



Director of  
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# Core Positions of Parties to the Palestinian Dispute

Special National Intelligence Estimate

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## CORE POSITIONS OF PARTIES TO THE PALESTINIAN DISPUTE

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**THIS ESTIMATE IS ISSUED BY THE DIRECTOR OF CENTRAL INTELLIGENCE.**

**THE NATIONAL FOREIGN INTELLIGENCE BOARD CONCURS, EXCEPT AS NOTED IN THE TEXT.**

*The following intelligence organizations participated in the preparation of the Estimate:*

The Central Intelligence Agency, the Defense Intelligence Agency, the National Security Agency, and the intelligence organizations of the Departments of State and the Treasury.

*Also Participating:*

The Assistant Chief of Staff for Intelligence, Department of the Army

The Director of Naval Intelligence, Department of the Navy

The Assistant Chief of Staff, Intelligence, Department of the Air Force

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## SCOPE NOTE

The likelihood that the Egyptian-Israeli talks on Palestinian autonomy will fail to produce an agreement acceptable to both the Israelis and the Palestinians has sparked a renewed search for a negotiating framework with greater prospects. A continuing stalemate could further radicalize the Palestinians, alienate Arab moderates<sup>1</sup> from the United States, and give the Soviets new opportunities to expand their influence in the Middle East. Moreover, a renewal of intense Palestinian-Israeli hostilities, particularly in Lebanon, could possibly lead to a Syrian-Israeli confrontation threatening regional stability and bring about direct US and Soviet involvement to control the situation.

This Estimate seeks to examine the fundamental positions and concerns of the key parties on the Palestinian issue, to highlight areas that might be susceptible to negotiation, and to assess the implications for the region and the West.

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<sup>1</sup> The term "moderates" as used in this Estimate includes Jordan, Saudi Arabia, the smaller Persian Gulf states, Egypt, and Morocco.

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## KEY JUDGMENTS

*The aims of the present Israeli Government and those of the mainline Palestinian leadership and most Arab states are for the most part not reconcilable. The ultimate status of Jerusalem is the most emotionally charged issue between Israel and the Arab states. Neither side is prepared to give up its claim to sovereignty over East Jerusalem.*

*The Begin government aims ultimately to incorporate the West Bank into pre-1967 Israel, and to seek and utilize pliable Palestinian leadership to administer Arab areas within the framework of Israeli sovereignty. Israel's opposition Labor Party favors a territorial compromise with Jordan that includes relinquishing substantial portions of the West Bank and Gaza. The Israeli populace increasingly favors Begin's policies.*

*The mainline PLO, under Yasir Arafat, has as its basic requirement the establishment of a sovereign Palestinian state in the West Bank, Gaza, and East Jerusalem. We believe that Arafat would agree in return to recognize Israel's right to exist and could probably enforce the discipline necessary to obtain acceptance of this within the PLO. We judge that he would also agree to a prescribed process leading to more formal recognition as required by negotiations.*

The Syrians want to be a principal party to any negotiations. They would accept Arafat's terms for a settlement provided he agreed to include peculiarly Syrian issues regarding return of the Golan. Assad may insist, moreover, that Israel rescind its decision on 14 December to apply Israeli law to the Golan before negotiations get under way. *If excluded from the negotiating process, the Syrians would sabotage a PLO-sanctioned settlement.*

Libya and rejectionist Palestinian organizations would not accept a settlement based on the mainline PLO's minimum conditions and would try to sabotage it. In our judgment, they would not succeed.

Moderate Arab states—Saudi Arabia, Jordan, and Egypt—all support some form of Palestinian self-determination. The Saudis are closest to the mainline PLO conception. Jordan would prefer sovereignty in a confederal arrangement. Egypt would accept any solution acceptable to the Palestinians and Israel. All of these governments assume pressure from regional states would limit to some degree the freedom of action of any future independent Palestinian state.

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A continuing stalemate would, over time, be likely to lead to a radical shift in Palestinian leadership or attitudes and inspire renewed terrorism outside Israel, a further hardening of the Syrian position toward Israel and its Christian allies in Lebanon, and a greater willingness on the part of some currently moderate Arab states to adopt positions contrary to Western interests and policies.<sup>2</sup>

The Soviets hope that their strong support for the PLO will get them to the Arab-Israeli negotiating table, signifying international recognition of their "legitimate role" in the Middle East. Short of a settlement that increases their influence in the region—such as the creation of a Palestinian state dependent on Moscow—the Soviets do not necessarily want to see a solution to the Palestinian problem because they benefit from the tensions it generates. Moscow does not possess the leverage either to obstruct a settlement the principal parties agree to or to convince the more hardline Arabs to accept a settlement that does not meet their objectives.

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<sup>2</sup> A minority view holds that the Arab position has historically become more, rather than less, flexible, in spite of the continuing stalemate on Palestine. Intelligence Community representatives judge that a threshold has been reached and that Arab positions cannot be expected to moderate further without a change in Israeli policies on territorial compromise.



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## DISCUSSION

### Background

1. The keys to achieving a resolution of the Arab-Israeli dispute lie in resolving the Palestinian issue and securing Arab recognition of Israel's right to exist. These issues are likely to be at the heart of all future discussions concerning Middle East peace talks once the Israeli withdrawal from Sinai is completed in April 1982. The Palestinians, of course, are the subject of the Egyptian-Israeli autonomy talks. Beyond that, both Jordan and Syria consider the Palestinian problem much more an integral part of their own negotiating stance toward Israel than did President Sadat. They will not settle their own differences with Israel without a simultaneous resolution of this question. This stance is vigorously supported by most Arab countries, including Saudi Arabia and the smaller Persian Gulf states.

2. The 1948-49 Arab-Israeli war and the formation of the state of Israel were accompanied by a mass flight of Palestinian Arabs. Roughly half of Palestine's 1.4 million Arabs—three-quarters of the Arab residents of what became Israel—fled their homes, could not return, and became refugees. A congress of these refugees met in East Jerusalem in May 1964 and formally established the Palestine Liberation Organization. In February 1969 the strongest PLO group was Fatah and its leader, Yasir Arafat, was elected PLO chairman.

3. A clear trend in the past 12 years has been the increased identification of Palestinians throughout the Middle East with the PLO as the institutional expression of Palestinian nationalism. The organization now enjoys widespread support in the West Bank, Gaza, and the Palestinian diaspora. In part the PLO has won this support by default—whether or not they admire the PLO leadership or agree with its tactics, most Palestinians see no alternative to the organization as the political vehicle for achieving their aspirations.

4. The PLO has also benefited from the decision of the Arab states at the Rabat summit in 1974 to recognize it as the sole legitimate group speaking for

the Palestinians and to give it full membership in the Arab League. It gained additional international acceptance when the United Nations General Assembly in November 1974 granted the organization official observer status.

