Sir:

Eban just called to pass on the following points to you:

-- Israel appreciates the Secretary's decision to defer Security Council action.

-- Israel will accept no ceasefire as long as Syrian/Egyptian troops are "over the line."

-- The Israelis believe "there are good prospects" of forcing the Egyptian and Syrian troops out of their territory within three days.

-- Israel will never accept any solution which gives an advantage to an aggressor.

-- The military situation is "not unsatisfactory."

-- In sum, Israel desires time to recoup its position. At that time Israel will be prepared to accept "a plain ceasefire."

-- If this line of approach is acceptable to the USG Eban is prepared to discuss with Ambassador Scali how we might orchestrate the Security Council issue. Eban went on to say that it might in fact be better to delay any Security Council action until Monday.

Eban would like to talk with you this evening if you have a chance. He can be reached at the Hotel Plaza. Shalev has been instructed to call me to present the latest military appreciation. If he has called before you return I will attach it to this report.

LSE