

FORM DS 32210CR3

TOP SECRET

INR/RNA: M G BANNERMAN; H R SINDELAR
12/26/76 EXT 21889
INR: HSAUNDERS

NEA: ARDAY

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IMMEDIATE

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EXDIS CODEWORD CHANNEL

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E. O. 11652: XGDS-2

TAGS: LE

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SUBJECT: ANALYSIS OF ARAB-ISRAELI DEVELOPMENTS
SITREP NO. 17, OLD ACAPULCO TIME, DECEMBER 27, 1976

TOP SECRET UMBRA/HANDLE VIA COMINT CHANNELS ONLY
GAMMA CONTROLLED ITEM

1. AMBASSADOR EILTS HAS COMMENTED THAT ALTHOUGH RECENT EGYPTIAN-SYRIAN DISCUSSIONS HAVE GREATLY IMPROVED RELATIONS, HE DOUBTS THAT ALL SUSPICIONS HAVE BEEN REMOVED. NEVERTHELESS, HE NOTED THAT THE TWO STATES WERE LIKELY TO WORK TOGETHER TO GET THE MIDDLE EAST PEACE PROCESS RESUMED AS SOON AS POSSIBLE. ALONG THIS LINE, FAHMI COMMENTED TO AMBASSADOR EILTS THAT THE RESULTS OF THE ASAD-SADAT DISCUSSION HAD BEEN FULLY SET FORTH IN JOINT STATEMENTS ISSUED LAST TUESDAY.

2. FAHMI, HOWEVER, MADE THE FOLLOWING ADDITIONAL COMMENTS:

--THE PROCESS OF "COORDINATION AND UNIFICATION" WOULD TAKE SOME TIME AND NO ONE COULD BE SURE OF THE ULTIMATE OUTCOME;

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--HE THOUGHT THAT EGYPTIAN AND SYRIAN VIEWS ON THE PALESTINIAN LEADERSHIP QUESTION HAD BEEN RESOLVED (BUT WAS NOT SURE), AND THAT THE BELIEF ARAFAT COULD BE REMOVED WAS FALLACIOUS;

--ASAD HAD NOT ADVANCED HIS IDEA OF A SINGLE ARAB DELEGATION AT GENEVA, BUT HAD AGREED WITH SADAT THAT EACH CONFRONTATION STATE AND THE PLO SHOULD BE REPRESENTED SEPARATELY; AND

--SADAT HAD GIVEN ASAD THE "GREEN LIGHT" TO PROCEED WITH SOME FORM OF FEDERATION WITH JORDAN.

3. THE FURTHER ISOLATION OF IRAQ IS ANOTHER RESULT OF THE SYRIAN-EGYPTIAN RAPPROCHEMENT. IN A LENGTHY COMMENTARY, REUTER NOTED THAT THE IRAQIS CONTINUE TO BUCK THE TREND AMONG THE ARAB STATES TO NEGOTIATE WITH ISRAEL. IRAQI OFFICIALS DO NOT BELIEVE A PALESTINIAN STATE ON THE WEST BANK AND GAZA IS A FEASIBLE OPTION FOR EVEN IF SUCH A STATE WERE CREATED IT WOULD ONLY BE A PUPPET. NOR DOES BAGHDAD WANT TO SEE A GENEVA CONFERENCE TAKE PLACE, BUT IF IT DOES IRAQI OFFICIALS BELIEVE IT WILL ACHIEVE NOTHING. IMPLICIT IN BAGHDAD'S ATTITUDE IS A SKEPTICAL ASSESSMENT OF THE LIKELIHOOD OF ISRAEL MAKING ANY REAL CONCESSIONS TO ITS ARAB NEIGHBORS OR TO THE PALESTINIANS.

4. THE SOVIETS APPEAR TO SUPPORT THE IDEA OF A UNIFIED ARAB STANCE ON THE MIDDLE EAST QUESTION, ILLUSTRATED BY THE ASAD-SADAT RAPPROCHEMENT. GROMYKO HAS SAID THE SOVIETS INFORMED THE EGYPTIANS THAT THEY AGREE THE "TIME IS RIPE" FOR A NEW GENEVA CONFERENCE, AND BACK THE CONTINUED ARAB PUSH FOR AN EARLY RECONVENING. AS THE MOMENTUM PICKS UP THE SOVIETS SEEM TO BE FORMULATING THEIR OWN IDEAS ON HOW THE CONFERENCE SHOULD BE HANDLED. IN A MEETING WITH IRISH FOREIGN MINISTER FITZGERALD, GROMYKO:

--SAID A POSSIBLE SOLUTION FOR GETTING THE PLO AND ISRAEL TO RECOGNIZE EACH OTHER MAY BE "A SIMULTANEOUS ACT";

