



The Arab-Israeli Conflict and the USSR: Fertile Ground for Gorbachev's New Thinking



An Intelligence Assessment

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An Intelligence Assessment

This paper was prepared by [Redacted] Office of Near Eastern and South Asian Analysis. Comments and queries are welcome and may be directed to the Chief, Issues and Applications Division, NESA,

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**The Arab-Israeli Conflict and
the USSR: Fertile Ground for
Gorbachev's New Thinking** 


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Key Judgments


*Information available
as of 19 December 1988
was used in this report.*

Moderate Arabs and Israelis have responded favorably to Moscow's new, more flexible approach to resolution of the Arab-Israeli conflict as well as to Soviet concessions in substantive areas of bilateral relations. They have upgraded and expanded contacts with the USSR and have accepted the USSR as a major participant in efforts to reinvigorate Arab-Israeli peace negotiations. Radical Arabs, although concerned about Moscow's shift in emphasis, have not yet reacted negatively. 


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Regional perceptions of Soviet attitudes and objectives have shifted as a result of the USSR's announced intention to withdraw from Afghanistan; its new commitment to the peacekeeping role of the United Nations; the modification of its position on an Arab-Israeli negotiating process; its move to upgrade contacts with Israel and expand relations with Egypt, Jordan, and the moderate Gulf states; and its willingness to openly petition its clients, particularly the Palestine Liberation Organization (PLO), to moderate their policies. 

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Recognition by Arabs and Israelis that Moscow is a legitimate and credible mediator in the Middle East is a significant gain for the Soviet Union, whose previous ties to radical entities have kept it on the fringes of Middle East politics. Greater US willingness to include Moscow in the peace process and to endorse the concept of an international conference has further reinforced Moscow's image. 

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King Hussein's disengagement in July 1988 from administration of the West Bank has strengthened Moscow's position by bolstering its client, the PLO, and undermining any framework for negotiations other than an international conference—Moscow's preferred approach. Jordan and Egypt have used Moscow's call for a conference to put pressure on the United States and Israel to demonstrate commitment to the peace process. The positive responses of Cairo and Amman to Soviet efforts to improve bilateral relations reflects their desire to create more balance in relations with the superpowers and to gain protection from radical Arab criticism. 

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Yitshak Shamir, Israel's Prime Minister and leader of the Likud Party, opposes a peace conference and its underlying principle of exchanging territory for peace. He has tried to minimize the importance of Soviet flexibility and keep the onus for lack of progress in the peace process on the

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Arabs and their Soviet patron. Labor Party leader Peres, whose personal political position was undermined by Labor's poor showing in Israel's November 1988 election, has emphasized Moscow's flexibility in an effort to demonstrate that peace negotiations are viable and that Israel must be responsive. [redacted]

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Although the USSR's Syrian and PLO clients are concerned about the implications of Moscow's new approach, they have not reacted strongly. PLO leader Arafat has been mollified by renewed Soviet support for his leadership, by Soviet efforts to move Syria toward rapprochement with the PLO, and by Moscow's pressure on hardline Palestinian elements to acquiesce in the moderate course adopted by the PLO in November and December 1988. Damascus does not appear overly concerned that Moscow will abandon Syrian claims to the Golan Heights and probably remains confident that peace negotiations cannot proceed without its cooperation. [redacted]

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The positive US response to the PLO's new moderation has generated optimism about the negotiating process and created new expectations of movement. The Likud Party's domination of Israeli decisionmaking, however, makes progress unlikely over the near term and moderate Arabs will continue to use Soviet initiatives to underscore their desire for progress and to press for an assertive US role. [redacted]

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Prolonged stagnation in the negotiating process will erode Washington's image among moderate Arabs and enhance the appeal of closer ties to the Soviet Union. This tendency will be reinforced if unrest and violence continue in the occupied territories and if the end of the Iran-Iraq war permits the diversion of Arab attention back to the Arab-Israeli conflict. The inability of Washington to provide all the weapon systems sought by its moderate Arab friends also will redound to Moscow's advantage. [redacted]

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In the highly unlikely event that Israel adopts a more forthcoming position with respect to negotiations, US credibility among moderate Arabs would rise. Pressure would then shift to Moscow and its clients to make further difficult choices about Palestinian negotiating positions, the modalities of negotiations, and the outlines of a settlement. [redacted]

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The Soviets have demonstrated their ability to implement “new thinking”—most dramatically in their decision to withdraw from Afghanistan. It is very possible that Moscow would be willing to make the compromises necessary to move toward a constructive solution to the Arab-Israeli conflict. Its ability to bring its clients (particularly Syria) to the negotiating table, however, is more doubtful. If it could not, the utility of its involvement in the peace process would again be called into question and its new credibility undermined.



