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Message Text

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ORIGIN NEA-12

INFO OCT-01 AF-10 EUR-25 ADP-00 NSC-10 USIA-12 RSC-01

PCH-04 /075 R

DRAFTED BY NEA: ARAPHEL
3/26/73 22120
APPROVED BY NEA: ALATHERTON
DESIRED DISTRIBUTION
AF, EUR, WHITE HOUSE FOR DUNN, USIA/ INE FOR PISTOR
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R 262300 Z MAR 73
FM SECSTATE WASHDC
TO AMEMBASSY ADDIS ABABA
USINT ALGIERS
AMEMBASSY AMMAN
AMEMBASSY ANKARA
AMEMBASSY BEIRUT
USINT CAIRO
AMEMBASSY BRUSSELS
AMCONSUL DHAHRAN
AMEMBASSY JIDDA
AMEMBASSY KHARTOUM
AMEMBASSY LONDON
AMEMBASSY MOSCOW
USMISSION NATO
AMEMBASSY NICOSIA
AMEMBASSY PARIS
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AMEMBASSY RABAT
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY TEL AVIV
AMEMBASSY TRIPOLI
AMEMBASSY TUNIS
AMEMBASSY KUWAIT
AMEMBASSY SANAA
AMEMBASSY MANAMA
AMCONSUL JERUSALEM
CINCLANT FOR POLAD
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USCINCEUR FOR POLAD
AMEMBASSY MOGADISCIO BY POUCH

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USINT BAGHDAD BY POUCH

S E C R E T STATE 055601

E. O. 11652 - GDS
TAGS: PFOR, XF
SUBJECT: NEAR EAST HIGHLIGHTS MARCH 17 - 23

KUWAIT POUCH ABU DHABI AND MUSCAT

1. LEBANON: FEDAYEEN ATTACKS IN LEBANON - ON MARCH 19, SEVERAL EXPLOSIONS CAUSED HEAVY DAMAGE TO THE BEIRUT OFFICES OF THE AL- HAWADITH PUBLISHING HOUSE. THE OPERATION WAS CARRIED OUT BY FOUR ARMED MEN WHO ARE BELIEVED TO HAVE BEEN " FREE LANCE" FEDAYEEN HIRED BY THE IRAQI REGIME TO " GET" AL- HAWADITH WHOSE EDITORIAL LINE IS NOTABLY PRO- SAUDI AND PRO- IRANIAN. ON MARCH 21 FEDAYEEN ATTACKERS KILLED A LEBANESE ARMY OFFICER AND AN ENLISTED MAN AT AN ARMY CHECKPOINT AT RACHAYA AL WADI IN THE ARQUB. LEBANESE AUTHORITIES DO NOT KNOW TO WHICH ORGANIZATION THE ATTACKERS BELONG. IN AN OBVIOUS EFFORT TO APPEASE THE GOL, THE PALESTINIAN NEWS AGENCY ISSUED A STATEMENT ON MARCH 21 CONDEMNING THE ATTACK AND DENOUNCING THE ASSAILANTS. NEVERTHELESS, THE EMBASSY REPORTS THAT THE GOL HAS BECOME INCREASINGLY CONCERNED THAT THE FEDAYEEN MAY BE TRYING DELIBERATELY TO STIR UP TROUBLE IN LEBANON.

2. JORDAN: AID TO JORDAN - DURING JORDANIAN PRIME MINISTER LAWZI' S VISIT TO RIYADH LAST WEEK, SAG AGREED TO MAKE THEIR REGULAR JANUARY AND APRIL PAYMENTS IN

ADDITION TO THE ADVANCES MADE LAST DECEMBER. THIS WILL ADD AN ADDITIONAL 23 MILLION DOLLARS IN SAUDI AID TO JORDAN THIS YEAR.

3. BRITISH AID TO JORDAN - THE BRITISH ANNOUNCED LAST WEEK THAT THEY WILL MAKE AVAILABLE ABOUT TEN MILLION POUNDS OVER THE NEXT THREE YEARS TO FINANCE PROJECTS IN THE JORDANIAN DEVELOPMENT PLAN. THIS IS A

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SUBSTANTIAL INCREASE IN BRITISH DEVELOPMENT ASSISTANCE TO JORDAN, WHICH HAS BEEN RUNNING AT JUST OVER TWO MILLION POUNDS A YEAR.

