

EGYPT: President Sadat's address to the nation last night was primarily a fence-mending effort designed to mollify and undercut domestic and foreign--primarily Soviet--opponents of his recent policy innovations. At the same time, he made no apologies for those policies and made it clear that he will pursue them. Although generally circumspect toward the US, Sadat made some uncharacteristically benevolent statements, reflecting a guarded optimism that Washington intends some action to break the Middle East impasse.

The most dramatic portion of the speech, made on the anniversary of President Nasir's death, came at its conclusion when Sadat announced an amnesty for a group of students arrested during demonstrations early this year, as well as the reinstatement of a large number of journalists purged for their leftist views. The conciliatory gestures are designed to head off the possibility of further student disturbances when the school year opens next month, to answer legitimate student grievances, and to give substance to Sadat's moves toward social liberalization.

On the subject of his domestic and foreign policy reforms, Sadat, in essence, invoked the memory of Nasir to support his program of change away from Nasirism and socialism. Noting that one of Nasirism's most important characteristics is "its ability to respond to constant movement," Sadat explained his own policy of "evolution" as both based on his predecessor's movement and unique in itself. Although intending to ease the misgivings of remaining Nasir devotees, Sadat could not resist the temptation to emphasize the greater merit of his own program over Nasir's; his government has proved, he said, "that the man came from the nation, and not the nation from the man."

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Although Sadat derided the US for supporting Israel and echoed his usual rejection of an interim agreement to reopen the Suez Canal and institute a partial Israeli withdrawal, he expressed pleased surprise at Secretary of State Kissinger's meeting on 25 September with Arab representatives at the UN. Sadat noted that Egypt has already made its position clear to the US, but he did not use the occasion to spell out the controversial specifics of that position. Sadat remains skeptical of US intentions, but his approach reflects a sense of expectation toward possible US moves on the Arab-Israeli conflict and a desire to avoid dampening prospects for movement. He made a point of noting at the end of his speech that he had deliberately avoided rhetoric on "the battle."

Sadat took a balanced approach toward Egypt's delicate relations with the USSR. Without ever mentioning the Soviets directly, he explained policy changes that have been disturbing Moscow in terms intended to ease Soviet misgivings, but he did not give any indication that he plans to alter his new moves away from socialism. Sadat is not a friend of the Soviets, but he wants to maintain good relations with them, and he has been at pains, since initiating his policy realignment in July, to portray the Soviets as political allies.

This relaxed attitude has met with a testy Soviet reaction. Moscow is apprehensive at the implications of Sadat's moves for its interests in the area,

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ARAB STATES - ISRAEL: After three days of heavy fighting, Israel has regained most of the territory it lost to Syria in the Golan Heights, and has contained Egyptian forces to a narrow area along the east bank of the Suez Canal. No other Arab states have become significantly involved in the fighting.

Syrian forces dealt heavy blows to Israeli outposts in the Golan Heights after fighting broke out in the early afternoon of 6 October. Syria breached Israeli lines at two points, captured the town of Qunaytirah, and for a time held considerable territory in the central sector. By early this morning, Israeli forces had recaptured almost all territory up to the previous cease-fire lines, and--according to Israeli accounts--had surrounded some Syrian units. Losses have been substantial on both sides. The Israelis have admitted losing at least 35 aircraft and 150 tanks in the Golan battle alone. Syrian tank losses are placed at 300 by the Israelis, who claim to have destroyed 37 Syrian aircraft in yesterday's fighting.

On the Sinai front, fighting was initially less intense. The Israelis apparently were satisfied to contain the Egyptian thrust while dealing with the more pressing situation on the Golan Heights. The Egyptians succeeded in putting as many as 11 bridges across the canal, some of which were still in use early this morning. As many as five Egyptian infantry divisions and 600-700 tanks have moved into the Sinai, according to Israeli accounts. The Israelis now claim to have hemmed in this force, but acknowledge that removing it will be a formidable task. Contrary to their public statements, the Egyptians have not made a concerted effort to strike into the Sinai, suggesting that their strategy may be to take and hold a relatively small area with a view to its political rather than military advantages.

King Husayn of Jordan continues to resist the pressures of other Arab leaders, ranging from Libya's President Qadhafi to Saudi Arabia's King Faysal, to enter the battle. [REDACTED]

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Few Arab states have contributed meaningful assistance to Syria or Egypt, although most have placed their military forces on alert and applauded initial Syrian and Egyptian successes. Sudan, Morocco, Tunisia, Kuwait, and Iraq have sent or promised to send soldiers to the front, but these troops will not make an impact on the military situation. Some fedayeen forces have been active in southern Lebanon, but these have been more an irritant than a threat to Israel. Lebanon has provided token humanitarian assistance to Egypt, but its modest army is concentrated around Beirut and is deployed in such a way as to guard against fedayeen-inspired domestic trouble rather than an Israeli attack.

The Soviet Union has given political support to the Arab cause, but has not made any moves to suggest it intends to become involved in the military action. In remarks yesterday, party chief Brezhnev placed the blame for the fighting on Israel, but offered only "sympathy" for the Arabs and reiterated Soviet support for a political settlement. Soviet officials have stressed that the present situation must not jeopardize the general improvement in US-Soviet relations.

The bulk of the Soviet Mediterranean squadron has been grouped near Crete--well away from the combat area--and has not been reinforced from the Black Sea Fleet. Moscow has made [REDACTED] flights to Egypt and Syria since 4 October.

[REDACTED] these flights--as well as some Soviet naval ships--evacuated dependents of Soviet personnel as well as some civilian and military technicians.

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(C) Egypt and Syria have been restrained in their press treatment of the US, reflecting primarily official pride in the performance of their forces during the first days of fighting. All Arab capitals have been reported calm, with no serious anti-US demonstrations. None of the oil-producing states have threatened to cut off the flow of oil to the West, although Iraq on 6 October nationalized the Exxon and Mobil shares of the Basra Petroleum Company.

Yesterday's Security Council meeting requested by the US adjourned until today without taking any decision on the US proposal for a cease-fire, accompanied by a return to the 1967 cease-fire line. Soviet delegate Malik called for a clear-cut statement by Israel of its readiness to withdraw from occupied territories. China's Huang Hua--with a gibe at the USSR--praised the Arabs for breaking the stalemate imposed on them by the "superpowers." For the present, both Egyptian and Israeli spokesmen are taking a hard line on their possible acceptance of a cease-fire, maintaining that any settlement must leave their respective states in control of the disputed "occupied territories."

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APPROVED FOR RELEASE - CIA INFO DATE: 29-Aug-2012

ARAB STATES - ISRAEL: Israeli forces encountered stiff resistance yesterday on the Golan Heights, but advanced past the 1967 cease-fire line. Fighting on the Egyptian front was more sporadic with neither side committing enough manpower to seriously challenge the other's position.

Israeli ground forces pushed about 11 kilometers beyond the 1967 cease-fire line, along a narrow front between Mount Hermon and Qunaytirah in the northern Golan Heights, yesterday afternoon. [REDACTED]

[REDACTED] the likely Israeli target in Syria will be Qatana, [REDACTED] about 20 kilometers southwest of Damascus. Israeli aircraft continued to pound Syrian positions last night and this morning, especially on the flanks of the most advanced Israeli units. Israeli aircraft attacked Damascus international airport and seven other nearby Syrian airfields yesterday. Five Israeli planes were lost as a result of ground fire--probably SA-6 missiles. Syria reported Israeli naval units and helicopters attacked the port of Tartus shortly before midnight last night. Damascus claimed to have destroyed three Israeli boats and a helicopter in this engagement. A Soviet merchant vessel was struck by two missiles, but no casualties were reported.

The situation in the Sinai remains relatively unchanged. The Egyptians have not made a serious attempt to expand their positions on the east bank of the canal nor have they launched a major drive eastward toward the Sinai passes. The Israeli Air Force continues to attack Egyptian positions along the canal; over 120 sorties were flown yesterday and several aircraft were lost to ground fire. Only a few Egyptian fighters were [REDACTED] flying--none were seen over the east bank. A small Egyptian thrust to move away from the canal was made south of Suez City, but apparently was turned back by the Israelis.

