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U K EYES ALPHA * ~~~~~ *

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TO PRIORITY WASHINGTON

TELEGRAM NUMBER 1220 OF 22 JUNE

AND TO CERTAIN OTHER POSTS

FOLLOWING WAS RECEIVED FROM SECRETARY JIC AS JICTEL 897 OF 22/6/82.

AND TO: UKMIS NEW YORK OTTAWA CANBERRA (FOR JICREP) WELLINGTON
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FROM SECRETARY JIC

WASHINGTON FOR JICREP.

THE FOLLOWING JIC NOTE/JIC(82)(N)64 WAS APPROVED BY THE JIC
AT THEIR MEETING ON MONDAY 21 JUNE.

IMPLICATIONS OF ISRAELI INVASION OF LEBANON.

(SECRET - UK EYES ALFA - * ~~~~~ *)

1. THE ISRAELI INVASION OF LEBANON HAS GIVEN THE MIDDLE EAST
KALEIDOSCOPE A THOROUGH SHAKE AND HAS ADDED TO THE UNCERTAINTY
CAUSED BY IRANIAN SUCCESS IN THE GULF WAR. THE EXACT NATURE OF
THE NEW PATTERN IS NOT YET EVIDENT, BUT WE EXAMINE BELOW SOME
OF THE MORE IMPORTANT LIKELY TRENDS. THE AIMS AND OBJECTIVES OF
THE UNITED STATES AND THE SOVIET UNION IN THE CRISIS HAVE BEEN
DEALT WITH SEPARATELY JIC(82)(N)58 DATED 17 JUNE 1982.

* ~ * Passages
deleted and retained
under Section 3(4).

Wayland
11 October 2012

LEBANON

2. BY ITS MILITARY CAMPAIGN IN LEBANON, ISRAEL HAS BOUGHT ITSELF
A CONSIDERABLE MEASURE OF INFLUENCE OVER LEBANON'S POLITICAL
FUTURE. AT THE MOMENT, LEBANON LOOKS AS THOUGH IT WILL BE CARVED
BROADLY INTO THREE ZONES OF INFLUENCE. ISRAEL'S INFLUENCE AND
INTEREST WILL BE STRONGEST IN THE QUARTER OF THE COUNTRY TO THE
SOUTH OF THE +40 KM LINE+. HERE, WHATEVER FORM OF
MULTINATIONAL FORCE OR INTERNATIONAL GUARANTEE EMERGES FROM
ATTEMPTS TO PREVENT A RETURN OF PALESTINIAN GUERRILLAS, ISRAEL
ENVISAGES A WIDER ROLE FOR HADDAD'S MILITIA. PROBABLY RECOGNISING
THAT HADDAD'S INNATE ABILITIES AND NUMERICAL STRENGTH ARE
INADEQUATE TO THE TASK OF POLICING THE WHOLE AREA EFFECTIVELY,
ISRAEL'S POLICY SEEMS EVEN MORE THAN BEFORE TO BE TO PORTRAY
HADDAD'S MILITIA AS REPRESENTATIVE OF THE LEGITIMATE LEBANESE
AUTHORITIES. TO AID HADDAD IN HIS NEW ROLE, ISRAEL WILL NOT ONLY
+CLEAN+ THE ZONE OF GUERRILLAS BUT MAY ALSO PUT PRESSURE ON
PALESTINIAN CIVILIANS TO LEAVE, THOUGH IT IS NOT CLEAR WHERE
THEY COULD GO. THERE ARE SOME SIGNS OF THIS PRESSURE ALREADY .../E.G.

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(EG THE REPORTED DESTRUCTION OF TWO REFUGEE CAMPS). A CONSIDERABLE REDUCTION IN THE PALESTINIAN POPULATION WOULD MAKE INFILTRATION BY GUERRILLAS AND THEIR WEAPONS MORE DIFFICULT. ISRAELI WITHDRAWAL FROM THIS ZONE IS LIKELY TO BE A LENGTHY PROCESS AND MAY TAKE PLACE IN SEVERAL PHASES. AS WITHDRAWAL PROCEEDS, AND THE ISRAELI GARRISON IS REDUCED, THE DANGER OF REINFILTRATION AND OF NEW ATTACKS ON THE IDF WILL GROW. EVEN WHEN WITHDRAWAL HAS BEEN COMPLETED, AN ACTIVE IDF ROLE IN THE ZONE AND CONTINUED INFRINGEMENTS OF LEBANESE SOVEREIGNTY CAN BE EXPECTED, UNLESS A POWERFUL MULTINATIONAL FORCE IS ESTABLISHED.

