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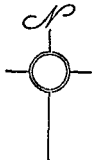
JOINT COMMITTEE ON FOREIGN AFFAIRS

REPORT ON THE MIDDLE EAST SITUATION

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SEA



THE
NEGRO

Boundary of River
Foothills Mamfola
Armistice Demarcation Lines
International Frontiers
Demilitarized Zones
Land above 1500 ft.
Main railways
Main roads
Main airports
Oil pipe-line

The present area controlled by Israel is virtually that comprised by the old Palestine mandate except that the Southern boundary is now the Suez Canal

27th May, 1969.

The Minister,

(copy for Senator Anderson)

Presentation of the Report of the
Joint Parliamentary Committee on Foreign Affairs
on the Middle East.

... As you know the Chairman of the Joint Committee on Foreign Affairs, has requested that the Committee's report on the Middle East situation be tabled in both the House and the Senate at an early opportunity. In order that this may be done, a copy of the report is attached and it is suggested that in tabling the report, the following form of words be used :-

"For the information of Honourable Members, and at the request of the Joint Parliamentary Committee on Foreign Affairs, I present a report of the Committee relating to the Middle East situation. I move that the report be printed."

When the motion is agreed to -

"Mr. Speaker I move that the House take note of the report."

It is possible that the Leader of the House may wish himself to move that the report be noted, although as discussed, there is nothing to prevent you from doing so if you wish to. In discussing this with Mr. Erwin today, he told me that he would speak to Mr. Barnard and seek an understanding from the Opposition that any debate of the report will be held over until the Budget Session, when such debate might take place in the context of a general debate on Foreign Affairs. This debate might at that time be initiated by yourself with a formal Ministerial statement on international affairs since you assumed this portfolio.

Arrangements are being made for 300 copies of the Foreign Affairs Committee's report to be printed and it is expected that these will be ready sometime tomorrow. However, the tabling of the report can proceed before these additional copies are printed, although you could indicate that they will be made available to members within a day or two.


(A.C.C. Farran)
Private Secretary.

I shall let Mr. Wright know when the report is tabled in the H. of R.

26 May 1969

My dear Minister,

Following your letter of 8 May 1969, the Joint Committee on Foreign Affairs has considered the amendments suggested by your officers to the Committee's Report on the Middle East Situation, presented to your predecessor in response to his request.

The Committee has had the benefit of discussions with Dr. J. W. C. Cumes of your Department, whose assistance was most valuable and helpful. The amendments proposed in no way alter the sense or conclusions of the report, and have been readily agreed to by the Committee.

I therefore have pleasure in forwarding with this letter two copies of the Report, as amended, and formally request, on behalf of the Committee, that you give favourable consideration to the tabling of the Report in both Houses of Parliament.

Should you agree to take this action, sufficient copies are available for the normal Parliamentary circulation.

Yours sincerely,


M. C. Cormack,
Chairman

The Hon. G. Freeth, M.P.,
Minister for External Affairs,
Parliament House,
CANBERRA, A.C.T., 2601.

JOINT COMMITTEE ON FOREIGN AFFAIRS
REPORT ON THE MIDDLE EAST SITUATION

To the Rt. Hon. P.M.C. Hasluck, M.P.,
Minister for External Affairs

INTRODUCTION

Sir,

On 18 August 1967, you wrote to the Chairman of the Joint Committee on Foreign Affairs requesting the Committee to consider and report to you "upon the Middle East situation, with particular reference to the issues involved in achieving a permanent peaceful settlement of the Arab-Israeli dispute and general observance of the principle of freedom of international waterways".

After referral to the Committee, it was resolved, on the motion of Mr. Costa - "That a five man sub-committee be elected to consider the reference from the Minister concerning the Middle East situation".

Senator McManus, Mr. Beazley, Mr. Cross, Mr. Giles and Mr. Killen were elected members of the Sub-Committee and, at its first meeting, Mr. Beazley was elected Chairman.

The Sub-Committee, so constituted, held nineteen meetings and took evidence from a wide range of informed witnesses.

In considering the reference, the Sub-Committee felt that central to any consideration that it gave to the Middle East situation was Australia's own interest in the area. Rightly or wrongly, during Australia's nationhood, the Middle East has been considered of vital importance to Australia's security and economic well-being. In addition to the general and particular references therefore, the Sub-Committee devoted much of its time to hearing evidence on this aspect of the inquiry.

The Sub-Committee Report was considered and adopted by the full Committee on 26 November 1968.

The Joint-Committee on Foreign Affairs has the honour to present to you the following Report:

CHAPTER ONE

A GENERAL BACKGROUND TO THE MIDDLE EAST SITUATION

The June war of 1967 between Israel and the Arab States should not be considered as the culmination of years of antipathy between the Arab nations and the new State, Israel, but rather as another, if major, event in a continuing conflict, the tangible roots of which lie in the actual alienation of lands considered by the Arabs to be rightfully theirs. Continuation of the conflict has been ensured by the inability of the Arab nations to accept the presence of Israel in their midst and by the protagonists' inability to achieve acceptable terms or areas of agreement. As if to foster this conflict, the Great Powers, by their total lack of consensus on what should be done, have tended to aggravate and not allay the dispute. Anglo-French action in 1956 and Soviet policy in 1966-67 are instances of this.

2. To understand the situation, one must first understand what motivates the parties in the conflict.

(1) Israel

3. Time has dealt harshly with the Jewish people. Hundreds of years of persecution for religious, ethnic and economic reasons have served to give the Jew a heightened sense of his race, and this persecution, coupled with a lack of a home-land to serve as a refuge or fortress, has tended to heighten the dependence of the Jew on his religion as the one self-identifying force. Persecution of Jews, as with historic persecutions of Christians, intensified rather than dissipated the Jews' determination to survive. Outbreaks of anti-Semitism in the 19th century gave birth to the "Back to Zion" movement in 1882, and the struggle for survival was given a goal - the establishment of a Jewish nation living a Jewish life on Jewish soil. Jewish sentiment for nationhood, fostered by a sense of religion and history, ultimately focussed on the ancient homeland of Palestine. During the ensuing years, first under the Ottoman Empire, then under the rule of the Young Turks, and finally, under the British mandate, the Jews migrated to Palestine in thousands, revitalising the area, purchasing outright vast areas of land, building power stations and draining swamps. Successive Governments of Palestine

alternately fostered and impeded this migration. Nazi persecution drove Jews to Palestine. The flame of purpose lit by founders of Zionism in 1882 became a pillar of fire to the oppressed Jews. Once again Palestine assumed the aspect of the Promised Land. Jews surviving Nazi genocide moved there in thousands. Finally, in 1948 the work begun in 1882 by the "Back to Zion" movement culminated in the proclamation of the State of Israel at Tel Aviv.

- By the establishment of this State, the Jews at last could live a Jewish life, on Jewish soil without fear of intolerance, ghettos or pogroms. To the Jews the Promised Land is their fortress against the persecution from which they have suffered for so long.

- It is unfortunate that contradictory promises concerning the future of Palestine were made by the British to both the Jews and Arabs during and between the two world wars. The creation of the State of Israel was considered a breach of faith by the Arabs, especially since they had actively supported the Allies in two world wars.

(2) The Arabs

There are three prime factors in the Arab opposition to the State of Israel. These are, first the State was formed by the alienation of land considered by the Arabs to be rightly theirs; second an historical and religious objection to a State which interferes with the age old Pan-Islam concept; and last, but by no means least, the conviction that the State of Israel is an imperialist intrusion into the Arab world. Added to these considerations are further factors in Arab disquiet - Great power intervention in the dispute and the imputation of expansionist aims to Israel. The Arab powers are not united except in opposition to Israel.

The "United Arab Republic" for a brief time connoted a federation of Egypt and Syria, but this tie has been broken. President Nasser has been hostile to the dynasties of Jordan, Saudi Arabia and the Yemen, and has intervened by military force,

and unsuccessfully, to overthrow the Yemeni reigning House.

8. For centuries Palestine was part of the Ottoman Empire and was under the sway of the Mohammedan religion. The land was sparsely populated, and had been misused to the extent that severe erosion had occurred. The population, prior to the advent of Zionism, was predominantly Arab. That is not to say that the area was owned primarily by Arabs. During the influx of the Jews who came during the first half of the twentieth century, tracts of land were bought by the Zionist movement. At the time of the creation of the State of Israel a little over 6% of land in the new State was owned by the Jews. 75% was vested in the British High Commissioner, and the remainder owned predominantly by Arabs. Some of the Government land was leased to Arabs, whilst some was occupied by squatters. Land actually owned by Arabs in 1948 constituted only a small portion of the new state. This fact, as well as the fact that 170,000 Arabs remained in Israel after the creation of the new State, should be borne in mind in weighing claims by Arab spokesmen that the land be returned to the refugees. The major distress at the alienation of land would appear to be the actual creation of the State of Israel and the removal of that part of the Middle East from Arab hegemony at a time when the process of de-colonization elsewhere meant self-determination. Return of the land to the Arabs, however, is still a major Arab claim and is applied particularly to the refugees who fled Israel during the 1948 and the 1956 conflicts. The Committee considers these refugees at a later stage of the report.

9. The Mohammedan religion lays down a belief in individual human action; at the same time there is inherent in it the fatalistic concept of an over-riding, all-embracing plan of God which may render human effort futile. The contradictory operation of these basic beliefs is to be seen in the history of the Islamic nations, in which drives to power and conquest have been vitiated by the onset of an enervating fatalism. To some extent fatalism and inertia contributed to the turning of the erstwhile granary of Europe, the South Mediterranean littoral, into virtual desert under Arab domination. Account must also be taken of the long period of alien rule and the variety of foreign influences imposed upon the Arab peoples, from which they have emerged only

since the second world war. The antiquity and the achievements of Islamic civilization do not alter the fact that the Arab states of to-day are new and developing countries, whose nationhood, while vigorously asserted, is inevitably inexperienced and sensitive.

10. The Arab sees in history the glories of the Islamic Empire. In the Middle Ages, this Empire was the hub of civilization. The Islamic dream is a return to that age of power and influence, a renaissance of the Islamic Empire which mastered the Mediterranean, and the world spiritual dominance of Mohammedanism. Glorification of this past is taught to the Moslem child from his earliest days. The presence of Israel in the midst of Islam is felt to be incompatible with the Islamic dream. This was a factor in the Young Turks' refusal in 1908 to permit the settlement of Jews in Palestine. Their stated policy was the exclusion of new racial minorities from the Turkish empire. Islamic intolerance of other religions was undoubtedly a motive in this exclusion of Jews. Intolerance found another expression in the savage persecution of Armenian Christians in the Turkish Empire.

