Intelligence Information Cable

. ROUTINE 3 See

PAGE 1 OF 4 PAGES

IN -30059

NSA EXO, DDI This maskerial contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Sect. 754 and 754, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law. SEM/CONTROLLED DISSEM/BACKGROIND LEF ON Y-THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE. 111522Z E0 12958 3.4(b)(1)>25 DIST COUNTRY ISRAEL DOI SUBJECT REPORT ON TERRITORY ACQUIRED BY ISRAEL SITUATION DURING RECENT MILITARY ACTION E0 12958 3.4(b)(1)>25Yrs ACQ : 5Yrs JERUSALEM: THE CITY OF JERUSALEM IS CONSIDERED AN INTEGRAL **APPROVED FOR RELEASE DATE: MAR 2001**

PAGE 2 OF 4 PAGES

EUBETCH DISSEMICONITROL =0 DISSEMIRACKCROUND USE ONLY

FART OF ISRAEL AND WILL NOT BE OPEN TO NEGOTIATION. THE SECURITY SITUATION IS ANNOYING BUT WILL BE BROUGHT UNDER CONTROL BY WHATEVER MEASURES MAY BE REQUIRED AND WILL NOT BE A MATTER OF MAJOR CONCERN. THE CURRENT PROBLEM IN THE "OLD CITY" IS MORE CONOMIC IN NATURE. WHILE HOTELS ARE FILLED IN THE ISRAELI SECTION, THEY REMAIN ONLY 30 PERCENT OCCUPIED IN THE OLD CITY. THE MIDNIGHT CURFEW ALSO HAS DIS-COURAGED TOURISTS FROM STAYING THERE. A MAJOR EFFORT IS BEING UNDER-TAKEN TO ENCOURAGE USE OF THESE FACILITIES.

- 2. GOLAN HEIGHTS, SYRIA: NO CONCESSIONS CAN BE MADE WHICH WILL IN ANY WAY RESTORE THE SITUATION WHEREBY SYRIA WILL REGAIN HER FORMER STRATEGIC POSITIONS. THE MILITARY FORTIFICATIONS EVACUATED BY THE SYRIANS RE-EMPHASIZE THE NEED FOR ISRAEL TO GUARANTEE HER SECURITY IN THIS AREA. NO U.N. PRESENCE WILL BE CONSIDERED EFFECTIVE IN THIS RESPECT.
- 3. THE SUEZ CANAL: ANY INTERNATIONAL AGREEMENT MUST GRANT ISRAELI SHIPS FREE ACCESS TO THE SUEZ CANAL. GRANTING ACCESS TO ISRAELI SHIPS UNDER "FLAGS OF CONVENIENCE" WILL NOT BE ACCEPTABLE. ISRAEL'S CASE REGARDING THE CANAL IS STRONGER THAN ITS POSITION ON OTHER ISSUES, ISRAEL BELIEVES THAT PRESSURES ON EGYPT ARE MOUNTING TO REACH A SOLUTION AND THAT ANY PROPOSAL LESS THAN FULL ACCESS -2-R-E-T

FOREICH DISSEM/CONTROLLED DISSEM/RACKCROUND LEE ONLY

PAGE 3 OF 4 PAGES

S-E-C-SE-T

0

(

123

- 4 (5)

NO FUREIGN DISSEM/CONTROLLED DISSEM/BACKGROUND USE ONLY em controls)

SHOULD NOT BE CONSIDERED. ISRAEL WILL ACCEF. GUARANTEES OF FREE
ACCESS BUT WILL MAKE IT CLEAR THAT ANY EFFORTS TO DELAY, SABOTAGE, OR
OTHERWISE HAMPER ISRAELI SHIPPING IN THE CANAL WILL BE REGARDED
AS SUFFICIENT CAUSE FOR ANY ACTION, INCLUDING MILITARY, THATMAY BE
NECESSARY. THE POSSIBILITY OF SABOTAGE TO ISRAELI SHIPPING, IF
ACCESS PERMITTED, IS NOT CONSIDERED TO BE SERIOUS. IF SUCH
ACTIVITIES ARE UNDERTAKEN, THE ISRAELIS ARE CAPABLE OF RETALIATION
TO A MUCH MORE SERIOUS DEGREE.

- 4. THE SINAI, AND GAZA: IF THE ISSUE OF THE CANAL IS RESOLVED, THE SINAI AND GAZA ITSELF CAN BE THE SUBJECT OF NEGOTIATION.. NO STRONG FEELING EXISTS REGARDING THE SINAI. WITH THE CANAL OPEN, THE PORT OF ASHDOD ASSUMES ITS TRUE ROLE AND THE WHOLE SINAI AREA BECOMES ONE OF LESSER IMPORTANCE.
- THE WEST BANK: THE GREAT APPEAL OF THOSE WHO WISH TO HOLD
 THE WEST BANK LIES IN THE ELIMINATION OF THE NARROW CORRIDOR BETWEEN
 ISRAEL'S EASTERN BORDER AND THE SEA. KEEPING THE WEST BANK
 REPRESENTS SECURITY AND APPEALS TO THOSE WHO REGARD THE JORDAN RIVER
 AS A NATURAL BOUNDARY. ON THE OTHER HAND, WITH THE RETURN OF THE
 ARAB POPULATION, THE ISRAELIS WILL FIND THEMSELVES EVENTUALLY OUTNUMBERED BY THE ARAB POPULATION. THE ECONOMIC COST OF

S-E-C R-E-T

NO FOREIGN DISSEM/CONTROLLED DISSEM/BACKGROUND USE ONLY

E0 12958 3.4(b)(1)>257 (C)

PAGE 4 OF 4 PAGES

S-E-CR-E-T

÷.

5.

()

()

 $\hat{r}_{i,j}$

NO FOREIGN DISSEM/CONTROLLED DISSEM/BACKCOOLND LEE ONLY

(dissem controls)

REHABILITATION AND DEVELOPMENT WILL BE TREMENDOUS. ISRAELI
MERCHANTS ARE ALREADY COMPLAINING ABOUT THE INFLUX OF AGRICULTURE
PRODUCTS AND THE RESULTING EFFECT ON THEIR MARKETS.

THESE FACTORS ARE CAUSING "SECOND THOUGHTS" CONCERNING THE
WEST BANK; AND, WITH THE EXCEPTION OF THE LATRUN SALIENT AND
JERUSALEM, THERE IS GROWING OPINION THAT THE REST OF THE AREA COULD
BE RETURNED TO JORDAN IN A PEACE SETTLEMENT.

DISSEM : STATE CINCMEAFSA CINCUSNAVEUR CINCSOUTH (PERSONAL).

E0 12958 3.4(b)(T)>25Yr

SECRET

NO FOREIGN DISSEM/CONTROLLED DISSEM/BACKGROUND USE CHIL