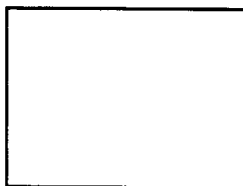


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| ROUTING | | | |
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Tuesday 20 December 1977 CG NIDC 77/294C



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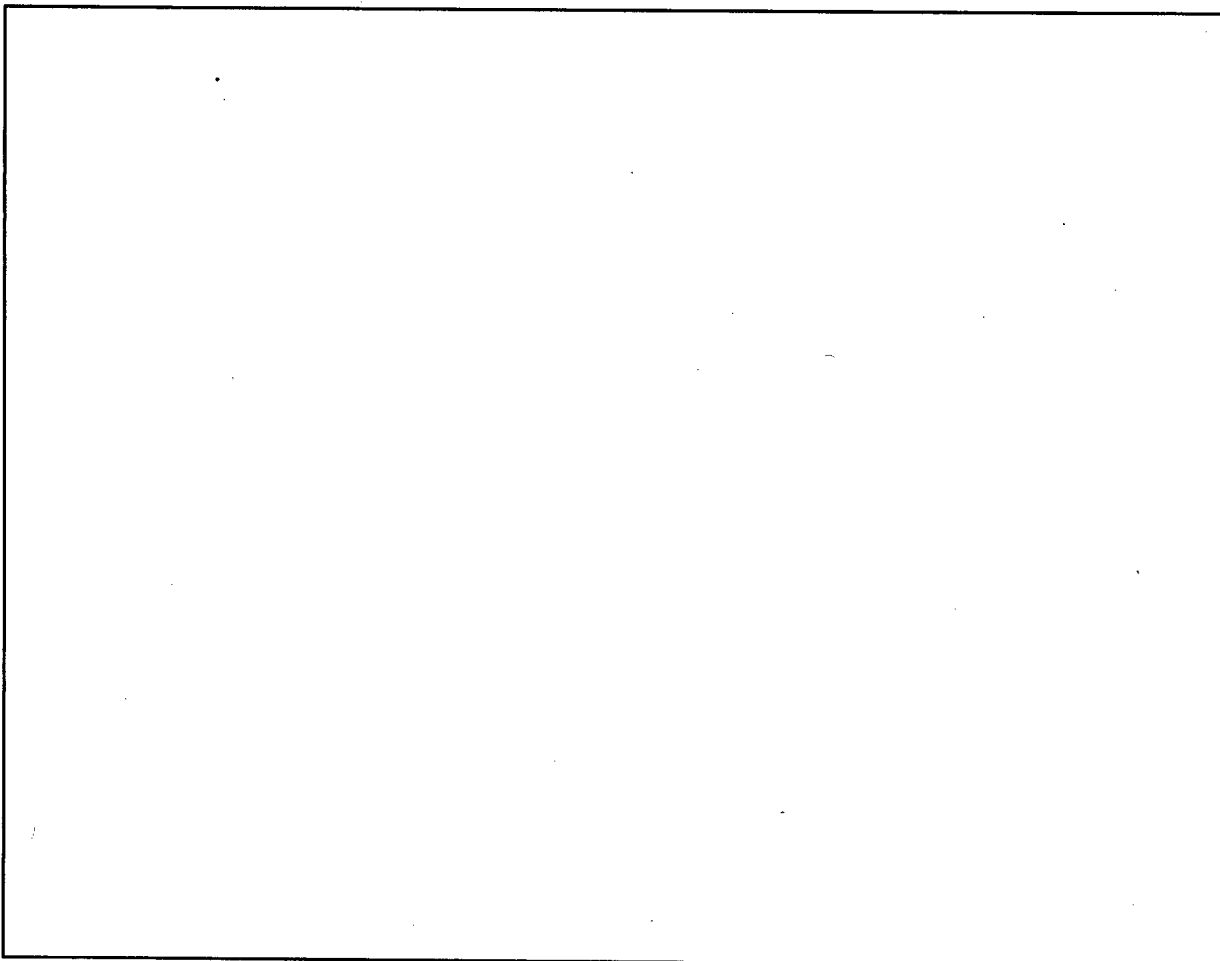
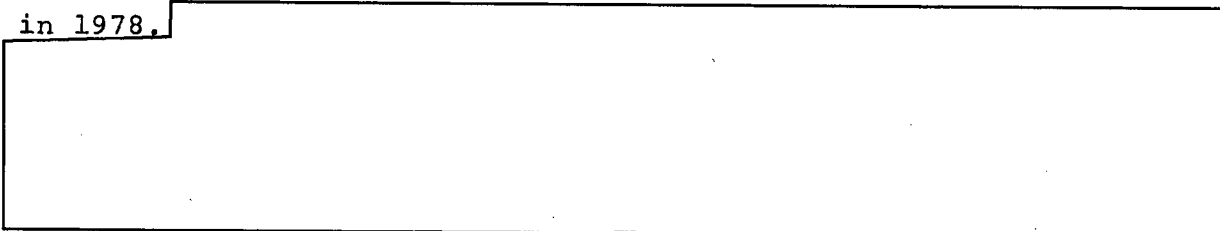


State Dept. review completed


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in 1978.