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Contents

	<i>Page</i>
Key Judgments	iii
Gorbachev's "New Thinking" and the Middle East	1
New Realities	1
An International Conference	2
The Role of the PLO	2
An Eventual Settlement	3
Expanded Contacts With Israel and the Moderate Arabs	3
Pressure on Syria	3
Responses to Moscow's New Flexibility	5
Moderate Arab Support	5
Egypt	5
Jordan	5
A Divided Israel	6
Radical Arab Skepticism	6
The PLO	8
Syria	9
Prospects and Implications for the United States	9
Perpetuation of the Status Quo	9
Less Likely Scenarios	10
A New Soviet Initiative	10
Progress in the Peace Process	10
Appendix	
Jordan's Disengagement From the West Bank	13

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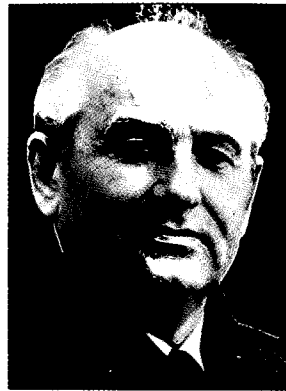
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(b)(3) **The Arab-Israeli Conflict and
the USSR: Fertile Ground for
Gorbachev's New Thinking** [redacted]

Gorbachev's "New Thinking" and the Middle East

(b)(3) Since coming to power in March 1985, Soviet Secretary General Gorbachev has made a series of interrelated moves designed to strengthen the USSR's political position in the Middle East, secure its role in peace negotiations, and enhance its image as a responsible superpower. He has pursued considerably more flexible policies than his predecessors on a wide variety of Middle Eastern issues, including Soviet relations with Israel and the moderate Arab states and the resolution of the Arab-Israeli conflict. Whereas, in the past, Moscow tended to defer to the rejectionist posture of its radical Arab clients, Gorbachev has given increased emphasis to the coincidence of Soviet and moderate Arab views and new support to the need to balance Arab goals and Israeli security needs. [redacted]



*Soviet General Secretary
Gorbachev* [redacted]

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New Realities

(b)(3) The Palestinian uprising (the *intifada*) in the territories occupied by Israel and Jordan's renunciation in July 1988 of responsibility for the West Bank catapulted the Arab-Israeli conflict back into the forefront of international concern and created new openings for Moscow's flexible diplomacy. These developments raised questions about the costs and durability of the Israeli occupation, the relationship between the Palestinians in the territories and those in the diaspora, the role of the Palestine Liberation Organization (PLO), and the urgency of finding a political solution. They also challenged the strategies and policies of all interested parties to the Arab-Israeli struggle, including the Soviet Union. [redacted]

After an initial period of silence, presumably to assess the impact of King Hussein's announcement, Soviet commentary termed it a positive development. In an *Izvestiya* article on 18 September 1988 correspondent Konstantin Geyvandov argued that the decision was the logical result of the Palestinian uprising on the West Bank and Gaza and that it was intended both to dispel the illusion of the "Jordanian version" of a settlement and to demonstrate that the true participants in peace negotiations must be the Palestinians. Further, he stated, the announcement opened the way for the PLO to act as the sole legitimate representative of the Palestinian people and provided an opportunity for political and diplomatic initiatives to implement the Palestinians' right to self-determination. [redacted]

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(b)(3) Thus far, these developments have worked to Moscow's advantage. They have undermined the long-held Israeli position that the Palestinian issue could be dealt with through Jordan; reinforced the central role of the PLO, Moscow's client; and, at least for the foreseeable future, made irrelevant any approach to the peace process other than Moscow's preferred choice of an international conference. [redacted]

By dramatically altering the environment, however, the Hussein action also posed some problems for the Soviets, forcing the development of new approaches and strategies. In spite of their positive interpretation of events, they reacted cautiously to the announcement and were in no hurry to adopt positions with respect to either action by the PLO or the next phase of the negotiating process. Recognizing that their own position was not threatened by the move and that they

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had little role to play in its immediate aftermath, the Soviets focused their attention on trying to ensure that subsequent developments complemented their objectives in the region. [redacted]

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An International Conference

The Soviets have indicated flexibility on virtually every issue having to do with a framework for peace negotiations and an eventual settlement—except insistence on their own involvement in the process. They have long believed that an international conference provides the best vehicle for ensuring their participation as well as for protecting the interests of their clients. [redacted]

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Under Gorbachev's leadership, Moscow has tried to allay Israeli concerns that a conference involving all parties would increase the leverage of the radical Arabs. The Soviets have modified their previous insistence that a conference must have full decision-making authority, suggesting instead that a conference must simply provide the "proper environment" for negotiations. They also have indicated that a conference could have parallel frameworks in which regional or bilateral committees could function alongside an ongoing plenary. [redacted]

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In spite of this new flexibility on the modalities of a conference, the Soviets have continued to defend the centrality of their own role and the role of their clients (particularly the Syrians) who are concerned about the possibility of separate deals. In his press conference following the Moscow summit meeting with President Reagan in June 1988, for example, Secretary General Gorbachev stated that an international conference must not be simply an umbrella for separate talks but must be a normal and effective forum interconnected with other types of meetings. [redacted]

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In the aftermath of the Hussein announcement, the Soviets have made an effort to maintain support for an international conference. In their advice to the PLO they have argued against action that might

