Approved for Belgase, by GIA

15 March 1979

MEMORANDUM

SUBJECT: Arab Reactions

Arab renunciation of President Sadat and the Egyptian-Israeli treaty is building toward a crescendo. We expect the effort by Iraq, Syrian, and Libya to stampede the more moderate Arabs into unqualified condemnation of the treaty to be largely successful. The culmination of the effort will be a new conference in Baghdad-possibly timed to open the day a treaty is signed--and a vote to impose sanctions against Egypt.

We detect some initial ambivalence on the part of Saudi Arabia and Jordan toward "punishing" Sadat. It will be difficult to keep them that way until the early, largely hostile Arab reaction has run its course. The sentiment, moreover, is tentative and the full weight of anti-Sadat pressure has not yet been applied. That will occur at Baghdad, where there will be few significant countervailing pressures. We doubt that the moderates have the self-confidence to stand against the hardliners given their own reservations about the treaty. We should not rule out that the Iranians will ask to participate, adding to the pressure on Saudi Arabia.

The day of reckoning that the Saudis have long feared appears to be at hand. In their eyes a treaty forces them to choose between two pillars of Saudi foreign policy--Arab unity and a special relationship with the United States. They seek a middle ground, but developments since Sadat's trip to Jerusalem seem to have denied them this option.

The signs in recent months indicate that—for the Saudis—the Arab option is in the ascendency, although the issue is a contentious one within the leadership. Foreign Minister Saud told Ambassador West

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on Wednesday that the immediate and "automatic" consequences of Egypt's signing a treaty would be ouster of Egypt from the Arab League, transfer of League headquarters from Cairo, and expulsion of Egypt from the Arab Mutual Defense Pact. Such sanctions were agreed to at the Baghdad summit last November 1 On the important question of economic sanctions, Saud said his government would "maintain its economic contacts with Egypt" and continue "current commitments." Further economic commitments were ruled out.

A contributing factor to Saudi attitudes is skepticism about US willingness to guarantee Saudi security. Such doubts will not be easily or quickly overcome. Prince Saud did say, however, that Crown Prince Fahd wants to reschedule his visit to Washington—an indication in part of the great apprehension among Saudi leaders that their "Arab commitments" will undermine the "special relation—ship."

We expect considerable vacillation from the Saudis as their key leaders consider their next step. Barring dramatic treaty language or unilateral Israeli gestures on linkage, however, we expect a gradual and reluctant slide by Saudi Arabia into an Arab consensus position condemning the treaty and imposing sanctions, possibly including new limits on economic aid.

Iraq, Syria, and Libya will do their best to quickly push reluctant Arab governments into unqualified condemnation of the treaty and President Sadat. The actual treaty language is probably immaterial and unlikely to affect the attitude of the hardliners. The moderating role played by Syria and Iraq in the recent Yemeni conflict—after Saudi efforts to defuse the crisis had failed—probably gives them added leverage with the Saudis. In the short term, the peace treaty will quicken the pace of Syrian—Iraqi reconciliation, particularly in the area of foreign policy and military cooperation.

We look for Palenstinian groups to show their anger over a treaty by:

--Attempted acts of terrorism by radical Palestinians against Egyptian, Israeli, and perhaps US targets in Europe, the Middle East, and Israel proper.

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--Encouragement for continued protests by Palestinians in the occupied territories, and Palestinian demonstrations in Lebanon.

It is possible that—Yasir Arafat and the more moderate Palestinian majority will temporize briefly while they examine the terms of the peace for Palestinian gains and assess the reaction of other Arabs. Such restraint will likely soon give way if the Arab world, as seems likely, interprets the treaty language as confirming a "Sadat sellout."

Arab support for a treaty is meager. An Omani official reportedly said his government would take a moderate line at any conference on sanctions. Sudan's President Numayri has continued his steadfast support of Sadat, but he is not in line with popular sentiment in Sudan and his position is costing him politically. Numayri told the US Ambassador that the key was continued US efforts to work toward peace on the West Bank and Gaza. Numayri hinted that his stand made US support for his regime all the more important.

Tunisia, flanked by rejectionist Algeria and Libya, has withheld official comment

Because of increasingly difficult domestic problems and his need for Arab support for Morocco's deteriorating position in Western Sahara, Hassan has been muting his support for Sadat.