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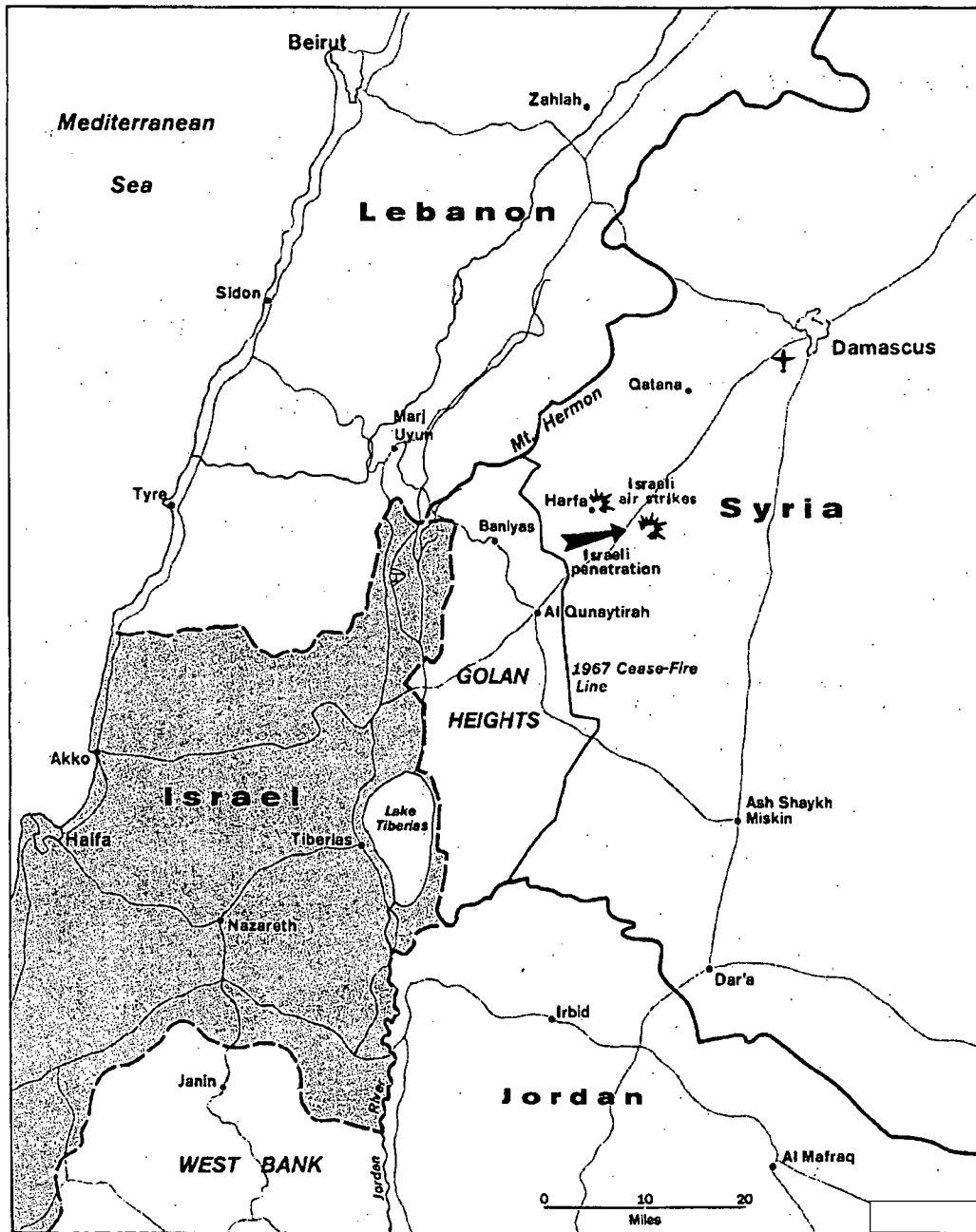
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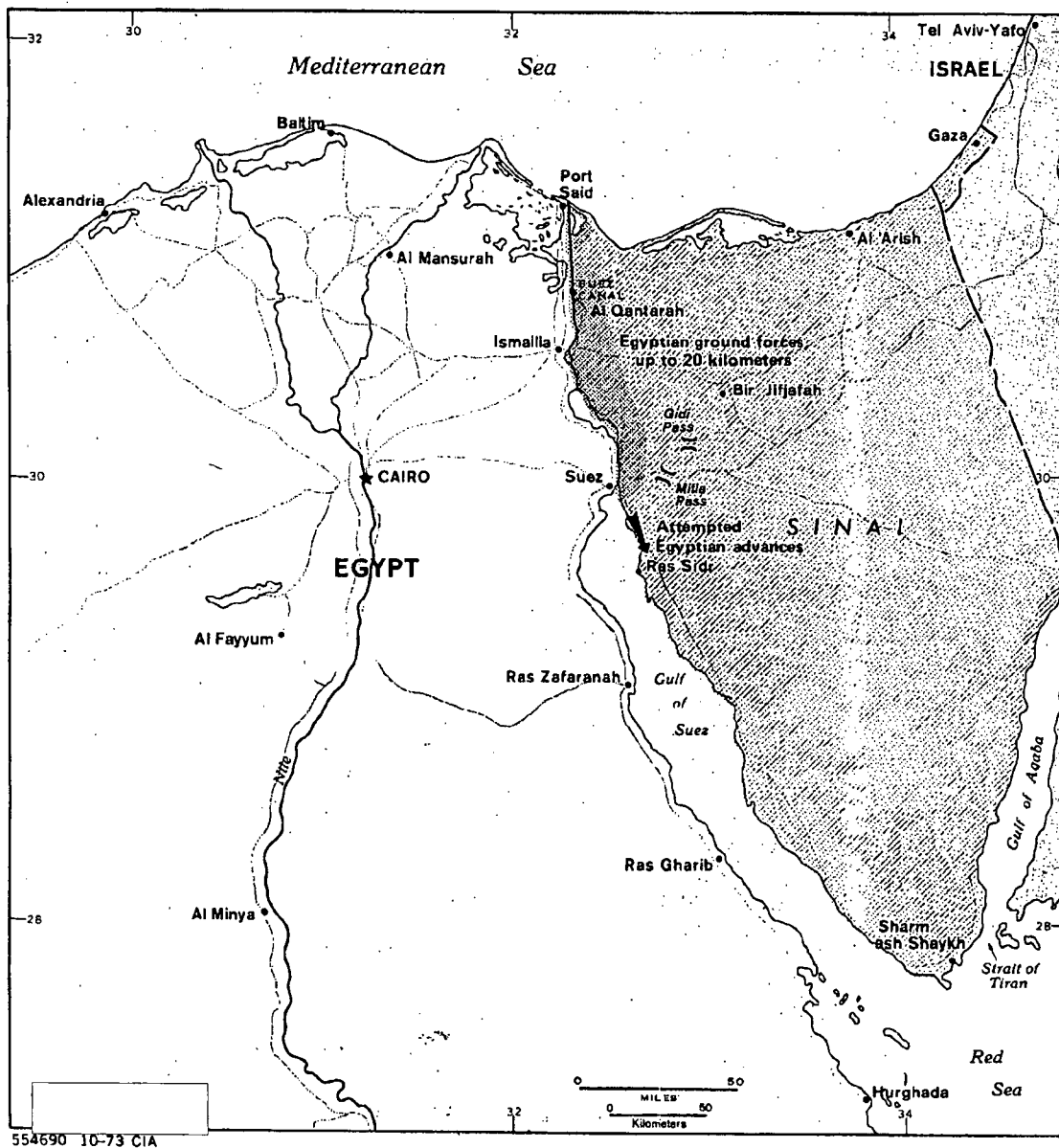


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Moscow is keeping in close diplomatic touch with the Arab states and probably is receiving pressure for additional assistance. Soviet Foreign Minister Gromyko met with several Arab ambassadors in Moscow yesterday and accepted their thanks for Soviet support. Gromyko told the envoys that the USSR "will exert all efforts" on behalf of a Middle East peace that safeguards the security of all countries in the region. The Iraqi Foreign Minister was in Moscow on 9-10 October. He said the visit was for consultations on "important joint matters" in accordance with the Iraqi-Soviet friendship treaty. The discussions probably centered on Soviet logistic support for the Iraqi war effort.

The deployment of Arab troops from countries other than Syria and Egypt appears to be increasing. Some countries such as Kuwait and the Sudan have announced token contributions, but as many as 16,000 Iraqi troops and more than 100 tanks were reported to have crossed into Syria yesterday. These numbers cannot be confirmed but it is apparent that Baghdad is becoming increasingly involved in the fighting. Iraqi Armed Forces Headquarters announced yesterday that Iraqi planes and tanks have joined other Arab forces on the battlefield. The statement also admits the loss of 12 planes and lists the names of Iraqi pilots killed in action.

A Saudi brigade was reported moving into Jordan last night. It will augment the Saudi brigade already

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stationed in southern Jordan. King Hassan has announced that a contingent of Moroccan troops is en route to Egypt. [REDACTED]

[REDACTED] Morocco already had 2,000-3,000 troops in Syria before the outbreak of hostilities. According to a Moroccan Foreign Ministry spokesman, this contingent has taken heavy casualties on the Golan Heights. The willingness of other Arab states to make these sacrifices will place increased pressure on Jordan's King Husayn to take a more active role in the hostilities.

Lebanon, however, continues to show no interest in getting involved in the fighting. In a statement to the press today, the Defense Minister stressed Lebanon's defensive posture. He avoided any suggestion that the Lebanese might initiate a diversionary action against Israel, but emphasized that the army is ready to "frustrate any aggression." With regard to Lebanon's relations with the Palestinian guerrillas, the Defense Minister asserted that fedayeen leaders had shown "understanding" toward the government, an apparent allusion to the limited involvement in the war of Lebanon-based guerrillas. Some of the fedayeen have engaged in minor cross-border operations into Israel.

Although pleasantly surprised about Egyptian military success, Yasir Arafat and some fedayeen leaders are less happy about the possible political implications of the war, [REDACTED]. Arafat is said to fear that a likely outcome of the fighting--in which the fedayeen role has been minimal--will be the eclipse of Fatah and the PFLP. Arafat is also critical of what he believes to be Sadat's strategy, that is, that Cairo will be content to occupy only a limited amount of territory in the Sinai while anticipating great power intervention. Arafat hopes to crank up the fedayeen propaganda machine to urge the Arab states not to accept a cease-fire and to fight a war of "total liberation."

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The UN Security Council convened last night after a two-day recess, but the proceedings were largely confined to Egyptian and Israeli charges as to which side initiated hostilities. In their statements, Foreign Ministers Eban and Zayyat went no further than to agree to "study" an appeal to end the fighting made by Secretary General Waldheim. [REDACTED]
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FOR THE RECORD*

USSR: Soviet satellite reconnaissance of the Middle East has increased since early October. Two high resolution photoreconnaissance satellites currently are in orbit. One of these, Cosmos 597, which is in an orbit that will provide optimum coverage of the Middle East, may be brought down this morning after only six days. Cosmos 596, a low resolution photoreconnaissance satellite, was brought down early on 9 October after completing one half of the normal 12-day mission. Similarly, Soviet Elint satellite monitoring of the Middle East has been at a high level since 4 October.