3. THE SECOND ZONE WILL BE THE EXISTING MARONITE HEARTLAND OF EASTERN BEIRUT AND THE AREA TO THE NORTH. HERE, TOO, ISRAELI INFLUENCE WILL BE STRONG. FOR SEVERAL YEARS, THERE HAS BEEN A MEASURE OF CO-OPERATION BETWEEN THE MARONITE KATAIB, NOW EFFECTIVELY RUN BY BASHIR GEHAYEL, AND ISRAEL. KATAIB MEN HAVE BEEN TRAINED AND SUBSTANTIALLY EQUIPPED BY ISRAEL AND THERE HAVE BEEN SECRET MEETINGS BETWEEN KATAIB AND ISRAELI LEADERS. THE IDF WERE APPARENTLY WELCOMED BY THE CHRISTIAN POPULATION WHEN THEY ARRIVED IN EAST BEIRUT AND THERE HAS SUBSEQUENTLY BEEN A MEASURE OF MILITARY CO-OPERATION BETWEEN THE KATAIB AND THE IDF.

4. THE THIRD ZONE WILL BE THE RUMP OF SYRIAN-DOMINATED LEBANON, CONSISTING OF THE BEKA'A VALLEY AND THE COASTAL AREA AROUND TRIPOLI IN THE NORTH. DEPENDING ON THE EXTENT OF ISRAELI MILITARY ACTION AROUND BEIRUT, THE SYRIAN ZONE MAY ALSO EXTEND WESTWARDS TOWARDS THE CAPITAL. IF THE IDF MOVES TO ERADICATE THE PLO LEADERSHIP AND COMMAND STRUCTURE IN BEIRUT, THE ALREADY DEPLETED SYRIAN FORCE IS LIKELY TO BE PUSHED FURTHER EAST. IN THAT EVENT, SYRIAN INFLUENCE IN THE CAPITAL COULD BE LARGELY ELIMINATED. AT PRESENT, HOWEVER, SYRIA SAYS THAT IT HAS NO INTENTION OF WITHDRAWING FROM BEIRUT OR THE REST OF LEBANON, DESPITE A REQUEST IN THE LAST FEW DAYS FROM PRESIDENT SARKIS TO DO SO.

5. WHATEVER THE FINAL EXTENT OF THE SYRIAN AREA OF INFLUENCE, THE POWER BALANCE IN LEBANON HAS BEEN CHANGED DECISIVELY IN FAVOUR OF THE KATAIB. IN THE ABSENCE OF THE SYRIANS AND WITH THE PLO IN LEBANON SEVERELY WEAKENED, THE KATAIB WILL BE THE STRONGEST SINGLE FORCE REMAINING IN BEIRUT AND WESTERN LEBANON. BEFORE THE ISRAELI INVASION, THE KATAIB AND THE SYRIAN GOVERNMENT WERE DISCUSSING POSSIBLE COMPROMISE CANDIDATES FOR THE PRESIDENTIAL ELECTION DUE BEFORE THE END OF SEPTEMBER. NOW, THE PROSPECTS FOR BASHIR GEHAYEL, THE KATAIB MILITIA LEADER, WHO IS UNACCEPTABLE TO SYRIA, LOOK MUCH STRONGER. EVEN IF HE COULD NOT GAIN SUFFICIENT SUPPORT FOR HIMSELF, HE COULD BE THE POWER BEHIND THE THRONE WITHOUT WHOSE APPROVAL NO OTHER CANDIDATE COULD BE ELECTED. AT THE START OF THE CRISIS, GEHAYEL AND OTHER MARONITE LEADERS WERE PETICENT ABOUT ISRAELI ACTIONS. SUBSEQUENTLY, MARONITE SUPPORT FOR ISRAEL, INCLUDING OCCASIONAL MILITARY INTERVENTION, HAS BECOME MORE OVERT; HOWEVER, .../ SI

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SUCH SUPPORT CARRIES THE RISK OF DAMAGING THE CHANCES OF OBTAINING THE ACQUIESCENCE OF MODERATE SUNNI AND SHIA LEBANESE LEADERS IN GEMAYEL'S ELECTION AS THE NEXT PRESIDENT. GEMAYEL IS BITTERLY OPPOSED TO THE PALESTINIAN AND SYRIAN PRESENCE IN LEBANON AND COULD CERTAINLY BE EXPECTED TO USE MARONITE MUSCLE, BACKED BY ISRAEL, IN AN ATTEMPT TO PUSH THE PLO OUT. KATAIB LEADERS ARE THOUGHT TO ACCEPT THAT A LARGE BODY OF RESIDENT PALESTINIANS WOULD HAVE TO REMAIN IN LEBANON: THE KATAIB ENVISAGE, THAT THE PALESTINIANS WOULD BE STRIPPED OF MILITARY AND POLITICAL POWER BUT WOULD ENJOY ECONOMIC, COMMERCIAL AND PROFESSIONAL SIGHTS. GEMAYEL COULD EXPECT THE PASSIVE SUPPORT OF MANY CONSERVATIVE MUSLIM LEBANESE FOR THESE AIMS: BUT, EVEN WITH THE PLO WEAKENED IN LEBANON, HE COULD NOT EXPECT TO ACHIEVE THEM WITHOUT A GOOD DEAL OF DISTRESS AND PROBABLY BLOODSHED. ALTHOUGH ISRAELI AND MARONITE INTERESTS MAY EVENTUALLY DIVERGE, FOR THE FORESEEABLE FUTURE THEY WILL COINCIDE.