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¹ In July 1986, Gorbachev reissued the old Soviet call for an international conference, adding the proposal that such a conference be preceded by a preparatory meeting of the permanent members of the United Nations Security Council. By providing a UN framework, Moscow sought to increase the international appeal of its proposal and thereby circumvent the US and Israeli refusal to deal directly with the PLO. [redacted]

undermine the prospects for a conference. At the same time, they apparently believe that there is little prospect of a conference in the near term and thus little incentive for them to make new compromises. During their August 1988 meeting in Geneva, US Assistant Secretary of State Murphy questioned Soviet Deputy Foreign Minister Polyakov on possible conference arrangements but received little substantive response. Soviet Foreign Ministry official Turdiyev subsequently told a US Embassy official that there were points of agreement between the US and Soviet positions and that the remaining differences could be overcome, but that a political decision to convene an international conference must first be made. [redacted]

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The Role of the PLO

Before the Hussein announcement on Jordan's disengagement from the West Bank, there had been a subtle shift in the Soviet position on Palestinian representation at an international conference. Although continuing to state that the PLO was the only credible spokesman for the Palestinian people and must determine how the Palestinians are to be represented, some Soviets had implied that they could accept either a joint Palestinian-Jordanian delegation or a unified Arab delegation.² After Hussein's announcement, the question of a joint delegation became more remote, the central role of the PLO was accentuated, and Moscow again emphasized the PLO's involvement in the peace process as the "sole legitimate representative of the Palestinian people." [redacted]

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Under Gorbachev, Moscow also has pursued a differentiated approach toward other PLO issues. On the one hand, it lobbied for reunification of the PLO under Arafat's leadership and tried to foster a PLO-Syrian rapprochement—to strengthen the PLO's negotiating position. On the other, it urged the PLO, [redacted] to move toward recognition of Israel and acceptance of UN Resolutions 242 and 338 as the legal basis for an international conference.³ [redacted]

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² This position contrasted with their strong opposition to the Hussein-Arafat accord of 1985 (which was backed by the United States and was designed to produce a joint Palestinian-Jordanian team to negotiate with Israel—without Soviet involvement). [redacted]

³ The Soviets previously had urged Arafat [redacted] to recognize these resolutions (which include recognition of Israel) as well as the existence of Israel. [redacted]

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In the wake of the Hussein announcement, the Soviets urged the PLO to take a more "realistic" position based on recognition of Israel and a two-state solution⁴ and to make some conciliatory gestures in order to reactivate the peace process and create a good environment for an international conference. They urged the radical Palestinian factions with which they have close ties (the Popular Front for the Liberation of Palestine—the PFLP, led by George Habbash; and the Democratic Front for the Liberation of Palestine—the DFLP, led by Naif Hawatmah) to maintain PLO unity and acquiesce in the November decisions of the Palestine National Council (PNC).⁵ The Soviets will use the council resolutions and Arafat's subsequent statements to argue that the PLO has made itself a viable negotiating partner and that the United States must convince Israel to respond. [redacted]

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While wanting the PLO to take some conciliatory steps, the Soviets had argued against dramatic action such as establishment of a government-in-exile or a provisional government. They were concerned that such action would undermine the unity of the Arab world and complicate the prospects of an international conference. The Soviets also were concerned that the PLO, anxious to take advantage of a perceived opportunity, would make concessions that played into the hands of the West and again relegated Moscow to the role of spectator. A Soviet official indicated that this particular concern had been exacerbated by the meeting of Egyptian President Mubarak, Hussein, and Arafat in October 1988. [redacted]

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An Eventual Settlement

There has been a subtle shift in the Soviet posture on the nature of an eventual settlement of the Arab-Israeli conflict. Moscow now gives more attention to Israeli concerns. In a June 1988 press conference, Gorbachev emphasized that the Palestinian right to

⁴ The Soviets have expressed support for a return to UN Resolution 181, which was passed in 1947 and provides the legal basis for the creation of Israel as well as for the establishment of a Palestinian state. [redacted]

⁵ The PNC, meeting in Algiers in November 1988, gave qualified endorsement of UN Resolutions 242 and 338, thereby implicitly accepting the existence of Israel; declared an independent state in the West Bank and the Gaza Strip with its capital in Jerusalem; and called for a confederation of Jordan and Palestine. In his address to the United Nations, meeting in Geneva on 13 December 1988, and in a subsequent press conference, Arafat also recognized Israel's right to exist. [redacted]

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self-determination must be balanced by Israel's right to security. Similarly, those Israeli spokesmen who believe that there is new flexibility in Moscow's position on Arab-Israeli issues cite changes in Soviet treatment of the issue of Israeli withdrawal from the occupied territories. They argue that, whereas Soviet spokesmen previously demanded Israeli withdrawal from *all* the territory occupied in 1967, including Jerusalem, they now use a less comprehensive formula which suggests recognition that Israeli security concerns would preclude the return of *all* the territories. [redacted]

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Expanded Contacts With Israel and Moderate Arabs
Since breaking diplomatic relations with Israel in 1967, Moscow has been less well positioned than the United States to mediate the Arab-Israeli dispute. But, under Gorbachev, the Soviets have expanded contacts with Tel Aviv, gaining both enhanced regional flexibility and international credibility.⁶ [redacted]

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Similarly, Moscow's poor relations with Egypt (dating from the 1970s) and its rejection of the Camp David process had limited its credibility with the moderate Arabs. Under Gorbachev, the Soviets have made concessions to Egypt, resulting in improved bilateral relations and in Cairo's endorsement of both a Soviet-backed international conference and Soviet participation in the process.⁷ [redacted]