**This item was prepared by CIA without consultation with the Departments of State and Defense.*

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APPROVED FOR RELEASE - CIA INFO [] DATE: 29-Aug-2012

ARAB STATES - ISRAEL: The Israelis are making hard-won advances in the Golan Heights and in their efforts to penetrate into Syria. There is little action in the Sinai.

Heavy fighting on the Golan Heights died down last night with Israeli forces about 12 miles beyond the cease-fire line, but unable to achieve a decisive breakthrough on the road to Damascus. In the southern sector of the Heights, the Syrians claim to have made advances, and may have overrun a UN observation post early yesterday. The area was relatively quiet later in the day, however, with indications that the Israelis may have retaken the post and were slightly beyond the cease-fire line. The Syrians are reportedly withdrawing tank units from the front and deploying them to a second defense line nearer Damascus. For the first time, Damascus has acknowledged publicly that Israeli troops have made progress on the "war's northern front." In air activity, the Israelis made over 400 sorties yesterday, making it the heaviest day of the war. Despite this intense activity and their own heavy losses in dogfights, the Syrians continued throughout most of the day to fly ground-support missions.

Activity on the Sinai front yesterday was limited to artillery exchanges and a reduced number of Israeli air strikes. Neither side claimed significant advances, and neither suffered serious losses. Early yesterday the Israelis charged that the Egyptians had moved four SAM batteries to the east side of the canal, but today they reported that [] they had determined that the presumed SAMs were dummies. [] the Egyptians mounted helicopter assaults at three points on the Sinai coast, including Abu Rudesis, where a limited number of Egyptian troops and a helicopter pilot were captured. [] Soviet experts have reviewed three areas--Port Said, Ismailia, and Dumyat--to decide on the positioning of surface-to-surface missiles.

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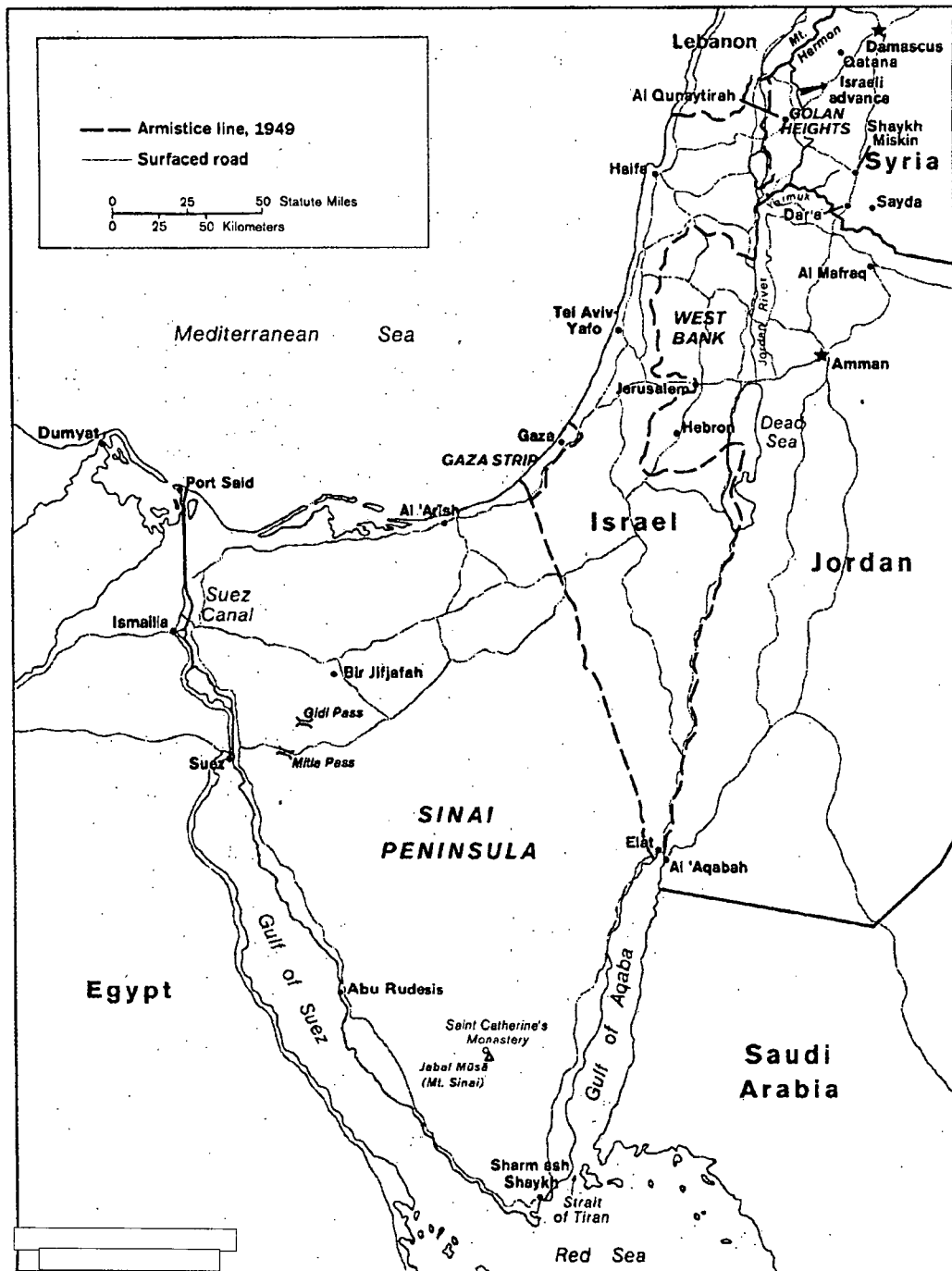
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After a week's fighting, Israeli losses are estimated at 100-105 aircraft, 650-700 tanks, as many as 4 ships, and 2,700-3,200 men. Arab losses are estimated at 210-220 aircraft, 950-1,000 tanks, 20-25 ships, and 12,600-15,600 men. Supply problems appear most acute for the Israelis; pilots yesterday were instructed to conserve both fuel and ordnance.

The movement to Syria of a Jordanian brigade that was scheduled for tonight reportedly has been postponed until Sunday night, when it is to take up a position between Dar'a and Shaykh Miskin. However, there may be further delays because of opposition to the move from high-level government figures. These critics fear that the brigade may be chewed up before it ever arrives, and question why Jordan's force should move before those of such other conservative Arab states as Saudi Arabia. For his part, King Husayn reportedly still intends to commit the Jordanian unit.

Fatah, the largest fedayeen organization, may be preparing to strike at American oil interests in the Middle East.

the attacks will come if the US supplies Israel with aircraft or involves the Sixth Fleet in the current hostilities. In other fedayeen actions, the Palestine Liberation Organization last night accused Jordan of "actual coordination" with Israel, and called on soldiers of the Jordanian Army to fight Israel even if it meant the downfall of King Husayn. The fedayeen themselves continue to carry out minor operations against Israel. As of 11 October, all of Fatah's principal military commanders were in southern Lebanon, and the Fatah command had infiltrated 55 commandos across the border into Israel. The Soviet Ambassador to Lebanon, has counseled Fatah chief Yasir Arafat and Popular Front for the

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(Liberation of Palestine head Habbash that they should avoid provocative acts for the present, but be prepared to enter the fray immediately if Lebanon becomes embroiled in the fighting with Israel.

Muhammad Haykal, chief editor of the authoritative Egyptian newspaper Al Ahram, has joined in the call for using oil as a weapon to bring pressure against the US. Reacting to news reports that senior US officials were about to make decisions to help Israel militarily, Haykal warned in an Al Ahram article that Arab oil producers have the power to "deny the US access to its interests in the Middle East." Reports from both Cairo and Kuwait indicate that anti-American feeling is growing among the general population largely in response to quasi-official media attacks on the US.

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USSR - US - MIDDLE EAST: The Soviets are using discussions with US officials to create the impression that the Arab-Israeli war should not be allowed to interfere with the "larger picture" of Soviet-US detente.

The Soviet [REDACTED] for example, [REDACTED] that it was important for the two superpowers to remain friends and not permit the Arab-Israeli war to alter the relationship developed over the past year. Soviet [REDACTED] took a similar line with their US counterparts the same day, indicating that the Soviets have used a circular diplomatic message to instruct their representatives along these lines. The Soviet [REDACTED] said that both sides would be obliged to resupply their allies with war materiel, but that this should not affect relations between the US and USSR. The Soviets are also querying US officials on the possible nature of the US effort in behalf of Israel, including the possible introduction of US military personnel and the resupply of F-4 Phantom fighter aircraft.

A carefully worded TASS statement of 12 October that protested Israeli attacks on the Soviet Cultural Center in Damascus and a Soviet merchant vessel in a Syrian port testifies to Moscow's concern over possible sources of pressure on the USSR to increase its own involvement. The statement noted that the "Soviet people" (not the Soviet Government) strongly condemned Israeli bombing of civilian targets; a TASS statement is of course less authoritative than a governmental one. TASS warned, however, that the USSR cannot regard Israeli actions "indifferently" and that Israel's continued failure to observe international law "will lead to grave consequences."

