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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

DDI 6191-82
28 July 1982[]
State Dept. review completed.MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: [] A/NIO/NESA

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SUBJECT: Egyptian Policy Toward Lebanon and the US

1. The Lebanese crisis is gradually having a chilling effect on US-Egyptian ties and on Cairo's perception of how to proceed in the Arab-Israeli peace process. Ambassador Atherton has reported growing frustrations at both the elite and mass level among Egyptians who resent Cairo's inability to restrain Israel, influence events in Lebanon or alter US policy toward the PLO. As a result, the Egyptians have become less and less helpful:

-- At the UN Egypt continues to work with France to sponsor a pro-PLO resolution calling for PLO-Israeli talks and promises of future self-determination. Both Cairo and Paris are increasingly worried that the US has no long range Palestinian policy and that Washington is pursuing a West Beirut settlement as an end in itself, not a step toward a larger Lebanese or Arab-Israeli settlement.

-- Mubarak has refused to commit Egypt to take in any significant number of PLO fighters (Habib wants Egypt to take 4000), although he is on record as willing to take some.

2. To date Egyptian frustrations have been kept within bounds. Mubarak recognizes the enormous leverage Washington has over Egypt through military and economic aid, and few Egyptians want to risk provoking Israel. As a result, Egypt has moved carefully to avoid any fundamental rupture in ties with Tel Aviv and left open the option of resuming the autonomy talks after an Israeli withdrawal from Lebanon (and if the Israelis drop their insistence on holding talks in Jerusalem).

3. There is a growing danger, however, that Mubarak's patience will flag and some more dramatic Egyptian move will ensue. Public pressure is building for a more visible Egyptian policy to pressure the US. Even the

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semi-official newspaper, Al-Ahram, has called for a boycott of US trade and opposition groups have called for a break in relations with Israel and for sending volunteers to fight with the PLO. While Mubarak will try to avoid such controversial moves, an Israeli attack on West Beirut would produce strong pressure for retaliation against Israel and probably the US:

- Cairo's Ambassador in Tel Aviv might be recalled or normalization reversed.
- The US and Israeli Embassies could be exposed to demonstrations.
- Cairo could renounce the autonomy talks.

4. Even absent such a dramatic Egyptian policy shift, the Lebanese imbroglio has severely undermined Egyptian confidence in the autonomy process. It has reduced the chances Mubarak will make any serious effort to compromise in the talks, especially if a resumption of the Camp David process threatened to damage his efforts to improve ties with the Saudis. Moreover, the Egyptian disillusionment with the US over Lebanon is sure to have a long term negative impact on US-Egyptian strategic cooperation. Finally, Mubarak's impotence with regard to Lebanon and Israel inevitably undermines his prestige at home -- the opposition is increasingly restive -- probably strengthening the hand of his fundamentalist foes.

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