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Pressure on Syria

The Soviets have indicated to Syria as well as to the PLO that a military solution to the Arab-Israeli conflict is no longer practical. During Arafat's visit to Moscow in April 1988, Gorbachev publicly emphasized the need to resolve the conflict by political rather than military means and warned that the avoidance of extremism strengthens the Palestinian cause. He also publicly lectured Syrian President

⁶ For extensive discussion of Soviet-Israeli relations, see DI Research Paper NESA 88-10006 (Secret [redacted] February 1988, *Soviet-Israeli Relations: Trends and Prospects*. [redacted])

⁷ For more extensive discussion, see DI Intelligence Assessment SOV 88-10065X/NESA 88-10054X (Secret [redacted] September 1988, *USSR-Egypt: Friends Again, But Wary*. [redacted])

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Egypt's Relations With the USSR

The Soviet expulsion from Egypt in the early 1970s had many negative consequences for Moscow's position in the Middle East. It lost a significant military presence in the region; it was excluded from the Arab-Israeli peace process; its efforts to organize a unified, pro-Soviet, anti-US Arab position with respect to the Arab-Israeli conflict were undermined; it was isolated with the radical states in the region—Syria, Libya, and South Yemen—and soon discovered that it had virtually no control over the actions of these clients. [redacted]

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Shortly after coming to power, the Gorbachev regime signaled its desire to improve relations with Egypt, whose concurrent move back into the Arab fold was consistent with Moscow's efforts to encourage a united Arab approach to the conflict with Israel. The Soviets began making overtures to improve the climate of relations with Egypt in the fall of 1985 and, during the next year, there were numerous exchanges of visits and messages of good will. [redacted]

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In early 1987 the Soviets basically capitulated to Egypt's conditions on the repayment of Cairo's \$2.5 billion military debt to Moscow, which had posed the major obstacle to improved relations. This concession paved the way for a gradual improvement in political, economic, and military-supply relations. Over the past year, Egypt has allowed the reopening of Soviet Consulates in Alexandria and Port Said and the reopening of the Soviet Cultural Center and the Egyptian-Soviet Friendship Society in Cairo. The two nations have signed a three-year trade agreement—their first multiyear protocol since the rupture in relations. The Soviets have resumed deliveries of spare parts for Soviet-built military equipment, a primary Egyptian objective in improving ties to Moscow. And, [redacted] Cairo and Moscow are discussing the reopening of military attache offices in their respective capitals. [redacted]

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President Mubarak has allowed relations with Moscow to improve gradually, but there remain significant impediments to close bilateral ties. [redacted]

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[redacted] Mubarak considers Egypt's interests best served by close ties to the United States and is aware that a significant improvement in relations with Moscow could damage his Washington connection. In addition, [redacted]

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[redacted] Mubarak does not believe Moscow can help Egypt's economy much because the USSR itself is in economic turmoil. [redacted]

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The Egyptians also remain suspicious of Soviet intentions. In early 1988 an Egyptian official expressed concern, for example, that the Soviets were using Egypt's interest in obtaining spare parts as leverage in the political realm. [redacted]

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[redacted] the Egyptian military, which has negative memories of the era of close Soviet-Egyptian cooperation, is particularly opposed to a significant improvement in relations. [redacted]

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Despite the limits to the relationship, Moscow has made significant gains in Egypt. The improvement in atmospherics and increased visits by high-level officials have given the Soviets the veneer of greater involvement and acceptability. And Moscow does provide a useful counter for Egypt in bargaining with the United States. We believe that, when the peace process stagnates, Egypt will use Soviet initiatives to prod the United States into action. Similarly, when Egyptian-US debt negotiations are going poorly, Cairo can remind Washington that the USSR has been more flexible. [redacted]

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Assad, during the latter's visit to Moscow in April 1987, on the need for a peaceful resolution of the conflict and support for an international conference.

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Responses to Moscow's New Flexibility

The Soviet call for an international conference has received widespread regional and international support. Most Arab states as well as the PLO have endorsed it, as have the United Nations General Assembly, the European Community, the Islamic summit that met in Kuwait in early 1987, and Arab summits meeting in Amman in November 1987 and Algiers in June 1988. Israeli Labor leader Peres has given modified approval, but Likud leader Shamir remains adamantly opposed. Perhaps of greatest importance to Moscow is the US acceptance of Soviet participation and its indication of support for a conference, although the US definition of a conference differs from that of the Soviet Union.⁸

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Moderate Arab Support

Egypt. As the only Arab state that has made peace with Israel, Egypt hopes that progress toward a resolution of the status of the occupied territories will justify its own peace with Israel and lead to Cairo's continuing reintegration into the Arab community. Following the breakdown in early 1986 of the US-encouraged Jordanian-PLO accord, President Mubarak became more receptive to Soviet efforts to convene an international conference. As Soviet-Egyptian bilateral relations began to improve, Cairo

⁸ The Soviets have long sought to regain a position of equality with the United States in the mediation of the Arab-Israeli conflict. They had this status in 1973, when they cochaired the Geneva Conference, but lost it (largely as a result of Syrian intransigence), first to the Kissinger diplomatic effort and then to the Camp David process that culminated in the Egyptian-Israeli peace treaty. Moscow originally rejected the latter but has gradually given implicit acceptance to the treaty by stressing the need to move the negotiating process forward with Egyptian participation. The Soviets were guarded in their response to the US peace initiative undertaken by Secretary of State Shultz in early 1988, welcoming US acceptance of the idea of an international conference and the need for a US dialogue with Moscow on the subject, but criticizing the initiative's support for an "umbrella" conference, its failure to address the future of the Golan Heights and Jerusalem, and its exclusion of the PLO.

