

~~CONFIDENTIAL~~

CENTRAL INTELLIGENCE AGENCY  
Directorate of Intelligence  
1 August 1967

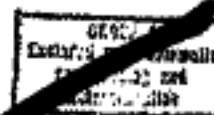
10  
LBJ LIBRARY  
Mandatory Review  
Case # NEJ 96738  
Document # 1b

MEMORANDUM

The Arab Boycott - A Study in Quasismanship

1. For many years, the Arab countries have boycotted firms, persons, and even individual ships that have done business with Israel. At least 700 Western firms are on the boycott list, including some 200 from the US. Recommendations for inclusion or deletion are made by the Central Office for the Boycott of Israel, which operates under the Arab League and which has its headquarters in Damascus. Representatives of the Boycott Offices in the Arab states meet periodically. The most recent meeting was held 15 July 1967 in Alexandria.
2. In theory, the Arab states boycott anyone contributing to Israel's economic strength. Firms are placed on the boycott list if they are owned by Jews or do business with Israel. Individuals are placed on the list for actions deemed pro-Jewish. Not all firms and individuals which appear to meet these criteria are actually placed on the list. Moreover, action against firms or individuals on the list is left to the individual Arab countries. Implementation is often hit or miss. In practice, the Arab countries are careful not to enforce a boycott which would do them serious economic damage. A sure way to get on the list is to build a plant in Israel. Sophia Loren is on the list because she made an allegedly pro-Israeli film and Frank Sinatra because of his participation in Israeli bond drives.
3. The firms boycotted engage in a wide variety of economic activity. The bulk of them are involved in shipping or trade, but some major manufacturing firms are included. Among the larger US concerns blacklisted are Ford, Sears Roebuck, Kaiser Industries, RCA, and Coca Cola. In no instance, however, has any Arab country cut itself off from the only major supplier of essential or especially desirable commodities for any extended period of time.

~~CONFIDENTIAL~~



APPROVED FOR RELEASE

04 MAR 1997

~~CONFIDENTIAL~~

4. The Arab boycott has not been applied against major banking firms. Some effort was made in 1966 to boycott the Chase Manhattan Bank, but this abortive effort had no significant effect on Chase's operations in the Middle East. Egyptian reluctance to lose the lending facilities of Chase Manhattan was in large part responsible for the failure of this effort. Egypt supported the boycott publicly, but opposed it at a meeting of the Boycott Office. A Saudi official stated that considerations of public service precluded placing Chase on the list.

5. Restrictions were not imposed on air transport firms until the outbreak of the recent Arab-Israeli War. The US airlines operating in the Middle East are TWA and Pan American; TWA calls at Tel Aviv (PanAm does not) as well as Cairo and other Middle Eastern cities. When the war broke out, most of the airports in the Middle East were closed to these companies, but this restriction has now been lifted in most instances. Only Cairo and Algiers remain closed. This situation rose more out of the war and the breaks in US-Arab relations than out of the boycott per se.

6. Prior to hostilities, use of the Suez Canal was denied to any ship or shipping line dealing with Israel. The ban applied to Israeli flag ships or to vessels carrying cargo to or from Israeli ports. With an occasional exception for passenger cruise vessels whose owners agreed to special measures such as sealed hatches, this Egyptian denial of the Canal was totally effective. At present, the Canal is of course obstructed by sunken vessels and closed.

7. With the outbreak of hostilities, some effort was made to boycott all US and UK goods in the Arab countries. This action has not been successful except possibly in Syria. US and UK flag ships, however, are not being unloaded in Algeria, the UAR, Lebanon, Syria, and Libya. In Lebanon and Libya, the embargo is imposed by unions rather than by the government. This action has resulted in some curtailment of trade with the US and the UK.

8. The boycott has been honored more in the breach than in the observance. Individual countries have refused to accept some of the recommendations of the Central Office, dummy companies have been created to circumvent many of the restrictions, and frequently the boycott rules are simply ignored. The boycott appears to have been most stringently applied by Syria and, to a lesser extent, by Iraq.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

9. With the heightened tensions of the Arab-Israeli War, a considerable stiffening of the Arab attitude toward the boycott became apparent. Already, however, some relaxation is appearing in Lebanon, Saudi Arabia, and in other moderate Arab countries. Even Egypt is continuing to purchase US and UK items either directly or through third parties. Over the next few months, nearly all of the Arab countries will probably find some means to circumvent the boycott regulations to the extent that they want the good involved, although continuing to proclaim their compliance publicly.

~~CONFIDENTIAL~~