5. There are about 4 million Palestinians. The largest concentration of them outside Israel and the occupied territories is in Jordan. (See figure 1.) Although they do not regard Jordan as the Palestinian state, many Palestinians are now Jordanian citizens and their integration into Jordanian society is extremely advanced.

6. The situation is different in most other Arab states. Syria and Iraq discourage their Palestinians from seeking citizenship, arguing that they do not want to contribute to the "liquidation" of the Palestinian problem. Kuwait and Saudi Arabia do grant citizenship to Palestinians—and other foreigners—but on a very limited basis; they fear the large and possibly destabilizing concentrations of Palestinians in their societies and watch them closely for signs of trouble.

### Positions of the Key Players

#### The Israelis

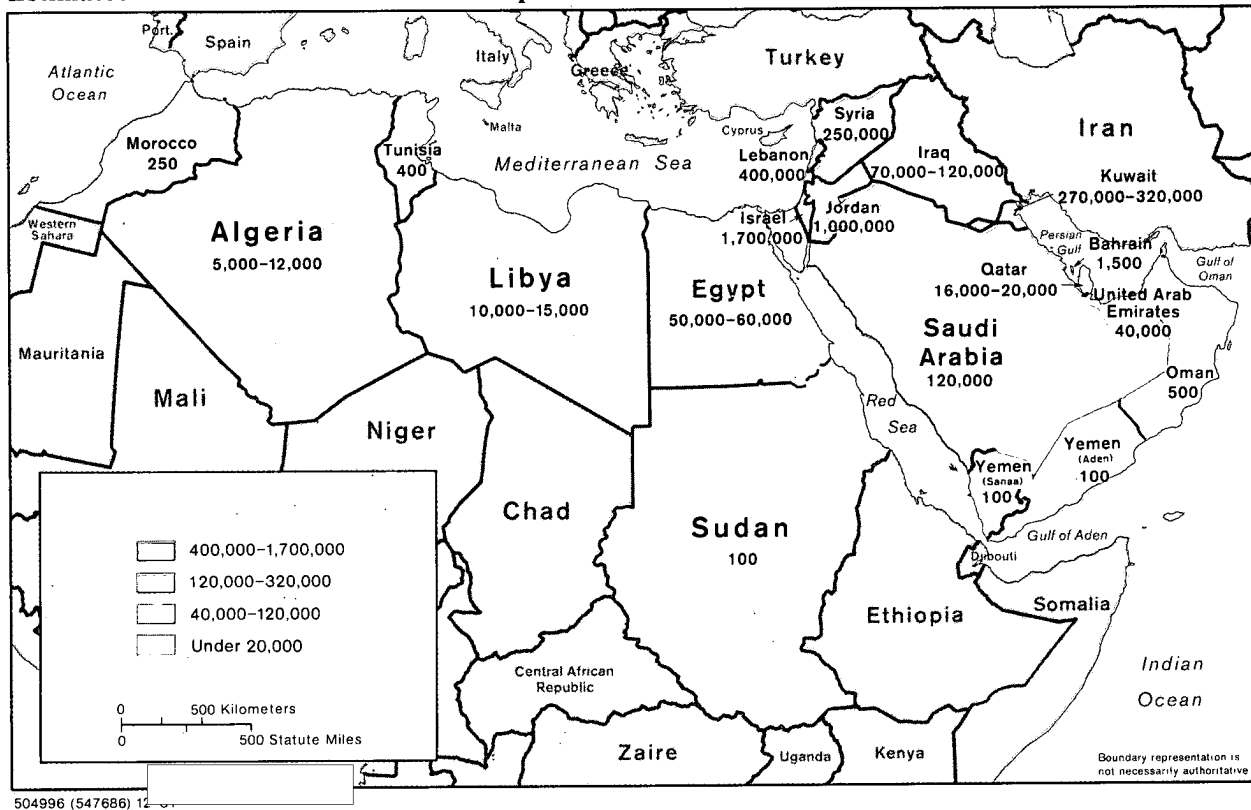
7. In Israel there is broad agreement among nearly all political parties and within the general public that there can be no total withdrawal to the pre-June 1967 borders and no negotiating with the PLO. Even if the PLO were to modify its charter to recognize Israel and to renounce terrorism, much of the Israeli public and influential hardliners in the ruling Likud, the opposition Labor Party, and the National Religious Party—Israel's three major political combinations—would still oppose negotiations with the PLO out of concern that they would lead inevitably to establishment of a revanchist Palestinian state in the West Bank and Gaza Strip.

8. Public opinion polls in recent years demonstrate a steady hardening of Israeli attitudes, with a clear majority now favoring some form of permanent Israeli

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Figure 1  
Estimated Distribution of Palestinian Population



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control over most of the West Bank as well as the Golan Heights. Knesset approval on 14 December of the government's decision to apply Israeli law to the Golan has encountered widespread approval in Israel. Israelis attach little emotional and historical importance to the Gaza Strip, but nearly all believe Israel must retain it indefinitely because of its key strategic location between Israel and Egyptian-controlled Sinai and its large Palestinian population. (See figure 2.)

9. Most Israeli parties adamantly reject any compensation for those Palestinians who fled in the 1948 and 1967 wars unless reciprocal compensation for Jews who left Arab countries is offered. Both Labor and Likud probably would, however, agree to the return of a limited number of refugees to the West Bank and Gaza as part of a final peace agreement.

10. Deep-seated distrust of Israel's Arab citizens—including growing concern about subversive cooperation by them with West Bank and Gaza Palestinians—has reinforced the commitment of Likud and Labor to

their different strategies. Likud aims by its aggressive settlements and hardline security policies to discourage Palestinian political activism, preempt terrorist operations, and intimidate Israeli Arabs. Labor, on the other hand, aims by turning over the heavily Arab-populated areas of the West Bank and Gaza to Jordan to rid Israel of the long-term political, demographic, and moral dilemmas posed by continued control over more than 1 million West Bank and Gaza Arabs. It hopes this would over the long run make Israeli Arabs also less susceptible to PLO irredentist propaganda and the Palestinians less willing to make irredentist claims.