4. JAPANESE AND KUWAITI AID TO JORDAN - WE CALLED IN JAPANESE EMBASSY OFFICERS THIS WEEK TO MAKE A PITCH FOR JAPANESE ASSISTANCE FOR JORDAN' S THREE YEAR DEVELOPMENT PLAN. THE JAPANESE EMBASSY OFFICERS INDICATED THAT, ALTHOUGH JORDAN HAS HAD VERY LOW

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PRIORITY FOR JAPAN UP TO NOW, THE DOOR WAS NOT CLOSED
TO SOME TYPE OF DEVELOPMENT LENDING. WE ARE INFORMING
THE JORDANIANS OF OUR APPROACH AND URGING THEM TO
FOLLOW UP DIRECTLY WITH THE JAPANESE. ALSO, THE
DEPARTMENT THIS WEEK AUTHORIZED EMBASSY KUWAIT TO
MAKE A NEW DEMARCHE TO THE GOK URGING RECONSIDERATION
OF ITS SUSPENDED SUBSIDY TO JORDAN.

5. GENERAL: REACTION TO DOLLAR CRISIS - EMBASSIES
JIDDA AND KUWAIT REPORT KNOWLEDEABLE LOCAL SOURCES
REFUTE RECENT WESTERN PRESS ALLEGATIONS THAT SIGNIFICANT
SPECULATION BY SAUDI OR KUWAITI MONEY- MANAGERS OCCURRED
DURING THE RECENT DOLLAR CRISIS. AS CONFIRMATION,
WELL- INFORMED LOCAL SOURCES HAVE NOTED THE SUBSTANTIAL
PAPER LOSSES SUFFERED BY HOLDERS OF DOLLARS DURING
DEVALUATION. BOTH SAUDIS AND KUWAITIS, POINTING TO THE
STRENGTH, SIZE, AND VITALITY OF THE US ECONOMY AS
JUSTIFICATION FOR CONTINUING TO RETAN SIZEABLE DOLLAR
HOLDINGS, HAVE INDICATED THAT THEIR MAIN DESIRE IS FOR
STABLE CURRENCY MARKETS.

6. SAUDI ARABIA: SAUDI OIL POLICY - IN AN INTERVIEW
DATED MARCH 16, SAUDI OIL MINISTER YAMANI SAID THAT
SAUDI ARABIA WELCOMED ANY MOVEMENT BY OIL- CONSUMING
STATES TO DIVERSIFY THEIR SOURCES OF SUPPLY SINCE THIS
WOULD RELIEVE SAUDI ARABIA OF ANY " MORAL OBLIGATION" TO
INCREASE OIL PRODUCTION BEYOND THE INTERNAL FINANCIAL
AND ECONOMIC NEEDS OF THE KINGDOM. AS FOR PROPOSALS THAT
CONSUMERS FORM A CARTEL TO BARGAIN COLLECTIVELY WITH
OPEC, YAMANI WARNED THAT IN THE EVENT OF SUCH A

CONFRONTATION ANY MORAL OBLIGATION TO UNDERTAKE
" UNNECESSARY" INCREASES IN PRODUCTION WOULD BE TOTALLY
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ELIMINATED. YAMANI AGAIN APPEALED TO CONSUMER
COUNTRIES TO PARTICIPATE IN THE INDUSTRIALIZATION OF
SAUDI ARABIA.
7.
PLANS TO STRENGTHEN THE YAR - PRINCE SULTAN HAS TOLD
US THAT DURING LAST WEEK' S MEETINGS WITH YAR PRIME
MINISTER AL HAJRI IN RIYADH, THE SAUDI GOVERNMENT
AGREED TO PROVIDE AN ADDITIONAL 20 MILLION DOLLARS IN
BUDGET SUPPORT TO THE YAR OVER THE NEXT SIXTEEN MONTHS
IN ADDITION TO DEVELOPMENT PROJECT AID, POSTPONING
REPAYMENT OF SOME OUTSTANDING LOANS, AND WAIVING
INTEREST PAYMENTS. THIS BRINGS TOTAL SAUDI AID TO THE
YAR, SINCE RELATIONS WERE RESUMED IN 1970 TO NEARLY
60 MILLION DOLLARS.