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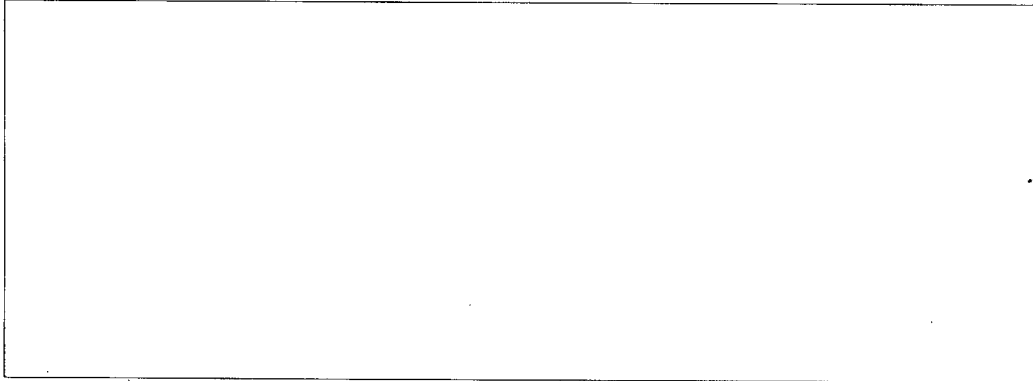
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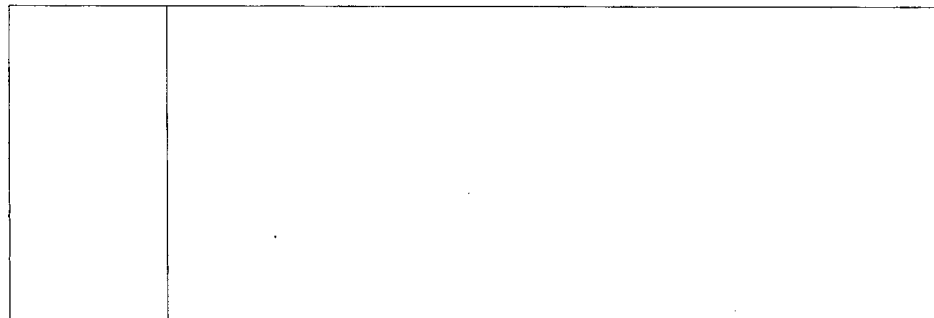
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USSR - MIDDLE EAST: Soviet airborne divisions have gone into an increased state of readiness, probably because of the Middle East conflict.



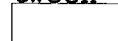
The Soviets also placed at least one airborne division on alert during the 1967 Arab-Israeli conflict.



The fall exercise activity in Eastern Europe has proceeded on schedule, and Grechko is in Warsaw to celebrate the 30th Anniversary of the Polish Army.



Some unusual movements of transport aircraft have occurred and certain transport units appear to be in an increased alert status, but this probably is a result of the resupply activity under way between the USSR and the Middle East. [REDACTED]



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Arab-Israeli Hostilities: Two Scenarios

The Arab-Israeli war is approaching a decisive turning point. Because of the lack of detailed information concerning several critical variables, it is impossible to predict with great confidence how events on the battlefield will develop. We have, however, in this paper constructed what seem to be the most likely alternative scenarios and their implications.

Scenario I: Israeli RetributionIntroduction

When the fighting began on Saturday, the Israeli reserves were not mobilized. Only blocking forces were deployed in the areas where the Syrians and the Egyptians attacked. Israel's strategy was to hold on until their mobilized strength could be pressed against the Arabs. This strategy appears to be working. The small number of Israeli troops initially deployed on the Golan Heights held long enough for the mobilized force to get into position and the tide of battle has turned in Israel's favor. Along the Suez Canal, the Bar Lev defense line has done the job of tripping the Egyptian offensive. The attacking Egyptian forces have not driven deep into the Sinai.

The Israeli strategy at this point appears to be to destroy the Syrian military forces while simply containing the large Egyptian force that has crossed over to the east bank of the Suez Canal. Once the job on the Syrian front is completed--probably within a few days--the Israelis will most likely attempt to launch a major offensive against the Egyptians.

Assessment at Mid-Week

On the Golan Heights, the Syrians have fought better than anticipated. To stop the drive, the Israelis relied primarily on their air power, but this has proved to be costly in aircraft losses. Time was bought, however, and sufficient armor

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strength is now in the area for the Israelis to press the counterattack across the 1967 cease-fire line and on to Damascus. The highest Israeli priority will be the destruction of the Syrian forces rather than additional territorial gains.

In the Sinai, the overall level of action has been less intense. The Egyptians moved quickly and easily across the Canal and were able to rapidly establish several bridgeheads. The Israeli forces along the Canal itself at the time numbered only a few thousand men, equipped with about two hundred tanks. These outnumbered units fought a delaying action before being forced to abandon virtually all the Bar Lev Line outposts on the east bank of the canal.

Israel's main force in Sinai has not yet been committed, however. It now appears that the Israelis are holding back until the reserves from Israel can link up. When all is in place, the Israelis will strike back with a counterattack intended to destroy the Egyptians forces now in Sinai.

Israel's Capability to Do It

The major determining factor in the overall strategy is whether Israel still has the strength to launch major counterattacks. Because the Arabs have fought well, Israel's losses have been higher than anticipated. Measured against the size of the total force, however, it still appears that the Israelis have sufficient numbers of aircraft, tanks, and men to achieve their objective--to roll back the attackers to the 1967 line and destroy the attacking Syrian and Egyptian forces.

A Jordanian entry into the war would draw off Israel's strength from the Syrian front. The Israelis can probably handle the Jordanian forces without heavy losses, but they would be forced to alter the timetable of their plans on the other more important fronts.

Israel's aircraft losses are probably the most serious element in the equation. About 100 planes have been lost out of Israel's total inventory of some 350 combat aircraft. The Israelis reportedly have now cleared most of the SAM defenses from the Golan Heights; unless the Syrians receive major re-supply of SAM's Israeli aircraft losses probably will be low on the Syrian front.

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On the Egyptian front, the Israelis can expect to lose more planes. Egypt's SAM defenses are still largely in place and only a small part of its air force has been committed. Once the Israelis begin counterattacking in force, however, the total strength of the Egyptian air force should enter the battle. To conserve their aircraft, the Israelis may rely on their armor to destroy the Egyptian forces in Sinai.

In terms of tanks, the Israelis have lost some 600 tanks. Although their loss is about 30 percent of the total tank inventory, the Israelis have more tanks now than they did when the 1967 war broke out. In the absence of a new threat on the Eastern Front, the Israelis have sufficient ground and air combat strength to destroy the Egyptian forces in the Sinai. The Israelis also may decide to cross the Canal to destroy the remaining elements of the Egyptian Army, even at the expense of heavy casualties.

And finally manpower. The Israelis may have suffered losses of more than 1,000 men--already several hundred more than were lost in the Six Day War. This is still a small percentage of Israel's entire mobilized force of some 300,000 men, however. Manpower losses are not likely to be a determining factor in Israeli strategy at this stage of the war. The losses will only fill the Israelis with greater resolve to strike back hard.

Conclusion

In the Israeli mind, this war is the "Day of Judgment War". It has become a no-holds-barred affair, and the Israelis are determined to punish the Arabs. Chief of Staff David Elezar has said that the objective now is to "break their bones."

Given this mental state, the Israelis probably are willing to pay the high cost in men and equipment necessary to demonstrate the consequences of attacking Israel. This war is becoming increasingly bloody, and from Israel's point of view, cannot continue over a long period of time.

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~~SECRET~~Scenario II: StalemateIntroduction

Each day that goes by without significant Israeli success in defeating or dislodging the Egyptian forces from the east bank of the Suez Canal strengthens the Arab resolve and increases the possibility of additional Arab forces joining the war. The prospects that the Egyptians will be able to continue to hold their positions on the Suez Canal over the next week are fair to good, and, as time elapses, the Egyptians probably will become stronger and extend their positions even deeper into Israeli-held territory. The factors favoring the Egyptians are:

- the momentum derived from the success thus far of attacking the Israelis without instant defeat and disastrous losses;
- the sheer weight of numerical advantage in equipment and manpower;
- the climate of international opinion, especially African and Western European;
- a much improved air defense system that has denied the Israelis the kind of complete air superiority they had in 1967;
- a better logistic situation than that of the Israelis;
- the prospects of the support of other Arab countries in terms of men, equipment, and supplies;
- the option of using oil for political leverage.

Momentum

It has taken the Israelis five days of very heavy fighting to dislodge the Syrians from the Golan Heights and they have thus far been unable to turn back the Egyptians forces occupying the east bank of the Canal. Both the Arabs and Israelis have sustained heavy losses, but the impact of these losses appears to be greater on Israel than on the Arabs because the Israeli manpower and equipment base is much smaller. The Israelis appear to have lost about 30 percent

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of their tanks and nearly 25 percent of their aircraft. Other Arab countries, however, have significant quantities of both that can be made available to Egypt and Syria.

Although the Syrians have been dislodged from the Golan Heights, the fighting in that area has required the commitment of large quantities of Israeli resources. The Israelis, however, will probably have to maintain large parts of their ground forces in this area in the event the Syrians, either by themselves or with reinforcements from other Arabs, launch a counterattack. The fact that the Syrians have successfully tied up a substantial portion of the Israeli forces for about five days has not only given the Arabs a crucial boost in morale, but has facilitated the Egyptian operation to place and maintain troops into the Sinai.

On the Suez Canal front, the Israelis claim the Egyptians have put some 40,000 troops and 700-800 tanks across the canal into the Sinai. The Israelis have put some of the tanks out of operation but they have not been successful in knocking out the bridges across the canal. They concede that the Egyptians continue to reinforce their bridgeheads.

Numbers

Egypt and Syria together have greater quantities of military equipment than Israel. When war broke out, Egypt and Syria had a 2:1 edge in tank inventory and a 2.5:1 edge in aircraft inventory over the Israelis. After nearly a week of fighting, both sides have sustained heavy losses, but the ratio of inventories has shifted slightly in favor of the Egyptians and Syrians. Those Arab countries now hold a 2.15:1 edge in tanks and 1.65:1 edge in aircraft. Other Arab countries that are not now directly involved in the fighting have significant quantities of equipment that can be made available to Egypt and Syria.