11. The final status of Jerusalem is the most sensitive peace negotiation issue in Israel. (See figure 3.) All Jewish Israelis have a deep attachment to the city because of its place in their religious tradition and history. An overwhelming percentage of Israelis reject sharing sovereignty over the city with the Arabs. It is the only area of the West Bank that has been formally

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Figure 2  
Israel and Occupied Territories



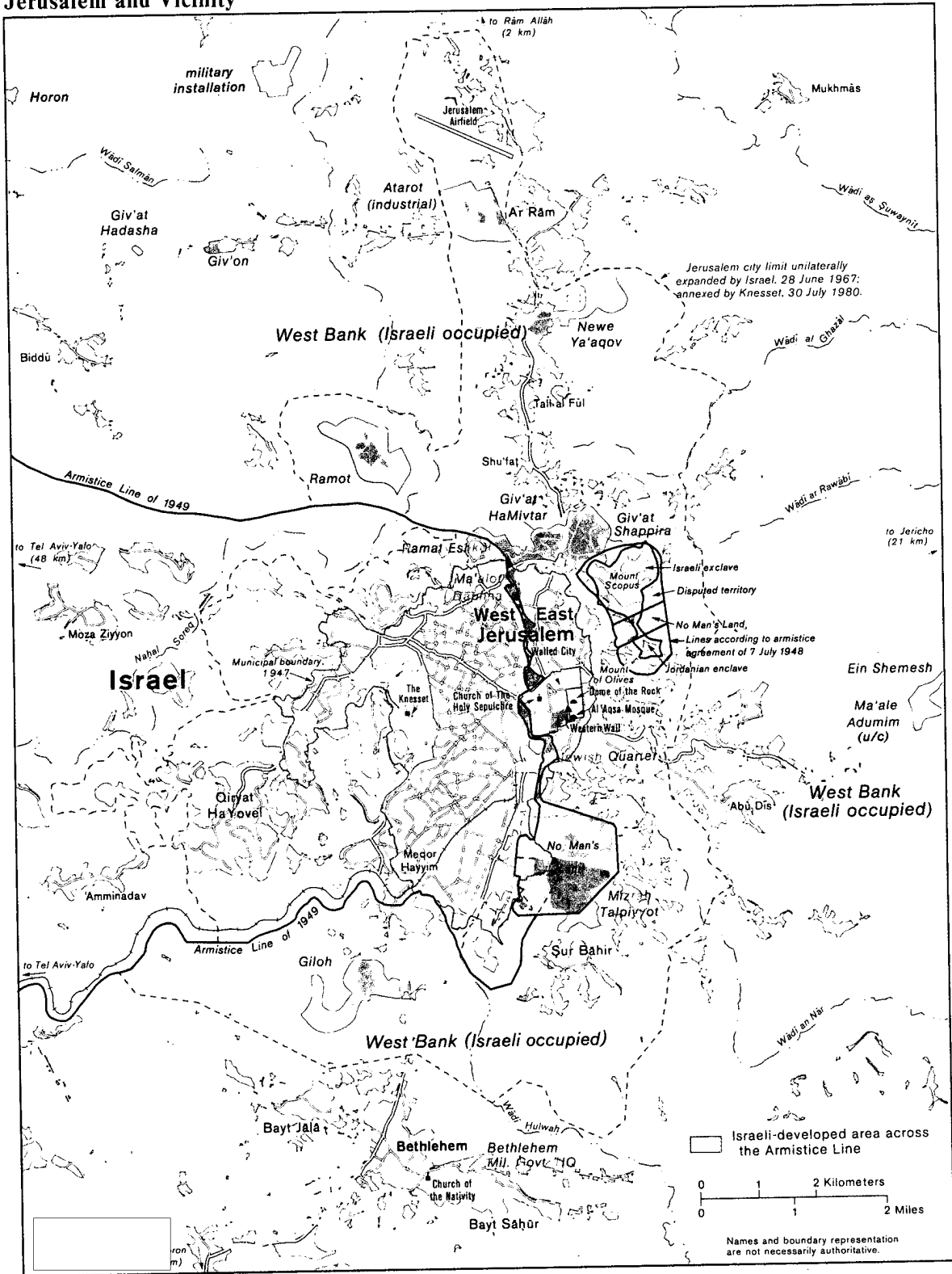
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Figure 3  
Jerusalem and Vicinity



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annexed by Israel. Neither Likud nor Labor would be likely to offer more than expanded municipal decentralization designed to accord greater autonomy to the Arab population and to preserve Arab control over Jerusalem's Muslim holy sites.

12. Prime Minister Begin aims ultimately to incorporate the West Bank into pre-1967 Israel. He and many members of his government believe that this territory—the heartland of the Biblical Land of Israel—must never again be alienated. They also regard control over the area as vital to assure the security of Israel's densely populated central coastal plain. Begin and his Likud colleagues insist that the Camp David accords, reached in 1978, represent the only acceptable negotiating framework because they provide Israel the best chance eventually to assert sovereignty over the West Bank. By their interpretation, the Camp David agreements provide for no more than severely circumscribed Palestinian self-rule, while leaving Israel in control of all sovereignty-related matters—land and water resources, settlement activity, and security.

13. To preempt a rival claim to sovereignty, Begin has consistently rejected West Bank partition negotiations with Jordan. He believes, moreover, that this would inevitably lead to a pro-Soviet Palestinian state controlled by the PLO. Begin and other Likud leaders repeatedly have drawn attention to the Palestinian demographic majority in Jordan in hopes of strengthening Likud's longstanding argument that Jordan—rather than the West Bank—is the Palestinians' "natural" homeland. It is only in the context of talks with Jordan that the Likud might consider an Israeli withdrawal from limited areas of the West Bank and Gaza. Foreign Minister Shamir indicated recently that Israel ultimately might negotiate over the western border of a Palestinian state in Jordan, but probably is referring only to minor border adjustments.

14. While Labor remains more flexible in its approach to negotiation than Likud, it is no less insistent on de jure recognition of Israel's right to exist, guarantees for Israel's security, and continued control over a unified Jerusalem. Labor has long favored a West Bank/Gaza territorial compromise with Jordan, although presumably it would insist on treaty safeguards to prevent Jordan from later handing over territory to the Palestinians. Labor's 1981 election platform pledges to honor the Camp David agreements, but

only as an interim stage in negotiations to reach a final peace with Jordan based on a territorial partition and in the framework of a "Jordanian-Palestinian state." Labor would seek a negotiated agreement giving Israel permanent control over the Jordan Valley, the Etzion settlement bloc south of Bethlehem, greater Jerusalem, and the southern Gaza Strip. Jewish settlement activity would continue in these areas. Many party leaders probably would prove willing to abandon Jewish settlements in areas retroceded to Jordan, if popular sentiment would permit it.

15. The Labor Party prefers separate, direct negotiations with Jordan and Syria but would probably also accept a Geneva-style conference that included the Soviets. It fears, however, that such a conclave would produce a stalemate similar to the abortive Geneva Conference of December 1973 and complicate US-Israeli bilateral relations. In any case, Labor's negotiating flexibility would be severely constrained if—as is likely—it had to gain the participation of Israel's religious parties to form a governing coalition.

