

**Middle East****USSR-EGYPT** 10-19

The acrimony and recriminations that have characterized Soviet-Egyptian relations since the first of the year subsided enough last month to allow a Soviet trade delegation to visit Cairo and sign the annual 1977 trade protocol. The trade negotiations had been postponed for four months.

Such annual protocols are not a good indication of the overall state of Soviet-Egyptian relations, and the new pact does not signal a meaningful lessening of tensions. The touchy issue of long-term debt repayment is still unsettled.

Trade for 1977 has been planned at about the same level as last year—\$1 billion compared with some \$820 million for 1976. The slight increase may merely reflect increases in the cost of goods. The quantities listed this year are not substantially different from those agreed to for 1976. The Soviets will be exchanging

metal products, timber, and chemicals for Egyptian cotton, citrus fruits, and textiles. Actual trade varies significantly from planned levels—both prices and quantities are commonly renegotiated throughout the year.

The new accord reportedly provides for an Egyptian surplus of \$200 million. If such a surplus materializes, most of it would certainly be used to help pay off the outstanding Egyptian debt.

Trade could fall significantly below the plan this year. The Egyptians are under considerable pressure from the International Monetary Fund and Arab donors to increase hard-currency earnings and would not hesitate to divert goods from the USSR if better markets develop. The USSR, for its part, has threatened to reduce critical exports to Egypt in retaliation for unacceptable political behavior, and the Egyptians have clearly demonstrated a willingness to take actions that Moscow views as anti-Soviet. [redacted]

**LEBANON** 16

The fighting between Christian extremists and Palestinian-leftist forces in southern Lebanon, which has been almost

continuous since late January, increased significantly two weeks ago. Over the past few months, Christian forces have been increasing the amount of territory under their control along Lebanon's southern border. In late March, the Christians began to move against remaining Palestinian-controlled villages in the border area, capturing the important Palestinian base at Tayyibah.

Last weekend, Christian forces took four more Palestinian-controlled villages and began shelling the area around Bint Jubayi, the last Palestinian stronghold in the south. On April 4, the Palestinians counterattacked and recaptured Tayyibah. By April 7, the Palestinians were on the offensive. They captured the town of Khiyam, which the Christians took last year, and were threatening the Christian base at Marj Uyun.

The Christian forces rely heavily on the Israelis—across the border—for artillery support and some operational planning. There were reports this week that the leftist Palestinian forces had the help of Syrian artillery in recovering Tayyibah, but the Syrians have been careful up to now to avoid any direct involvement in the fighting in the south, and the reports of Syrian participation have not been confirmed.

**Turkey: Parliamentary Election Scheduled** 42

An early parliamentary election designed to end the paralyzing divisions within Turkey's four-party coalition has been officially scheduled for June 5. Both Prime Minister Demirel's Justice Party and opposition leader Ecevit's Republican People's Party hope to gain enough votes to reduce the role of Deputy Prime Minister Erbakan's National Salvation Party, which has been obstructing progress on key domestic and foreign policy issues.

Neither of Turkey's major parties is likely to win a clear majority, and the pattern of unstable coalitions, which dates

back to the inconclusive parliamentary election in 1973, will probably continue. No hard policy decisions are likely to be made in Turkey until the parliament reconvenes next fall.

Demirel believes that his party's strength has peaked and that economic conditions will be more favorable in June than they will later on. He has favored early elections for some time as a means of increasing his strength in parliament and reducing his reliance on his coalition partners.

Opposition leader Ecevit's motivation is less clear, but he is evidently convinced

that an early election will also be to his party's advantage. Ecevit has become increasingly restive and is eager to take over the government again.

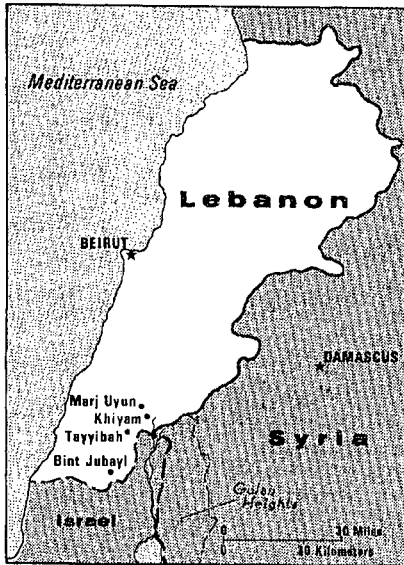
Erbakan, who opposes an early election because his party may lose votes, has announced that he will appeal the election decision to the constitutional court. The court is likely to reject the appeal.