6. THE EXTENSION OF ISRAELI INFLUENCE NORTHWARDS TO COVER A MUCH WIDER SECTOR OF LEBANON THAN BEFORE 6 JUNE WOULD NOT BE WITHOUT PROBLEMS FOR ISRAEL AND THE KATAIB. ISRAEL'S ABILITY TO INFLUENCE THE LEBANESE POLITICAL PROCESS AND THE ELECTION OF THE NEW PRESIDENT IS LIKELY TO BE STRONGEST BEFORE IT AGREES TO WITHDRAW THE IDF. IT WOULD BE DIFFICULT FOR EVEN THE MODERATE MUSLIMS TO BE SEEN TO BE ACQUIESCING IN THE IMPOSITION BY ISRAEL OF A NEW GOVERNMENT. THE LEBANESE LEFTISTS DELAYED PRESIDENT SARKIS' ATTEMPTS TO ESTABLISH A NEW INTER-COMMUNAL NATIONAL SALVATION BOARD BY SEVERAL DAYS BECAUSE OF THE ISRAELI PRESENCE AND POLITICAL DEMANDS. ISRAELI WITHDRAWAL, HOWEVER, WILL PROBABLY BE NECESSARY BEFORE THE BOARD CAN MAKE PROGRESS BEYOND PARTICIPATING IN ATTEMPTS TO LIFT THE ISRAELI SIEGE OF WEST BEIRUT. BUT +CLEANING+ THE SOUTH AND THE ESTABLISHMENT OF A MULTINATIONAL FORCE WILL BE LENGTHY PROCESSES, AND WILL IMPAIR ISRAELI ATTEMPTS TO INFLUENCE INTERNAL LEBANESE POLITICS. MOREOVER, AT LEAST AT PRESENT, THE SYRIAN ARMY IN EASTERN AND NORTHERN LEBANON REMAINS IN POSSESSION OF SEVERAL 'PRESSURE POINTS', WELL AWAY FROM IDF POSITIONS, WHICH COULD BE USED AGAINST THE KATAIB. IN ADDITION, ALTHOUGH SOME SHIA (THE LARGEST SINGLE LEBANESE COMMUNITY) HAVE WORKED FOR HADDAD, THE INFLUENCE AND MILITANCY OF AMAL, THE SHIAS MILITIA, HAS BEEN GROWING. IT DOES NOT HAVE THE STRENGTH TO CONFRONT THE KATAIB, AND IT DOES NOT WANT TO SEE A PERMANENT PALESTINIAN PRESENCE IN LEBANON, BUT ITS MEN FOUGHT DOGGEDLY AGAINST THE IDF. AMAL, PROBABLY ENCOURAGED BY ITS IRANIAN AND SYRIAN MENTORS, IS THEREFORE LIKELY TO BE A PRICKLY PROBLEM, PARTICULARLY SINCE IT REPRESENTS THE HAVE-NOTS IN LEBANESE SOCIETY, AGAINST THE POLITICAL AND ECONOMIC PRIVILEGES OF THE MARONITES. OTHER LEBANESE LEFTIST GROUPS, UNDER SYRIAN, IRAQI OR LIBYAN CONTROL, ARE ALSO LIKELY TO RESIST VIOLENTLY ANY STRENGTHENING OF THE OLD ORDER. IN GENERAL GEMAYEL WILL HAVE TO CONVINCE THE MUSLIMS THAT THE NEW ORDER WILL BE +LEBANON FIRST+ NOT +CHRISTIANS FIRST+. / PLO