ARAB STATES: Reactions to Begin

 *The initial Arab public reaction to press accounts of Israeli Prime Minister Begin's new proposals for home rule on the West Bank and Gaza has generally been negative. Arab*

commentators have complained that Begin's plan fails to deal with the nearly two million Palestinian refugees living outside of Israel and the occupied territories. The Arab press has also noted that the plan continues Israeli military presence on the West Bank and Israeli control over East Jerusalem.

[] Reaction in Egypt was cautious. An official spokesman said Egypt's first reaction was that the proposal did not tally with Sadat's concept of a settlement. Some Egyptian press reports indicated opposition to continued Israeli military presence on the West Bank and disappointment that the plan does not give the West Bank entity more attributes of a sovereign state. Other press reports said Egyptian officials were privately optimistic that Begin's proposals could serve as a basis for talks with Egyptian President Sadat on Sunday.

[] The state-owned radio station in Saudi Arabia said Begin's proposals were inadequate. It rejected continued Israeli sovereignty over East Jerusalem and said "there is no room for optimism."

[] In Syria, the state radio station rejected Begin's plan, claiming it "retains Israel's occupation. . .and ignores the rights of the Palestinians."

[] Jordan's Minister of Information announced that the proposal, as stated by Begin on US television, constitutes an attempt to perpetuate the occupation, not to end it. The semi-official Jordanian newspaper, *ad-Dustur*, said the proposal fell short of what the Arabs wanted, but it found some consolation in that Begin's ideas were not final and were subject to negotiation with Sadat.

[] All the major West Bank leaders rejected the plan as insufficient. West Bank leaders sympathetic to the Palestine Liberation Organization rejected the continued presence of Israeli settlements and troops on the West Bank. Moderate leaders, like Bethlehem mayor Frayj hoped there would be more to the plan than the details released by Begin, "but if that's all there is we reject it entirely."

[] There has been no immediate reaction from high-level Palestinian officials. The head of the PLO Information Bureau in Beirut, however, described the Begin proposal as "unacceptable" because it rejected "the right of the people of Palestine to form their own state under PLO leadership," and was designed

to ensure the continuation of "Israeli occupation of the West Bank and Gaza Strip." Other Palestinian officials almost surely will adopt a similar stance.

[] The Libyan Foreign Ministry published a statement attacking Begin's proposals as a plot to "liquidate the Palestinian revolution," and an official North Yemeni statement labeled the proposals "new obstacles to peace."

[] Algeria called, in a broadcast over Algiers radio, for Sadat's resignation in light of Begin's proposals, which it described as inadequate.

[] The Israeli press has reported that some members of Begin's Herut Party were disturbed by the Prime Minister's plan and irritated that they had not been fully briefed before Begin spoke on US television. Begin's willingness to renounce Israeli sovereignty over the West Bank may cause some Herut members to oppose the plan. In general, however, Israelis seemed optimistic about the results of Begin's trip to the US. []

NORTH KOREA: Economic Plan

[] *Recent changes in the North Korean leadership reflect in part the regime's desire to reinvigorate the country's lagging economy. The goals for the new seven-year economic plan (1978-1984) have been reduced, but some still appear unobtainable.*

[] Three of the top seven officials in the administrative council are newly appointed, and about half of the 28 central government ministries and committees have new leaders. The appointments were announced last week at the first session of North Korea's newly elected legislative assembly.

[] The new premier, Yi Chong-ok, is a veteran economic specialist who has a background in heavy industry. The two new vice premiers are Kang Song-san, a party specialist in transportation, and Kim Tu-yong, who has served in the Ministry of Public Security.

[] Kye Ung-tae, the longtime foreign trade minister, is now the ranking vice premier, and he also has been moved up in party status. His promotion suggests that Pyongyang intends to continue to pursue economic contacts with the West and the Third World despite the regime's well-publicized inability to meet its foreign debt payments.