11. President Nasser has expressed the view that "...Israel is an artificial State which must disappear..." "Artificial" is the operative word in Arab thinking. In the twentieth century Middle East it was only in Palestine that "colonialism" implied "colonization". The Balfour Declaration of 1917, promising the Jews a national home in Palestine (but not, be it noted, of Palestine) encouraged Jewish immigration. The British Government considered that because of the large numbers of Jews in the U.S.A. and Russia, a declaration in favour of Zionist aims would strengthen the Allied Cause. Zionism was therefore virtually endorsed as a Palestine settlement policy and was supported by funds from the United States. Israeli nationhood was not an aim of the Balfour Declaration. Nevertheless the Balfour Declaration led by stages to the proclamation of Israeli nationhood in 1948 - the real goal of the Zionists. Nationhood was proclaimed at a time when relinquished mandates marked the

retreat of colonialism in other areas of the Middle East and at a time when Arab nations were receiving independence or self-government. The question of partial self-government for Palestine, however, had been one of the causes of the conflict in 1936 when the possibility of a partly-elected, partly-nominated Legislative Council for Palestine was proposed by the British. The Jews believed that such a Council, controlled by an Arab majority, would end Jewish migration. They opposed the proposition bitterly. The 1937 Peel Commission of Inquiry into the resulting conflict stressed the genuineness of Arab nationalism and Arab fears; expressed sympathy for Zionist aspirations; found the conflict to be irreconcilable; and recommended partition of Palestine.

12. Although later Commissions and inquiries did not all agree with this partition proposal, partition was the solution endorsed by a special U.N. Committee, after Britain had referred the Palestine question to the U.N. The report was adopted by the U.N. in late 1947 by 33 to 13 with 10 abstentions. It was not adopted with Arab consent. The General Assembly resolution recommended the partition of Palestine into Arab and Jewish States bound by an economic union, whilst Jerusalem was to be governed by an international body.

13. Arab interpretation of these events leads them to conclude that the State of Israel is the product of Imperialism forced upon them against their expressed wish. Furthermore, the western character of Israel reinforces the Arab conviction that Israel is the instrument of the West and is therefore a threat to the Arab way of life, a puppet of its "Imperialist" creators.

14. The Committee has had to bear in mind these time-hardened and profoundly contradictory attitudes of Arabs and Israelis when seeking possible solutions to the Middle East situation. Jew and Arab have long historico-religious reasons for their intransigence. Intransigent attitudes have been reinforced and inflamed by twenty years and more of

intermittent armed conflict. The Committee therefore considers the problems and points of contention in the Middle East to see if there is any hope of producing a more reasonable attitude in the confrontation, and if any solution is possible.

CHAPTER TWOPROBLEMS IN THE PRESENT SITUATION

15. Twenty years of independence have proved that Israel is capable of survival. From the outset the new nation had not only to develop its natural and physical resources, to educate its people and populate its land, but also to throw back forces vowing to obliterate it. In consequence, Israel has developed in an almost constant state of seige. The Arab-Israeli conflict has brought with it the acute problems of the boundaries, the Arab refugees, and the status of Jerusalem.

(a) The boundaries.

16. The partition of Palestine envisaged by the U.N. has never been carried out. At Rhodes in February 1949 the General Armistice Agreement was signed between the Governments of Egypt and Israel. It was an attempt to settle the conflict which followed the Proclamation of Israel in 1948. This agreement was also signed by Lebanon and Israel in March 1949; by Jordan and Israel in April 1949, (also binding on Iraq); and by Syria and Israel in July 1949.
17. The boundaries agreed upon in the Armistice Agreement at Rhodes did not coincide with those set down in the U.N. resolution, nor were they the final boundaries of the state of Israel. They represented the delineation of the military situation as it existed in late 1948 and 1949. The Palestine Conciliation Commission, set up by the U.N. in December 1948, was unable to achieve a final settlement of Israel's boundaries. In fact, the Rhodes Agreement boundaries gave Israel more territory than was originally envisaged in the U.N. resolution. After the "Suez War" of 1956 Israel withdrew under U.N. and U.S. pressure from the additional territories it had occupied in the campaign.
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1966 sentries of the Jordanian Arab Legion could be seen from the Parliament building of Israel in Jerusalem. The Israeli headquarters on the coastal plain were in clear view of the hills of the Jordanian frontier. The country's main roads and railways were exposed to swift and sudden incursion. Apart from the Negev, no part of the country was more than 20 miles from an Arab frontier.

9. Because of the 1967 June War the situation has altered drastically, and, from Israel's point of view, much for the better. Paradoxically, the additional territory which Israel is occupying has greatly shortened the boundaries she has to defend. This territory has increased the distance Arab infiltrators have to travel to get to important targets in Israel, and has made infiltration more difficult. Israel maintains the advantage of interior lines of communication within more easily defensible frontiers.
10. The new cease-fire lines include strategic vantage points of significance. The Heights of Golan assure both the security of the cultivated areas in the north and control of the headwaters of the Jordan. The steep Jordan Valley is a better military barrier than the old boundary. Israeli control of the Sinai Peninsula puts a desert between Egypt and Israel and prevents the massing of hostile troops close to important Israeli settlements. At the same time, Israel has control of Sharm-el-Sheikh, ensuring free passage for Israeli vessels through the Straits of Tiran.
11. Israeli occupation of the west bank of the Jordan has had two other consequences. The Jordanian economy has been weakened and Israel's economy strengthened by the transfer to Israeli control of major tourist attractions and a large area of cultivated land.
12. The Jordanian West Bank includes most of the major towns of the Jordanian Kingdom. In addition to the loss of Jerusalem, Jordan has lost Hebron, Jericho, Bethlehem, Tulkarm, Ramallah and Kalkilya. The tourist industry of Jerusalem and Bethlehem provided about 25% of Jordan's foreign currency earnings. The

West Bank contributed 40% of the country's gross domestic product, 95% of Jordan's investment in tourism, 60% in private construction, 52% in government buildings, 48% in municipal and rural development schemes and 44% in highways and roads. Although the West Bank was one third of Jordan's cultivated area, it produced 87% of its olives, 80% of its fruit and 45% of its vegetables. More than half of the Government financed co-operatives were there. The West Bank was Jordan's "shop window" wherein the Government of Jordan had deliberately concentrated investment to demonstrate progress and development comparable with that of Israel.

23. Responsible leaders of all Israeli political parties, except a pro-Arab faction of the Communists, have declared areas such as Gaza, the Golan Heights, Sinai and Western Jordan negotiable only on watertight guarantees from each Arab state that the Arabs will never use the areas to threaten Israel, and in the present mood of the Arab world these guarantees are not likely to be given. Nor will Arab states agree to bilateral agreements with Israel as these would involve recognition. In the meantime, the Israeli Government has attempted to keep its military occupation of these "administered" areas as inconspicuous as possible.
24. The efforts of General Dayan, as Minister-in-Charge of Occupied Territories have been conciliatory to Arab refugees and widely acknowledged. It remains to be seen whether his removal (17/8/68) in favour of a Cabinet Committee (including Prime Minister Eshkol) consisting mostly of members born outside Israel, will lead to a change in what seemed to be a successful policy. Dayan is an Arabic-speaking, locally-born Jew, with knowledge of the problems of Arab refugees, and this has undoubtedly assisted him in the formulation of conciliatory policies.
25. The aims of the Israeli Government in the occupied areas have been to re-establish production and stability; wherever possible to maintain the original administrators in the areas; to improve Arab living standards in the areas by raising wages, increasing productivity and improving health and public

amenities; and by giving technical assistance and advice, by introducing new crops and improving methods of production, to prove to the Arab that the Jew, far from being impossible to live with, is the best of fellow citizens. Whether such a programme can overcome years of hostile indoctrination of Arabs against Israel, only time can tell. By permitting West Jordan produce to be sold in East Jordan and free passage for oil vessels in the Straits of Tiran the Israeli Government seeks to allay Arab resentment at Israel's territorial gains, and reassure world opinion.

26. By its territorial gains in the June War of 1967 the Israeli Government solved a number of strategic problems, but in consequence aggravated existing social, political and defence problems.

(b) The Refugees

27. The Achilles heel of Israel, morally and militarily, is the problem of the Arab refugees. Their numbers exceed a million. The Arab refugees have always been pawns in an international struggle. The Arabs contend that they have been forced out of their natural homeland, and therefore the only settlement possible for them is one within Israel. On the other hand, the Israelis do not want them back as they would represent an anti-Israeli fifth column. The predicament of the refugees was originally the product of the policy of the Arab High Command. In 1948, when the Arabs confidently expected the extermination of the Jews, nearly 600,000 inhabitants of what became Israel left their homes and retreated behind Arab lines. They expected to return with victorious Arab forces, but upon the establishment of the Jewish State they became exiles. Their departure from Israel was, from the Israeli point of view, a process of self-selection in unreliability. The Jews have consistently refused to readmit them to Israel, taking the view that they had voluntarily deserted the country. About 170,000 Arabs who remained were accepted as Israeli citizens. They have full citizen rights but are not accepted in the Israeli armed forces.

28. Within a few years of the exodus of the 600,000 Arabs from Israel, and their consequent exclusion, 700,000 Jewish settlers entered the country. This left little room for Arabs to return to lands they had previously occupied. As a consequence of this Jewish immigration, and of the Jewish settlement and development of the land over twenty years, the refugee would be lucky to find where his home had been, let alone find his home. In Israel only the Israeli Communist Party, largely Arab, calls for the return and resettlement of the Arabs.
29. Israel has recognized the moral force of claims of the refugees, and has offered to pay compensation for the land abandoned by them; but the Arab nations decline to discuss the question, their aim being repatriation, not compensation.
30. In 1951 the United Nations General Assembly voted to spend \$US 250 million for Arab relief and rehabilitation. A \$US 60 million project on the Yarmuk River would settle 200,000 refugees, and the settlement of 80,000 in Syria was proposed. Because the development of such schemes would prejudice claims for compensation and for the return of refugees to Israel, Arab Governments would not agree. At a refugee camp near Jericho, a Palestinian Arab, Mousa al-alam, considered by one witness to be one of the most positive of the Palestinian Arabs, asserted that the only way to fight the Jews' influence was to raise the Arabs' own standards of living by plantation, settlement and co-operative agricultural measures. To this end he started a scheme near Jericho which was very successful, but which was stopped by the Jordanian Government. It feared that, if such enterprises were successful, the refugees would lose incentive to return to Israel. In the event, it has been the United Nations Relief and Works Agency (UNRWA) which has carried the major burden of assisting the refugees in their camps.
31. Israel has a fund which, when needed, can be used for compensation contingent on some agreement which settles problems arising out of dispossession. The lands which formerly belonged to the Arab landholders are now vested in the Custodian of Abandoned Property, who holds either the

rights to the land or the money that has been received for it. It was stated in evidence that the purpose of holding the land and money in the hands of the Custodian is to make sure that when agreement is reached the money can be used either for reimbursement of the original owners, or used for the settlement of Arab refugees in other countries. Evidence submitted to the Sub-Committee suggested that it would be possible to settle refugees with money from this fund, from the International Bank, and from aid proffered by the U.S.A. and other nations.