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THE PLO

7. THE PLO HAS SUFFERED A SEVERE MILITARY DEFEAT. AN UNKNOWN BUT LARGE NUMBER OF GUERRILLAS HAVE BEEN KILLED OR CAPTURED. WHEN ISRAEL HAS RID THE SOUTHERN ZONE OF GUERRILLAS AND DESTROYED THEIR EQUIPMENT THE PLO WILL HAVE LOST MUCH OF ITS ABILITY TO STRIKE AT ISRAEL FROM LEBANESE TERRITORY, ALTHOUGH EVEN WITH A MULTINATIONAL FORCE IN PLACE AND A STRONGER LEBANESE GOVERNMENT, ATTEMPTS AT INFILTRATION INTO ISRAEL BY PLO GUERRILLAS ARE INEVITABLE. SYRIA, EGYPT AND JORDAN ARE LIKELY TO CONTINUE TO PREVENT FEDAYEEN OPERATIONS BEING MOUNTED ACROSS THEIR BORDERS WITH ISRAEL AND THE OCCUPIED TERRITORIES. THE FIGHTING HAS SHOWN UP THE LIMITED DEGREE OF DIRECT ARAB SUPPORT FOR THE PLO, AT LEAST IN THE PRESENT STATE OF INTER-ARAB RELATIONS.

8. ISRAEL'S CLEAR INTENTION IS TO ERADICATE THE PLO COMMAND STRUCTURE IN BEIRUT, EITHER BY MILITARY OR POLITICAL MEANS. AT PRESENT, HOWEVER, THE PLO LEADERSHIP SURVIVES MORE OR LESS INTACT. WITH TIME, AND GIVEN ARAB FINANCIAL RESOURCES, EQUIPMENT CAN BE REPLACED AND NEW GUERRILLAS TRAINED. THE PLO MAY ACQUIRE WEAPONS OF LONGER RANGE. IT COULD REBUILD IN NORTHERN AND EASTERN LEBANON, IN SYRIA OR ELSEWHERE IN THE MIDDLE EAST. THE INTERNAL PLO DEBATE, HOWEVER, IS LIKELY TO BE ABOUT THE PURPOSE OF RECONSTRUCTION, AS WELL AS ABOUT IMMEDIATE TACTICS. IN THE LAST FEW YEARS, THE PLO GUERRILLAS HAVE MOVED AWAY FROM BEING A TERRORIST ORGANISATION, TOWARDS MORE DIPLOMATIC ACTIVITIES AND A MORE CONVENTIONAL MILITARY APPROACH: QUASI-STATE INSTITUTIONS HAVE GROWN UP WHICH SOME PLO RADICALS ARGUE HAVE DISTRACTED THE MOVEMENT FROM THE TRUE STRUGGLE. ONE CONSEQUENCE OF THE MILITARY DEFEAT, AND OF THE LOSS OF TERRITORY FROM WHICH TO STRIKE ISRAEL, WILL BE TO STRENGTHEN THE HAND OF THOSE IN THE PLO, INCLUDING WITHIN THE RADICAL WING OF FATAH, WHO HAVE ARGUED THAT THESE POLICIES WERE LEADING NOWHERE. EVEN BEFORE THE ISRAELI INVASION, ABU IYAD, OF THE RADICAL WING OF FATAH, WAS MAKING PREPARATIONS FOR A RESUMPTION OF TERRORISM OUTSIDE THE MIDDLE EAST, IF ISRAEL MOUNTED A GROUND FORCES OPERATION IN LEBANON. THERE MUST NOW BE A MUCH GREATER RISK OF TERRORIST ACTS, ESPECIALLY AGAINST ISRAELI AND AMERICAN TARGETS. ONE AIM WILL BE TO DEMONSTRATE THE PLO'S CONTINUED POWER. IN ADDITION, THERE WILL PROBABLY BE INCREASED ATTEMPTS TO INFILTRATE INTO ISRAEL AND THE OCCUPIED TERRITORIES.

9. IT IS TOO EARLY TO SAY HOW ARAFAT'S POSITION HAS BEEN AFFECTED. HE HAS SURVIVED SIMILAR CRISES BEFORE (JORDAN IN 1970, LEBANON IN 1976 AND 1978), BUT HE HAS BEEN CLOSELY IDENTIFIED WITH THE POLICY WHICH MANY IN THE PLO WILL NOW PERCEIVE TO HAVE FAILED DISASTROUSLY. EVEN IF ARAFAT'S POSITION IS NOT DIRECTLY THREATENED, HE WILL BE OBLIGED TO PAY MORE ATTENTION TO THE RADICALS IN FATAH AND OTHER FACTIONS.