Candidates for the 450 assembly seats and 50 senatorial posts must be selected by April 24. This short time period gives a distinct advantage to incumbents and party regulars. [redacted]

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This week, members of Fatah—the largest and most moderate of the Palestinian organizations—were heavily involved in the fighting for the first time. Fear that establishment of a Christian buffer along the entire border with Israel would eliminate any option for operations against Israel may account for their participation.

So far, President Sarkis' efforts to end the fighting have been fruitless. His attempt to send Syrian-dominated peacekeeping troops into the area met with strenuous Israeli objections, and his proposal to introduce some kind of UN force generated no enthusiasm from anyone.

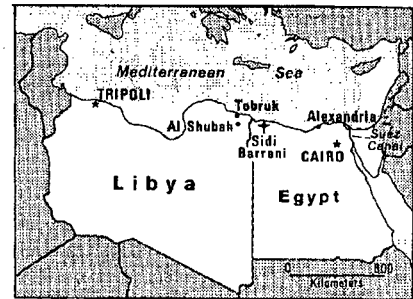
Sarkis' best chance at present is to repair the fractured Lebanese army and put together an all-Lebanese security force that could be used to restore authority in southern Lebanon. The Israelis have said they would accept such a solution, and the Syrians could hardly oppose it. Sarkis took one step in this direction recently by replacing a hardline Christian officer, General Hanna Said, as head of the army. His replacement is a Christian of more moderate persuasion.

EGYPT-LIBYA

Tensions are building once again in Egyptian-Libyan relations. The signs are most obvious in the vitriolic propaganda exchanges of the past two months.

The propaganda war is increasingly harsh and gives the impression that both sides are concerned about continuing acts of terrorism and possible assassination attempts. The Cairo press has focused on the arrest of alleged Libyan saboteurs ordered to carry out bombing and political assassinations in Cairo last month in an attempt to disrupt the Arab-African summit. Egyptian authorities have charged that bombings in Alexandria killed three and injured eight. Cairo's leading daily, *Al Ahram*, printed extensive details on the arrest of the saboteurs and the recovery of a cache of arms and explosives. The article linked the agents to the Libyan intelligence office in Tobruk and to a nearby training camp at Al Shubah.

Libya's media campaign against Egypt



dates back to the popular demonstrations and riots in Egypt in mid-January, when Libyan radio apparently tried to keep the demonstrations going by inciting the students to denounce the government. Last month, Libyan leader Qadhafi publicly denounced the Egyptian government in scathing terms, and early this month, the Libyan media campaign featured a front-page personal attack in a Tripoli newspaper on President Sadat.

International

WORLD TIN 44-48

Bolivia agreed last week to ratify the fifth international tin agreement after earlier threatening to withhold support. Without ratification by Bolivia, the world's second-largest tin producer, the agreement would have expired on June 30.

The UN Conference on Trade and Development—and the International Tin Council, which represents 25 countries and the producers and consumers of about 90 percent of the world's tin—will be pleased with Bolivia's announcement. UNCTAD officials have long regarded the tin agreement a model for other producer-consumer commodity pacts.

Bolivia had objected in particular to the

low floor prices in the agreement. The council agreed to regularize the procedure for determining floor and ceiling prices—a concession to Bolivia that provides a face-saving justification for ratification.

Bolivian officials who tried to hold out against ratification realize that the remotely located high-cost tin industry in Bolivia has much to gain by preserving the agreement and will probably now press for higher floor prices. Tin prices have fallen below the floor prices set by the council only once during its more than 20 years of existence. Pressures for higher prices are likely to come to the surface in July when the newly established Economic and Price Review Panel meets in the first of its semiannual sessions to discuss floor and ceiling prices for tin.

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