2. The June war of 1967, however, added to the problem of refugee exclusion the problems of refugee inclusion. The extension of the cease-fire lines of Israel brought a million Arabs, half of them excluded refugees of the past, into Israeli occupied territory. Population of these Israeli administered areas in April 1968 was: the West Bank, 598,600; the Gaza Strip and Northern Sinai, 390,000; the Golan Heights, 6,400. The Golan Heights is now populated mainly by the Druzes since between 80,000 and 100,000 Arabs fled to Damascus after June 1967 war. Many Arabs in the occupied territories are refugees and families of refugees from the 1947-48 war. As another result of the June war, Jordan has received nearly 200,000 destitute Palestinian Arabs who fled their West Bank homes. Many of these are desirous of returning, but Israel is permitting repatriation only in special cases of family reunion, where a section of the family did not move. To July 1968, only about 20,000 had been permitted to return from Jordan.

3. As stated previously, Israel refers to these areas as the "administered areas", and is taking steps to bring them into a more westernized Israeli way of life. One of the major factors in maintaining the anti-Israel tone of these areas has been education in Arab schools. Children have been educated by Arab teachers who combine with Arab parents to keep the flame of Arab Nationalism bright in the youth. It is the aim of Israel to end this indoctrination, but it will take time for hatred to diminish. Arabs who live within

what are now the administered areas must remain in them. Arabs who are residents of those parts of Jerusalem previously administered by Jordan are considered by Israel to be Israeli citizens.

(c) Jerusalem

34. "Jerusalem is Israel", said one witness before the Sub-Committee. Such statements express the strength of Jewish sentiment for the city. Jerusalem, however, cradles holy places, not only for the Jews, but also for Moslems and Christians, who all seek access to them. The particular difficulties engendered by Jerusalem's character as a focal point of religions were such that the original U.N. partition plan envisaged the internationalisation of the city. This and subsequent United Nations resolutions did not meet with any agreement among the parties concerned, who were content, for the time, to keep the status quo of the partitioned Jerusalem. The partitioning was further reinforced in 1958, when, after a visit by the Secretary-General to the area, an agreement was reached between Israel and Jordan for the implementation of the 1948 agreement on the Mount Scopus demilitarized zone.
35. Approximately 65,000 Arabs of Jerusalem have been declared residents of Israel. This status may be contrasted with that of Arabs in administered areas, and may be regarded as a measure of Israeli determination to keep Jerusalem.
36. The rehabilitation programmes of the administered areas have been similarly carried out in old Jerusalem, whilst, perhaps to win support for their claim to the city, the Israelis have agreed to pay full compensation for all war caused damage to property owned by the Christian Churches. In addition, they have granted freedom of access to all holy places, Christian and Moslem.
37. The military victory of the Israelis in 1967 therefore, has solved, to their advantage, one of the problems in the conflict - at least for the present. Jerusalem, as far as they are concerned, is no longer open to negotiation.

38. Two other matters of dispute, both involving water, have also been partially solved to Israel's advantage by the 1967 war.

(i) The River Jordan dispute:

39. The Middle East depends heavily on its few rivers for its fertility, and the River Jordan is of great importance to both Israel and Jordan for their present and future development. Three small rivers, the Hasbani, the Banias, and the Dan have their headwaters in Lebanon, Syria or Israel. They have their confluence in Israel just south of the Syrian/Lebanese border, thus forming the River Jordan. The Jordan then flows within Israel close to the Syrian border for about 40 miles before entering Lake Tiberius - the Sea of Galilee. Rising in Syria, the Yarmuk River joins the River Jordan a few miles south of Lake Tiberius from which the Jordan flows for about 15 miles, forming the boundary between Israel and Jordan, and thereafter through old Jordanian territory (but now dividing the "administered" territory from Jordan) until it empties into the Dead Sea.
40. Annual rainfall in the hills north of the Jordan averages about 30 inches, but progressively diminishes until it is negligible in the southern area of the Jordan Valley. To overcome this shortage of water in the south and to irrigate the arid Negev, the Israelis have, since 1962 been hastening the completion of work on a project piping water from the Jordan south of Lake Tiberius to the Negev.
41. Evaporation of the Jordan waters is the cause of the great salinity that occurs in the Dead Sea. Fear that this salinity would rise northward as a result of the diminishing flow of the Jordan River has been one of the prime causes for Arab reaction against Israeli proposals to tap the Jordan.
42. The Jordanians and the Syrians also have their own proposals for the use of the headwaters and tributaries, in particular the Yarmuk scheme to irrigate the Jordanian plateau. A canal has already been built, mainly with American aid, from the Yarmuk River down the Eastern side of the Jordan

Valley for approximately two-thirds of the distance to the Dead Sea. Irrigation channels to complete the project are still under construction. Jordan also proposes damming the Yarmuk and syphoning water to land south of the Dead Sea.

43. The legal problems arising from the use of waters by ripurians are many and various. In the case of the use of Jordan waters, these problems have been made more complicated by the peculiar history of the Middle East states.
44. The Committee feels that these problems have been well described by a distinguished authority on International Law as follows:

"The beginning of the story from the point of view of international law is a treaty made between England and France in 1920 which established the Boundary Commission to delimit the boundary between the Mandated Territories of Palestine and Syria. This Commission reported on 3 February 1922, and enclosed a draft treaty which was implemented in 1923 constituting the regime of the waters of the Jordan and its related streams and lakes. To this was attached a protocol maintaining the existing rights of the inhabitants of Syria over the Jordan, accruing to them as individuals under Ottoman law, and these were regarded as private rights and not rights under international law. In the final report, the Commission recommended that:

'any existing rights over the use of the waters of the Jordan by the inhabitants of Syria shall be maintained unimpaired....

...The inhabitants of Syria and of the Lebanon shall have the same fishing and navigation rights concerning Lakes Hulek and Tiberius and on the River Jordan between the said lakes as the inhabitants of Palestine, but the Government of Palestine shall be responsible for the policing of the lakes.'

In the agreement reached between Britain and France in 1923 it was provided in Article (3) that:

'all rights derived from local laws or customs concerning the rise of the waters, streams, canals and lakes for the purposes of irrigation or supply of water for the inhabitants shall remain as at present...The provisions of the agreement of 3 February 1922, reserving fishing and navigation rights in the lakes of Tiberius and Hulek and the Jordan shall be extended to all the water courses in the ceded area.'

The effect of this treaty was therefore to extend to the Yarmuk and the other tributaries of the Jordan those same rights of the inhabitants of the respective territories to fishing and navigation rights as were enjoyed by the Riparians controlling any particular stretch of the river. This provision of the Agreement of 1923 was repeated in a further agreement between Britain and France in 1927. Following the independence of Israel and Jordan, the question of the continuance of the above arrangements arose and this was discussed in the Security Council in connection with a proposal by Israel to erect hydro-electric works in territory demilitarized by the cease-fire in 1948. This debate occurred in the Security Council in October to December, 1953. Syria argued in favour of the continuation of the Franco-British Treaty and argued that Syria had water rights not dependent upon any 'ex gratia act on the part of Israel'. Israel has always adopted the position that, in view of the unusual way in which Israel was born, it is not a successor State in the normal sense of the term in international law and therefore is not subject to any British obligations. On this occasion, Israel repudiated the Syrian argument that any British treaties had survived the independence of the respective countries. In fact, the Israeli representative to the United Nations said: 'The fact that the United Kingdom signed a treaty with France in 1923 does not constitute a mandatory legal obligation on my Government which has not signed such a treaty'. In March, 1962, Israel published budget appropriations to hasten a project of diverting a certain quantity of the waters of Lake Tiberius by pumping it to the ridge and using gravity to convey it to the Negev. The neighbouring Arab States at that stage threatened retaliation in the event of this diversion occurring. They also threatened that they might tap the flow of the tributaries of the Jordan, particularly the Yarmuk which is both in Syria and in Jordan and also the Rivers Hasbani and Banias in Syria. In actual fact, the Yarmuk is being drawn on by Jordan for irrigation purposes and the Jordanese Government has for the last 15 years entertained rather grandiose plans of developing a water system of which the Yarmuk would be the most important aspect for the purpose of pipelining water over a considerable area of Jordan..."

45. In 1952 the UNRWA sponsored plans of irrigation and hydro-electric works based on the use of the Yarmuk River. These plans were confined exclusively to Arab territory, and preliminary agreements were signed between Syria and Jordan and UNRWA and Jordan. UNRWA then sought advice from the Tennessee Valley Authority, which produced a plan concerning the Jordan basin as a whole. Subsequently, Mr. Eric Johnston, a special representative of President Eisenhower, began negotiations with both the Arabs and the Israelis with the object of establishing an agreed basis for a fair division of water. His plans included detailed technical proposals for water storage and for allocation

of water among the parties.

Agreement was finally reached among the parties in 1955, but unfortunately only at a technical level. The Arab League Council refused to agree with the plan. Under the plan Israel was to receive approximately 40% of the total water flow and the remaining 60% was to be divided among the three Arab nations. The Israelis are still prepared to accept this division but no agreement can be reached with the Arabs, because agreement would imply some recognition of Israel by the Arab nations.

7. The Committee endorses the opinion of one authority who has said:-

"It is obvious that the whole watershed has to be brought under some sort of control so that all four countries dependent upon the waters generated by the rainfall and snowfall in the Lebanon mountains will benefit in due proportion.... To allow either side in the issue to exercise a monopoly with respect to these waters would be to deprive the other side of needed resources and therefore to aggravate the political issue."

8. Legally, the whole issue turns on the question of State succession to treaties. If there is no treaty, the question of the utilisation of waters is controversial in international law. Therefore to say that the waters of the Jordan should be 'apportioned equitably' is not very helpful if there is no possibility of an agreement.

9. At present the situation may be aggravated, since one of the Syrian plans for diversion of the headwaters has now been nullified by the Israeli occupation of the Heights of Golan. Although Israel has, by this stroke, eliminated one of the threats to its continued water supply, it has given the Arabs further cause to be aggrieved at Israel's presence, and confirmed the Arabs in their belief that Israel is a threat to Arab existence in the area.

10. (ii) International Waterways:

The Gulf of Aqaba and the Suez Canal have been subjects of contention between the Israelis and the Arabs. Prior to the 1967 war control of both these waterways was in the hands of the U.A.R. Government. Control of the Gulf of Aqaba by

means of the Straits of Tiran is now in the hands of Israel, whilst the presence of Israeli forces along the Canal means the U.A.R. cannot reopen the Canal by unilateral decision.