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Egyptian President Mubarak

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became increasingly supportive of the Soviet proposal and of Soviet participation in the peace process.

In May 1988, Egyptian Foreign Minister Meguid became the first Egyptian foreign minister to visit Moscow in 13 years. During his visit he emphasized the USSR's "key, highly important role" in a Middle Eastern settlement.

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the Egyptian Foreign Ministry believes Moscow has tangibly modified its position on the peace process and is now willing to work with the United States to achieve success.

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Jordan. Gorbachev's initiatives have had considerable resonance in Jordan. Following the breakdown of his accord with the PLO in 1986, Hussein felt the need to regenerate movement in the peace process and to gain broad international support for his efforts; he endorsed the Soviet call for an international conference and became a strong advocate of Moscow's right to participate in the peace process. He also used closer relations with Moscow to convey his displeasure with US policies and put pressure on Washington to move the peace process forward.

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In the wake of the West Bank announcement, Jordanians have continued to praise Soviet efforts to further the peace process and to emphasize that the era of US-dominated peacemaking has ended. An editorial

⁹ For more extensive discussion, see DI Intelligence Assessment NES 88-10071 (Secret) November 1988, *Jordan's Soviet Option*.

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Jordan's King Hussein with
General Secretary Gorbachev

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Party leader Shamir has tried to minimize the importance of any modifications in the Soviet position because he seeks to place the blame for lack of progress toward a settlement on the Arabs and their Soviet backer. He has stated, however, that he would be willing to allow Soviet involvement in Arab-Israeli negotiations if Moscow first reestablished full diplomatic relations with Israel and permitted large-scale Jewish emigration from the USSR. He also has made an effort to establish his own contacts with the Soviet Union and Eastern Europe in order to demonstrate that the Labor Party does not have any advantage on the issue of Jewish immigration. [redacted]

in the *Jordan Times* on 31 August 1988, for example, stated that a greater Soviet role in Arab-Israeli peacemaking is imperative and will rid the region of the "nonsensical" idea that the United States is the only possible mediator. The editorial argued that an increased Soviet role also would provide the geopolitical balance necessary for meaningful talks as well as for effective security guarantees in the wake of a settlement. Prime Minister Rifai publicly stated in early November 1988 that the United States and the USSR must cooperate to solve the Middle Eastern problem. [redacted]

The Jordanians also have continued to move toward closer bilateral relations with Moscow. The 25th anniversary of the establishment of diplomatic relations was celebrated in August 1988 with considerable fanfare, and the two nations reached an agreement to establish a joint committee for economic, scientific, and technical cooperation. [redacted]

A Divided Israel

The Israelis have long been divided on both the issue of an international conference and Moscow's role in the negotiating process. The Likud Party, which has emerged in a dominant position from the Israeli election of November 1988, rejects the concept of a conference and therefore considers the Soviet demand for inclusion in such a conference irrelevant. Likud

Israel's Labor Party, which was weakened by the November election, has shared the moderate Arab desire for movement in the peace process and has been willing to discuss the exchange of land for peace. Labor Party leader Peres has endorsed an international framework for talks and indicated that he could accept Soviet participation in such a conference. Peres and his followers have focused on signs of Soviet flexibility on both the peace process and Jewish emigration to demonstrate that their policies are effective. [redacted]

Radical Arab Skepticism

Both Syria and the PLO, Moscow's longtime clients, have expressed concern about various aspects of Gorbachev's new policy in the Middle East. They have not made serious protests, however, probably because they both seek Soviet support in defending their interests internationally and protecting their role in any negotiating process. We believe that each worries about its potential isolation and exclusion from separate peace talks (as occurred at Camp David) and that each depends on Moscow's continuing insistence that movement must be made on all fronts simultaneously—or on none. It is unlikely that either Syria or the PLO feels threatened by the negotiating process at this point, given Israeli intransigence, and both probably believe that Moscow's tactics are designed in large part to put the onus for failure on the United States and Israel. [redacted]

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Israel's Relations With the USSR

Under Gorbachev's leadership, Moscow has increased Jewish emigration from the USSR; allowed increasing numbers of Soviet Jews to visit Israel on tourist visas; improved conditions for Soviet Jews to practice their religion in the USSR; permitted Poland and Hungary to exchange interest sections with Israel; established a Soviet consular presence in Israel; and agreed to a visit (and probably an extended stay) by an Israeli consular group. Israel has been responsive to Soviet overtures both because it wants full diplomatic relations with Moscow in order to enhance its international standing and, more important, because it wants increased Jewish emigration from the Soviet Union, one of the largest remaining sources of Jewish population for Israel. [redacted]