#### The PLO

16. The current PLO leadership under Yasir Arafat has given a number of indications that it is prepared to move toward a negotiated settlement with Israel. Although the PLO continues publicly to espouse the establishment of a Palestinian state in all of Palestine, we believe it would be willing to settle for less. The minimum PLO demands appear to be:

- Self-determination for the Palestinians and establishment of a Palestinian state in the West Bank, Gaza, and East Jerusalem.
- *Recognition* of the right to return for Palestinian refugees from the 1948 and 1967 wars and the payment of compensation to those who choose not to return.

Arafat has privately indicated that, in return, he is prepared to recognize Israel's right to exist. We believe he could probably enforce the discipline necessary to obtain acceptance of this within the PLO. We judge he would also agree to a process leading to more formal recognition.

17. Arafat and some of his closest associates have indicated that they might be willing to negotiate

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restrictions on their demands. For example, once the abstract "right of return" was agreed upon, they could probably accept strict limits on the numbers of Palestinians who would be allowed to return or to demand compensation. Some PLO leaders also have suggested that they could accept a confederation with Jordan if such a union were portrayed as being between two independent states. Arafat has acknowledged, moreover, that the PLO would accept a transitional arrangement—preferably a UN-sponsored mandate—before the establishment of an independent state.

18. The PLO has consistently opposed the Camp David process and successfully urged and intimidated West Bankers to induce them to stay out of the autonomy talks because Arafat believes that the process is designed specifically to circumvent ultimate Palestinian sovereignty and to keep him out of peace negotiations. Arafat, moreover, is not prepared to accept Jordanian participation in negotiations as envisaged in the Camp David framework.

19. There is significant opposition to these mainstream Palestinian demands from radicals within the PLO (see table). This opposition would be significantly enhanced in the event of Arafat's death or incapacitation. The radicals insist that the goals set out in the PLO's charter of 1968 and subsequent resolutions issued by various groups—chiefly the establishment of a democratic, secular state in all of pre-1948 Palestine and the use of "armed struggle" to reach this goal—must not be compromised. Although all radical groups within the PLO now subscribe to the Palestine National Council resolutions of 1977, which endorse the creation of a Palestinian state on territories occupied by Israel in 1967, the radicals maintain that this state should serve as a base for continued military operations against Israel aimed at destroying the Jewish state.

20. Although a substantial majority of Palestinians support Arafat's relatively moderate position, the radicals could probably veto any attempt to reach a negotiated settlement with Israel as long as they retain the substantial backing of Syria. Moreover, Syria—by virtue of its military presence in Lebanon, where much of the PLO infrastructure is located, and its control over the main PLO supply routes—is also in a very strong position to prevent Arafat from engaging

in unilateral negotiations that do not have the blessing of Syrian President Assad.

#### West Bank/Gaza Palestinians

21. The political leadership of the West Bank and Gaza is in broad agreement with the goals of the PLO moderates who are prepared to accept a Palestinian state in the West Bank, Gaza, and East Jerusalem and eventually to recognize Israel. For the West Bankers and Gazans, however, the priority concern is to end the Israeli occupation as quickly as possible. They are, therefore, prepared to be more flexible than the PLO in the tactics used to achieve statehood. Most acknowledge that an arrangement for the occupied territories involving strong links to Jordan, at least initially, might be the only feasible way to bring about Israeli withdrawal. Only a handful of the West Bank's conservative clans traditionally close to Amman, however, are prepared to opt for a permanent confederation with Jordan.

22. Neither is full recognition of Israel a stumbling-block for most West Bankers and Gazans. Unlike the PLO leadership, they are prepared to concede this now and to proceed in the negotiations from there. The PLO radicals' goal of a Palestinian state in place of Israel is considered unrealistic by all but a small number of West Bankers and Gazans, primarily students.

23. The PLO's use of violence to intimidate Arabs on the West Bank is a major constraint on the area's leadership. Therefore, despite their flexibility on issues such as recognition of Israel, the mayors and notables have little room for maneuver and would not accept a settlement rejected by the PLO, although some could be tempted if it contained firm guarantees of self-determination and Israeli withdrawal.

24. West Bankers and Gazans at all levels share the PLO's rejection of the Camp David process as a cover for permanent Israeli occupation and eventual annexation. Israeli annexation of the Golan can only confirm this belief. They also concur in the PLO's refusal to accept a settlement that does not provide for some form of Arab control over East Jerusalem. Some area leaders, however, admit privately that an agreement providing for joint administration of the city may be

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### Groups Within the Palestine Liberation Organization

Position of Group	Leader	Size of Militia
<b>Favoring negotiated settlement:</b>		
Fatah (independent)	Yasir Arafat	9,000-11,000
<b>Vacillating:</b>		
Arab Liberation Front (ALF) (controlled by Iraq)	Abd al-Rahim Ahmad	300-500
Democratic Front for the Liberation of Palestine (DFLP) (independent Marxist)	Nayif Hawatmah	1,200-1,500
Saiqa (controlled by Syria)	Issam Qadi	2,000-4,000
<b>Rejecting negotiated settlement:</b>		
Popular Front for the Liberation of Palestine (PFLP) (independent Marxist)	George Habbash	1,500-2,000
Popular Front for the Liberation of Palestine/ General Command (PFLP/GC) (radical, close to Syria)	Ahmad Jibril	300-500
Popular Struggle Front (PSF) (radical, close to Syria)	Samir Ghushi	About 200
Front for the Liberation of Palestine (FLP) (radical, close to Syria)	Taalat Yaqub	About 200

### Leadership Structure

#### Palestine National Council (PNC)

Serves as PLO's legislative body. Has some 290 members.

#### Palestine Central Council

Theoretically runs the PLO when PNC not in session. Has 55 members.

#### Executive Committee

In reality the PLO's highest authority. Has 15 members:

Yasir Arafat, chairman (Fatah)	Hamid Abu Sittah (independent)
Faruq Qaddumi (Fatah)	Muhammad Zuhdi Nashashibi (independent)
Mahmud Abbas (Fatah)	Abd al-Muhsin Abu Mayzar (independent)
Yasir Abd Rabbu (DFLP)	Ahmad Sidqi al-Dajani (independent)
Abd al-Rahim Ahmad (ALF)	Jamal Surani (independent)
Talal Naji (PFLP/GC)	Hanna Nasir (independent)
Ahmad Yamani (PFLP)	Salah Dabbagh (independent)
Muhammad Khalifa (Saiqa)	

#### Political and Military Departments

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possible. Most West Bankers, like the PLO, insist that eventual dismantlement of existing Israeli settlements must be part of a comprehensive treaty.

#### The Arab Position

25. The public position of most Arab leaders is probably more hardline than what they are likely to

accept in a final peace settlement. Apart from a few extremist Arab states such as Libya and perhaps Iraq, the leaders of most other Arab states privately agree that the only viable solution is a settlement that includes ultimate Israeli withdrawal from all territory occupied in 1967, with minor border adjustments, and self-determination for the Palestinians, coupled with

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realistic security agreements and some form of Arab recognition of Israel.