A. The Gulf of Aqaba

51. From the very inception of the State of Israel, Israeli shipping has been prevented from using the Suez Canal. The only easy access from Israel to the Southern and Eastern oceans is from the Port of Eilat through the Gulf of Aqaba and the Straits of Tiran.
52. The Gulf of Aqaba is about 100 miles long, and varies in width from 3 miles at the northern end to 17 miles at the widest point, narrowing again to about 6 miles at the entrance. The entrance is divided by the Islands of Tiran and Sanafir and is only readily navigable by shipping on the western side of the Island of Tiran, which is some 4 miles from U.A.R. shores. Bordering the Gulf are four countries - U.A.R., Israel, Jordan and Saudi Arabia. Ownership of Tiran was the subject of a dispute now dormant, between Saudi Arabia and the U.A.R. but the island was controlled by the U.A.R. Until the recent war the Egyptians were able to blockade the Straits from Sharm-el-Sheikh and from Tiran. Indeed from 1948 until the 1956 war no Eilat-bound shipping could use the Straits because the 1949 Rhodes Agreement prevented the use of territorial waters of one country by the other and the Egyptians had blockaded the Straits. After 1956, when Sharm-el-Sheikh was controlled by the United Nations, free access to Eilat was permitted. Then in May 1967, President Nasser requested the withdrawal of United Nations troops and closed the Straits. The area is now in the hands of the Israelis. Perhaps because freedom of navigation supports the case they have been arguing before the world, the Israelis have opened the Straits to all shipping. The Jordanians are thus able to use Aqaba, their only port. By permitting free traffic in the Straits, the Israelis have also removed a ground for criticism which could be raised should they decide to retain control of the Gulf area.

53.

The closure of the Straits of Tiran was one of the overt causes of the 1967 conflict. The U.A.R. perhaps intended closure as another incident heightening confrontation with Israel. It was put to the Sub-Committee that the Straits of Tiran were blocked as a counter-measure to Israel's clashes with Syria, and in particular to discourage Israeli plane attacks on Damascus. The U.A.R. Government, the Sub-Committee was informed, advised the Israelis that, unless skirmishes against Syria were stopped, the Gulf would be closed to Israeli shipping. It was further stated that, in response to U.S. pressure, the U.A.R. had made arrangements with the U.S. to send the U.A.R. Vice-President to America to discuss the re-opening of the Straits.

54.

The Israelis on the other hand hold that the closure of the Straits is a threat to their economy and constitutes aggression by the U.A.R. It may be observed that, for nine years prior to 1956, access to the Straits was denied Israel without the economy of Israel suffering serious damage.

55.

There is no clearly defined set of legal principles which yield a conclusion in international law. Cases can be made out to show:-

- (a) that the Gulf is "an historic bay", a claim based on Koranic Law and Arab practice, and is therefore legally territorial waters of the Arab countries bordering it;
- (b) that the Gulf can be regarded as "high seas" if a three mile limit is considered the only legal territorial waters limit. The Straits would on this view be an international waterway in like manner to the Corfu Channel;
- (c) that regardless of the legal position of the waters, the rights of "innocent passage" should be granted through the Straits and Gulf, but if the U.A.R. and Israel were considered to be at war the U.A.R. would not be obliged to extend this right to Israel;
- (d) that if the U.A.R. insists it is at war with Israel, then Israel could well take Sharm-el-Sheikh in military action, force her access into the Gulf and, if necessary, control the area as a prize;

(e) that the U.N. has outlawed war and therefore legally no war can exist. U.A.R. blockades of the Straits would therefore be illegal as would be Israel's action in occupying the area.

The legality of the present situation is doubtful. The U.N. has not acknowledged an enlargement of Israel's boundaries. The Israelis, however, can achieve the security of their shipping and they have gained a very good bargaining point for any peace negotiations. Although holding Sharm-el-Sheikh keeps the fires of Arab resentment smouldering, the Israelis seem certain to continue the occupation if the U.A.R. insists a state of war exists and that the U.A.R. may close the Gulf of Aqaba to Israel.

B. The Suez Canal

Like the Gulf of Aqaba question, the Suez Canal question is fraught with legal difficulties. The war at the Suez has resulted in damage to the Canal, and its consequent closure to the shipping of all nations, whereas before it was closed only to Israel.

The Suez Canal is one of three international canals in the world. A good deal of confusion and controversy exists concerning the legal basis of international passage through the Canal. Once again, Israel's right to use the Canal could hinge on her succession to British treaties which she has consistently refused to acknowledge. Israel bases her claim to use the Canal on other grounds. These include the terms of the original Suez concession granted by the Turkish Sultan in the 19th century and the view that internationalization of the Canal is the result of "a tacit regime derived from actual practice and significant declarations over a period of many years".

The U.A.R. attitude to the Canal is ambivalent. On the one hand it has reaffirmed at the U.N. and elsewhere its obligation to maintain the Canal as an international waterway. On the other it has prevented Israeli shipping from using it. The Canal has been likened to a theoretical Canal dug from Sydney to Cockburn Sound in W.A. which would be entirely under the control

theoretical Canal dug from Sydney to Cockburn Sound in which would be entirely under the control of the Australian Government. The tenor of the argument was that as the Suez Canal runs entirely through U.A.R. territory it could only be as accessible to other nations as the U.A.R. was prepared to permit it to be. This attitude is supported by the defence provisions reserved for Egypt in the original treaty and in article 51 of the United Nations Charter. The position thus remains a stalemate.

60. Israel itself refuses to allow the Canal to be opened unless her own shipping is guaranteed full rights of use. The U.A.R. has adopted the attitude that the Canal will not be opened to Israeli shipping unless the refugee problem is solved concurrently. This is probably nothing more than a reason for maintaining an attitude of non-recognition of Israel.

(as the legal aspects of the "international waterways" questions are complicated and more involved than this summary can show, pp. 304-321 of corrected evidence given before the Sub-Committee by Professor D.P. O'Connell are appended).

61. These then are the main problems existing today in the Middle East situation. That they have not been solved in twenty years of conflict is evidence of the deeply entrenched antagonism between the Arab world and the State of Israel. Israel is determined to exist. Both parties are obdurate in their own conceptions of what must be done before any agreement can be reached.

62. Israel regards the boundaries of present military occupation as negotiable but wants face-to-face bilateral negotiations with Arab States as at Rhodes in 1949. These acts of negotiation would, of necessity, imply Arab recognition of Israel's existence, and treaties between Israel and Arab states would constitute recognition of Israel.

63. The Israeli armed forces are in control of the international waterways. Their control of the Golan Heights can prevent Syrian plans to limit Israeli use of the Jordan

4. The Arab nations, on the other hand, will not negotiate unless Israel withdraws to her pre-June 1967 boundaries. They hope for sympathetic intervention as occurred in 1956 after the Suez crisis, and they hope that, by such an intervention, Israel's position of strength would be nullified. Again, for any Arab Government to make or accept overtures for face-to-face negotiations with Israel would not only be political suicide but could create for that Arab Government significant internal opposition and disturbance. Hostility to Israel has become a deeply ingrained attitude in the Arab world. The clashes which accompanied the establishment and consolidation of the State of Israel have left a deep legacy of bitterness among the Arabs; furthermore, Arab governments have systematically inculcated anti-Israel feeling among their peoples. The governments are now in considerable measure the prisoners of these deep-seated attitudes, which have been further intensified by Israel's military victory of June 1967 and its occupation of extensive Arab territories. At a time when the only way to a peaceful solution in the Middle East must be through negotiation and reasonable reciprocal concessions, such courses are impeded by the accumulated emotion and resentment of the last twenty years.

5. Standing firm on those U.N. resolutions which call on Israel to withdraw, the Arabs insist that the onus is on Israel to retreat to her previous boundaries and to take full responsibility to solve the refugee problem. They would then open the Suez Canal to Israeli shipping and would, "for the time being, overlook" their claim to be entitled to prevent Israeli shipping reaching Eilat by denying Israel access to the Gulf of Aqaba. The Arab Governments would according to this Arab theme, co-operate in allowing the refugees to disperse in Arab territories if the refugees were adequately compensated.

66. The lack of success achieved by Ambassador Jarring in his attempts to gain agreement by acting as a negotiator and the continuing armed incidents between the Arabs and the Israelis show that a military solution has not been attained.

67. For this reason the Committee examines the capacity of the individual States to maintain or resist aggression.

CHAPTER THREETHE CAPACITY OF THE COMBATANTS

68. One of the major factors affecting the economy of countries in the Middle East is climate. In terms of climate the Middle East can be divided into a moist north and a dry south. In the far north, rainfalls up to 40 inches per annum are experienced. The mountain range that stretches from Turkey to Israel gets heavy rainfall on its exposed slopes in Syria and Lebanon, whilst Jordan, Israel and Iraq are in the rain shadow of these mountains. Away from the foothills, however, rainfall drops sharply to less than 10 inches per annum, whilst even further south, in Arabia, Egypt and Libya, it is less than 5 inches.
69. As natural vegetation is directly related to climate, especially rainfall, about 90 per cent of Egypt, Saudi Arabia, Libya and the southern areas of Israel and Jordan are desert. Even the Fertile Crescent, the curving belt of land stretching from Jordan, north through Syria, eastwards into northern Iraq and into the Tigris-Euphrates valley is only fertile when compared with the barrenness of its border-lands.
70. The dry south is dependent for water on its river systems. Today, about one-third of the people of the Middle East live beside the rivers and on the farm lands watered by annual river flooding. About 63 per cent of the irrigated land of the Middle East is watered by the Nile and the Tigris-Euphrates river systems. Smaller rivers such as the Jordan play a similar role in watering lands surrounding them.
71. Food production in the south is therefore limited by lack of water and not lack of land. The extent and efficiency of irrigation systems govern the amount of land capable of being used for agriculture. The Committee believes that Middle East countries could well concentrate on the problems of land reclamation and irrigation together with improved techniques to produce greater crops.

72. Twenty years of confrontation and conflict, however, have caused the Middle East states to expand on arms monies badly needed for developing resources and for increasing the living standards of their peoples. Israel alone in the last financial year budgeted \$A650 million for defence. The economies of the combatant states have all suffered because of the conflict, but the ability of the individual countries to wage war does not appear to have diminished despite the defeat of the Arab states in June 1967.

(1) Israel

73. Israel at present is emerging from a period of deflation designed to slow down inflationary trends in the economy and to resolve a problem of overemployment. The annual trade deficit in the early 1960's was about \$A500 million a year but in the last three years measures have succeeded in cutting this by about half. Resultant unemployment has since been reduced to about 2%, but there is evidently a fairly hard core of unemployables in the community. The Israeli Government believes that Israel's economic future lies in the expansion of secondary industry. Saturation point has been reached in the expansion of agriculture with the exception of areas at present arid such as the Negev. Mineral resources, though limited, are being developed. Potash and other chemicals found in and around the Dead Sea are being exported. Locally produced oil provides for up to 8% only of home consumption needs. In default of the discovery of oil for export, Israel must expand secondary industry. The Government intends to establish a large petro-chemical industry near the Dead Sea, and also plans the expansion of specialised industries which involve highly skilled labour components without being dependent on bulk raw materials. These specialised industries include the manufacture of medical and dental instruments, and precision tools. The requirements for success in such industries are capital, research, skilled labour and specialised knowledge. The Government has sought capital from abroad. Gifts and loans from Zionist sympathizers have also been of great assistance. The Israelis believe they have the skilled manpower. They have the most comprehensive education system in the entire

region. This and immigration have contributed greatly to Israel's technical competence.

