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TO : The Acting Secretary

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Growing Risk of Egyptian Resumption of Hostilities With Israel

A recent National Intelligence Estimate 30-73, May 17, 1973, (copy attached) concludes that "substantial Egyptian-Israeli hostilities appear unlikely in the next few weeks" but that the danger of Egyptian resumption of hostilities "probably will rise if the UN debates and the summit pass without any results judged useful by Cairo".

INR is inclined to state the case on the risk of hostilities for a political purpose with a little more urgency. If the UN debate of next week produces no convincing movement in the Israeli-Egyptian impasse, our view is that the resumption of hostilities by autumn will become a better than even bet, and that there is even a slight chance that Cairo may precipitate events before or during the June 13 Nixon-Brezhnev summit.

Sadat now considers that the cease-fire serves only American and Israeli interests. It is facilitating the integration of the Sinai (and other occupied Arab lands) into the Israeli economic, political, and military systems. Moreover, American help is giving Israel a steadily increasing military advantage over Egypt. He believes that the US lost interest in making a major effort at an overall settlement after the cease-fire came into force, and that the US-backed interim agreement would only play into Israeli hands.

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Sadat's national security adviser, Hafiz Ismail, has recently been saying to European leaders that the no-war, no-peace situation is more dangerous for the future of Egypt than war itself. To be sure, this is a useful line to use in order to increase Western anxieties about a crisis, but it probably accurately reflects Sadat's feeling that the present situation is both an affront to his personal self-respect and ruinous of national morale, dignity, and constructive purpose. For him, the key to an escape from this debilitating situation is the recovery of the Sinai, at least in the formal sense of its return to Egyptian sovereignty.

Out of respect for Israel's capability for military retaliation, Sadat has long preferred a political settlement to renewed combat; and so far, he has indeed confined his efforts to the political field. Since he has, in the last two years, become convinced that Israel will make no adequate concessions on its own, through Jarring or in any other channel, he has begun to concentrate on trying to build up pressures on Washington of a diplomatic, economic, and psychological nature to persuade the US to exact concessions from Israel. These steps reflect Sadat's recognition that Washington has a key role in Middle Eastern developments, in terms of both American relations with Israel and American policy on other major regional issues.

Lately, however, even these pressures on the U.S. no longer seem very promising to him, and mounting evidence indicates that he is becoming ever more strongly tempted to resort to arms. Although he has no illusions that Egypt can defeat Israel militarily, he seems on the verge of concluding that only limited hostilities against Israel stand any real chance of breaking the negotiating stalemate by forcing the big powers to intervene with an imposed solution. Should he shed his last doubts about whether military action is essential to achieve this American shift, the only remaining decision would relate to the timing and scope of his move.

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Thus far, Cairo has hidden its hand quite well on specific tactics to be used in the forthcoming UN Security Council meeting. However, the general strategy seems clear. Egypt, in a last diplomatic effort to induce a change in the American position, wants to maximize worldwide -- as distinct from merely Arab, Communist, and radical African -- support for Cairo's demands. If no change occurs, Sadat will want to leave Washington (and Tel Aviv) isolated as the general target of almost universal opprobrium. Since the Egyptian aim will then be to increase as much as possible the moral justification for any subsequent action taken by Cairo (including renewed combat), Sadat will probably try to avoid any outcome in the Security Council which muddies the situation by launching any revived or new negotiating effort, except, possibly, one which has a very short deadline.

The outcome of the debate will also significantly influence the timing of any new Egyptian resort to arms. If Cairo believes that it has established a strong momentum in its favor, if Moscow has promised Sadat that it will vigorously press Nixon during the summit, or if some short-term negotiating initiative has been launched, Egypt will very probably refrain from starting hostilities before or during the summit. In fact, there is a strong chance that Sadat will see things this way; nevertheless, it is still possible, though much less likely, that Sadat may feel so desperate about moving off dead-center that he will act in the next few weeks to force his problem to the top of the Big Two's agenda.

Although there have been many diplomatic and intelligence reports about coordinated Syrian and Egyptian plans for a simultaneous invasion of the Golan Heights and the Sinai respectively, it is not very relevant to weigh the credibility of any particular military scenario. From Sadat's point of view, the overriding desideratum is some form of military action which can be sustained long enough, despite Israeli counterattacks, both to activate Washington and Moscow and to galvanize the other.

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Arab states, especially the major oil producers, into anti-American moves. Sadat knows that Israeli air power can inflict massive damage on Egyptian (and Syrian) military and industrial installations. However, he may believe that Israel will refrain from heavy bombing of civilian targets and from acquiring and holding additional areas on the western side of the Suez Canal.

Whatever Egypt's combat prospects, there is no doubt that Sadat has already made major progress in involving other Arab countries in his preparations for confrontation with Israel (and the US). For one thing, there has been a variety of actual or projected deployments of Arab forces closer to the front line, including Libyan Mirages, Iraqi Hawker Hunters, and possibly Kuwaiti and Saudi Lightnings to Egypt, Algerian MIGs to Libya, and Moroccan troops to Syria. Both Husayn and Faysal appear convinced that Egypt will initiate hostilities. While Husayn fears that another Arab defeat will make him a scapegoat if he has avoided the fray (as he will surely try to do), Faysal has lent support to Sadat's psychological warfare efforts by indicating to Washington the possibility of an eventual reduction or shutdown in the flow of Saudi oil to the US.

In this respect, the attached National Intelligence Estimate is very specific in outlining a whole range of US interests in the Middle East which would be exposed to Arab attack after renewed fighting. While the details of retaliation cannot be predicted, the Estimate notes that they would include (though not all measures on the part of all Arab countries) nationalizations, diplomatic breaks, cancellation of civil aviation overflight rights, removal of commercial and military facilities, efforts to displace US oil companies with those from Europe and Japan, and prolonged oil embargoes. The stakes at risk are thus very high.

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