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10. MANY OF THESE RADICALS HAVE INTENSIFIED THEIR LINKS WITH SYRIA OVER THE LAST SEVERAL YEARS. NOW THAT THE PLO HAS LOST SO MUCH OF ITS MATERIEL AND MUCH OF ITS TERRITORY FOR TRAINING, THE PLO AS A WHOLE IS LIKELY TO COME EVEN MORE UNDER SYRIAN INFLUENCE. THE GUERRILLAS AND ANY NEW REFUGEES WILL COME UNDER CLOSE SCRUTINY FROM THE SYRIAN INTERNAL SECURITY AUTHORITIES. SYRIAN INFLUENCE WILL PROBABLY BE EXERTED IN A RADICAL DIRECTION AND MAY RESULT IN THE INCREASED USE OF PLO FACTIONS FOR SYRIAN-SPONSORED INTIMIDATION IN THE ARAB WORLD. FATAH WILL NOT LIKE GREATER SYRIAN CONTROL AND THERE MAY BE WIDESPREAD PALESTINIAN RESENTMENT THAT THE SYRIAN ARMY ABANDONED THE GUERRILLAS TO FIGHT ON ALONE. A SPLIT IN THE PLO IS NOW QUITE POSSIBLE IF ARAFAT AND OTHER FATAH LEADERS FIND SYRIAN CONTROL TOO ONEROUS.

SYRIA

11. SYRIA TOO HAS SUFFERED A CLEAR MILITARY DEFEAT. IT HAS TAKEN HEAVY CASUALTIES AND LOST A SIGNIFICANT PROPORTION OF ITS AIR FORCE AND A LARGE NUMBER OF TANKS. THE SAM SITES, A SYMBOL OF DEFIANCE OF ISRAEL AND AN IMPORTANT ELEMENT IN SYRIAN AIR DEFENCE, WERE DESTROYED. BUT THERE ARE ALREADY SIGNS THAT THE SYRIAN GOVERNMENT, AS IN 1973, IS SEEKING TO PORTRAY THE MILITARY SETBACK AS A SUCCESS: THE SYRIAN MEDIA, FOR EXAMPLE, HAVE ALLEGED THAT, BECAUSE OF ITS HEAVY LOSSES, ISRAEL, WAS OBLIGED TO BEG FOR A CEASEFIRE. THIS VERSION OF EVENTS SEEMS TO BE GAINING POPULAR ACCEPTANCE IN SYRIA.

12. ON THE POLITICAL LEVEL, THE BALANCE OF PROFIT AND LOSS FOR SYRIA IS LESS CLEAR CUT. SYRIA HAS LOST A GOOD DEAL OF ITS ABILITY TO INFLUENCE EVENTS IN BEIRUT. WITH THE SYRIAN ARMY EFFECTIVELY PUSHED BACK AS FAR AS THE BEKA'A AND POSSIBLY, IN DUE COURSE, OUT OF THE LEBANON, VOICES

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OIL-RICH STATES MAY PERCEIVE AN INCREASED THREAT FROM A RADICALISED SYRIA AND HENCE FEEL MORE DISPOSED TO MAKE SOME GESTURE TO IMPROVE THEIR RELATIONS WITH SYRIA AGAIN, AND TO GIVE IT FINANCIAL HELP IN ORDER TO REPLACE LOST MILITARY EQUIPMENT. THE SMALLER OIL-STATES, WORRIED BY THE BACKLASH AMONG THEIR OWN PALESTINIAN COMMUNITIES FROM EVENTS IN LEBANON, ARE LIKELY TO BE EVEN MORE CONCERNED IF THEY FEAR THAT A RADICALISED PLO UNDER CLOSER SYRIAN CONTROL IS NOW LIKELY TO EMERGE.

JORDAN

13. THE ISRAELI INVASION OF LEBANON POSES PARTICULAR PROBLEMS FOR JORDAN. THERE MAY BE PRESSURE FROM THE PLO AND ARAB STATES TO PERMIT ATTACKS FROM JORDANIAN TERRITORY INTO ISRAEL AND THE OCCUPIED TERRITORIES= THERE HAVE BEEN SEVERAL ATTEMPTS BY GUERRILLAS TO MOUNT SUCH ATTACKS SINCE THE CRISIS STARTED. THE JORDANIAN AUTHORITIES HAVE SUCCESSFULLY THWARTED THESE, AND WILL CONTINUE TO TRY TO DO SO= JORDAN CANNOT AFFORD TO OFFER A CASUS BELLI TO ISRAEL. JORDAN WILL BE RELUCTANT TO ALLOW A SUBSTANTIAL INFUX OF NEW REFUGEES WHICH COULD POSE A SECURITY PROBLEM TO THE JORDANIAN GOVERNMENT AS WELL AS TO ISRAEL. KING HUSSEIN MAY FEAR THAT AN INFUX OF REFUGEES MIGHT ALSO TEMPT THE BEGIN GOVERNMENT TO PURSUE ACTIVELY SHARON'S KNOWN AIM OF SETTling THE PALESTINIAN PROBLEM BY ALLOWING THE PLO TO OVERTHROW THE HASHEMITE MONARCHY AND TO ESTABLISH A PALESTINIAN STATE ON THE EAST BANK. ON THE OTHER HAND, HUSSEIN DOES NOT WANT THE PLO TO BE TOTALLY DEPENDENT ON SYRIA. UNDER THE STRICTEST CONDITIONS, THEREFORE, HE MIGHT BE PREPARED TO ALLOW THE FATAH LEADERSHIP A GREATER PRESENCE IN AMMAN. ANOTHER OUTCOME OF RECENT EVENTS MAY BE THAT THE MORE EXTREME ELEMENTS IN THE PLO AND THE SYRIANS WILL BE EVEN MORE SUSPICIOUS THAN HITHERTO ABOUT LINKS BETWEEN JORDAN AND MODERATE WEST BANK LEADERS= WE MAY SEE A RENEWAL OF ARAB FEARS THAT JORDAN IS CONSIDERING JOINING THE CAMP DAVID PROCESS, DESPITE JORDAN'S CRITICISM OF US POLICY IN THE RECENT CRISIS.