While Gorbachev has stated that the absence of diplomatic relations between the USSR and Israel is not normal, Moscow also has indicated that it will reestablish relations only in the context of movement toward an international conference. Both Moscow and Tel Aviv clearly see the utility of maintaining movement in relations, however, and the existence of consular delegations in the USSR and Israel will provide the basis for a continuing dialogue. The Israeli media has claimed that Moscow and Israel are discussing the establishment of joint chambers of commerce in Moscow and Tel Aviv as a first step toward opening direct trade channels [redacted]

Israel's expanding relations with Eastern Europe also serve the interests of both Tel Aviv and Moscow. In mid-May 1988, Peres visited Hungary—the first Israeli foreign minister to visit an East European

country (other than Romania) since 1967—and was given a high-level reception. In September, Shamir also visited Hungary, upgrading the bilateral exchange still further. Peres met with the Czechoslovak Foreign Minister in New York in September 1988, and it is likely that Prague will follow in the path of Budapest and Warsaw. East Germany's high-level reception of World Jewish Congress leader Edgar Bronfman in mid-October 1988 indicates that East Berlin too is taking a more forthcoming position with respect to Israel. [redacted]

Economic ties between Eastern Europe and Israel also are expanding slowly. Trade and tourism between Israel and both Poland and Hungary have been growing, albeit slowly, and, according to US diplomatic reports, Czechoslovakia and Bulgaria have agreed to host Israeli economic delegations. [redacted]

Although the Soviets had made clear their preference for Peres and his views, they took steps to demonstrate their willingness to deal with Shamir even before the Israeli election. Their decision to have Shevardnadze meet with Shamir at the United Nations in June 1988 supported the comment made by Soviet party official Nikolay Shishlin to an Israeli newspaper in early June to the effect that the Soviet Union does not intend to close any doors. Similarly, following Israel's November election, Shevardnadze stated that Moscow would continue its contacts with Israel. For his part, Shamir will use his contacts with Moscow and Eastern Europe to show that the Labor Party has no exclusive rights to the Soviet connection. [redacted]

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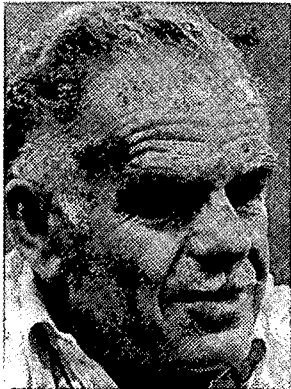
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Israeli Likud Party leader Shamir [redacted]

Israel Scene ©



PLO leader Arafat [redacted]

Camera Press ©

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Israeli Labor Party leader Peres [redacted]

Jeanette Harris ©

Moscow in the spring of 1988 and by Soviet recognition of him as the legitimate leader of the Palestinian cause. We believe he was reassured by the active Soviet promotion of PLO reunification in the spring of 1987, by Soviet support for the PLO's presence in Lebanon, and by ongoing Soviet pressure on Syria to accept his leadership of the PLO. Finally, Arafat's adoption of a more moderate course in the fall of 1988 coincided with Moscow's advice, and we believe he appreciated Soviet efforts to persuade more radical Palestinian elements, such as the Democratic Front for the Liberation of Palestine (DFLP) and the Popular Front for the Liberation of Palestine (PFLP), to acquiesce in the decisions taken by the Palestine National Council in Algiers. [redacted]

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The Soviets have been able to mollify both Syria and the PLO by keeping their position ambiguous with respect to an international conference, the role of the PLO, and the terms of an eventual settlement. [redacted]

[redacted] PLO leaders believe, or profess to believe, that Moscow remains firmly committed to their central role in the peace process. [redacted]

[redacted] claimed in late April 1988 that Moscow supported Syria's preference for the composition of an Arab delegation to a peace conference. In fact, the Soviet position on a particular issue often depends on whom they are talking to. [redacted]

The PLO. Arafat's probable unhappiness with Soviet pressure to adopt a more conciliatory position has been offset by his publicly expressed satisfaction with the high-level treatment he received when he visited

Arafat seems to have accepted many of Moscow's rationales for its new flexibility—or at least indicates that he has. Although unhappy with increased Jewish emigration from the Soviet Union and with the upgrading of Soviet-Israeli ties, he stated in an interview with the Italian newspaper *L'Unita* in January 1988, for example, that these measures were designed to force Israel into acceptance of an international conference. [redacted]

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Nonetheless, we believe there is well-founded concern within the PLO about the long-term Soviet commitment to its interests. [redacted]

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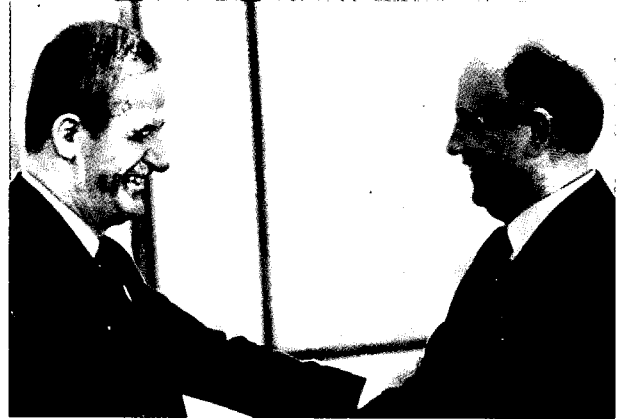
[redacted] senior PLO officials view the warming

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of relations between the USSR and Israel as alarming



Syrian President Assad with General Secretary Gorbachev

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Syria. The Syrians clearly are concerned about the new emphasis in Soviet policy in the Middle East. According to reporting from the US Embassy in Damascus, the Syrians believe that Gorbachev does not consider Syria as important to Moscow as his predecessors did and that the Soviets have subordinated their regional concerns to the pursuit of better relations with the West. The Embassy reports concern in Damascus that Moscow may consider Syria to be more trouble than it is worth.