74. Time and peace are the two elements needed to bring Israel's plans to fruition. Provided that defence expenditure is not too high and provided actual conflict does not cause a setback, the Israelis believe that their programme can be achieved in between 5 and 7 years. Actual conflict, however, can be disastrous to the Israeli economy.
75. When Britain left Palestine in 1948 the Israelis took over large stocks of British weapons and equipment left behind. These they have built on over the years. By 1967 they had a well equipped standing army of about 80,000 and a reserve trained organisation which allowed them within days to expand the army to 250,000. It had a strength of 4 armoured brigades, 4 mechanised brigades, and 16 infantry brigades which were attached to divisional organisations to meet the requirements of the moment, giving a total of about 8 divisions. Israel also had 250 modern combat aircraft, 3 destroyers, one of which has since been sunk, 4 submarines and 6 patrol boats. Mobilisation of these forces however leaves a very large gap in the Israeli work force, and the economy, under total mobilisation, is affected in a very substantial way.
76. Therefore if Israel is once forced to mobilise, Israel must attack. In June 1967 movements of enemy forces around and towards Israel, together with the closing of the Straits of Tiran, caused Israel to mobilise. The vulnerability of Israel's economy, consciousness of numerical inferiority of forces, and awareness of Arab capacity to gain reinforcement, together with the vulnerability of the Israeli Air Force, meant that forestalling action was demanded. The result was the 1967 war which was won with relative ease by the Israelis in lightning thrusts.
77. Israeli military intelligence is considered of a very high order. Israeli military leaders understood the strengths and weaknesses of opposing forces, they were familiar with enemy operational habits and knew in detail the whereabouts of

every enemy aircraft. Israeli training was excellent, as was morale. The Israeli's knowledge that they were fighting for their very existence engendered unusual drive. Above all their military leadership was of a high order, as was the quality of their soldiers whose education and technical knowledge were superior to the Arabs. The Israeli soldier was thus able to make full use of modern sophisticated weapons. Strategically, Israel was in one respect better placed than the Arabs as Israel's forces could operate on internal lines of communication. The Arabs, on the other hand, were separated into three commands - the U.A.R., Jordan and Syria - and communications were difficult.

78. Although they have had some difficulties in re-equipping and in acquiring spare parts, the Israeli forces today are much the same as before the six day war. The question remains as to whether or not, in the face of stiffer resistance from better led troops, the economy of Israel would be able to face total mobilisation over a protracted period. However, in times of stress, Israel has always received significant external financial aid.

(ii) The Arab States

79. The 1967 war has adversely affected the economies of the three main champions of the Arab cause, the U.A.R., Jordan and Syria. However, the adverse economic position of these countries has not prevented the U.A.R. from regaining its previous military strength, nor does it appear likely to weaken the determination of these States to continue their anti-Israeli policies. Defeat has, however, checked the more bellicose aims of those nations, whilst continued economic difficulties amongst the Arab States could give Israel the opportunity she needs to consolidate her position.

(a) The U.A.R.

80. Even before the June war, the U.A.R. had many serious economic problems which were mainly caused by a deficiency of foreign exchange and a continuously severe food shortage.

The immediate effect of the war was that the U.A.R.'s foreign exchange receipts dropped by about \$U.S. 30 million monthly through the closure of the Suez Canal (a loss of \$20 million), the cessation of tourism and the loss of earnings from the oil fields in the Sinai. In addition Israeli shelling from across the Canal has caused chaos in the Egyptian oil industry. Egypt's two main oil refineries are in the Suez Canal zone and both were seriously damaged - the virtual destruction of the larger and the reduction of the capacity of the smaller by nearly 50%. Since the shelling the U.A.R. Government has been negotiating with other nations for refined oil supplies.

81. To offset these difficulties, measures implemented by the Government include the introduction of an austerity programme, efforts to revive the tourist trade, and agreements with foreign companies to exploit new oil discoveries. Continued overseas borrowings have been necessary to bolster the economy and there have been difficulties in meeting repayments of interest and loans from the International Monetary Fund. However, the Aswan Dam is already benefiting the country, associated hydro-electricity reducing the amount of oil needed for power. Irrigation systems will improve agriculture and relieve the food problem. The Aswan hydro-electric scheme is expected to be in full operation by the end of 1969 and irrigation schedules will be finished by the end of 1970. In August 1967 Kuwait, Saudi Arabia and Libya agreed to provide about \$US300 million per annum to the U.A.R. to compensate for the loss of revenue from the Suez Canal tolls, the payments to continue for the duration of the Canal's closure. Initial payments were made promptly and subsequent payments have also been kept up. It is not easy to estimate how long these payments can continue, but for the U.A.R. to be a mendicant of other Arab states must weaken her claim to lead the Pan-Arab movement.

82. Much of the assistance received by the U.A.R. has come from the U.S.S.R. and other Communist bloc countries and the Russians have made good the losses of military equipment suffered by the U.A.R. in the 1967 war.

83. It is doubtful if the Egyptians would willingly have forced the issue in June 1967 to a full scale war. It seems probable that the militant moves made by the Arabs at this time were the

result of faulty Russian intelligence which indicated that the Israelis were preparing to attack Syria and that these U.A.R. moves were made to prepare for that eventuality and to deter Israel.

84. Until the mid 1950's Egypt was in the British sphere of influence. Its armed services were entirely equipped by the British. British officers were integrated into its armed services and the Egyptian officers were British trained.

85. As Egypt progressed through stages of self-government to independence, their leaders wanted more arms than Britain was prepared to supply. In 1955 Egypt turned to the Communist bloc for arms. The first shipment arrived in the same year, and supplies have continued. During the 1956 Suez Crisis and after the intervention of Britain and France, only Russia gave Egypt unequivocal support. Despite the fact that Britain and France were checked by U.S. threats to apply economic sanctions, while the Soviet merely vaguely threatened an armed intervention which was most unlikely, it is current Arab mythology that the Soviet forced the withdrawal and that the Soviet was their only friend. The propaganda of the U.A.R. had represented the U.S.S.R. as the heroic protector in that crisis. The effective pressure on Britain and France had been the decisive hostility of the United States to the Eden-Mollet Suez Policy.

86. After 1956, Russian aid increased, and by 1967 Egyptian forces had been re-organised along Soviet lines of tactical organization and command. There were some 1,000 Soviet advisers and technicians in the various Egyptian armed services. At that stage the Egyptians had 2½ armoured divisions, 1 mechanised division, some 6 infantry divisions, 600 combat aircraft, plus another 200 aircraft still in packing cases. The navy had 6 destroyers, 12 submarines and 60 patrol boats - some 10 of which were Komer class vessels armed with Soviet Styx guided missiles.

87. The U.A.R. was the first of the three active Arab allies hit by the Israeli attack. Their forces were routed. The U.A.R. aircraft were lined up in rows after their dawn patrol,

helplessly awaiting refuelling. They were virtually obliterated. Their pilots were at breakfast. This debacle was plainly the result of bad practice and leadership. The Arab forces had no effective command. Although a united Arab command had been established to conduct combined operations, it had been in existence for only seven months. It had not been practised and was not even fully operative at the time of the war. The command structure within the U.A.R. Army was weak. The army was patterned on Soviet structure, and trained on lines not entirely applicable to desert warfare. The whole army indeed had had little training. At divisional and army command level high ranking officers were inexperienced. The war showed that Soviet military doctrine had little application to desert conditions. The Arab troops did not have as strong a motivation as Israeli soldiers. They did not have a basic conviction that loss of the war would mean their own extermination. Israeli soldiers fought because defeat meant destruction of their State and families. Although the Arabs are fairly tough soldiers, they did not have the technical skills of the Israelis and they had comparatively little initiative.

18. The Arab social structure made for weak leadership. This was so because of the distinct class division between the upper class and the peasant, socially and in education. An officer is selected from the small educated class. He tends to be apart from the soldiers and is not required to undergo the physical privations normally to be expected in training and warfare. This in itself lowers troop morale and makes command inefficient.

9. Even if the Arabs have discovered their weaknesses in leadership, evidence suggests that a period in the order of ten years of effective training in leadership would be needed to produce a really efficient command. People now selected as junior officers would need to gain experience and thorough training to move up to higher ranks. This might ensure that the new leadership would gain the confidence of the private soldier. This confidence, if it ever permeated the army,

might make it an effective fighting force. Russian equipment is thought to have brought the Egyptian forces back to the strength they had prior to June 1967, but that of itself is not enough for military efficiency unless the officer corps is well trained and is respected by the men, and is prepared to share their risks.

(b) Jordan

90. Mention has already been made of Jordan's economic problems created by the loss of the West Bank and the added problem of 200,000 refugees who fled the West Bank has been noted.
91. Sufficient time has not yet passed to assess Jordan's economic viability, but a period of stringency seems certain.
92. In contrast to the U.A.R., Jordan has followed the British military pattern up to the present time. The British military presence, consisting of combat units supporting the Jordan army was withdrawn as late as 1958; and until 1967 Jordan depended to a degree on British supplies. Up to that time Jordan had a well-trained army consisting of forces equivalent to 4 divisions, but significantly it had no divisional organization. King Hussein felt himself more capable of controlling an organization of 12 brigades than one of 4 divisions. This diffuse brigade organization hampered Jordan's military effectiveness in the war, as it made for weak command. Since the war, Jordan has received arms from the United States.
- (c) Syria
93. As mentioned previously, Syria has received about 100,000 refugees from the Israeli occupied territory to the north of Israel, and has also lost control of the headwaters of the Jordan. Apart from these factors, her economy has suffered least amongst the Arab combatants. The Golan Heights were a labyrinth of Syrian fortresses and tunnels and the former Syrian guns are now under Israeli control and turned towards Damascus.

Syria's greatest loss in the war was strategic rather than economic - the loss of the Golan Heights. Syria's forces have been re-equipped by Russia since the June war and are back to pre-war strength. In 1967 they consisted of 12 armoured brigades, 2 mechanised brigades and 5 infantry brigades, the equivalent of about 3 divisions. Syria also had 100 combat aircraft and 15 patrol boats, some armed with guided missiles.

94. Since it appears to the Committee that, in default of assistance from other Powers neither side would for some years have the capability of subjugating the other, the major problem is outside intervention. The Israelis could probably not sustain the struggle for sufficiently long to prevail because their economy could not maintain the effort, and their manpower is insufficient. On the other hand, the armies of the Arabs, despite superior numbers in both equipment and men, for the present have neither the dedication nor the ability to achieve the destruction of Israel.

95. The situation created by the rival attitudes of the Soviet sponsorship of the Arabs and U.S. sympathy for Israel, diplomatically, economically and militarily, seems to be a stalemate. The Committee next considers the situation in terms of global strategy and Great Power interest.