26. The Arabs agree that the PLO must play a role in the negotiations leading to a final settlement. They view this condition—which was endorsed by all Arab states at the 1974 Rabat summit—as crucial and would agree to modify it only if the PLO consented. The absence of provisions for a PLO role is a major reason for Arab rejection of the Camp David process.

27. The Arabs would reject any settlement that stops short of giving the Palestinians self-determination and the right to establish a separate state. Proposals offering them self-rule or autonomy under permanent Israeli control find no support in the Arab world, although many Arab states would be likely to accept the idea that even a Palestinian entity or homeland must have long-term limitations on its sovereignty by being linked to Jordan. There is unanimous agreement that any final settlement must provide for either Arab sovereignty over East Jerusalem or the internationalization of the entire city.

28. Despite the widespread Arab criticism of the Camp David process, the moderate Arab states see the Israeli-Egyptian treaty process as a model for the ultimate settlement of the remaining territorial disputes. Just as Israel agreed to a phased withdrawal from the Sinai in return for recognition and firm security guarantees, so the Arabs maintain that the remaining territories—the West Bank, Gaza, the Golan, and East Jerusalem—should be evacuated in return for recognition and internationally guaranteed security arrangements. The moderates are prepared to leave the ultimate disposition of Israeli settlements in the occupied territories to negotiations among Israel, Syria, and whatever form of Palestinian entity emerges on the West Bank.

#### Jordan

29. King Hussein seeks a settlement that meets minimum Palestinian demands—self-determination and ultimate Israeli withdrawal from the West Bank, Gaza, and East Jerusalem—but does not permit the emergence of a radical Palestinian state. Hussein believes his interests would be best protected by a settlement that provides for close ties between Jordan and whatever Palestinian entity emerges from the

negotiating process. He would prefer a solution giving Amman direct control over a West Bank/Gazan entity's foreign and defense affairs but is probably prepared to settle for an agreement that gives him influence over its policy. He also hopes that his ties to influential sections of the West Bank leadership will enable him to exert influence there and block radical Palestinian subversion.

30. Hussein opposes the Camp David process in part because he believes it will not meet minimum Palestinian demands. The King is also concerned that the United States and Israel could collaborate on a negotiating strategy based on Defense Minister Sharon's view envisioning Jordan as the Palestinian state. He is particularly apprehensive about growing Palestinian political frustrations due to the negotiating stalemate because he fears this could lead to domestic instability in Jordan, where nearly 60 percent of the population is of Palestinian origin. Hussein insists that any final settlement be endorsed by all major Arab parties—he has for this reason always preferred a unified Arab negotiating delegation—so that blame for the inevitable concessions to Israel be shared by all Arabs. Jordan's military weakness vis-a-vis its neighbors, dependence on Arab financial aid, and vulnerability to subversion require that the King remain close to the Arab consensus on peace negotiating issues.

31. The Jordanians will accept minor, mutual territorial modifications in the pre-1967 borders in the context of a final peace agreement. Senior Jordanian officials have occasionally hinted that they might be willing to accept Israeli grants of economic privileges to a Palestinian entity—for example, port privileges at Haifa—in exchange for minor territorial concessions.

32. The Jordanian position on Jerusalem is firm. The King, who remains deeply concerned about charges that he failed to defend the city adequately during the 1967 war, insists that any final settlement must return East Jerusalem to Arab control. He has indicated, however, that if this were to occur Jerusalem could remain a united city.

#### Syria

33. Despite its hardline rhetoric, Syria is willing under appropriate circumstances to reach a negotiated settlement with Israel. President Assad is under little



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pressure to do so, however. He almost certainly views Israel's recent de facto annexation of the Golan Heights as a nullification of UN Resolution 338, which incorporates UN Resolution 242 and is the basis of the Golan disengagement agreement. Assad's position on peace negotiations will harden—he may insist that Israel rescind its annexation law before negotiations can begin—and he will be even more skeptical of the US commitment to pursue a comprehensive peace settlement.

34. The virtual annexation of the Golan Heights disregards an internationally recognized boundary that was drawn by Britain and France in accordance with the Franco-British agreement of 1920 that established a French mandate over Syria, including the Golan. The 1947 partition plan also regarded the Golan as Syrian territory. Israel has never made a historical claim of sovereignty over Golan except for minor disputed areas along the 1949 armistice line that closely parallels the boundary drawn unilaterally by the European powers after World War I.

35. Assad views the Camp David framework as an attempt to divide the Arab world and advance US and Israeli security interests in the region at Arab expense. He will have nothing to do with the autonomy talks.

36. Assad's minimum negotiating objectives are to nullify the Israeli annexation move, and obtain Israeli agreement to the restoration of Syrian sovereignty in the occupied Golan Heights and acknowledgment of a Syrian role in a solution of the Palestinian problem that satisfies a majority among the PLO. He is determined to retain a veto over any PLO participation in negotiations that do not also include Syria or address the Golan issue.

37. The Syrians are adamant about Israeli acknowledgment of Syrian sovereignty in the Golan Heights and the removal of all Israeli settlements there. They have not, however, ruled out the possibility of very minor but reciprocal border adjustments. Adjustments might be made in the northern triborder area where Israel, Syria, and Lebanon now meet, or in the three demilitarized zones established by the 1949 armistice accord.

38. The Syrians have said that, if Israel acknowledged Syria's sovereignty in the Golan, they would accept UN peacekeeping forces and demilitarization

on both sides of the border. They would also accept a phased withdrawal that conceivably could leave some Israeli forces on the western rim of the Golan for some time.

39. Assad views peace with Israel as a passive coexistence of two basically separate communities. He would prefer to sign a treaty and then ignore Israel completely. Although he now rejects the concept of normalizing relations with Israel, he probably realizes that he will have to concede—albeit grudgingly—diplomatic recognition and some steps toward normalization.

40. For Syria, negotiations on the Golan issue cannot be separated from the Palestinian problem. The former is the *sine qua non* of Syrian foreign policy and Syria will use any and all levers over the PLO, including assassination, to ensure that its interests are fully protected. Assad believes his leverage over the Palestinians constitutes his principal bargaining chip in any future negotiations with Israel. Moreover, he will not accept a peace settlement that fails to address Palestinian rights because he cannot afford to ignore the interests of the 650,000 Palestinians living in Syria and neighboring Lebanon.

41. Assad has never revealed his ideas on solving the Palestinian problem, claiming the Palestinians bear this responsibility. He has endorsed the Palestinians' right to self-determination, including independence, but he probably is not firmly committed to the concept of an independent Palestinian state. If strains in Syrian-Jordanian relations were to ease, Assad might accept a political link between the West Bank and Amman.