8. YAR PRESIDENT IRYANI EXPRESSED TO AMBASSADOR

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CRAWFORD THE YAR' S APPREICATION FOR THE HELPFUL ROLE
PLAYED BY THE USG IN MAKING THE SAG/ YARG TALKS A
SUCCESS. IRYANI URGED PROMPTNESS IN MEETING THE YAR' S
ARMS REQUESTS BUT EXPRESSED UNDERSTANDING OF THE
USG DESIRE TO AVOID BECOMING DIRECTLY AND OVERTLY
INVOLVED IN YEMEN' S SECURITY PROBLEM.

9. YEMEN: RELATIONS WITH IRAN NORMALIZED - AS A RESULT
OF A VISIT TO TEHRAN BY YAR DEPUTY PRIME MINISTER
HASSAN MAKKI, RELATIONS BETWEEN IRAN AND THE YAR ARE
BACK TO NORMAL. IRAN HAS PROMISED TO REVIEW AGAIN
SYMPATHETICALLY A YAR SHOPPING LIST (PRESUMABLY
MILITARY EQUIPMENT) AND TO UPGRADE ITS PERSONNEL AT
THE IRANIAN MISSION IN SANAA.

10. JORDAN TO OPEN EMBASSY IN SANAA - JORDAN HAS
SELECTED ITS FIRST AMBASSADOR TO SANAA. HOPEFULLY,
THIS WILL OPEN THE WAY FOR THE GOJ TO MAKE A MODEST
CONTRIBUTION TO THE YAR' S NEEDS FOR TEACHERS AND
ADVISORY PERSONNEL IN THE FIELD OF INTERNAL SECURITY.

11. KUWAIT/ IRAQ: IRAQ ATTACKS KUWAIT BORDER POSTS -
SHORTLY AFTER3:00 A. M. MARCH 20, IRAQI FORCES
ROCKETED AND SUBSEQUENTLY OCCUPIED KUWAIT' S AL- SAMITAH
BO DER POST SOU HWEST OF THE IRAQ PORT OF UMM QASR-
CASUALITY REPORTS VARY, BUT IT APPEARS THAT AT LEAST
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ONE KUWAITI AND POSSIBLY TWO IRAQIS WERE KILLED. THE
ATTACKING FORCE THEN SHELLED A SECOND POST DUE SOUTH AT
UMM QASR, BUT KUWAIT CLAIMS TO HAVE REOCCUPIED THIS
POSITION AFTER HAVING ABANDONED IT FOR A SHORT PERIOD.

12. THIS IS THE FIRST SERIOUS BORDER FLARE- UP BETWEEN
THE TWO COUNTRIES SINCE 1961. IT ONCE AGAIN REVIVES A
FORTY- YEAR OLD BOUNDARY DISPUTE WHICH HAS BEEN COMPOUNDED
OVER THE YEARS BY SEVERAL MILITARY, FINANCIAL AND
MARITIME CONSIDERATIONS.

13. THE GOK HAS SOUGHT ARAB LEAGUE MEDIATION AND
PRESIDENT SADAT HAS OFFERED EGYPT' S MEDIATION IF NEEDED.
ARAB LEAGUE SYG RIAD HAS ALREADY BEGUN TALKS WITH BOTH
SIDES BUT IT REMAINS UNCERTAIN WHETHER THE IRAQIS WILL
BE RESPONSIVE TO LEAGUE PRESSURE OR WHAT IRAQ' S
CONDITIONS FOR WITHDRAWAL WILL BE. SINCE OCCUPYING
AL SAMITAH, THE IRAQIS APPARENTLY HAVE REINFORCED THEIR
UNITS IN THE AREA.

