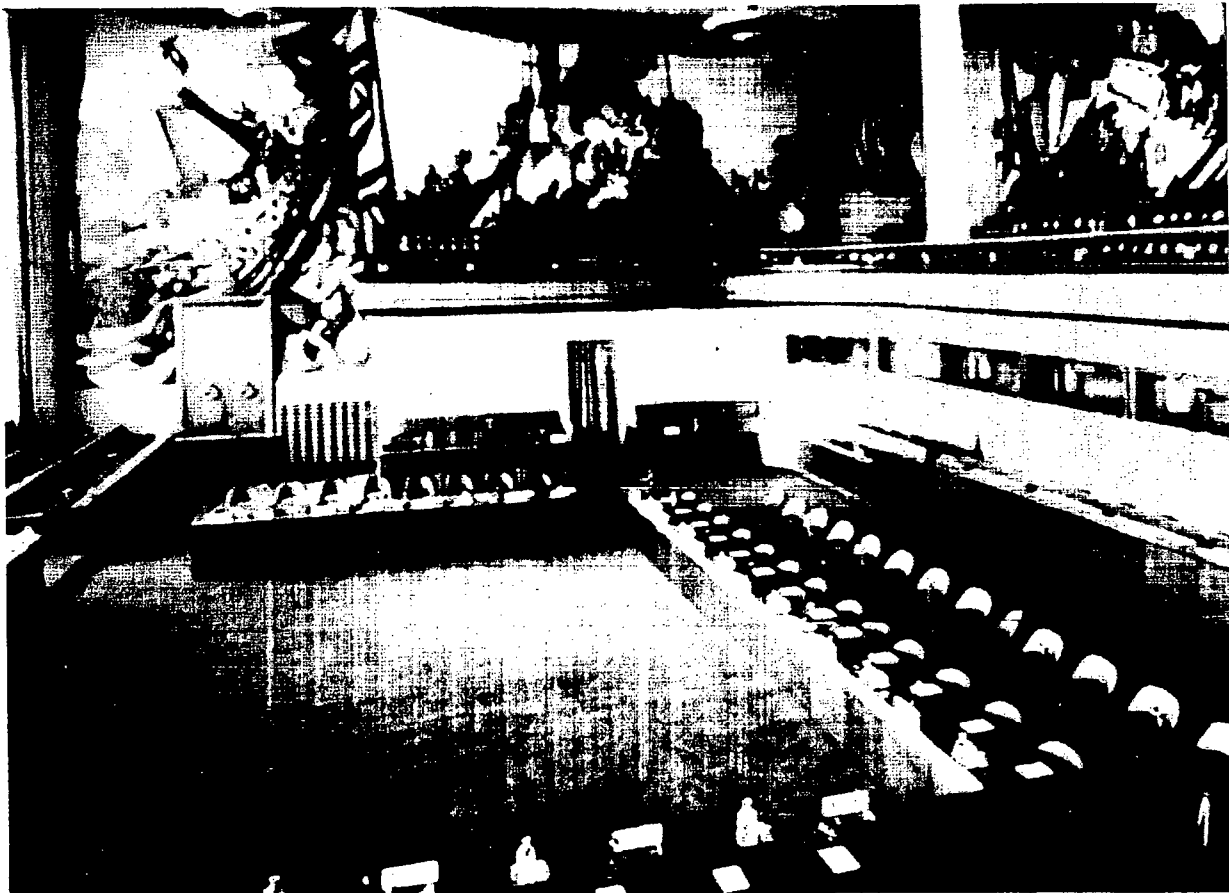


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The Middle East



Waiting: The UN Conference Hall in Geneva

NO SOURCES

The Arab-Israeli peace conference is expected to open in Geneva today notwithstanding Syria's boycott announcement and another hijacking by unreconciled Palestinians. At the same time, the Arabs and the Israelis clearly remain skittish and suspicious as a result of continuing—albeit generally minor—cease-fire violations on both the Syrian and Egyptian fronts and further military preparations by both sides.

