

ARAB STATES - ISRAEL: Egypt has announced that it will participate in the peace conference in Geneva, despite the breakdown of the Egyptian-Israeli disengagement talks at Kilometer 101.

In a government policy speech on 8 December, Egyptian Deputy Prime Minister Hatim outlined three "principles" to which Cairo will adhere during the talks:

--Egypt will not permit the conference to be used as a means for procrastination on the implementation of international resolutions, nor will it permit the conference to degenerate into the deadlock that existed before 6 October;

--Egypt will reject any attempt to discuss two basic tenets of its policy--Israeli withdrawal from the Arab territories, and restoration of the rights of the Palestinian people;

--Egypt believes that participation in the conference by the Palestinians will be a firm expression by the international community of their legal existence and a clear recognition of their rights.

To the extent that Hatim portrayed as nonnegotiable those subjects that in reality will involve considerable negotiating, his speech was tough and determined. His statement contained sufficient ambiguity to leave Cairo's options open, however, and it contained none of the shrill, even threatening, tone that the Egyptian press has adopted during the past few days.

Hatim devoted most of his address to domestic concerns. He touched on government plans for virtually every sector of the economy, including those for "economic openness" and "flexibility" that had been emphasized prior to the October war. Those plans were designed to move Egypt away from its

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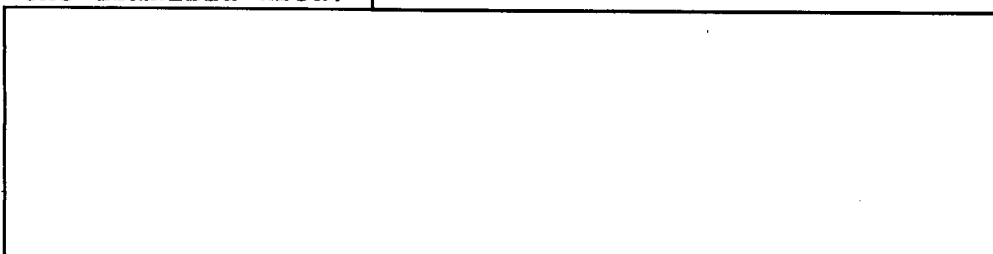
socialist, Nasirist economic policies. Hatim's detailed treatment of domestic affairs appears largely an attempt to convince the Egyptian people that their economic grievances will not be forgotten as the government enters into a period of protracted peace negotiations.

Moscow will find little comfort in Hatim's remarks. The Soviets received only one sentence of gratitude for their military, political, and economic aid, and they will undoubtedly be disconcerted by the reiteration of Egypt's desire for "economic openness." That policy in the past drew strong criticism from the Soviet media because of its anti-Soviet, antisocialist implications.

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Minor cease-fire violations continued on the Egyptian front over the weekend. Ten Israeli soldiers were reportedly wounded in the most serious of several small-arms and artillery exchanges in the Ismailia area.

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In Tel Aviv, a military spokesman announced on 8 December that 2,412 Israeli soldiers are believed to have been killed in the October war. A month ago, the number of dead had been put at 1,854.

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The Cairo newspaper Al Ahram has criticized the revised election platform of the Israeli Labor Party, charging that it does not include "the minimum conditions" necessary for a move toward peace. The newspaper specifically pointed to the party's

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policy of refusing to withdraw to the pre-1967 borders as further evidence--in addition to Tel Aviv's stalling at the talks at Kilometer 101-- that Israel does not seek an acceptable political solution to the crisis.

Jordan and the Palestinians are engaged in a verbal sparring match over the question of Palestinian representation at the Geneva peace conference. The Palestine News Agency reported on 8 December that fedayeen leaders have rejected a Jordanian initiative for a joint delegation to the talks. The report claimed that Jordan offered to form a new government that could include officials selected by the Palestinians; the new government would in turn appoint the Jordanian delegation to the conference, which could include a representative of the Palestine Liberation Organization. According to the Palestinians, "the Revolution's leadership refused even to discuss the offer." According to an official Jordanian spokesman, no such offer of reconciliation was made.

Ministers of the Organization of Arab Petroleum Exporting Countries, meeting in Kuwait over the weekend, decided to resume in January their five-percent-monthly cuts in oil production. The January cuts reportedly will include Japan and those European states that were exempted in December for their pro-Arab diplomatic moves. The ministers agreed that the Arab producers will begin gradually to increase their oil production to the level of September 1973 only when Israel begins to implement a timetable for withdrawal from the occupied Arab territories. The rate of production increases would correspond to phases in the Israeli withdrawal, which must be guaranteed by the US.

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