THE PEACE PROCESS

14. IT HAS BEEN POSTULATED IN ISRAEL THAT THE WEAKENING OF THE PLO WOULD FACILITATE THE PARTICIPATION OF PALESTINIAN RESIDENTS OF THE OCCUPIED TERRITORIES IN THE AUTONOMY NEGOTIATIONS, AND THAT IN DUE COURSE AN AUTONOMY AGREEMENT WOULD BE SIGNED WHICH WOULD UNDERWRITE CONTINUED ISRAELI OCCUPATION. PRESUMABLY ISRAELI THINKING WOULD BE THAT MODERATE MAYORS, AS WELL AS THE STOOGES OF THE SINGULARLY UNSUCCESSFUL VILLAGE LEAGUES, WOULD NOW BE PREPARED TO NEGOTIATE. IF THIS REALLY REPRESENTS ISRAELI POLICY .../ (AND

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(AND IT WOULD CERTAINLY BE CONSISTENT WITH SHARON'S VIEWS), THERE ARE SEVERAL MAJOR STUMBLING BLOCKS. EGYPT, AS IT MAKES ITS WAY GRADUALLY BACK INTO THE ARAB POLITY, IS UNLIKELY TO ACQUIESCE IN ANY ONE-SIDED AGREEMENT. THE ISRAELI GOVERNMENT DOES NOT APPEAR PREPARED TO OFFER GENUINE CONCESSIONS TO MAKE AUTONOMY MEANINGFUL. ITS POLICY UNDERESTIMATES THE COMMITMENT OF EVEN THE MODERATE RESIDENTS OF THE TERRITORIES TO THE PLO AS THEIR REPRESENTATIVE AND TO RIDDING THEMSELVES OF ISRAELI OCCUPATION - AND ALSO UNDERPLAYS THE ABILITY OF THE PLO TO INTIMIDATE ANY WAVERERS INTO REFUSING TO PARTICIPATE. ALTHOUGH THE OCCUPIED TERRITORIES HAVE BEEN RELATIVELY QUIET DURING THE CRISIS, THE EXTREMISTS ARE LIKELY TO HAVE BEEN STRENGTHENED. WE BELIEVE, IN SHORT, THAT THE ISRAELI INVASION OF LEBANON HAS MADE AN AUTONOMY AGREEMENT WHICH COULD OBTAIN THE SUPPORT OF THE PALESTINIANS EVEN LESS LIKELY THAN BEFORE.

15. THE INVASION WILL ALSO HAVE DAMAGED THE PROSPECTS FOR ANY ALTERNATIVES OR SUCCESSORS TO CAMP DAVID. IN PARTICULAR, SAUDI HOPES OF RESURRECTING THE FAHD PLAN WILL HAVE RECEIVED A SEVERE BLOW. FOR THE FORESEEABLE FUTURE AND GIVEN THEIR CURRENT SENSE OF HUMILIATION, FEW ARABS ARE LIKELY TO HAVE THE POLITICAL WILL TO FIND COMPROMISE FORMULAE ON RECOGNISING ISRAEL'S RIGHT TO EXIST.