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SYRIA BOWS OUT

President Asad's decision not to participate in the Geneva talks reflected his conviction that Syria had nothing to gain by attending an initial round of negotiations that apparently will be given over primarily to discussing the disengagement of Egyptian and Israeli forces. One Syrian diplomat referred to Syria's attendance as "window-dressing," useful to Egypt but a waste of time for Syria. The Syrians probably expected to be subjected to an immediate increase in the already substantial pressure to release Israeli POWs—their only bargaining chip—without any corresponding hope of making progress on the issues that really matter to them: an Israeli withdrawal from the Golan Heights and the rights of Palestinians.

Asad's decision almost certainly also reflected heavy domestic pressures from Baath Party and army elements who would prefer a resumption of hostilities. Asad hopes that taking a hard line will buy him time to see how well the preliminary negotiations between the Egyptians and Israelis progress. If they are satisfactory, Asad might see his way clear to join the talks later. If they go badly, the Syrians could well decide to increase still further their military pressure on Israel.

[Redacted] Syria has put its civilian population and military forces on a wartime footing.
[Redacted]

Many of the cease-fire violations on the Syrian front appear to be initiated by the Syrians, who are attempting to prevent the Israelis from improving their forward defensive positions along

the front. Israel apparently is taking precautionary steps in reaction to these Syrian moves.

Egyptian Reaction

Syria's announcement that it will not participate in the Geneva conference constitutes a heavy blow to the Egyptian aim of presenting a united Arab front. It leaves Cairo virtually alone in the face of opposition to the conference from many other Arabs. President Sadat had expended much effort since the cease-fire in trying to ensure Syria's attendance; Egyptian Foreign Minister Fahmi and presidential adviser Marwan both visited Damascus early this week. The Syrian decision could also increase pressures on President Sadat to drop the diplomatic option in favor of military action because the decision not to attend may reinforce the pro-war sentiment of those in the Egyptian military who look askance at negotiations.

At the talks, the absence of Syria will heighten Cairo's sense of urgency about achieving tangible progress. The official Egyptian reaction to Syria's announcement reflected some hope that Cairo may ultimately be able to change the Syrians' minds, but also some fear that this can be accomplished only through evidence of movement at the conference.

Egypt has reacted calmly in public to the week's other impediments to the convening of the conference. As might be expected, Cairo news media blamed the brief postponement on maneuvering by Israel—supported by the US—but these charges were leveled with an attitude of resignation that such delays are inevitable. A radio commentator advised that Egyptians should have expected a delay and, in any case, "it will not be long" before Tel Aviv's and Washington's true intentions toward a settlement become clear.

Israeli Reaction

Israeli officials have taken the Syrian decision in stride, and may even be somewhat relieved. Tel Aviv's preference has long been to

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engage in bilateral peace negotiations with each of its Arab neighbors; having to negotiate only with Jordan and Egypt may be regarded as more in keeping with that stand. The Israelis consider Damascus as their most intransigent foe, and may believe that Syria's absence will enhance prospects for a successful, if necessarily more limited, conference. Defense Minister Dayan provided some evidence of this guarded optimism on December 18 when he observed that Cairo has taken a more "constructive" approach to peace negotiations.

Fedayeen Hijack Aircraft

The shooting early this week at the Rome airport terminal by Palestinian guerrillas, who then hijacked a Lufthansa aircraft, was apparently timed to disrupt Secretary Kissinger's visit to the Middle East and perhaps the peace conference as well. The radical Popular Front for the Liberation of Palestine has been planning several such operations. The Rome incident reportedly was a joint undertaking between the Front and Libya. Arab governments and leaders of the Palestine Liberation Organization condemned the hijacking, which resulted in 32 deaths; the PLO, in fact, offered to try the perpetrators. Radical fedayeen elements, however, remain eager to disrupt the conference out of fear that the Palestinians will be abandoned or—worse still in their view—will be dealt a truncated country controlled by moderates prepared to cooperate with Israel and Jordan.

The leaders of the several fedayeen organizations remain divided on how best to promote Palestinian interests at this point. PLO chairman Yasir Arafat advocates unity behind a program that favors a Palestinian state composed of the West Bank and Gaza, and PLO participation at the Geneva conference. He has been unable, however, to win broad support for this strategy from the leaders of most of the groups represented in the organization. Many of them prefer to delay any announcement of over-all policy until the Israelis show some signs of willingness to make meaningful concessions.

