military might, has been one of the striking new elements in the current phase of the Arab-Israeli dispute. While there may be some flexibility in using oil as a weapon, the Arabs will demand progress including substantial Israeli withdrawals from occupied territory before ending the squeeze on oil sup-

plies. Though increasingly self-confident, Faysal will probably defer to Egypt, especially on matters affecting recovery of Egyptian territory. Only on the principle of regaining some form of Arab control over the old city of Jerusalem, toward which King Faysal feels special responsibility on religious grounds, will Riyadh be likely to insist on its stand.³

32. King Husain in Jordan has maintained a low profile in this conflict. He has managed to play a role in defending Syria while skillfully avoiding war on his front with Israel. He is interested in participating in peacemaking, although he is determined not to attend a peace conference at which he would have no authority to speak for West Bank Palestinians. At the same time, he is worried that, should he not attend, some form of Palestinian entity would be established on the West Bank. He would like to regain the West Bank of the Jordan under some arrangement which would preserve at least his nominal sovereignty, but he appears flexible on most issues. He retains some ambition for a voice in Jerusalem. Yet he will have little power to influence the Egyptians, Syrians, or Saudis.

33. The negotiating process poses a severe problem for the Palestinians and their fedayeen fringe. They cannot afford to stay out of serious negotiations, yet their more extreme elements remain unreconciled to dealing with Israel. Even those organizations which accept the prospect of peace talks—i.e., Fatah and the Palestine Liberation Organization (PLO)—cannot agree on a common bargaining strategy. The decision of the Arab summit to designate the PLO as the "sole legitimate" representative of the Palestinians has not settled the question of representation at the

³ For a full treatment of the Saudi position on Jerusalem and on the oil embargo and curtailment of production, see NIE 1-1-73: THE WORLD OIL CRISIS: POLITICAL AND ECONOMIC RAMIFICATIONS FOR PRODUCERS AND CONSUMERS.

peace conference. It merely adds urgency to internal fedayeen differences over negotiations; and it did not resolve rival claims to representation by Jordan. The Israelis also have rejected the idea that the PLO might represent the Palestinians at the peace conference.

34. Although they cannot be left out of calculations on the peace process, the Palestinians are likely to play a secondary role in the negotiations. The major governments concerned are not much swayed by Palestinian desires. Sadat has already told PLO Chairman Arafat that the Palestinians must reconcile themselves to a solution that would not fully meet their aspirations. Yet, if the fedayeen are too ignored in peacemaking, they are likely to try to play the role of a spoiler by resort to acts of terrorism in an attempt to harden Israeli attitudes. This would pose difficulties, although the Arab states are clearly determined not to let negotiations founder on the rock of Palestinian obstructionism.

35. The Libyan and Iraqi governments strongly oppose the ceasefire. Qadhafi played little part in the fighting, despite the formal declaration of union with Egypt only a little more than a month before the conflict. Sadat's relations with Libya had been cooled by Qadhafi's radicalism, and the Libyan leader was apparently not even informed of the planned Egyptian-Syrian attack. Relations have remained sour ever since. Qadhafi has railed against the ceasefire, but for weeks did not cut oil shipments by the 25 percent agreed by other Arab producers. Sadat, who has other Arab donors, now largely ignores the Libyan leader, whose financial assistance no longer is crucial to the Egyptian regime.

36. Baghdad has never formally accepted the ceasefire and appears to be pressing other Arab states to oppose the truce with Israel. Despite the presence of something like one-

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third of the Iraqi armed forces in Syria during the last stages of the fighting, Baghdad has earned little credit with either the Egyptian or Syrian regimes. Iraq has long been the odd man out in Arab politics; the Baath Party government in Damascus has felt special rivalry toward the Baathi regime in Baghdad. Iraq's present efforts to sabotage peacemaking are more irritating than effective. And both Libya and Iraq have refused to attend the Arab summit meeting which would have given them a forum to disrupt prospective negotiations.

37. The smaller Persian Gulf Arab states can exert little influence on the conflict. Kuwait has a special interest in the Palestinian question because of its large emigre population. But it is not likely to adopt an independent stance. In any event, its voice would not carry much weight with the Egyptians or Syrians. The other small Gulf states will essentially follow the Saudi lead in oil and other policies.

The UN

38. The UN can only be as effective in maintaining the ceasefire and in overseeing the implementation of its various aspects as the parties—particularly the Great Powers—desire it to be. The present UN Emergency Force is beset by problems of staffing, logistics and financing that seriously hamper its ability to operate effectively, and its performance in the face of ultimata from the combatants calls into question its determination to fulfill its mandate. If better manned and equipped and more effectively backed by a clear mandate under a formal peace agreement, a UN peacekeeping force could prove effective. But for the present it seems unlikely that the presence of UN forces is sufficient to prevent renewed fighting if either side were determined to reopen hostilities.

V. RESUMPTION OF HOSTILITIES

39. Resupply has put both Arabs and Israelis in positions to contemplate realistic military operations. Both Egyptians and Syrians have received substantial amounts of equipment by air and sea, including tanks, aircraft, and surface-to-air missiles. There appear to be at least 600 Egyptian tanks deployed against the Israeli salient on the west bank of the Canal. Israelis have also reported an additional 300 Egyptian tanks deployed elsewhere on the west bank. With two-thirds of their air force still intact, the Egyptians have considerable potential to execute a strike to rescue the Third Army and to provide air defense over Egypt. More disturbing is the presence of short-range surface-to-surface SCUD missiles, with a nuclear capability. The possible presence of nuclear warheads adds to the uncertainties of the situation. If present, these warheads would remain under Soviet control.

40. The Israelis as well have the capability to resume military action at any time. Israeli air power continues to be superior in quality to its combined Arab opponents, though its effectiveness remains somewhat limited by the missile defenses around Damascus and the Suez Canal. Tel Aviv's armored and mechanized forces on both fronts are also superior in tactics to their opposition and could push forward in both sectors, though at some cost. Israeli combat support units are better suited to support mobile battlefield tactics than corresponding units of the Arab armies.

41. At the same time, both Arabs and Israelis are in a maximum alert posture. Reintegration of fresh troops is being completed; by early next year, the forces of both may again be fully prepared in terms of maintenance and training to resume warfare. Already eagerness to fight is spreading among the troops of both camps. This will make accidental fire-fights increasingly difficult to control.

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42. Military action would not promise easy success for either side. Given the high state of alert, surprise attack is not possible. Defenders would thus have some advantage. Even the Israeli forces on the west bank of the Suez Canal face far more difficult obstacles than they confronted in occupying the lightly settled areas in their present bridgehead. Resumption of fighting would thus cost high casualties on both sides.

43. Nonetheless, if current negotiations lose momentum and the ceasefire threatens to freeze the situation on the ground in present positions, another round of war would be almost inevitable. Indeed, there may be only a short time limit for progress in negotiations because:

— Sadat would feel increasingly vulnerable to pressure from the hawks in his military establishment;

- he was encouraged by the relative success of a military strategy in the recent war in imparting movement to a stalemated situation and he may overestimate his military chances;
- the Syrians feel much the same way and have also been resupplied to a considerable extent;
- there are hawks in the Israeli power structure who are arguing that security demands crushing defeat of the Arabs, and that Israel is capable of doing this;
- no Israeli government will wait to risk the consequences of another Arab attack;
- the military vulnerability of both Arab and Israeli bridgeheads across the Suez Canal will increasingly argue for efforts to seize more defensible lines.

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