14. OMAN: MORE PFLOAG ARRESTS - AN ADDITIONAL NUMBER
OF PFLOAG MEMBERS HAVE BEEN ROUNDED UP IN NORTHERN
OMAN RECENTLY BRINGING THE TOTAL SINCE EARLY THIS YEAR

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TO 88. A SIZEABLE ARMS CACHE OF CHINESE MADE WEAPONS, WHICH HAVE BEEN SMUGGLED IN FROM ADEN HAS ALSO BEEN DISCOVERED. THE SPEED WITH WHICH PFLOAG HAS BEEN ABLE TO RECRUIT FOLLOWERS REFLECTS ON OMAN' S WEAK GOVERNMENT ADMINISTRATION AND MALDISTRIBUTION OF DEVELOPMENT ACTIVITIES NOW UNDERWAY.

15. ISRAEL: EBAN TO VISIT US IN MID- MAY - THE GOI HAS INFORMED US THAT FOREIGN MINISTER EBAN WILL VISIT THE US IN MID- MAY ON A FUND- RAISING TRIP FOR ISRAELI BONDS FOR ABOUT 10 DAYS.

16. INFLATION IN ISRAEL CONTINUES UNCHECKED - EMBASSY TEL AVIV REPORTS THAT THE FIRST EFFORTS OF THE TOP- LEVEL TRIPARTITE (GOI, MANUFACTURERS, HISTADRUT) COMMITTEE TO RESTRAIN INFLATION APPEAR UNSUCCESSFUL. THE HISTADRUT IS DEMANDING INFLATION BE HELD TO 4-5 PERCENT FOR THE FIRST HALF OF THE YEAR, OTHERWISE A COST- OF- LIVING

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INCREASE MUST BE GRANTED. THE CONSUMER PRICE INDEX IS UP 2.9 PERCENT FOR THE FIRST TWO MONTHS OF 1973.

17. TERRORISTS ARRESTED IN GAZA - THE IDF HAS ANNOUNCED THE ARREST IN THE GAZA STRIP OF 21 PALESTINIANS BELIEVED TO BE INVOLVED IN THE MURDERS OF BOTH THE SHATI REFUGEE CAMP COMMITTEEMAN DIEB EL HARBITI AND FATHER HANNA NIMRI.

18. ELECTIONEERING BY DAYAN - IN A MARCH 14 SPEECH, DEFENSE MINISTER DAYAN HINTED HE MIGHT NOT SERVE IN THE NEXT GOVERNMENT IF HE WERE NOT SATISFIED WITH THE LABOR PARTY' S PLATFORM ON THE OCCUPIED TERRITORIES. DAYAN ALSO REMINDED THE ISRAELIS OF THE SECURITY THREAT OF A POSSIBLE RETURN BY THE SOVIETS TO EGYPT AND REITERATED HIS VIEW THAT ARABS DO NOT WANT REAL PEACE. DESPITE EFFORTS SUCH AS THESE TO FRIGHTEN THE LABOR PARTY INTO GIVING HIM HIS WAY, THE EMBASSY DOES NOT BELIEVE DAYAN WILL BE ABLE TO GET THE KIND OF RIGHT- WING PLATFORM HE WOULD LIKE ON THE TERRITORIAL ISSUE. ROGERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 07 MAY 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 26 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE055601
Document Source: ADS
Document Unique ID: 00
Drafter: NEA: ARAPHEL
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730348/abqceiet.tel
Line Count: 265
Locator: TEXT ON-LINE
Office: ORIGIN NEA
Original Classification: SECRET
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 02 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <02-Aug-2001 by maustmc, RDFRD>; RELEASED <02-Aug-2001 by boyleja>; APPROVED <14-Sep-2001 by boyleja>
Review Markings:

Declassified/Released
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Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> srp 980106
Subject: NEAR EAST HIGHLIGHTS MARCH 17 - 23
TAGS: PBOR, XF
To: ADDIS ABABA
ALGIERS
AMMAN
ANKARA
BEIRUT
CAIRO
BRUSSELS

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TRIPOLI
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CINCLANT FOR POLAD
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MOGADISCIO BY POUCH
BAGHDAD BY POUCH
Type: TE
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