George Habbash, head of the Popular Front for the Liberation of Palestine, this week publicly opposed any PLO participation in the conference. Such fedayeen disunity has grown recently as a result of Iraqi efforts to create a radical opposition front within the group. It will be increased further by the obligation of the Syrian-supported Saiqa organization to follow Damascus' lead in boycotting the conference.

Moscow and the Conference

The Soviets have welcomed the opening of the Geneva negotiations and will play an active role in them. Moscow will be represented by Foreign Minister Gromyko in the opening round, and later by Vladimir Vinogradov, the USSR's ambassador to Egypt. As one of the Geneva co-chairmen, Moscow views participation as supporting its claim to co-equal Great Power status, particularly in relation to the Middle East. With its position thus recognized, Moscow appears to be somewhat more relaxed about Washington's role in getting the Middle East parties together. Soviet media, for example, gave a positive cast to Secretary Kissinger's recent trip to the Middle East.

Syria's decision not to go to Geneva undoubtedly irked the Soviets since they had been counseling Damascus to adopt a more flexible position. The Soviet ambassador delivered to President Asad on December 19 a personal letter from party chief Brezhnev which probably advised Syria to reconsider its decision to abstain.

Moscow undoubtedly expects the negotiations to be protracted and difficult. The Soviets so far have been giving full public support to the Arab positions and there has been no indication that they intend to press the Arabs to compromise their demands. Nevertheless, Moscow probably hopes that the talks will forestall an early resumption of fighting, and that if some progress is forthcoming, Moscow can take credit for helping the Arabs.

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INTERNATIONAL: BIDDING FOR OIL

(56 + 57)

Unprecedented prices recently offered for Nigerian and Iranian state-owned oil promise to set off a chain of price increases for world oil supplies. When the Organization of Petroleum Exporting Countries opens its price meeting on December 22 in Tehran, officials of the producing countries will point to these offers to support their demands for higher payments from oil companies.

Against stiff company opposition, OPEC leaders are insisting that future royalty and tax payments be based on actual market prices. Because most crude oil sales are from one company to another, it is difficult to determine market prices. The producers will maintain that recent bidding gives some indication of the market value of oil, and that these prices should be taken into account in determining posted prices.

The new round of government crude oil sales began a month ago when Nigeria, Iran, and Saudi Arabia placed their 1974 state-owned allotments on the market. The most publicized current of-

fering was Nigeria's—300,000 barrels a day of low-sulphur oil for six months. A price of \$16.80 a barrel—one third more than the highest price previously negotiated anywhere—reportedly was bid by an American company. This bid was eclipsed by offers of up to \$17.40 a barrel for Iran's 470,000 barrels a day of lower quality crude on six-month contracts. This offer led Nigeria to require a new round of bidding. If the Saudis follow past practice, they probably will set their own price for 525,000 barrels a day, based on what Iran receives for similar oil.

In October, the Persian Gulf members of OPEC began their negotiations with the companies by demanding a 100-percent increase in the posted price, to \$6.02 a barrel. While the companies were formulating a counteroffer, the governments unilaterally issued a take-it-or-leave-it package that raised the posted price to \$5.12 and established a rule setting the posted price thereafter at 140 percent of the market price.

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MARKET PRICES FOR SELECTED SALES OF CRUDE OIL

US \$ PER BARREL

1973	Iraq	Saudi Arabia	Iran	Abu Dhabi	Libya	Algeria	Nigeria
Jan 1	—	2.13	2.15	2.38	3.28	—	—
Apr 1	—	2.30	2.32	2.75	3.75	3.80	—
Jun 1	—	2.70	2.76	—	4.00	—	—
Jul 1	—	—	—	—	—	—	4.25
Aug 1	3.48	2.88	—	3.20	5.50	—	—
Sep 1	—	—	—	3.00	—	5.00	—
Oct 1	3.00	2.80	2.85	3.25	5.85	—	5.20
Oct 16	3.62	3.65	3.64	4.32	—	—	—
Nov 1	3.66	—	—	—	8.50	6.61	6.84
Dec 1	—	—	16.00 - 17.40	—	—	—	16.80
			(Bids)				(Bid)

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