The implication of this kind of Arab superiority in equipment is that the Arabs can afford heavier losses than the Israelis. In fact, Arab losses have been only slightly higher than those of the Israelis--certainly in a much smaller ratio than the equipment holdings at the beginning of the war. If the two sides were to continue to suffer losses at the present rate for a period of a few weeks, the attrition would be far more serious for the Israelis than the Arabs.

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The Egyptians and Syrians have greatly improved their air defense networks. Large quantities of sophisticated SAM equipment have been sent to and deployed in both countries. Although the Israelis may ultimately be able to neutralize these systems, the Israeli loss of aircraft will be high.

Pilot and equipment fatigue is another important factor. The Israelis have been logging long hours in the air while the Arabs and especially the Egyptians have committed relatively few of their aircraft to the battle.

Logistics

Although the evidence is not firm, there are indications that the Arabs are in a better supply position for ammunition and petroleum than Israel. The Israelis reportedly are seeking additional supplies of 105 mm and 155 mm ammunition. Conversely, the Egyptians are expending ammunition and missiles at a rate that suggests to the Israelis that there is no shortage. Furthermore, at least 33 Soviet military-related AN-12s have flown to Syria in the past several days and five AN-22s have gone to Egypt, all probably with military supplies. Additional AN-12s are scheduled to fly to Egypt.

Support by Other Arab Countries

As the fighting rages, other Arab countries are showing signs of supporting the Egyptians and Syrians. Although the individual contributions may not be large, cumulatively they could be significant. If the present combatants are able to continue the battle and are not defeated by the Israelis, the other Arabs could become infected with the smell of victory and join in.

The Libyans still have about 60 Mirage aircraft in their inventory, and there is evidence that a few of these have been made available to Egypt. The Moroccans have announced that they will send another 2,500 or so troops to the fighting. Baghdad has indicated that it will provide SU-7s and MIG-21s to the Syrian front and perhaps as many as 16,000 Iraqi troops and 100 tanks are on their way to Syria. Algeria has sent air units to Egypt. Saudi Arabia reportedly intends to send a combat brigade to Syria and may provide some aircraft. Tunisia, Sudan, and Kuwait reportedly have provided small elements to the fighting, or may do so.

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If support comes to Egypt and Syria from virtually all of the Arab countries, it is going to be difficult for King Husayn to remain on the sidelines. This is especially true if the Arabs continue to be able to prevent a total defeat by the Israelis. A decision by Husayn to enter the fighting on the side of the Arabs would place a good deal of pressure on the Israelis.

Conclusion

The Arabs are approaching the point where, if they are willing to pay the price, they might be able to wear down the Israelis to the extent that the Israelis would be willing to settle for a cease-fire roughly along the present lines of battle. This would be tantamount to a victory in Arab terms since it would shatter the myth of Israeli invincibility. Moreover, while the Arabs may hope to ultimately regain Palestine, even a few kilometers of Sinai could be regarded as positive movement in that direction.

For the Israelis a stalemate along the present lines of battle would be tantamount psychologically to a military defeat.

Implications for Third Parties

The interests of outside parties will be affected to varying degrees by the current hostilities. The US and the USSR, with the deepest involvement in the Middle East, are both the most vulnerable and have the most at stake. In general, US interests in the Middle East will suffer, at least in the short run, and they could be seriously damaged in the Arab states. The Soviets stand to lose the influence they have built up in the area if they appear to be absent in a time of dire Arab need. The West Europeans prefer to remain uninvolved, but they are highly dependent on Arab oil and in the final analysis are prepared to do what appears necessary to protect their oil supply. Japan's low profile, aimed at preserving good relations with oil producing states, will keep it largely unaffected unless the Arabs impose a general oil embargo.

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Two important general implications should be noted:

-- Time is a critical element. The longer the fighting continues the greater will be the pressures on the US and USSR to intervene and for other Arab states, like Jordan, to become involved in the fighting. There will also be an increasing tendency to look for scapegoats and foreign interests to lash out at. Also, the more destructive the war, the more difficult will be the post-war peace settlement effort.

-- To the extent that the superpowers become involved in major military supply to the combatants, the chances of a US-USSR confrontation will increase, as will the Arab threats to embargo oil shipments and other anti-US actions. At the same time, because of their identification with different sides of the conflict, the US and USSR both have a need to demonstrate a willingness to fulfill commitments if they wish to be taken seriously in the future.

Implications of Scenario I: Israeli Retribution

If the Israelis are able to destroy the Syrian army within the next few days and then demolish the Egyptian armed forces now in Sinai, US problems in the Arab world will increase. Anti-US reaction will be greatly magnified if there is coincidence between US resupply of Israel and a decisive turn in the tide of battle against the Arab forces. The Arab states would, in these circumstances, see the US as a major instrument in causing the Arab forces to lose the fruits of the one victory they have won over Israel--a victory which involved the retaking of previously captured Arab territory. The objective circumstances of an Arab defeat would matter little.

More specifically, the following would probably occur:

-- Oil producing states would attempt to embargo oil shipments to the US or at least reduce total oil output by an amount equal to that normally shipped to the US. This would greatly increase competition among oil consuming states for available oil, since there is little spare producing capacity in the world. However, an effective embargo of oil to one country is very difficult to enforce, and the Arab oil producing states would be

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hesitant to harm Western Europe and Japan, even to get at the US, as long as Europe and Japan stay neutral in the current conflict. The greater the magnitude of the Israeli military success, the more likely it would be that oil producing states would reduce shipments to Western Europe. In this case the Europeans would have less refined products to export to the US which would have an immediate impact on our current supply problem. Even the threat of oil embargo would cause a number of European governments to deny US overflights for military resupply to Israel.

-- The chances of the US developing a cooperative long-range relationship with Saudi Arabia and other Arab oil states in the Gulf (whose output will be needed to supply 5 million bpd of projected oil imports by the late 1970s) would be put in serious jeopardy.

-- Pressure would mount on the USSR to come more directly to the aid of the Syrians and Egyptians. (In 1967, the USSR issued a vigorous warning to desist when it seemed as if the Israelis might be prepared to drive into Damascus.) If the Soviets backed away from the Arabs in their time of need, they would in effect be writing off an area of the world to which they have consistently given very high priority.

Implications of Scenario II: Stalemate

An outcome of the war in which Egyptian forces held some territory on the East bank of the Suez Canal and the fighting ended without significant new Israeli territorial gains on the Syrian front could be less damaging in terms of Arab attitudes toward the US than an Israeli victory that crushed the Egyptian and Syrian military forces. But this would only be the case if the Israelis decided on such a cease-fire soon rather than as a result of being repulsed in an attempt to take on the Egyptians in Sinai after destruction of the Syrian forces.

More specifically:

-- The Israeli strategic military situation would be relatively unchanged. They would still, for instance, retain unilateral control over most of the Sinai buffer, including the critical passes. The vulnerable Israeli flanks to the north (Syria and Lebanon) and east (Jordan) would still be protected by the results of the 1967 war.

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-- The Soviets would be off the spot with their Arab friends, at least enough to avoid further direct intervention other than the emergency resupply of expendibles. The Soviet position in the Arab world would also emerge from the war relatively unimpaired.

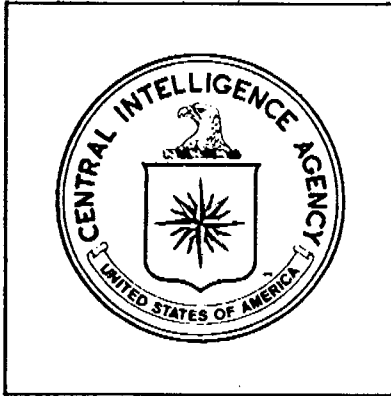
-- The threat of an Arab oil embargo would be significantly reduced.

-- A possibility might exist for starting a new effort to promote a final settlement of the Arab-Israeli conflict. The Israelis might finally come to realize that over the long run the odds against their survival increase unless they are able to reconcile their differences with the Arabs. The Arabs, having regained a measure of pride and confidence, might begin to also think seriously about going to the negotiating table. In any event the Arabs would not harbor the same bitter taste of complete defeat that they have felt since 1967 and which led them into the present fighting.

Over even the slightly long run it becomes very difficult, if not impossible, to estimate the post-war situation in the Middle East. A catalytic event like a major war can result in very important changes in the political environment that present new opportunities for both the forces of peace and instability. But most of how the war ends and the role of the super powers in ending or extending will determine the future.

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THE ARAB OIL CUTBACK AND HIGHER PRICES:
IMPLICATIONS AND REACTIONS

Secret

19 October 1973

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A. The Oil Weapon and Its Effects

On 17 October the Organization of Arab Petroleum Exporting Countries (OAPEC) decided to cut oil production.

- Production will be reduced by not less than 5% a month until an Israeli withdrawal from occupied territories is completed and the "legal rights" of the Palestinians are restored;
- The Arab countries also promised to maintain oil deliveries to "friendly" countries that give Arabs "effective material help"; and
- Threatened a total embargo of countries that used their armed forces to aid Israel.

Many parts of the statement were left deliberately vague in order to allow each Arab country a degree of freedom to act according to its own best interests. This ambiguity - similar to that of OPEC decisions in the past - is intended to give the OAPEC agreement greater durability by giving each country greater flexibility. All of the states are obliged to cut production by 5% a month, but the way is open for some to make larger cuts. The Arabs did not define those "friendly" countries that will continue to receive normal imports from the Arab World. They probably will cut back shipments to neutral states such as the United Kingdom and Japan and may cut back shipments to such states as France and Italy that are "tilting" their neutrality toward the Arabs. In any event, the final interpretation of the definition is left to the individual producing country.