42. Syria would probably accept any settlement of the Jerusalem question agreeable to the Saudis and most Palestinians. A member of Syria's minority Alawite sect, Assad will want the orthodox Sunni Saudis to approve any agreement in order to avoid criticism from Syria's Sunni majority.

43. Procedural aspects of the negotiating process are an important part of Syria's core position. The Syrians want a broader framework than Camp David, ideally an international conference under UN auspices. In response to Israel's decision on the Golan, Assad may reject UN Resolution 242 as an adequate basis for peace negotiations. Participants would in-

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clude Syria, the PLO, Jordan, Israel, and the United States. To counterbalance US influence in this forum, the Syrians insist the Soviet Union be included. They want comprehensive negotiations through issue-oriented committees to avoid separate negotiations through bilateral committees. They also want the PLO to be an equal party in negotiations, presumably to assume the primary responsibility for making concessions on the West Bank.

#### Saudi Arabia

44. The Saudis believe the unresolved Palestinian problem poses a direct threat to their security, that this issue fuels Arab radicalism, gives the Soviets opportunities to expand their influence in the region, and drives a wedge between the United States and moderate pro-Western Arab governments. The Camp David process in their view has only made matters worse. They are convinced that no agreement will gain legitimacy in Arab eyes and defuse the conflict between Arabs and Israelis unless the PLO is brought into the peace process and endorses the final results.

45. Their preferred approach would be for the PLO and Israel to recognize each other and engage in direct negotiations. At the same time, they want to deny Moscow an opportunity to exploit negotiations for its own purposes. The Saudis do not necessarily oppose other approaches to negotiations, such as allowing the Jordanians to negotiate for the PLO—if the latter agrees—for the return of the occupied territories; they simply believe these offer less chance of success.

46. The Saudis believe the PLO will be induced to make concessions to Israel only if Israel and the United States in turn are prepared to acknowledge the Palestinians' right to self-determination, including the setting up of their own state. The Saudis believe that a Palestinian state, dominated by the PLO and especially under Fatah leadership, would be very susceptible not only to Israeli and Jordanian pressure but also to Saudi financial leverage, thus diminishing the potential of Soviet influence.

47. Nevertheless, the Saudis are not wedded to the idea of an independent state and would acquiesce if Arafat were prepared to compromise on this issue or on others, such as the question of Israeli settlements,

the stationing of Israeli troops for a time in the West Bank and Gaza, or confederal ties between Jordan and a Palestinian entity. They might even be willing to use their influence with the PLO to promote compromises on some issues.

48. As guardians of the Muslim holy places in Mecca and Medina, the Saudis reserve a special interest in the status of Jerusalem—the third holiest site in Islam. Saudi leaders are more concerned about the future of Jerusalem than other Arabs and are likely to be particularly inflexible on this issue. As a practical matter, however, if a compromise over Jerusalem were the only thing standing in the way of the comprehensive peace settlement they badly want, the Saudis would be more flexible. What they cannot accept is Israeli sovereignty over the Islamic holy sites. Some variation of joint Arab-Israeli sovereignty over the city that allowed Jerusalem to remain united might be palatable. The late King Faysal also indicated in 1974 that he could accept the internationalization of the city.

49. Although the Saudis have adamantly refused to play a direct role in negotiations with Israel, they have already signaled their readiness to work with the United States to achieve the settlement they seek. They see their peace initiative as providing a possible bridge between the Camp David process and a new broader negotiating framework, as a way of keeping the Soviets out, and bringing the PLO into the negotiating process. Should they attempt to overcome their recent setback at the Fez summit, this will present the United States with both new opportunities and problems in trying to move the peace process forward and maintain good relations with both Israel and Saudi Arabia.

#### Egypt

50. Egypt's key objective in the Arab-Israeli dispute since the 1967 war has been to recover the Sinai Peninsula. Cairo now sees that goal within reach and is beginning to focus on its next objective—ending the isolation of Egypt caused by Arab rejection of the Camp David process.

51. To regain its standing in the Arab world after Israel's final withdrawal from Sinai next April, Egypt will continue its active role in seeking a resolution of

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the Palestinian problem. Significant domestic political constituencies, including the powerful Islamic fundamentalist sentiments, will also influence Egyptian leaders to maintain their involvement in the Arab-Israeli dispute.

52. The Egyptians are prepared to be flexible in the negotiations, however, and would probably endorse any solution, including one on East Jerusalem, acceptable to the moderate Arab states led by Saudi Arabia and the mainstream of the PLO led by Arafat. They have cautiously endorsed the Saudi peace plan.

53. Cairo would prefer the creation of a fully autonomous entity in the West Bank and Gaza Strip as envisioned in the Camp David agreements—that is, one linked to Jordan and not dominated by the PLO. Arab East Jerusalem would be under the jurisdiction of a self-governing authority. The Egyptians believe that, to entice the Palestinians into the negotiating process, the self-governing authority must have substantial control over land and water rights, legislative powers, and an effective veto over Israeli settlement activity. Palestinian rights should be substantially limited only in foreign and military affairs.

54. Aware of but not persuaded by Israel's ideological and security reasons for attempting to retain control of the West Bank, Cairo has long favored using the relatively small and less controversial Gaza Strip—occupied by Egypt from 1948 to 1967—as a test case for implementing an autonomy agreement.

55. Egypt believes that after a transitional period the Palestinian entity should be linked with Jordan probably in some form of confederation. President Moubarek, like the late Anwar Sadat, does not want a fully independent PLO-dominated state in the West Bank because, unlike the Saudis, he fears such an entity would be pro-Soviet and a threat to regional stability. The Egyptians also oppose creation of a PLO-dominated state to replace Israel.

#### Radical States

56. Almost alone, Libya and South Yemen continue to support the rejectionist position, demanding the destruction of Israel and the expulsion of all Jews who arrived in Palestine after 1917. These states are closest to the radical Palestinian groups and support their demands for a democratic, secular state in all of

Palestine. The rejectionist position is probably not subject to negotiation. Iraq, however, would be likely to go along with a solution that satisfied the minimum conditions of the PLO and an Arab consensus, including Syria. The rejectionists have little leverage with the major actors on the Palestinian question and would not be in a position to thwart any agreement with Israel supported by Arafat, the moderate Arabs, and Syria. Nevertheless, they would seek to undermine an agreement with terrorist activity, and the rejectionist states would probably continue to train and fund extremist Palestinians.

#### The View From Moscow

57. The Soviets approach the Palestinian question primarily from the perspective of how it affects the US-Soviet rivalry for influence in the Middle East. They have adopted the Palestinian cause because they see it as a prime vehicle for eroding US influence and ensuring their own position in the region. They also manipulate the issue to erode US international influence, win support for their policies in the Muslim world, influence the behavior of Third World actors, and enhance their position in international forums. Moreover, the Soviets hope that strong support for the PLO will get them a seat at the Arab-Israeli negotiating table, signifying international recognition of the USSR's "legitimate role" in the Middle East.