INTER-ARAB RELATIONS

16. THE IMMEDIATE RESPONSE OF IRAQ AND THE MODERATE ARAB STATES HAS BEEN TO ACCUSE SYRIA OF FAILING TO DO ENOUGH. IN DUE COURSE, HOWEVER, WE BELIEVE THAT THE INVASION MAY RESULT IN SOME IMPROVEMENT IN RELATIONS WITHIN THE ARAB WORLD IF, AS SEEMS POSSIBLE, THE MODERATES MOVE CLOSER TO ACCEPTING THE HARDLINE SYRIAN VIEW WHICH REJECTS NEGOTIATIONS AT PRESENT IN THE ARAB/ISRAELI DISPUTE. THE INVASION HAS ALREADY HAD A CATALYTIC EFFECT ON RECONCILIATION BETWEEN EGYPT AND THE MODERATE ARAB STATES. EGYPT HAS DECIDED TO SLOW DOWN THE NORMALISATION OF RELATIONS WITH ISRAEL AND HAS SUSPENDED AUTONOMY TALKS, ALREADY STALLED OVER THE ISSUE OF MEETINGS IN JERUSALEM. IT HAS OFFERED THE PLO LEADERSHIP THE OPPORTUNITY TO SET UP A PROVISIONAL GOVERNMENT IN CAIRO (ALTHOUGH THE INITIAL REACTION OF ABU IYAD WAS TO REFUSE) AND MUBARAK WENT TO RIYADH TO EXPRESS CONDOLENCES FOR THE DEATH OF KING KHALID. THAT REPRESENTED A SIGNIFICANT DEPARTURE FROM HIS EARLIER VOW THAT HE WOULD NOT VISIT ANY ARAB STATE WHICH DID NOT HAVE DIPLOMATIC RELATIONS WITH EGYPT, AND IS AN INDICATION OF THE DEGREE OF EMBARRASSMENT ISRAEL HAS CAUSED MUBARAK. KING HUSSEIN IS WORKING TO CONSOLIDATE THE IMPROVEMENT IN RELATIONS BETWEEN EGYPT AND THE MODERATE ARAB STATES. THE ONLY TANGIBLE SUPPORT FOR SYRIA HAS COME FROM RADICAL COUNTRIES LIKE LIBYA AND IRAN.

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ARAB/UNITED STATES RELATIONS

17. MUCH OF THE ARAB WORLD SINCERELY BELIEVES THAT THE UNITED STATES ADMINISTRATION HAS CONNIVED IN, IF NOT POSITIVELY BLESSED, THE ISRAELI INVASION. MANY OF THE MODERATE ARAB LEADERS, INCLUDING THE JORDANIANS, SAUDIS AND EGYPTIANS, ARE DISMAYED THAT THE UNITED STATES HAS FAILED TO USE ITS LEVERAGE OVER ISRAEL EFFECTIVELY TO DETER NEW AGGRESSION AND TO PREVENT OCCUPATION OF MORE ARAB LAND. THE PERCEPTION THAT THE UNITED STATES HAS ACQUIESCED IN THE ISRAELI ACTION WILL BE SEEN AS EVIDENCE OF DOUBLE STANDARDS WHEN THE ADMINISTRATION IS CONDEMNING THE USE OF FORCE TO SETTLE DISPUTES IN OTHER PARTS OF THE WORLD. IT WILL UNDERMINE FAITH IN UNITED STATES ABILITY AND WILLINGNESS TO DEFEND OTHER MODERATE ARAB STATES FROM IRANIAN AS WELL AS ISRAELI AGGRESSION. IT HAS ALL BUT DESTROYED, FOR THE TIME BEING, ARAB FAITH IN THE WILLINGNESS OF THE UNITED STATES TO USE ITS LEVERAGE WITH ISRAEL TO OBTAIN A SOLUTION TO THE PALESTINIAN PROBLEM WHICH TAKES ACCOUNT OF ARAB NEEDS.

ISRAEL

18. THE FINANCIAL AND HUMAN COST TO ISRAEL OF THE OPERATION HAS BEEN SUBSTANTIAL. BUT BY AND LARGE IT HAS ACHIEVED ITS AIMS. THIS SUCCESS WILL REDOUND TO THE DOMESTIC CREDIT OF BEGIN'S GOVERNMENT, WHICH IS LIKELY TO CALL ELECTIONS LATER THIS YEAR OR EARLY IN 1983 IN ORDER TO TRY TO OBTAIN A CORKING MAJORITY. THE LABOUR OPPOSITION HAS BEEN WRONG FOOTED- IT GAVE GENERAL SUPPORT TO THE OPERATION, BUT HAS CARPED ABOUT ITS EXTENT AND ITS DIPLOMATIC COST. SHARON, IN PARTICULAR, IS LIKELY TO HAVE ENHANCED HIS POLITICAL PRESTIGE AND HENCE HIS CHANCES OF EVENTUALLY SUCCEEDING BEGIN AS LEADER OF THE LIKUD PARTY.