At least in the first months, the Arab monthly production cutback will probably be between 5% and 10%, but closer to the 5% rate. Saudi Arabia has reportedly already cut current production by 10%. Some other countries - such as Iraq, which is unable to export most of its production because of the closure of eastern Mediterranean ports - may make a virtue of necessity and make very large initial cuts. An all-Arab cutback of between 5% and 10% would represent a loss of between one million and two million barrels per day (b/d).

Several countries, including Libya, Abu Dhabi, Kuwait, and Saudi Arabia, have either announced or threatened a total embargo against the United States. However, the United States receives only about 1.6 million b/d of Arab oil (including products refined in Europe and the

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Caribbean). Thus, even if the embargo were effective, the effect on the United States would be relatively small, and, after the first month, the brunt of the cutback would fall on Europe and Japan. Moreover, the US companies that produce most Middle East oil might be able to shift supplies among themselves to avoid the embargo. The companies would, of course, hesitate to do this for fear of jeopardizing their relations with the producing countries as well as with Western Europe and Japan.

It seems inevitable that Western Europe and Japan will bear the brunt of the progressive cutbacks. Western Europe is dependent on Arab oil for 70% of its consumption, and Japan depends on the Arabs for 40% of its supply. The producer states recognize that it is "unjust" to punish Europe and Japan more severely than the United States, but see no other alternative. The Saudis have informed representatives of the major West European nations that they will be expected to pressure the United States. They have also suggested to the Japanese that they make a statement before the UN General Assembly to the effect that Japan desires an early settlement to the war and that it supports the Arab position.

From the point of view of United States vulnerability, it is perhaps fortunate that this particular crisis occurred now rather than a few years hence. It had been predicted that we would be importing nearly 5 million barrels per day of Arab oil or 21%-22% of our consumption by 1980. With this level of exports an Arab cutoff would severely affect our economy. Even now there are domestic as well as foreign pressures for policy changes as a result of the current cutoff. In any event, the rapid increase in the price of imported oil should dampen our consumption and make other domestic energy sources more attractive, for example oil from Colorado shales and coal gasification.

Although the West European countries are attempting to form a common position regarding the oil cutback, division tendencies may prove too strong. Joint contingency plans exist, but, because of the different countries' different views of their own advantage, the plans may not be used effectively. Individual countries also have developed plans for dealing with a crisis on a national basis. Some reportedly are updating rationing systems worked out during earlier crises and have stocks of rationing books ready for distribution. At the same time, a few European countries, notably France, still entertain hopes that the Arab oil production cutback will not apply to them.

The immediate impact from war damage and production cutbacks will vary considerably among EC members. The shutdown of three eastern Mediterranean pipelines already has dropped Italy's oil imports by some

24% and France's by 14%, while affecting other members' imports only moderately or not at all. Because of the large difference in shipping distances, those nations such as West Germany that depend most heavily on North African oil will feel the pinch of a production cutback much sooner than those such as the Benelux countries that depend on Persian Gulf supplies (see the table). Italy already has imposed an embargo on refined oil exports outside the EC -- a move detrimental to US supplies that may be emulated by other Community members if the supply situation worsens.

Over the next few months, the impact of reduced oil imports will be partly mitigated by reserve stocks maintained by the EC nations. All have about a two-month supply on hand, and France reportedly has a 90-day reserve. Arab oil, however, accounts for between 63% and 78% of EC members' oil imports and a similar share of their total consumption. As a result, a 5%-10% cumulative monthly reduction in production by the Arab states, together with already interrupted pipeline deliveries, would soon force EC nations to draw heavily on reserve stocks. If current consumption levels were maintained, these reserves might be depleted within six months, and total available supplies could be reduced to one-half of normal. Conservation measures could delay the depletion of reserves by at most another few months.

EC Nations' Dependence on Arab Oil, by Source, 1972

	Percent of Total Imports			
	Persian Gulf by Pipelines (Now Inoperative)	North African by Tanker (7-day Delivery)	Persian Gulf by Tanker (35-day Delivery)	Total Arab Crude
Italy	24	19	26	69
France	14	18	46	78
United Kingdom	5	15	48	68
West Germany	4	39	29	72
Benelux	6	4	53	63
Denmark	...	1	66	67

The Effects of a 5% Cutback Over Time

The following 5 graphs show the cumulative effects of a five percent all-Arab production cutback on the United States, Western Europe, and Japan under different conditions.

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Clearly such a production cutback, if it persisted for a number of months, would require some belt tightening. But, the analysis shows that by moderate belt tightening and drawing down existing stocks of petroleum, we can avoid a serious crisis this winter. This posture is illustrated best by Figure 5, which shows that a 5% reduction in consumption in the United States and a 10% reduction in consumption in Western Europe and Japan, together with stock drawdowns and a 300,000 barrel per day combined, surge in the United States and Venezuelan production, even Western Europe and Japan would not face a real crisis for some time.

This does not mean that there would not be dislocations and regional problems in the United States as well as in Western Europe. For example, heating oil problems in the United States east coast would worsen somewhat.

Moreover, the United States would come under considerable pressure to share to some extent with Western Europe and Japan if they should come to believe that their supplies were to be cut back for several months. In this event our own belt tightening might have to be greater than the 5% shown in the illustration.

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Figure 1

Time Paths of Consumption, Under No Sharing,
No Stock Withdrawals, No Rationing, and a Five
Percent per Month Cutback in OAPC Exports

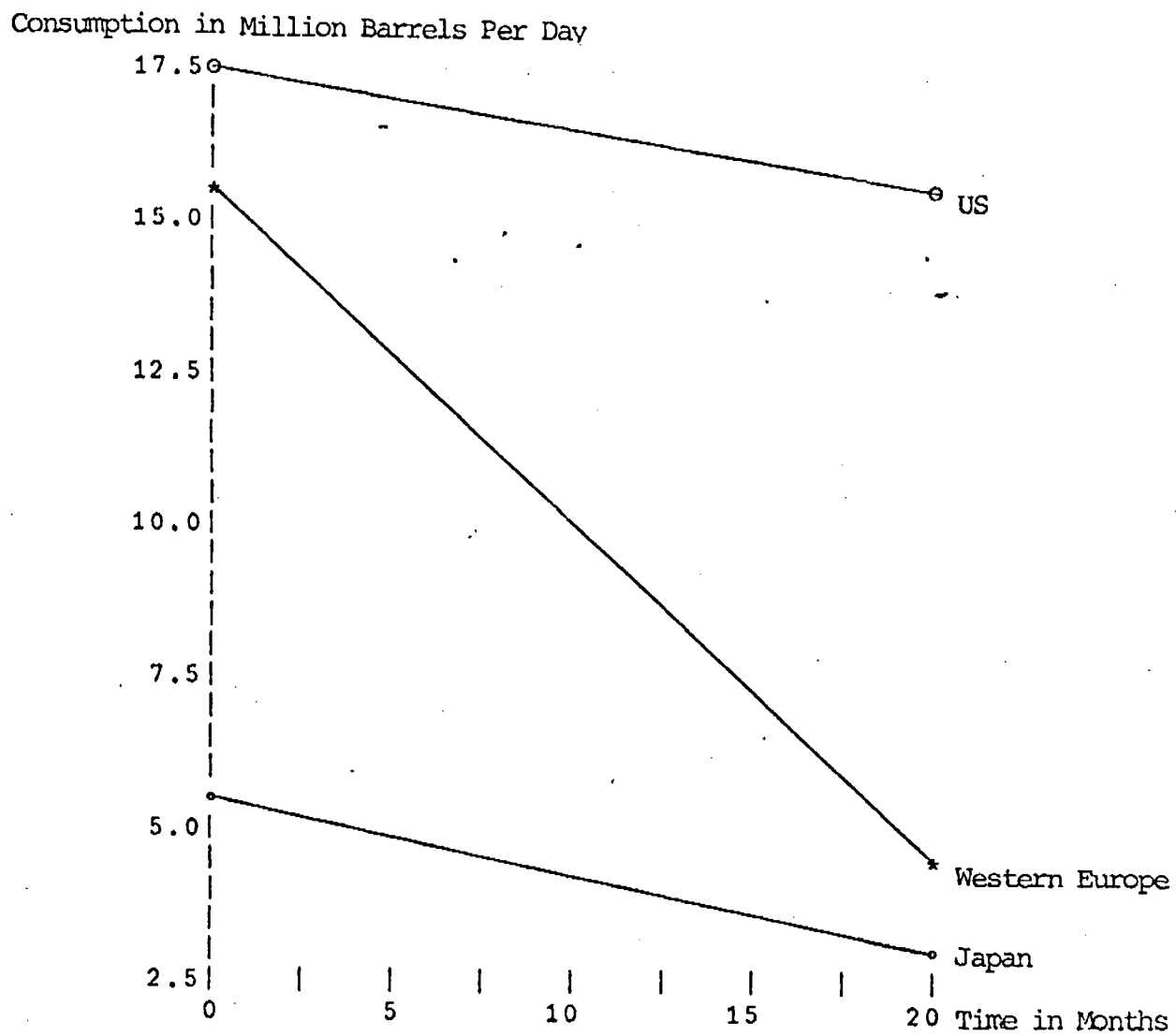


Figure 2

Time Paths of Consumption, Under Consumption
Sharing, No Stock Withdrawals, No Rationing, and a
Five Percent per Month Cutback in OAPEC Exports