CHAPTER FOURGREAT POWER ACTION IN THE MIDDLE EAST

96. Prior to World War II the Middle East was controlled mainly by France and Britain whilst Italy had colonies in the area. Since the war, the diminishing colonial interest of both Britain and France and their renunciation of an Imperial role, has created a vacuum of power and influence in the Middle East which the two Super Powers, the U.S.S.R. and the U.S.A., have attempted to fill.
- (1) The U.S.S.R.
97. The only direction in which the Soviet expansionist impulse has not succeeded in acquiring territories, controlling satellites and erecting buffer states for Russia since World War II is to the South, along its frontiers with states of the Middle East. As one knowledgeable witness said of the Middle East:
- "There is a barrier to Russian entry into the area existing in the presence of Greece, Turkey and Iran forming a barrier between Russia and the Middle East... Militarily Russia could get through this barrier only by challenging NATO or CENTO....The alternatives...are through Yugoslavia and Albania and through the Straits of Gallipoli, out through the Black Sea."
98. This barrier could be called "the soft underbelly of Russia". Air bases in NATO and CENTO countries are closer to the main Soviet industrial centres at Baku, along the Donets, in the Urals and in Southern Siberia than bases in any other non-Communist territory. It is therefore in Soviet interests to win friends in the area and consequently the Soviet Government has turned its attention to the Arab nations. The goal of Soviet action is to make these States increasingly dependent. Other reasons for Soviet interest are:-
- (a) That the Arab states could be a bridgehead for expanding Soviet influence into Africa and into the Indian Ocean: the opening of the Suez Canal is essential to a Soviet naval role in the Indian Ocean;
- (b) The Soviet Union must be mindful of the fact that Chinese Communism has been making its presence felt in the African and Arab States and even in the refugee camps of the Gaza strip: the Soviet Government must fear that China might supplant the Soviets as the sponsor

of Arab nationalism, thus becoming eventually the patron of an Arab Communist movement;

- (c) To control a region containing two thirds of the world's known oil reserves;
- (d) To produce a re-alignment of uncommitted nations in her favour; and
- (e) That influence over more nations hastens the slow road to world-wide Communism.

99. Communism itself, however, has not had much ideological success in the Middle East. Communism must compete with a nascent Nationalism and with Islam. Even Syria, which has been the Soviet Union's most hopeful ideological protege illustrates this. The Baathist regime in Syria has been in a closer relationship with the Soviet Union than any other Government not actually Communist. It was an amalgam of minor Muslim sects and an alliance of 'Alawis, Ismailis and Druzes, although it did not have the support of the Sunni sect of the Muslims.

100. In May 1968 a Syrian Army publication noted for pursuing a Marxist line actually denounced the Islamic faith and belief in God, and as a consequence a menacing situation of revolt began to develop amongst the strong Muslim section in the population of Syria. The Government sought to extricate itself by hastily attributing the article to the C.I.A.

101. If Communist regimes cannot come to power in the Arab world by direct means the next best thing from the Soviet point of view is to make the Arab countries economically and militarily dependent on her. Soviet influence in the area has been strong for only a few years. It developed initially from the Arab need for arms. A Security Council resolution of 29 May 1948 called for the cessation of the export of arms to the States actively concerned in the Palestine question. This embargo was lifted on 11 August 1949. On 25 May 1950 upon the resumption of arms deliveries to the Arab States and Israel, a Tripartite Declaration was issued by the Governments of the United Kingdom, France and the United States.

02. This Declaration recognized both parties' need to maintain "a certain level of armed forces for the purposes of assuring their internal security and their legitimate self defence and to permit them to play their part in the defence of the area as a whole". Applications for arms were to be considered in the light of these principles.
03. In 1952 Egypt started on a strongly nationalist course when King Farouk was deposed by General Naguib. Then under pressure from Naguib's successor, Colonel Nasser, Britain left Egypt in 1955. The emergent Arab Governments wanted arms for internal and external power. The signatories of the Tripartite Declaration would not give them arms in the quantities they required, and so the Arabs turned to the Communist bloc for weapons.
04. The U.S.S.R. at first had been fairly quiescent on the question of Israel and had even voted at the U.N. for its establishment. When advantage for the Soviets could be seen in the situation, however, and as the U.A.R. Government became more authoritarian, the Soviet Union began to use the veto in the Security Council in favour of the Arab states. Since then consistent support has been given to the Arabs - not only military aid but also significant economic aid, including financial and technical assistance in the construction of the Aswan High Dam project.
05. The Western Powers inadvertently furthered Soviet objectives by refusing the supply of arms to the Arab states and by seeming to support Israel, and also by their tardiness in granting freedom to such Arab states as Algeria. British and French intervention in the 1956 Suez crisis helped the Soviet to gain Arab esteem. It was stated by a witness before the Sub-Committee that the Soviet Union was prepared to grant aid "without strings", whilst larger amounts of U.S. aid offered did have conditions attached. The Egyptians considered U.S. repudiation of her agreement with the U.A.R. to build the Aswan Dam to be an insult, and eventually turned to the U.S.S.R. At present the U.A.R. remains formally unaligned, but it appears that the more indebted to the Soviet Union

the U.A.R. becomes, the more likelihood there is of the U.A.R. being obliged to commit herself to Soviet policy.

106. Nevertheless, the Soviet path to influence has not been strewn with roses. If President Nasser's post mortem of 9 June 1967 may be considered accurate, the Soviet Union had declared to Egyptians that there was "a calculated intention" on the part of Israel to invade Syria. This misinformation could well have sparked off the conflict, prematurely from the Arabs' point of view. The Arab defeat was a blow to Soviet prestige, since the Arab armies were substantially Soviet trained and equipped. By delaying support at the U.N. for a cease fire resolution, the Soviet Government unintentionally assisted Israel to consolidate her military victory.
107. Furthermore, there seems to have been an expectation amongst the Arabs that Russia would give active military assistance to their cause in case of conflict with Israel. This support was not forthcoming. It would almost certainly have brought the U.S.A. into the war, and the Middle East is not of sufficient value to the Soviet for the Kremlin to risk a full scale thermo-nuclear war. The Soviet Government rejected U.A.R. allegations of American aggressive action. In an endeavour to regain prestige the Soviet Government re-equipped the shattered Arab forces with what, in many cases, are more sophisticated weapons.
108. One of the most significant tenets of Czarist foreign policy, which has been carried over into Soviet policy, was to avoid war with a potentially equal or superior power. The United States has a military presence, in the form of the Sixth Fleet, in the Mediterranean, and with this force, the Soviet, on classic Russian principles, is unlikely to produce a clash, for war would result with the United States, which probably ranks as a superior power in that area. Nevertheless, the Soviet has, in the time-hardened formula of the Cold War, matched strength with strength with the U.S. by deploying a fleet there. The reasons given to the Sub-Committee for this deployment were as follows:

"In 1965 the Soviet Union started to build up its own fleet. Its purpose no doubt was to reduce the options open to the United States Government because of the presence of the Sixth Fleet. They put in quite a small force in relation to the United States forces in the area, but they had missile firing surface ships and submarines which, if they got in the first strike, could to some extent at least, offset the strength of the Sixth Fleet by attacking the carriers. They also would reduce United States options possibly by interposing their own fleet between the Sixth Fleet and the intervention area. The United States would then have to consider the military significance of an intervention in a different light than they would if there were no Soviet fleet there."

109. The Soviet has thus been able to gain a foothold in the Middle East, and by supporting the Arabs against the Israelis, has kept open Arab options. In the long run, an equally effective policy, and certainly a less expensive one, might well have been to leave the combatants to suffer the physical and economic consequences of their conflict, and then to have stepped in offering assistance in reconstruction at a high price. Support for Islam as a Soviet policy may also lead to a forfeiture of Soviet influence in Black Africa because of Islam's militant and repressive action in the Sudan and in Nigeria against African negroes, and this may tend to alter the present Soviet policy towards the Arab world.
110. The Sub-Committee was informed that there have been minor signs that the Soviet would like to see a more peaceful situation in the Middle East if only to give her the use of the Canal which is of great benefit to the Black Sea ports. The Soviet Government cannot, however, make representations too strong or Soviet pressure too overt, for this would seem like a withdrawal of support from the Arab States. The Committee believes that, despite the significance of the Middle East for Soviet defence and expansion, it is not sufficiently important, from the Soviet point of view, to make actual military intervention worth while. For more than a century, the Arab leaders have sought to play off the Powers intervening in the Middle East, and thus gain advantage from both sides in any clash of interests. This policy has been the ploy of President Nasser for 12 years, but, in the long run, has only resulted in his dependence on the Communist bloc.

The Soviet Union, for its part, is prepared to seek increased influence without serious risk. A full scale thermo-nuclear war between itself and the United States over the area could not be permitted to develop.

(2) The United States:

11. As the British relinquished their Empire after World War II, and as Britain withdraws to Europe, so the role Britain played for over a century has been progressively taken over by the United States. America's abandonment of isolationism was the outcome of the failure of isolation as a policy before World War II, and the threat to the Western world posed by expanding Communism after 1945. America assumed the role of protector of the non-Communist world.

112. American policy in the Middle East is part of a global defence strategy. The role of international policeman in the area is secondary. The U.S. has bases in Turkey and deploys the Sixth Fleet in the Mediterranean. The Sixth Fleet in the Mediterranean appears to have been initially placed there, with its strike carriers and Polaris submarines operating in the deep waters of the eastern Mediterranean, for two principal purposes: (i) as a strike force in the event of general war (ii) to provide an intervention force capable of carrying out small operations, and, if required, of putting down small wars in the area. Furthermore, its presence has afforded protection to nations in the area friendly to the United States. An example of the Sixth Fleet's operations was its intervention in 1958 in the Lebanon.

The existence of the Sixth Fleet has given the United States a military prestige-presence in the region. Above all, it has given the United States Government much greater option to react militarily in United States' interests, either in a general war or in local war.

113. The Arabs have the impression that Israel is a U.S. protectorate. The U.S. has given them this impression by a general support for Israel, financial assistance to Israel and by U.S. policy statements which can be interpreted as being sympathetic to Israel's interests. When President Nassar closed the Straits of Tiran in May 1967, President Johnson said:
- "...the United States considers the Gulf to be an international waterway and feels that a blockade of Israeli shipping is illegal and potentially disastrous to the cause of peace. The right of free innocent passage of a vital waterway is a vital interest of the community."
114. Again in a major policy statement prior to the outbreak of the June war, the President said:
- "...The United States is firmly committed to the support of the political independence and territorial integrity of all nations of the area. The United States strongly opposes aggression by anyone in the area, overt or clandestine."
115. Such statements, whilst neutral in tone, obviously were not interpreted by the Arab nations as portraying neutrality, but rather pro-Israel sympathies. It appears for example to be assumed by the Arabs that, if there were an Arab attack on Israel, there would be immediate intervention by the Sixth Fleet.
116. The U.S. would not wish to be drawn into a full scale war in the area, especially now when faced with a growing Soviet presence. Like the U.S.S.R., she would only intervene whilst there is no possibility of an escalation to thermo-nuclear war. At the time of the June war it appeared that President Johnson was anxious not to become involved in measures to end the Arab-Israeli crisis except through some form of international action which would not carry the risk of confrontation with the Soviet Union. The Committee does not believe this cautious attitude is likely to change in the foreseeable future.