58. Nevertheless, the Soviet Union does not necessarily want to see a full solution to the Palestinian problem. Moscow benefits from its prolongation because the tensions it generates between the United States and most of the Arab states constitute a major obstacle to improvement in US-Arab relations. Regional tensions also promote Arab dependence on Soviet backing. At the same time, however, Moscow is not intent on blocking any and every settlement. For one thing, the Soviets realize that, if all sides came to an agreement, they would not have the leverage to obstruct it. For another, they probably think that any Palestinian state would be a continual source of Arab-Israeli and intra-Arab friction and would be at least partly dependent on the USSR for support.

59. By design, the Soviet Union's position on the specifics of a Palestinian settlement remains somewhat ambiguous. This is due to Moscow's interest in maintaining maximum flexibility and avoiding criticism from one or another of its Arab allies.

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60. The basic Soviet position is that an independent Palestinian state should be established alongside, rather than as a replacement for, the present state of Israel. This position is incorporated in the longstanding Soviet proposal for an international conference on the Middle East with PLO participation, tabled again by President Brezhnev this past February. It calls for:

- Israeli withdrawal from all Arab territories seized in 1967.
- Recognition of the “inalienable rights” of the Palestinians to create their own state.
- Guarantees of the security and sovereignty of all states in the region, including Israel.

61. The Soviets' view of any settlement plan depends not so much on its substance but on its origins, its patrons, and the position their Arab clients, especially Syria, adopt toward it. The USSR's public stance is more balanced than that of its Arab allies and, if it could obtain a major role in the peace negotiations, it would probably make some attempt to persuade them to moderate their position. But just as Moscow would not be able to block a settlement all sides agreed to, neither does it possess the leverage to convince the more hardline Arabs to accept an agreement that does not meet their objectives.

### The UN and EC Roles

62. Most Israelis view the United Nations and the European Community with deep suspicion and oppose UN or EC participation in peace negotiations. UN agreement to accord the PLO observer status in 1974 and repeated Arab successes in the General Assembly and other UN bodies in passing harshly worded resolutions calling for total Israeli withdrawal to the pre-June 1967 borders have reinforced the Israelis' conviction that the UN is incapable of acting impartially. The Israelis, moreover, vividly recall UN Secretary General U Thant's quick agreement to President Nasir's request in May 1967 to remove UN observer forces from the Sinai—an action that hastened the Six-Day War the following month.

63. The Israelis are convinced that the EC, because of its member states' dependence on Arab oil, is increasingly biased in favor of the Arab position on peace negotiation issues. EC attempts to link participa-

tion in the Sinai peacekeeping force to the Venice Declaration and support among some member states for the Saudi peace proposal have reinforced this conviction.

64. Nevertheless, Israeli leaders would welcome UN and EC endorsement of a final peace settlement and the participation of member states in monitoring demilitarized zones and other military aspects of the treaty arrangements. Israel would aim to gain international legitimacy for the peace arrangement and thereby to strengthen the long-term prospects that the Arab signatories would abide by their treaty commitments.

65. The Arabs generally favor UN and EC participation in negotiations in the belief that this will give them greater leverage with the United States to move it closer to the Arab position and perhaps recognize the PLO, while at the same time bringing greater pressure on Israel to be more flexible. Some moderate Arabs, such as Jordan, also see the Europeans as potentially useful in getting the PLO to move toward recognition of Israel, something the Arab moderates realize is crucial to an overall settlement but are reluctant to do themselves.

66. The Arabs see the UN General Assembly as providing a useful platform for gaining international legitimacy for Arab positions and for reinforcing the PLO's claim to be the sole, legitimate representative of the Palestinian people. Arab moderates also see the UN Security Council as offering a useful forum for bringing the PLO into the peace process. They believe that an amendment of UN Security Council Resolution 242 recognizing Palestinian political rights could enable the PLO publicly to accept the resolution and thereby meet US conditions for opening a dialogue with the PLO. Most Arabs agree that some form of transitional arrangement will be necessary to oversee Israeli withdrawals and believe the UN best suited to monitor this process.

67. The United Nations Relief and Works Agency (UNRWA) is the UN agency responsible for aid to needy Palestinian refugees. Over 1.6 million Palestinians in Jordan, Syria, Lebanon, and the Israeli-occupied territories are registered UNRWA refugees, to whom UNRWA provides rations, social services, jobs, and educational opportunities. Almost 650,000 live in UNRWA camps. Most Palestinians consider

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UNRWA's records as the main authority through which they can establish their Palestinian identity and document their right to return to their former homes or receive compensation under a peace settlement.

### Conclusions

68. Israel will press ahead with the autonomy talks, although Prime Minister Begin apparently has decided not to set any deadline for concluding a limited Palestinian autonomy agreement, following fruitless negotiating sessions this fall in Tel Aviv and Cairo. He previously had sought to secure a minimal agreement on the size and administrative functions of a future autonomy council before his leverage with Egypt decreases following Israel's withdrawal from the Sinai next April. After returning the Sinai, Israel will be even more sensitive about security issues and signs that its Camp David partners are backing away from the agreement. Therefore, Begin will continue to insist that Egypt and the United States accept his interpretation of the Camp David concept of autonomy. Begin hopes that, by assuring continuing US support, he can continue to deflect growing West European and Arab pressures for an alternative negotiating framework, such as the Saudi peace proposals.

69. Defense Minister Sharon—whom Begin has charged with primary responsibility for strengthening Israel's control over the West Bank—is likely to redouble his efforts to foster a pliable alternative West Bank Palestinian leadership willing to accept the autonomy framework. To this end, he will continue to boost West Bank village associations. Association leaders, generally employees of the Israeli military government, are in a position to deny funding for projects not sponsored by their organization. The Israelis also have begun to allow on a selective basis the return of relatively moderate West Bank leaders deported in previous years. This action has stirred local Palestinian fears that the Israelis may be preparing to run an alternative slate in a new round of municipal elections in hopes of unseating the current group of pro-PLO mayors and councilmen.

70. Arab moderates will intensify their efforts in the months ahead to get the United States to move away from Camp David and the autonomy process and open a dialogue with the PLO. They are likely to postpone a major campaign on this issue until after

April 1982, however, so as not to jeopardize Israeli withdrawal from the Sinai and maximize their chances of weaning Egypt away from Camp David. Jordan, Saudi Arabia, and the smaller Persian Gulf states—already concerned about Palestinian-sponsored unrest growing out of a continued stalemate—will increase their warnings to the United States that progress on issues of bilateral concern—such as strategic cooperation against the Soviet threat to the region—cannot take place unless the Palestinian issue is confronted in a framework more acceptable to the Palestinians. They will urge Washington to consider alternative approaches, such as a return to the Geneva Conference or a new international conference. Despite their misgivings about Soviet intentions in the area, many of the moderates will argue that Moscow should be included in any new approach.