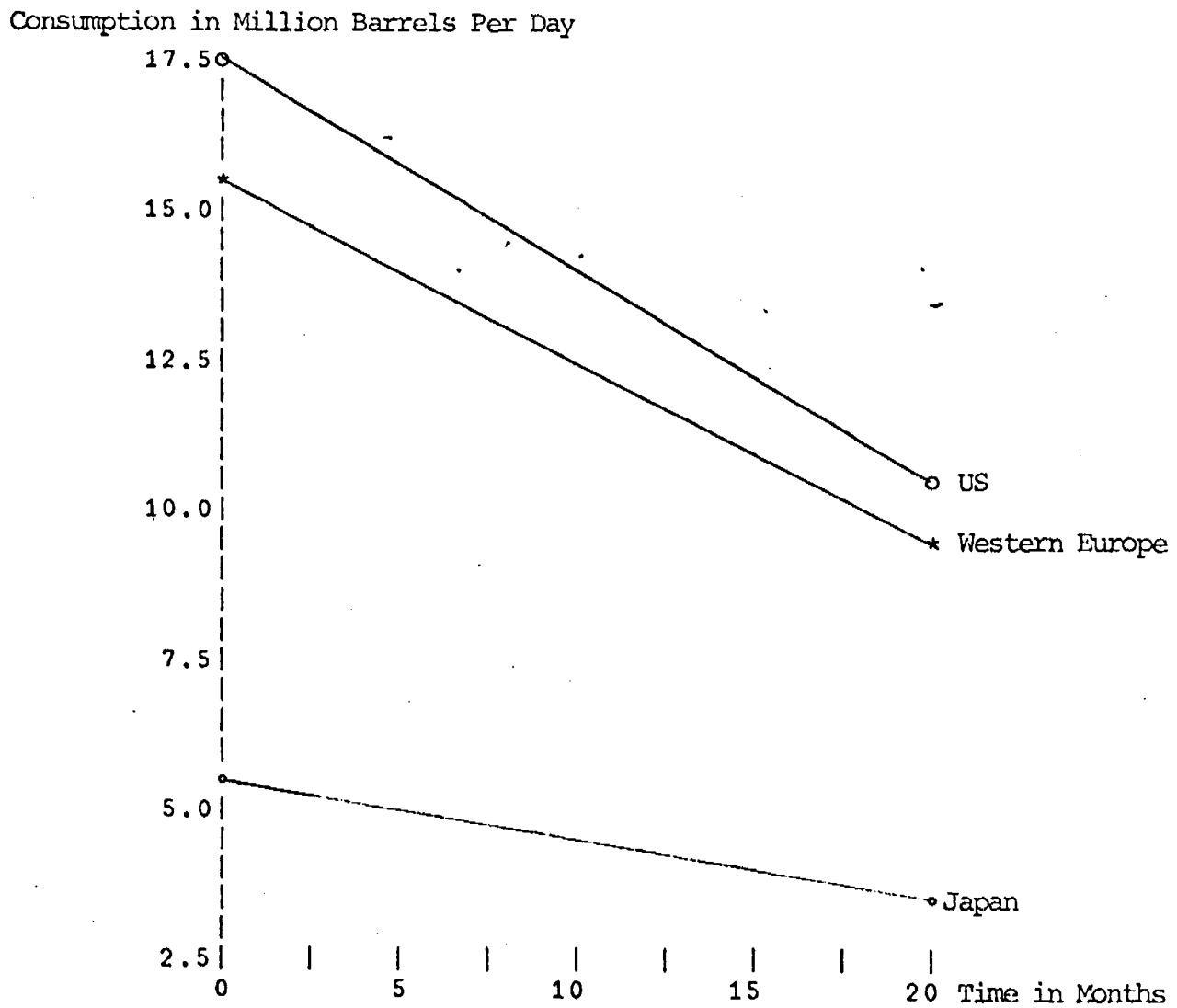


Figure 3

Time Paths of Consumption, Under Import Sharing,
No Stock Withdrawals, No Rationing, and a Five
Percent Cutback per Month in OAPEC Exports

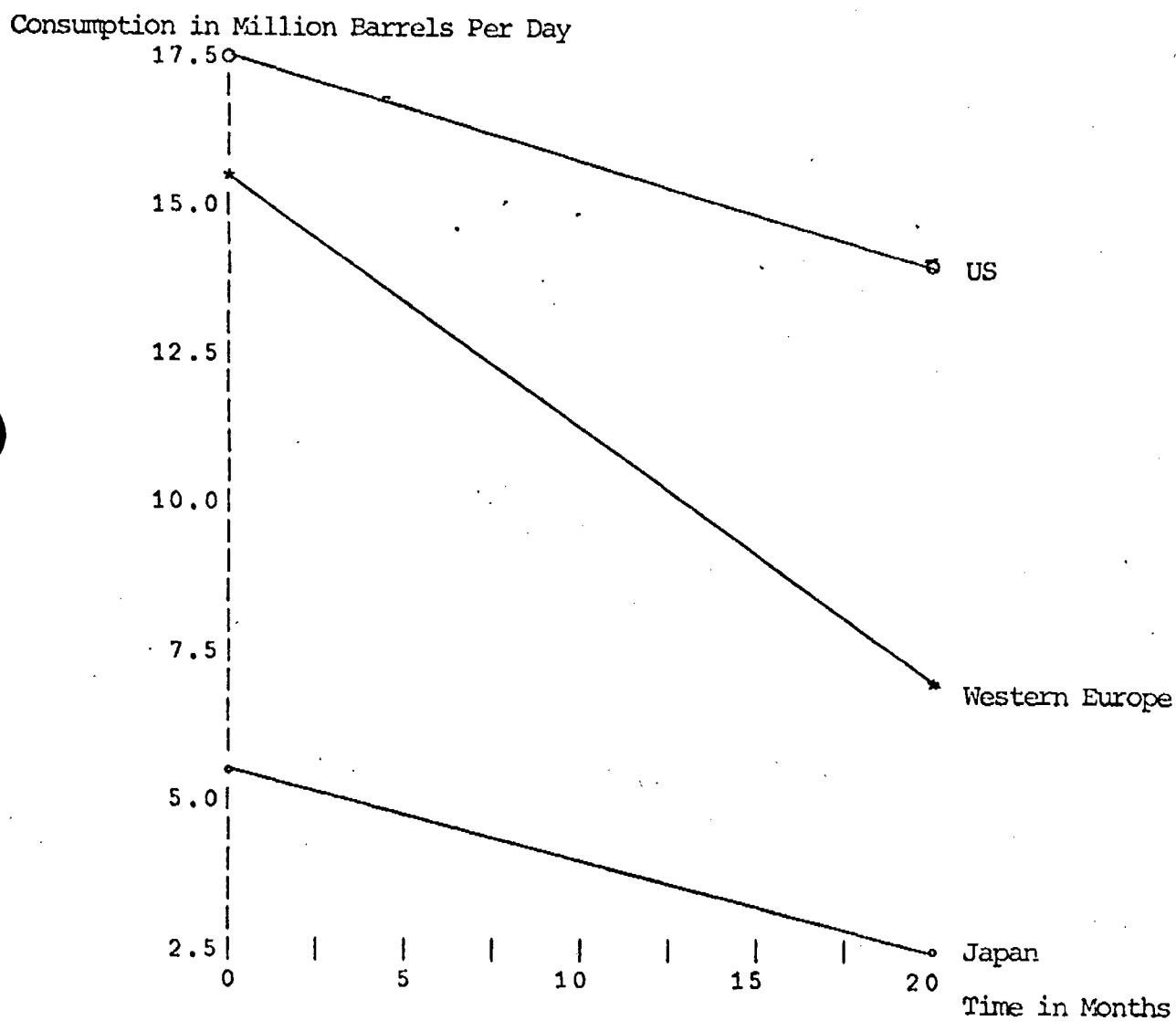


Figure 4

Time Paths of Consumption, Under No Sharing, Stock Withdrawals to Cover Import Losses Until Stocks are Depleted, No Rationing, and a Five Percent per Month Cutback in OAPC Exports