117. The Soviets have succeeded in making the Arab states increasingly dependent upon them for support in world politics, basic economics and defence. It is true that the U.S. had the opportunity to prevent these gains, but because she was a member of the Tripartite Agreement, the United States could not make the arms available that the Arabs wanted. U.S. economic aid required reciprocal concessions, and, because these concessions were unacceptable, the U.A.R. turned to the Soviet. Russia demonstrated her friendliness and was prepared to back the Arabs in the U.N. The Soviet policy received Arab support in World Councils. The United States could not support a policy aimed at the destruction of Israel.
118. The present United States policy is to endeavour to maintain some influence on the Arab states in the region and the U.S. has, since 1956, consistently wished to avoid driving them into alignment with the Soviet Union. Her action in supplying arms recently to Jordan thus becomes intelligible. At the same time, whilst wishing to increase influence in the area, the U.S. aims to sustain neutrality. The two aims are difficult to pursue without appearing inconsistent.
119. A dangerous situation in the area will arise if the Arabs succeed in transforming their forces into well led fighting units. Should the Arabs ever succeed in prolonging a war against Israel for a sufficient time for the Israeli economy to collapse, or should the Arabs appear likely to bring such a war to a successful military conclusion, the question would then arise "Will the United States honour its commitment to support the political integrity of all nations in the area?" In 1967 the swift Israeli victories took the United States off the horns of this dilemma.
120. In the circumstances existing at the time of preparing this Report, the U.S.A. and the Soviet Union are in stalemate over the situation. The main factors conducive to a settlement seem to be the need to open the Suez Canal and the possibility that, should the crisis continue and intensify, two thirds of the world's oil reserves might be in jeopardy.

121. The Suez Canal, however, is not vital to U.S. trade. The Soviet trade from the Black Sea ports with East African nations and with India would be assisted by the opening of Suez. The Soviet supply route to North Vietnam would be shortened. The decision for reopening however, is primarily the prerogative of the U.A.R. and Israel. At present the prospects of agreement between these countries, without a consensus of the U.S. and the Soviet Union seem remote. It must be assumed that in the view of the U.A.R. Government, the Canal is subordinate to the U.A.R. national interests. Meanwhile, most of the world is becoming accustomed to the closure of the Canal (India is a conspicuous exception). The Canal's opening is not so critically important to world trade as it is vital to the U.A.R. exchequer.

122. The only reason the Soviet would want control of Middle East oil would be to cut off supplies to the West in a time of crisis. The oil installations, however, are a relatively good target, and in these days of missiles would not appear too difficult to "take out". Russia herself has ample oil supplies for her own needs and therefore oil is not an incentive for the Soviet either to open the Canal or to end the conflict. Oil will not, in the Committee's view, be denied the West by the Arabs. In a post-defeat reaction against the West in 1967 it appeared at first that two Arab weapons would be used - an oil boycott and Arab action against sterling balances. The stoppage of oil exports damaged the Arab sellers more than the Western buyers. The transfer of Arab money from London to Switzerland also meant a harmful lowering of interest rates to Arab states, and the policy was gradually reversed. The Committee tends to agree with a witness who said "The oil will always flow and will always get out."²

2. and see Alex Hunter: Oil supply in Australia's Defence Strategy, Canberra Papers on Strategy and Defence No. 1 (A.N.U.) P.16.

123. Because the U.U. and the Soviet Union are stalemated in the Middle East, it is, the Committee's view that they will work for a solution to the Arab-Israeli problem only if continued aggravation of the situation threatens to draw the U.S. and the U.S.S.R. into actual conflict in the area. In seeking to avoid this they may be prepared to work for a settlement.

The United Nations

124. Inherent weaknesses within the United Nations have, in the Committee's view, prevented the United Nations from acting more effectively in the Middle East situation. Relief and assistance bodies within the Organization have, as is usual, carried out the most beneficial work. UNRWA has evidently been of great value in refugee camps and in assisting the Arab States in water and power schemes.
125. From the beginning, however, the Organization's attempts to solve the problems have failed. Even the initial concept of a partitioned Palestine, an International Jerusalem, and an economically inter-dependent Arab-Jewish community failed. The boundaries have never been those originally drawn by the U.N., whilst attempts to reconcile the parties have never been successful. U.S. pressure brought about Israel's withdrawal from Suez in 1956, and although the Straits of Tiran remained open whilst the area was occupied by U.N. forces, the U.N. withdrawal at the request of President Nasser in May 1967, hastened what was obviously an approaching crisis.
126. Israel itself has come to despair of the U.N., which on questions of Israeli interests has always been paralysed by the Soviet veto, whilst resolutions condemning Israel for aggression, retaliatory or not, have been adopted in the Security Council. Israel has reached the position where she will act in defiance of U.N. resolutions if defiance is to her advantage. So will the U.A.R., as shown by U.A.R. actions over international waterways.

127. The Security Council resolution of November 1967, which included all the principal points on which agreement would have to be reached at some time if there were ever to be a peaceful settlement, was found to be open to different interpretations. It has been accepted by both Arab and Israeli, but each insists it means different things. The Arabs contend the resolution means Israel should withdraw to the old boundaries, and then talks will follow; the Israelis say it means that withdrawal should follow successful talks.

128. Since then resolutions have been passed censuring the Israelis for actions which they consider merely retaliatory. This will have the effect of strengthening the hands of militant Israelis in Cabinet who want to hold on to hard-won territory. All in all, the Committee feels little will come out of the U.N. efforts until the U.S. and the U.S.S.R. reach their own understanding on the problem.

CHAPTER FIVEAUSTRALIAN INTERESTS AND POLICY

129. A recent analysis of the situation in the Middle East contended:

"In the past it has sometimes been argued that the Arab-Israeli conflict prevents Great Power agreement, sometimes that the Great Power conflict prevents the Arab and Israelis from coming to terms. Certainly outside intervention has more than once increased tension, provoked crises and prevented solutions. The effect of the United Nations on problems in the Middle East and elsewhere has often been like that of modern medicine on major diseases - enough to prevent the patient from dying of natural causes, but not enough to make him well. Chronic invalidism is not a happy state. It may well be that the best hope for the Middle East lies in its diminishing importance, which may in time lead to the Great Powers losing interest in the area."

130. Considered in the broad, the area is certainly of "diminishing importance" to Australia. The Sub-Committee heard evidence on Australian interests and the Committee now discusses them under three major headings, (a) Trade, (b) The problems of oil, and (c) Defence.

(a) Trade

131. Australian exports have shown growth in the Middle East but generally are only a small percentage of overall exports.

132. In evidence before the Sub-Committee it was stated that:

"The Middle East, as a whole, is a relatively small outlet for Australian products, compared with our trade with the rest of the world. Of our total exports, only \$58 million (2.2%) in 1964/65 and \$75.2 million (2.5%) in 1966/67 went to this area. Our trade, moreover, had depended largely on bulk items, especially on commodities such as wheat, barley and flour, and on imports of petroleum products.

In recent years, however, as awareness of the potential market in certain oil-rich Middle Eastern countries has become known to Australian exporters there has been heightened interest in this area. This interest has been further stimulated by the closure of the Suez Canal which has had a dual effect on Australian exports. On the one hand the closure

of the Canal has disrupted shipping to the countries on the eastern part of the Mediterranean Sea and placed Australian exporters to countries such as the United Arab Republic, Libya, the Lebanon, Syria and Jordan at a disadvantage.

On the other hand, however, it has had a beneficial effect on Australian exports to countries in the eastern part of the Middle East. Because of a longer shipping haul around the Cape of Good Hope and higher freight rates and shipping surcharges for traditional European suppliers many Middle East merchants are now turning to Australia, as an alternative source of supply. The Department of Trade and Industry and the Trade Commissioner, Bahrain, have brought to the attention of importers in the area and Australian exporters the opportunities opened up by recent developments. Special efforts have been made to create a greater awareness of Australia's ability to supply a wide range of manufactured products as well as foodstuffs, and to interest Australian exporters in these markets. A highlight of these efforts was an Australian Trade Display held in Kuwait in late March of this year. Over 140 Australian firms participated in this display and early indications are that it was highly successful, with excellent prospects revealed for a wide range of Australian goods. Visitors attended from Iran, Iraq, and as far away as Yemen and Djibouti.

The Middle East cannot, of course, be considered as a single market. It consists of a series of separate and distinct markets, all of them, with the exceptions of Iran and Israel, being basically Arab in racial origin. These markets are also characterised, with some exceptions, by economies dominated by oil revenues with little development in other directions. Their governments range from almost feudal sheikhdoms, where the Ruler's word is law (Muscat and Oman, etc.) to autocratic, but reasonably moderate, kingdoms (Iran, Jordan, Saudi Arabia) and at the other end of the scale to nationalistic, left-wards leaning republics (Iraq, Syria). Political instability is common to a number of these countries, and in the major Arab countries especially, there is a strong feeling of hostility towards Israel.

At this stage, Australia's best prospects would appear to be with the oil-rich countries east of the Suez Canal such as Saudi Arabia, Kuwait, the Arabian Gulf sheikhdoms and Iran, and to a lesser extent (because of political instability) with Iraq."

133.

The region is not vital to Australian trade, and even the closure of the Suez has been in some ways beneficial to Australian exports in the area. Added advantage has been gained by sales on the East Coast of Africa, and trade with

Kenya is developing. The closure of the Canal, on the other hand, has caused a rise in freight on the UK/Europe run. A surcharge of 3½% was introduced from July 1967 increasing to 6% from 1 April 1968 on UK/Europe-bound freight, whilst on Australia-bound freight a surcharge of 5% has been levied since 15 June 1967. The real costs of serving Eastern Mediterranean ports have increased considerably, but they are still being serviced at normal freight rates plus the previously mentioned surcharge.

134. Some doubts have arisen as to whether or not the Canal would still be used if reopened. Having regard to the cost of putting the Canal in working order again, and the revenue which has been lost due to its closure, it is uncertain whether Canal dues would remain at a reasonable level. Two closures of the Canal, and the consequent detention of shipping in the Canal, have demonstrated to shippers and shipping companies that certainty of operation is necessary, but the U.A.R. policy is such that no guarantees of certainty could be given. The value of apple and pear cargoes trapped in the Canal, for example, was \$2.5 million and no companies can accept the risk of recurrent losses of that magnitude.
135. Again, with the introduction of container shipping and the possibility of reduction in costs to the shippers any present loss may be offset in the near future. The trend in shipping today is for bigger and faster shipping, and for oil tankers there is a break-even point around 120,000 tons d.w. after which the cost of Canal dues makes it cheaper to go around the Cape. Today 120,000 tons is only a medium sized tanker ("Gulf" has six 312,000 ton tankers on order whilst it is understood that the Japanese have plans for three 500,000 ton tankers), and one witness told the Subcommittee that "the oil industry regards the Suez Canal as a closed book".
136. Australia's main import from the Middle East is oil, and as the bulk of this comes from the Persian Gulf, Australia's oil trade is not vitally affected by the closure of the Canal.

(b) The Problems of Oil

137.