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At the same time, Syria has been marginally responsive to Moscow's political pressures. It has handled the Soviet pressure for reconciliation with the PLO, for example, by granting some PLO requests while remaining firm in its opposition to Arafat's leadership.¹⁰ Assad has given lipservice to the concept of an international conference while maintaining his insistence that such a conference have overall authority to decide on all issues (in other words, no separate deals could be made and each participant would have de facto veto power over each issue) and that return of the Golan be a primary item on its agenda

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some Syrians believe the main reason for the USSR's increasingly "pro-Israeli" foreign policy is growing "Jewish influence" in the Soviet Union.

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While it is likely that some Syrians do in fact believe this allegation, we have no evidence that it is the view of Assad or other high-level Syrian officials.

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Prospects and Implications for the United States

Perpetuation of the Status Quo

The impasse in efforts to create an acceptable negotiating framework is almost certain to continue in coming months given the Likud Party's domination of Israeli policy and the postelection periods of consolidation in the United States and Israel. The positive

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Syria has dealt with the new Soviet approach in various ways. On the one hand, it has sought reassurances of Soviet support.

Assad made an unofficial visit to Moscow in April 1988 in an effort to get assurances from Gorbachev about Soviet intentions. Gorbachev reportedly assured Assad that the Soviet Union would continue to insist on Israeli withdrawal from all the occupied territories including the Golan Heights.

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US response to the more forthcoming Palestinian position adopted at the Palestine National Council meeting in November 1988 and in Arafat's subsequent statement, however, have created new expectations of movement. [redacted]

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So long as Israel refuses to participate in an international conference endorsed by every other potential participant, Moscow almost certainly will criticize the United States for its failure to move Tel Aviv and will characterize itself as a more credible mediator than Washington. We expect Egypt and Jordan to see Soviet diplomatic activity as a useful means of maintaining pressure on the United States and Israel. In this context, Cairo and Amman almost certainly will continue to be responsive to Soviet diplomatic overtures and will sustain their gradual expansion of political and economic relations with Moscow. [redacted]

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We believe that Moscow will incur little damage in relations with Syria and the PLO as a result of its courtship of the moderates. Its clients will continue to accept, albeit with skepticism and concern, Moscow's reassurances that it remains committed to protecting their vital interests. [redacted]

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Over the long term, we believe that lack of movement toward an Arab-Israeli settlement, particularly if combined with the continuation of very close ties between Israel and the United States, will erode Arab perceptions of Washington as an honest broker and primary mediator in the Arab-Israeli dispute. Erosion in the US image could be exacerbated by other factors, such as chronic unrest and violence in the occupied territories, and US inability to supply weapon systems sought by its moderate Arab friends. Furthermore, with the end of the Iran-Iraq war, Arab attention will again focus on the Arab-Israeli conflict, and lack of progress will be highlighted. [redacted]

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In spite of these tendencies, the moderate Arabs almost certainly will retain their political and economic orientation toward the West and are likely to upgrade relations with the USSR cautiously and gradually. We believe that, while they will look to the Soviet Union for rhetorical support, for help in putting pressure on the United States, and for protection against radical Arab criticism, they will continue to

see the United States as the only power that has leverage with Israel and will continue to seek an active US role in mediation. [redacted]

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Less Likely Scenarios

A New Soviet Initiative. Periodically, there are reports that Moscow is about to undertake a new diplomatic initiative in the Middle East, designed to put the United States on the defensive. Press reports of such a Soviet effort circulated in the fall of 1988. The purported plan appears to have been simply a reformulated version of Moscow's standard position, presented by Foreign Minister Shevardnadze to US Secretary of State Shultz during their meeting in September 1988. The only new element of the Soviet proposal, according to press reporting, was its emphasis on a return to UN Resolution 181 of 1947 on the partitioning of Palestine. Journalists reporting on the proposal put it in the context of a planned trip by Shevardnadze to the Middle East. [redacted]

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Although it is possible that the Soviets will undertake a concerted effort to sell their agenda, we believe they are unlikely to invest a major amount of credibility or leverage in an initiative that has virtually no chance of succeeding. This may well be the reason, in fact, for the delay in Shevardnadze's long-expected trip. Moscow almost certainly will continue to emphasize its readiness to participate in negotiations. [redacted]

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Progress in the Peace Process. In the highly unlikely event that the new Israeli Government decided to proceed with negotiations of some sort, the question of an Arab negotiating partner or partners would become crucial. Should Israel indicate its willingness to meet with a joint, Israeli-approved delegation of Jordanians and Palestinians (excluding the PLO), Moscow almost certainly would follow the lead of Jordan and the PLO—presumably one of rejection. If Israel were to be more forthcoming and agree to talk to a PLO-approved delegation, Syria still would be opposed. Moscow would then have to start making difficult choices, weighing its newfound status with the moderate Arabs against its traditional support for the more radical Arabs. Its ultimate response would depend on its available options and its assessment of the prospects that the process would succeed. [redacted]