71. After withdrawal from Sinai in April, Israel's leverage with Egypt will decline significantly. If there has been no progress in the autonomy negotiations, the Egyptians will look for a supplementary negotiating process. They have already expressed interest in the Saudi peace plan and the European initiative as possible options.

72. The Egyptians are convinced that progress on the Palestinian issue is an essential prerequisite for building a viable anti-Soviet consensus in the Arab world. However, they are unlikely to link cooperation with the United States on strategic issues directly to Washington's role in the peace process. The Egyptians may be less forthcoming on strategic issues if they believe US policy on Arab-Israeli matters damages their efforts to improve their ties with the other Arabs or greatly increases the risk of domestic instability.

73. The Egyptian-Israeli peace treaty is likely to endure in spite of growing Arab pressure for an alternative to Camp David. Few Egyptians are eager for a renewed state of belligerency with Israel, and Egypt's military is well aware of its inferiority to that of Israel. The Egyptians will probably adhere to the military protocols of the peace treaty and avoid any action that might in their view give Israel an excuse to reoccupy the Sinai Peninsula.

74. The Egyptian-Israeli normalization process, however, is more likely to become strained. There has never been broad support in Egypt for close relations

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with Israel, and President Moubarek may choose to allow normalization to wither if there is no progress on the Palestinian issue after next April.

75. If the Israelis unilaterally impose "administrative" autonomy in the occupied territories, Moubarek might downgrade diplomatic ties with Israel while adhering to the military disengagement protocols of the peace treaty. Egypt's efforts to improve its ties with the other Arabs probably will also put additional strains in the relationship with Israel.

76. A continued reliance by the United States on the Camp David autonomy framework is likely to lead to growing pressure from PLO extremists on Arafat to abandon his diplomatic campaign and return to a more confrontational approach. While he may be able to resist calls for a return to extensive international terrorism—which he views as counterproductive at this time—he would at a minimum try to deflect internal pressure from the extremists by expanding PLO attacks on Israel and in the occupied territories.

77. Periodic unrest on the West Bank is also likely to continue. Those few West Bankers willing to associate themselves with the autonomy talks will be marked for assassination by the PLO. Protests against Israeli settlements will increase, as will tensions between Arabs and militant Jewish settlers.

78. A continued stalemate on the Palestinian issue also troubles Arab moderates because they believe this will eventually spark unrest in countries with large Palestinian populations. These concerns are greatest in Jordan, where nearly 60 percent of the population is of Palestinian origin, and Kuwait, where about 20 percent of the population are Palestinians.

79. King Hussein fears that a continued stalemate could threaten Hashemite rule. Although Jordan's Palestinian majority has been relatively quiescent in recent years, Hussein realizes that the Palestinians will eventually endanger Jordan's internal stability by seeking political power commensurate with their numbers. He also fears it could lead to greatly expanded PLO efforts to launch attacks into Israel from Jordan. Amman could not completely contain such efforts. If such a campaign were successful, the Israelis would be likely to launch retaliatory attacks against targets in Jordan, leading to a rapid escalation of tensions throughout the region. A continuing stalemate would

probably lead to pressure from hardline Arabs—particularly Syria—on Jordan to allow the PLO to expand its military presence on the East Bank. Hussein would almost certainly resist such pressures, leading to further deterioration in Jordan's relations with the PLO, Damascus, and perhaps other Arab states. Stalemate would also complicate his relations with the United States.

80. Syria will continue to oppose the autonomy talks and seek to maintain Arab opposition to the Camp David framework. At a minimum, Assad will keep pressure on Arafat and Jordan to preclude a unilateral Palestinian peace initiative and to impede a common Jordanian-PLO negotiating stance. He may also periodically increase tensions in Lebanon to maintain leverage on the Palestinians and to convince the other Arabs and the United States that they must take Syria's vital interests into account.

81. If Assad felt he was losing leverage on the Palestinian question, his likely courses of action would be moves toward destabilizing Lebanon, menacing military moves toward Jordan, or use of Palestinian splinter groups for terrorism to embarrass Arafat or for subversion in Jordan. Assad is less likely to provoke clashes with Israel in the Golan because they would almost certainly escalate quickly into major hostilities.

82. An essential ingredient for an internal political settlement in Lebanon is a resolution of the Palestinian issue. The presence of about 400,000 Palestinians (mostly Muslims) in Lebanon has upset the precarious communal balance there, further weakened the central government, and drawn Lebanon more deeply into the Arab-Israeli conflict. Contrary to Lebanese Government desires, Lebanon is the one country where the PLO has substantial freedom of movement. The Palestinians have, in fact, carved out an area in south-central Lebanon where they have established major military camps, depots, and training areas for the bulk of their 15,000 to 20,000 armed personnel in Lebanon. The PLO will resist any efforts to circumscribe its ability to operate freely against Israel from Lebanon in the absence of a peace settlement, and oppose any internal Lebanese solution that limits its freedom.

83. The Saudis probably are unsure how to proceed now that their peace initiative has encountered stiff Syrian-led opposition. They may adopt a much less

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activist policy and again look to others to take the lead toward seeking a solution of the Arab-Israeli issue. They will expect the United States to keep an open mind about their peace initiative. They had hoped to gain eventual US support for their plan. They are hardly likely to press for US consideration before they gain the elusive consensus they sought at Fez. Instead, they are likely to bide their time until after Egypt regains the Sinai in hopes of enlisting Egyptian cooperation for a renewed effort to expand the negotiating framework.

84. Should US-Saudi relations become strained as a result of differences over the negotiating process, the Saudis could be expected to adopt a cooler attitude toward political and strategic cooperation with the United States in the region and over time to reassess their refusal thus far to deal with Moscow. The Saudis would see this as necessary to protect their domestic

position and relations with other Arabs, which they regard as even more vital to their security than good relations with the United States. They would be unlikely, however, to use their oil or financial leverage in a heavyhanded fashion against the United States, which they realize would not serve their long-term interests.

85. Any stalemate on the Palestinian dispute would create fertile ground for the USSR to increase its influence in the Middle East. Any radicalization of the PLO and frustration of Damascus would incline them to look even more toward Moscow for military and political support. Moscow would stand to benefit from Egypt's abandonment of the Camp David process. Even if Soviet-Egyptian relations remained cool, the USSR would gain assurance that the United States would not be able to build upon the Camp David accords and continue to ignore Soviet interests.

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