

Arab-Israeli Dispute, January 1977– August 1978

1. Presidential Review Memorandum/NSC 3¹

Washington, January 21, 1977

TO

The Vice President
The Secretary of State
The Secretary of Defense

ALSO

The Secretary of the Treasury
The United States Representative to the United Nations
The Director, Office of Management and Budget
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

SUBJECT

Middle East

The President has directed that the Policy Review Committee, under the chairmanship of the Department of State, undertake an analysis of policy alternatives on the immediate short-term issues in the Middle East and on the broader question of an Arab-Israeli peace settlement.

Issues of immediate concern that should be specifically addressed include:

—*The Israeli request for an additional \$800 million in Security Assistance and Foreign Military Sales credits in FY 1978.* Alternatives for dealing with this request should be considered in light of the broad Arab-Israeli setting, the effect on the total Middle East aid package, and views of Congress.

¹ Source: Carter Library, National Security Affairs, Staff Material, Middle East File, Subject File, Box 6, Boycott: 1/77. Secret.

—*Anti-boycott legislation.* The current legislative efforts to combat the Arab boycott² should be analyzed in terms of probable diplomatic and economic consequences, as well as the probable effect of this legislation on Arab boycott actions. Saudi Arabia's position on this issue should be assessed, with special attention to the Saudi role in current inter-Arab and OPEC discussions.

The study should also analyze the choices to be made over the next six months concerning peace negotiations in the Middle East. Positions to be taken in high-level consultations with European, Soviet, and Middle Eastern leaders should be considered. In particular, the following topics should be addressed:

—*Policy on the reconvening of the Geneva Conference.*³ Positions of the various parties should be reviewed, with an assessment of the prospects for serious negotiations beginning this year. Alternatives to Geneva should be explored.

—*Policy on the Palestinians.* Analyze the options for handling the question of Palestinian representation in the peace settlement process, including the question of U.S. contact with the Palestine Liberation Organization.⁴

—*Timing of any new initiative.* Considering the Israeli internal situation, inter-Arab politics, and Saudi restraint on oil prices, analyse the optimal timing for a new U.S. diplomatic initiative aimed at promoting a settlement.

The review should be no more than 20 pages in length. It should be submitted to the Policy Review Committee by January 31, 1977.

Zbigniew Brzezinski

² The Arab League declared a boycott on December 2, 1945, prohibiting trade between Arab countries and Israel. By 1948, this boycott had evolved into three components: a continuation of the primary boycott established in 1945, a boycott of any companies that operated in Israel, and a boycott of those companies that had relationships with companies that operated in Israel.

³ The Geneva Conference first convened on December 21, 1973, in Geneva, Switzerland under the co-chairmanship of the United States and Soviet Union. Foreign Ministers from Israel, Egypt, and Jordan attended the conference in an attempt to implement U.N. Resolution 338, which called for negotiations among Israel, Egypt, Jordan, and Syria "aimed at establishing a just and durable peace in the Middle East." Syria chose not to attend because the United States and Israel refused to recognize the PLO as the representative body for the Palestinians at the conference since the PLO refused to recognize Israel's right to exist. The Foreign Ministers left Geneva by December 29 with the stated intention to reconvene at a future date, but this never occurred. See *Foreign Relations, 1969–1976*, vol. XXV, Arab-Israeli Crisis and War, 1973, Document 415.

⁴ U.S. official policy precluded contact with the PLO based on the PLO's refusal to recognize Israel's right to exist. However, some contact had been made by the Nixon administration, most recently in March 1974. See *Foreign Relations, 1969–1976*, vol. XXVI, Arab-Israeli Dispute, 1974–1976, Document 30.