OUTLOOK

19. DESPITE THE ISRAELI INVASION OF LEBANON, MANY OF THE CONSTANTS IN THE MIDDLE EAST REMAIN THE SAME. PARTICULARLY WHILE THE PRESENT OIL GLUT CONTINUES, THE PRODUCERS NEED THE OIL CONSUMERS AS MUCH AS THE CONSUMERS NEED THE PRODUCERS. MANY ARAB COUNTRIES ARE DEPENDENT ON WESTERN TECHNOLOGY AND MILITARY SUPPLIES. THE SOVIET UNION WILL GAIN SOME BENEFIT FROM THE REINFORCEMENT OF ARAB PERCEPTIONS THAT THE UNITED STATES IS UNWILLING OR UNABLE TO +DELIVER+ ISRAEL. IN ADDITION, THE SOVIET UNION'S RELATIONS WITH SYRIA AND THE PLC WILL PROBABLY BECOME CLOSER. THE FACTORS WHICH HAVE LIMITED SOVIET INFLUENCE IN THE REGION ARE HOWEVER LIKELY, IN ESSENCE, TO PERSIST. / 20.

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20. BUT THE PSYCHOLOGICAL SHOCK TO THE ARAB WORLD OF THE NEW SITUATION IS ONLY BEGINNING TO SINK IN. BY FORCE OF ARMS, ISRAEL, EVEN IF IT WITHDRAWS ITS ARMY WITHIN A FEW MONTHS, HAS IMPOSED A SUBSTANTIAL DEGREE OF CONTROL OVER LEBANON AND HAS UNDERLINED ISRAELI MILITARY SUPERIORITY. MANY OF THE MODERATE ARAB STATES WOULD WELCOME THE DEPARTURE OF THE SYRIAN ARMY FROM LEBANON= BUT THE REPLACEMENT OF SYRIAN BY ISRAELI INFLUENCE IS A PROFOUNDLY WORRYING DEVELOPMENT FOR THE ARABS - AND THE UNITED STATES IS SEEN TO BE TO BLAME. IRAN'S INCREASED POWER IN THE REGION MEANS THAT ITS AGGRESSIVE ANTIPATHY TO THE TWO SUPERPOWERS IS LIKELY TO HAVE AN EFFECT IN THE ARAB WORLD. THIS AND THE RELUCTANCE OF MOST OF THE MODERATES TO SHIFT TOWARDS THE SOVIET UNION ARE UNLIKELY TO PROVIDE MANY OPPORTUNITIES FOR SOVIET MEDDLING, ALTHOUGH KUWAIT MAY PRESS ITS GULF PARTNERS TO OPEN DIPLOMATIC RELATIONS WITH THE SOVIET UNION. RATHER, THE PROSPECT IS FOR MORE MILITANT NON-ALIGNMENT BY MOST OF THE ARAB WORLD.

21. THE ISRAELI GOVERNMENT WILL UNDOUBTEDLY SEE ITS INVASION AS A CLEAR MILITARY AND POLITICAL SUCCESS (ALTHOUGH THE INTERVENTION OF IRAN IN LEVANTINE AFFAIRS MUST BE AN UNWELCOME DEVELOPMENT). THE POLITICAL AND MILITARY THREAT RAISED BY THE PLO HAS BEEN REDUCED FOR A FEW YEARS. ANY PLO TERRORISM WILL GIVE ISRAEL A PROPAGANDA SUCCESS. AFTER THE +CLEANING+ OF SOUTH LEBANON, GALILEE SHOULD BE SAFE FOR A WHILE FROM CROSS-BORDER SHELLING. A COMPLIANT GOVERNMENT MIGHT NOW EMERGE IN LEBANON WHICH COULD CONCEIVABLY BE INDUCED TO SIGN A PEACE TREATY. THE ARAB WORLD MIGHT BECOME MORE UNITED, BUT ARAB UNITY IS NORMALLY ACHIEVED BY MOVING IN A RADICAL DIRECTION= FOR THAT REASON THE UNITED STATES IS EVEN LESS LIKELY TO BRING PRESSURE TO BEAR ON ISRAEL TO ACCEPT UNPALATABLE SOLUTIONS. ISRAELI RELATIONS WITH EGYPT MAY BE FROSTY, BUT ISRAEL CAN STILL GAMBLE THAT EGYPT WILL NOT RETURN TO THE ARAB WORLD IN A MILITARY SENSE. ISRAEL HAS BOUGHT TIME= BUT ON CURRENT FORM IT SHOWS NO SIGN OF HAVING THE WILL TO TAKE ADVANTAGE OF THAT EXTRA TIME AS THE BALANCE OF MILITARY CAPABILITY SHIFTS AGAINST IT OVER THE EXT FEW YEARS.

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