The Sub-Committee was informed that:

"broadly, at the present time, we get 9% of our crude oil requirements from local sources...Of the remaining 91%, 70% of that comes from the Middle East countries, 24% from Indonesia and 5% from Malaysia...as to the future, when Bass Strait commences production in April 1969 it will rise fairly quickly from an initial production to a level of 240,000 barrels from Bass Strait plus another 40,000 barrels from Barrow, which is in Western Australia, and Moonie which is in Queensland, will bring it up to 280,000 barrels a day. At this stage this will represent 60% of our requirements."

138.

As the types of crude oil found in Australia and Indonesia are light, and Middle East crudes are typically of a heavy asphaltic kind, Australia will still have to import oil from the Middle East. This type of crude is necessary for the production of bitumen and for low grade fuel oils and for the oils used for the Australian Navy. It is also estimated that because Australian fuel consumption rises annually from 5% to 8% and is expected to continue to rise, either significant new fields will have to be discovered locally or the 40% gap between Australia's requirements and local supplies will widen.

139.

In all probability Australia will continue to require Middle East oil. The trend to larger tankers could cause berthage problems, but this need not concern Australia as it is envisaged that the large tankers will discharge to feeder tankers at sea rather than enter port. Australia's peacetime needs can readily be supplied from the Persian Gulf in the foreseeable future. The Canal is irrelevant to Australia's oil supplies.

(c) Defence

140.

If one omits from consideration the grave crisis of a Soviet occupation of the area, the Middle East appears to be of progressively diminishing strategic importance to Australia. In Australian thinking in the past, the strategic importance of the Middle East was based on its pivotal position in the protection of the British Empire. It was always considered that the area was vital for communications for Britain's far flung Empire.

141. One witness stated:

"Strategically communications through the Middle East are much less significant than they were until fairly recently. Undoubtedly plans exist which include the assumption that the Middle East will not be available for transit".

142. If British military assistance were coming to Australia in some crisis it would probably go through North America or via the Cape. Since world war II, Australia has placed great store by her alliance with America and, with the U.K. withdrawal from East of Suez and concentration on Europe, the likelihood and feasibility of British military assistance to Australia seem to be lessening. Indeed, it appears to the Committee that, from the defence point of view, the continued closure of the Canal inhibits the operations of the Soviet fleet in the Indian Ocean, and must tend to limit Soviet capacity for naval influence in the area.

143. Australia's policy in the United Nations to date has been one of sympathetic interest in a peace settlement between the Arabs and Israel without commitment to either side. The Committee, having reviewed Australia's interests in the area, is of the opinion that a policy of responsible impartiality should be continued. The world has a vital interest in preventing a clash between the U.S.S.R. and the U.S.A. The Middle East is a region of possible clash. Joint action by the Soviet Union and the United States would probably end the Arab-Israeli confrontation. Irresponsible politics in the Middle East are encouraged by any rivalry between the Soviets and the United States. Every avenue should be explored to bring these Great Powers together so that this rivalry may diminish.

CHAPTER SIXCONCLUSIONS AND RECOMMENDATIONS(A) CONCLUSIONS

144. The Committee expresses the following general conclusions :

- (1) The Israelis refuse to be forced out of the Middle East. Israel is their Promised Land: the only place in which they can hope to live a Jewish life on what they regard as Jewish soil. It is their bastion against the persecution from which they have suffered for centuries, their compensation for the indifference and hostility with which they have been treated in Europe. (Paras. 3 to 5).
- (2) Israel is anathema to the Arabs. Their objection to its existence is deep rooted. They consider it a product of Imperialism, forced upon them against their expressed wish, and find in its Western outlook a continuing threat to their social structure and the Arab way of life. (Paras. 6 to 13).
- (3) Permanent solutions to such secondary problems as Israel's boundaries, the Arab refugees, international waterways and riparian rights are impossible if Israel remains wholly unacceptable to the Arab States. (Paras. 16 to 65).
- (4) In the absence of firm treaties, the questions of use of the Suez Canal and the Gulf of Aqaba are fraught with difficult legal problems for the U.A.R. and Israel. Both sides seize on legal concepts, such as "historic bays" and "obligations of successor states", to buttress their positions. (Para. 55).

- (5) The Arabs are disturbed by two considerations. The longer the territorial settlement is postponed the more likelihood there is of the military boundaries becoming permanent. They also fear that the Arab refugees in the "administered" areas will settle down to an Israeli way of life. (Paras 16 to 33).
- (6) The present state of confrontation diverts finances from much needed development work in the Middle East to defence expenditure. To the Arabs this means poverty. (Paras 68 to 72).
- (7) The 1967 June War temporarily reduced the capacity of the combatants to wage war, but Israel's success has brought home to the Arab States a realization that something more than bellicose aims is necessary to achieve their objectives. (Paras. 73 to 93).
- (8) The Arab nations and Israel are incapable of achieving their respective military and diplomatic objectives - conquest and survival - without the assistance of Great Powers. (Paras 73 to 94).
- (9) Of the Great Powers capable of intervention, neither the U.S.A. nor the U.S.S.R. is likely to act in the Middle East in such a way as to produce thermo-nuclear war, except by inadvertance or by miscalculation. The Soviet Union uses Arab nationalism to extend Soviet influence in the Middle East. (Paras. 97 to 123).
- (10) United Nations action in the Middle East can have little effect in producing real peace among the combatants without agreement between the U.S.A. and the U.S.S.R. (Paras. 124 to 128).
- (11) A solution to the Suez Canal problem would be to Soviet advantage, but the U.S.S.R. cannot bring extreme pressure to bear on the U.A.R. to open the Canal on terms acceptable to Israel without jeopardising Soviet influence or increasing the danger of

further warfare. (Paras 110, 121 and 142).

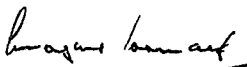
- (12) The closure of the Suez Canal inhibits the operations of the Russian navy in the Indian Ocean. It also has the consequence of lengthening supply lines from Communist Eastern European powers to North Vietnam. (Paras. 121 and 142).
- (13) The Middle East is at present only a small outlet for Australia's exports and is unlikely to be vital as a market. (Paras. 131 to 136).
- (14) Australia depends on the Middle East for the supply of crude oil of the asphaltic kind, but the source of supply is in the Persian Gulf, outside the area of immediate direct Arab-Israeli confrontation. (Paras. 137 to 139).
- (15) The closure of the Suez Canal has not the serious consequences for Australia it would have had in the past. Its continued closure is, however, damaging to East-African countries and to India. A trading nation such as Australia is best served when all sea and air routes are open. (Paras. 121 and 133 to 142).

(B) RECOMMENDATIONS

As a result of its inquiry the Committee recommends:

- (1) Australia should work in an impartial way towards a permanent and peaceful settlement of the dispute between Israel and the Arab nations.
- (2) Every official action and utterance of Australia on the Middle East, at home or in international councils, should be directed towards ending the destructive hatreds in the Middle East.
- (3) Australia should continue to encourage all attempts to induce the Middle East nations to agree to settle such questions as boundaries, refugees, riparian rights and international waterways.
- (4) If the parties to the Arab-Israeli dispute were to produce a practical plan to end this source of bitterness and conflict then Australia should be prepared to make a generous financial contribution to the settlement of the Refugee problem in conjunction with other nations.
- (5) The tenor of Australian policy should be to assist all nations of the Middle East to turn from bitter antagonisms to constructive projects and transformed living standards.
- (6) When permanent boundaries have been negotiated, Australia should support international guarantees of such boundaries, ending Arab fears of Zionist expansion and guaranteeing Israel against Arab attack.

- (7) Australian technical skills should be offered to nations of the Middle East to raise living standards.
- (8) Consideration should be given to establishing a number of scholarships for nationals of Middle East countries in technical and other fields related to productivity and living standards.
- (9) The tenor of Australian policy should be to discourage bellicose utterances and incitement to hostility on the part of either side. Australia should never condone aggression by either Arabs or Israelis. Australia should seek to create, in the United Nations, a climate of opinion which discourages border incidents.
- (10) Australia should aim at the reopening of the Suez Canal and free passage for the ships of all nations in the Suez Canal and the Gulf of Aqaba.
- (11) Australia should work to reduce tension between the Soviet Union and the United States in the Middle East. The greatest danger is that the situation could conceivably produce thermo-nuclear war, because of tensions created by rival military and naval concentrations in the area.


M. C. CORMACK
Chairman

Parliament House,
Canberra.

26 November 1968.

APPENDIX A
CHRONOLOGY OF CERTAIN IMPORTANT EVENTS
IN THE MIDDLE EAST SITUATION

<u>Event</u>	<u>Date</u>
Balfour Declaration	2 November 1917
British Mandate of Palestine	25 April 1920
Mandate approved by League of Nations	24 July 1922
Peel Committee of Enquiry	7 July 1937
Britains referral of Palestine question to U.N.	17 May 1947
U.N. Resolution on Partition of Palestine	20 September 1947
Proclamation of State of Israel	14 May 1948
1948 War between Israel and Arab States	15 May 1948 to 14 January 1949
Rhodes Agreement (Armistice Agreements)	
(a) Israel and Egypt	24 February 1949
(b) Israel and Lebanon	23 March 1949
(c) Israel and Jordan	3 April 1949
(d) Israel and Syria	20 July 1949
1956 Suez War between Israel and Arab States	29 October 1956 Israel invades Sinai Peninsula
Withdrawal by Israel to old boundaries 1956	During December 1956. Completed 22/1/57
Withdrawal of U.N. Forces from Sinai at President Nasser's request	18 and 19 May 1967
Closure of Straits of Tiran by Nasser	22 May 1967
June War 1967	5 to 10 June 1967
November 1967 U.N. resolution on the Middle East	22 November 1967.

APPENDIX B

RESOLUTION 242 (1967)

Adopted by the Security Council at its 1382nd meeting,
on 22 November 1967

The Security Council,

Expressing its continuing concern with the grave situation in the Middle East,

Emphasizing the inadmissibility of the acquisition of territory by war and the need to work for a just and lasting peace in which every State in the area can live in security,

Emphasizing further that all Member States in their acceptance of the Charter of the United Nations have undertaken a commitment to act in accordance with Article 2 of the Charter,

1. Affirms that the fulfilment of Charter principles requires the establishment of a just and lasting peace in the Middle East which should include the application of both the following principles:

(i) Withdrawal of Israeli armed forces from territories occupied in the recent conflict;

(ii) Termination of all claims or states of belligerency and respect for and acknowledgement of the sovereignty, territorial integrity and political independence of every State in the area and their right to live in peace within secure and recognized boundaries free from threats or acts of force;

2. Affirms further the necessity

(a) For guaranteeing freedom of navigation through international waterways in the area;

(b) For achieving a just settlement of the refugee problem;

(c) For guaranteeing the territorial inviolability and political independence of every State in the area, through measures including the establishment of demilitarized zones;

3. Requests the Secretary-General to designate a Special Representative to proceed to the Middle East to establish and maintain contacts with the States concerned in order to promote agreement and assist efforts to achieve a peaceful and accepted settlement in accordance with the provisions and principles in this resolution;

4. Requests the Secretary-General to report to the Security Council on the progress of the efforts of the Special Representative as soon as possible.