--REITERATED THE SOVIETS' POSITION THAT THE PALESTINIANS MUST BE REPRESENTED AT GENEVA, BUT EXPRESSED ANNOYANCE THAT THE PALESTINIANS HAVE BEEN UNABLE TO REACH DECISIONS ON THE MAJOR ISSUES;

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--HOPED THAT THE OFT-POSTPONED PNC SESSION WOULD MEET AND WOULD CREATE AN "INTERIM PALESTINIAN GOVERNMENT";

--STRESSED THAT SOME KIND OF SEPARATE INDEPENDENT PALESTINIAN STATE MUST BE PART OF A FINAL SOLUTION, AND SUGGESTED THAT ONE FORM COULD BE A WEST BANK/GAZA/JORDAN FEDERATION (HE ADMITTED THAT THIS IDEA WAS UNACCEPTABLE TO THE PLO, AND IMPLIED THAT THE SOVIETS WOULD NOT PUSH THE PALESTINIANS ON THIS.)

GRONYKO ALSO STATED THAT A FINAL PEACE WOULD HAVE TO PROVIDE GUARANTEES FOR THE CONTINUED EXISTENCE OF ALL STATES IN THE AREA, AND NOTED THAT THE SOVIET UNION WAS PREPARED TO OFFER SUCH ASSURANCES TO EACH COUNTRY, INCLUDING ISRAEL.

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6. LEBANON:

--THE SAUDI AMBASSADOR TO LEBANON ANNOUNCED ON BEHALF OF THE MEMBERS OF THE QUADRIPARTITE COMMITTEE THAT A DECISION ON THE COLLECTION OF HEAVY WEAPONS HAD BEEN MADE.

--LEBANESE ARMY: EMBASSY BEIRUT HAS NOTED THAT MINISTER OF DEFENSE BUTROS HAS SAID THAT EXISTING CONTINGENTS OF THE LEBANESE ARMY SUCH AS THE VANGUARDS WILL NOT BE REINCORPORATED AS UNITS. ACCORDING TO MICHEL KHOURY, SARKIS IS CONSIDERING THE ESTABLISHMENT OF A COMMITTEE OF OFFICERS, NON-COMMISSIONED OFFICERS AND CIVILIANS TO SCREEN APPLICANTS FOR THE RECONSTITUTED ARMY.

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7. ARAB-ISRAELI:

--EGYPTIAN-SYRIAN PEACE OFFENSIVE: THE JORDANIAN PAPER AR-RAY REPORTED FROM CAIRO THAT IN THE COMING FEW DAYS EGYPT AND SYRIA WILL DISPATCH JOINT DELEGATIONS TO THE US, THE SOVIET UNION, AND WESTERN EUROPE. THE AIM OF THESE CONTACTS WILL BE TO PRESS FOR A GENEVA CONFERENCE AND TO THWART ISRAELI ATTEMPTS TO DELAY A CONFERENCE.

--EGYPT ON ISRAELI CABINET CRISIS: EMBASSY CAIRO REPORTS THAT THE CAIRO PRESS CONTINUES TO VIEW THE ISRAELI CABINET CRISIS AS A MANEUVER TO DELAY PROGRESS TOWARD A MIDDLE EAST PEACE SETTLEMENT.

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--DEBATES: RABIN YESTERDAY ACCEPTED A CHALLENGE TO DEBATE BEGIN ON TELEVISION. RABIN, LAYING THE GROUNDWORK FOR HIS CAMPAIGN, SAID HE VIEWED THE ELECTION AS A CONTEST BETWEEN LABOR AND THE LIKUD.

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--ARAFAT: ARAFAT CONCLUDED FOUR DAYS OF DISCUSSIONS
IN CAIRO ON DECEMBER 24. HE HELD TALKS WITH
SYRIAN LEADERS, INCLUDING ASAD, ON DECEMBER 25.

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9. INTERNATIONAL:

--UK-EGYPT: CAIRO MENA REPORTED DECEMBER 25 THAT
BRITAIN HAS DECLARED ITS FULL SUPPORT FOR EGYPT'S
REQUEST FOR COMPREHENSIVE NEGOTIATIONS. CROSLAND
REPORTEDLY TOLD FAHMY THAT BRITAIN BELIEVES THAT
A SATISFACTORY SOLUTION FOR THE PALESTINIANS IS
A PRIMARY CONDITION FOR ANY SETTLEMENT.

--ISRAEL-ARAB GUERRILLAS: AP REPORTED THAT ISRAELI
AUTHORITIES HAVE ARRESTED 68 SUSPECTED ARAB
GUERRILLAS IN THE WEST BANK. YY

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