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We believe the Soviets would be willing to put pressure on Syria and the PLO to make concessions in order to move the peace process forward—if Moscow were assigned a major role in negotiations. Gorbachev has demonstrated his willingness to pursue new regional approaches—most dramatically, with the decision to withdraw from Afghanistan but also in Moscow's efforts to negotiate an end to regional conflicts in South Africa and Southeast Asia. A Soviet willingness to use its leverage to gain a settlement to the Arab-Israeli dispute would test the depth of Gorbachev's "new thinking" as it applies to the resolution of regional conflicts. [redacted]

But the slowdown in Moscow's withdrawal from Afghanistan in the fall of 1988 suggests that there are limits to Soviet willingness to pay any price in pursuit of a new policy. And its ability to bring its clients to the negotiating table is very questionable. Neither

Syria nor the PLO has been particularly responsive to Soviet pressure when Moscow's advice has conflicted with its vital interests.¹¹ Should the United States, Israel, and the moderate Arabs be prepared to move forward with negotiations and should Moscow prove unable to pressure or entice its clients into participating, the Soviets would again be isolated with their radical clients on the fringes of the political process and would again appear irrelevant to that process.

[redacted]

¹¹ Moscow long opposed Syria's military involvement in Lebanon, but was unable to affect the policy. Similarly, Arafat long resisted Soviet advice with respect to recognition of Israel and acceptance of relevant UN resolutions. [redacted]

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Appendix

Jordan's Disengagement From the West Bank

King Hussein's July 1988 announcement that Jordan was disengaging from administration of the West Bank reflected his deep frustration with a number of aspects of the Arab-Israeli situation—Israeli intractability, a perceived lack of support for Amman from Washington, PLO unreliability, and, finally, Jordan's weak position in the West Bank as demonstrated by the *intifada*. Hussein may well hope that ultimately all actors will recognize that Jordan's participation in the peace process is essential and will petition him to return to a central role. On the other hand, he may have decided that Jordan cannot play a major role in the West Bank, that the PLO must assume that responsibility, that Jordan should no longer act as a buffer between Israel and the Palestinians, and that Israel must deal with the PLO if there is to be any solution to the Arab-Israeli conflict. Whether his action was designed as a tactical ploy or was a strategic decision resulting from a fundamental re-evaluation of Jordanian interests may never be known—and may not be relevant. The reactions of other actors to the new reality Hussein has created will determine the consequences of his action and shape the future. [redacted]

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The PLO: New Responsibilities for a Soviet Client

King Hussein's announcement created a vacuum in Arab leadership with respect to Arab-Israeli conflict resolution and constituted a challenge to the PLO to assume the responsibility it had long claimed. Although surprised by Hussein's action and aware that it was intended not as a favor but as a challenge (and probably as an attempt to demonstrate the PLO's weakness), most PLO leaders hailed the move as an acknowledgement of the organization's status as sole representative of the Palestinian cause. [redacted]

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Initially the PLO leadership indicated that it would move toward establishment of a government-in-exile or a provisional government that could credibly represent the Palestinians in negotiations. Opposition to such a move quickly arose within the organization, however, as well as with outside actors such as Syria.

Those opposed were concerned that such a step implied recognition of Israel as well as concessions with respect to acceptance of UN Resolutions 242 and 338. [redacted]

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As it became clear that the PLO was again divided internally, its leaders began to emphasize less controversial, intermediate steps, such as placing the West Bank and Gaza Strip under a UN mandate or declaring an undefined independence for the Palestinians. Arafat's ability in November 1988 to gain the support of the Palestine National Council for a declaration of independence as well as for a more moderate position with respect to the UN resolutions was a major success for him. It was facilitated, [redacted] by Soviet pressure on the PFLP and the DFLP to acquiesce. [redacted]

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Israel: Problems Mount and Options Evaporate

More than a year of violence in the territories has deepened concern in Israel about the future and has increased dissatisfaction with the polarized political leadership. Hussein's announcement challenged those who had assumed that Israel and Jordan would eventually determine the fate of the occupied territories. As no Palestinian leadership has been permitted to develop on the West Bank and as all Israeli leaders reject the idea of negotiating with the PLO, Hussein's action sends a signal to Israel that it is without a negotiating partner and that, if it desires a resolution of conflict, it must consider new options. [redacted]

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The Jordanian action created particular difficulties for the Labor Party and its leader, Shimon Peres, because Labor's emphasis has been on its role as the party of peace and the Jordanian option has been central to its negotiating strategy. In the wake of Hussein's speech, Labor amended its peace plank to stress a willingness to talk to authorized (but unidentified) inhabitants of "Judea, Samaria, and Gaza Strip"

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on interim arrangements. Labor also has debated the need to work on a Palestinian option, reviving a formula involving willingness to talk with any Palestinians who accept UN Resolutions 242 and 338, recognize Israel, and renounce terrorism. Likud leader Shamir, on the other hand, has repeated his refusal to talk to the PLO and has dismissed reports of PLO readiness for mutual recognition as trickery, aimed at regaining the whole of Palestine.

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