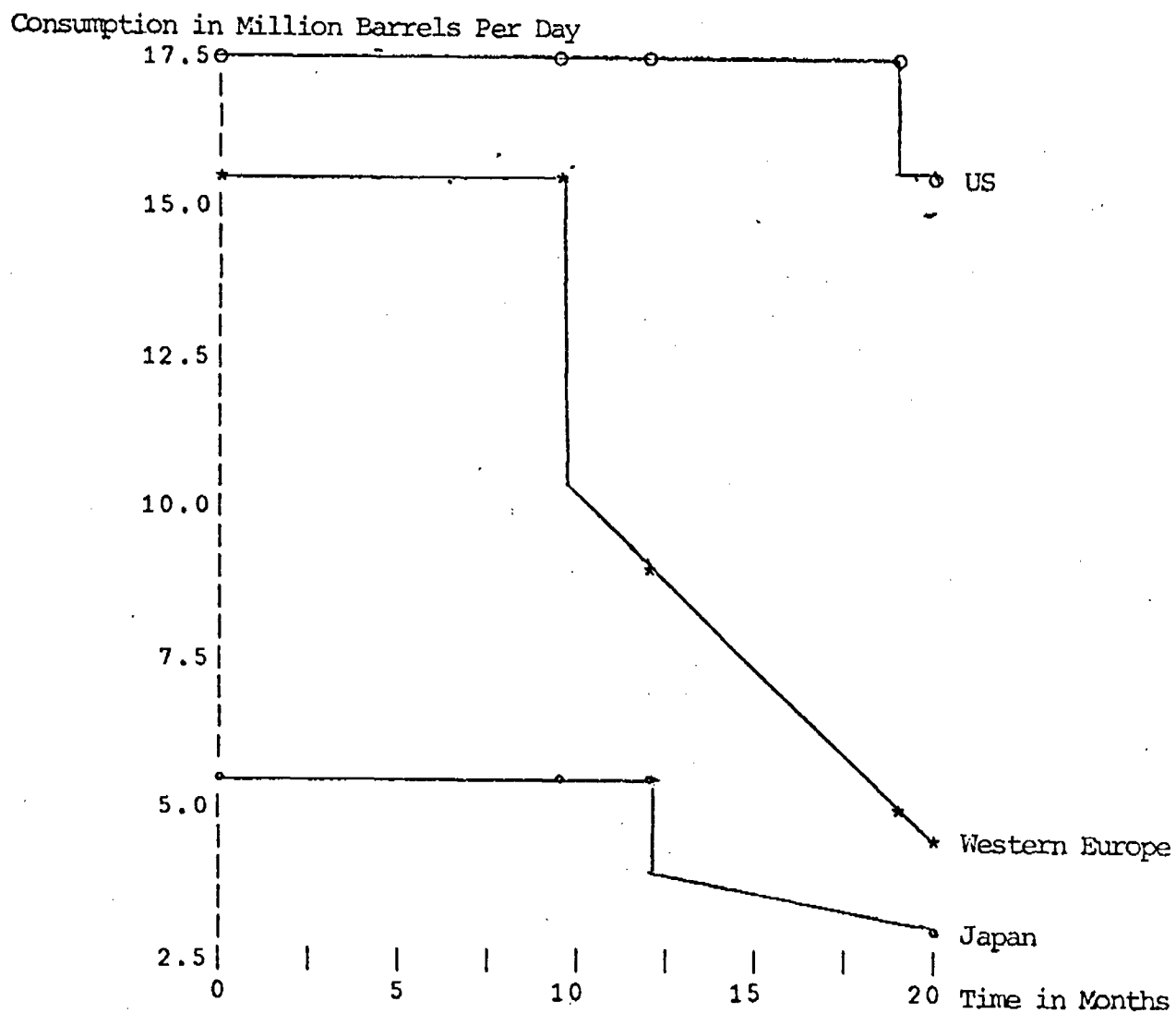
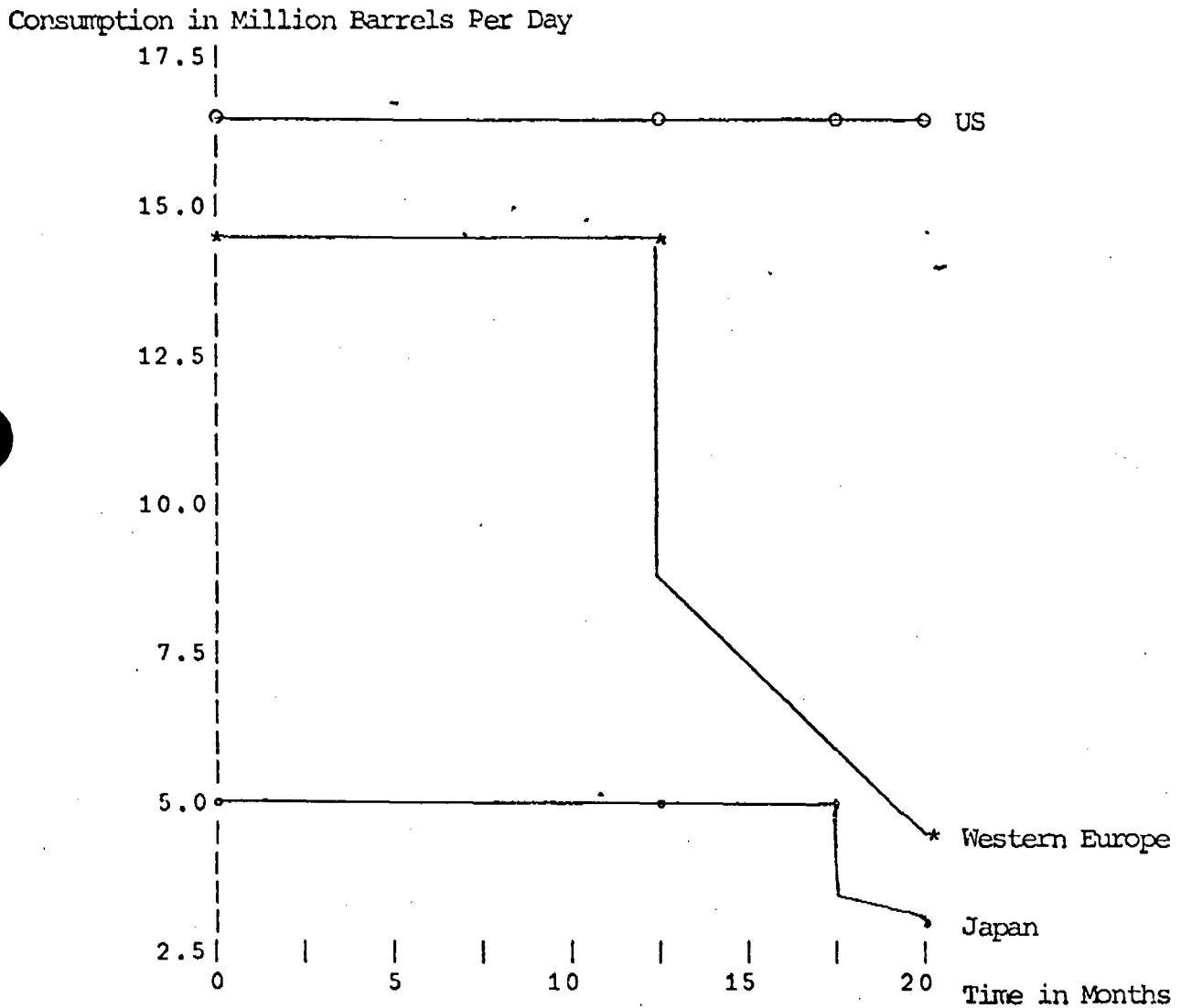


Figure 5

Time Paths of Consumption, Under No Sharing, Stock Withdrawals to Cover Import Losses Until Stocks are Depleted, 300,000 Barrels Per Day Surge in US Production, Five Percent Reduction in US Consumption, Ten Percent Reduction in European and Japanese Consumption, and a Five Percent per Month Cutback in OAPEC Exports



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B. The Impact of Increased Oil Prices

The increase in oil prices will be felt primarily in the United States, Japan, and Western Europe. The oil import bills of the United States and Japan will each increase by about \$3 billion, while the additional cost to Western Europe will approach \$8 billion. This assumes that deliveries from the Gulf will continue as scheduled prior to the announcement of production limitations.

- The oil price rise will turn an expected \$1 billion or so 1974 US trade surplus into a roughly \$2 billion deficit
- The Canadian trade balance will be virtually unaffected because Canadian oil imports are roughly equal to exports
- Japan, which imports about 43% of its oil from the Arab countries, will have a 1974 surplus of about \$3 billion, compared with a previous estimate of \$6 billion.
- The West Germans will pay an additional cost of about \$1.8 billion -- the highest in Europe -- but they will feel the least hardship because their 1974 trade surplus will be on the order of \$8 billion.
- Petroleum imports will push the UK trade deficit from about \$3.5 billion to almost \$5 billion.
- The OPEC action will add \$1.5 billion to the oil import bill of both France and Italy. The price increases will reduce the French surplus to near zero. Italy's small deficit in 1973 was expected to narrow further but should now be in the \$1.5 billion-\$2 billion range.

Some of the impact of higher oil prices in the consuming countries will be offset by greater repatriation of oil company profits and larger exports to the producers, generated by their greater export income. Only part of the worldwide producer revenue increases of \$15 billion will be spent, however. The 1974 oil revenues of Saudi Arabia, Abu Dhabi, Qatar, and Kuwait will approach the amounts recently estimated for 1980. These countries have only limited absorptive capacities.

Although the trade balances of the oil importers will deteriorate sharply, the impact on their domestic economies will probably be slight. Oil imports do not compete with domestic production so there should be no initial offsetting loss in jobs. The consuming countries' non-petroleum trade and production will essentially be the same as before the oil price

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increase. Moreover, the sharp rise in crude oil prices should not significantly increase the price of finished goods.

The use to which the oil producers put their reserves could have an appreciable impact on the international exchange rate system and, through the exchange system, ultimately on the volume of exports and imports. If, for example, the producers decide to hold most of their increased receipts in dollars, the dollar will strengthen in exchange markets. A dollar appreciation means more expensive – and therefore reduced – US exports. In effect, the oil producers will be converting their trade surpluses with other consumers into trade surpluses with the United States; or, in another view, the US trade account with Japan, Canada, and Western Europe will deteriorate by the amount of the increase in their oil import bills.

As the oil producers' reserves increase, their threat to exchange markets will also increase. The Arab oil states already have enough liquid foreign assets – around \$5-\$7 billion – to temporarily disrupt currency markets. Although there is no evidence of any substantial dollar sales during the current crisis, and an attack on the dollar would result in the depreciation of the Arabs' own reserve holding, it is not inconceivable that – if the political and military situation becomes increasingly unacceptable to them – the Arab leadership would move against the dollar. On Thursday, Libya publicly called for concerted Arab dollar sales and withdrawal of deposits from US banks.

C. Foreign Reaction

Western Europe

There is very little the West Europeans can do in the near term to get their oil deliveries back to strength. They will, of course, continue to distance themselves from Washington's present Middle Eastern policy -- in speeches, in UN votes, and in the denial of overflight and refueling rights for US military aircraft. But no European leader expects such behavior to cause Washington to rethink its position or entirely to save Europe from the effects of the oil embargo. Indeed, the West Europeans probably are overly conscious of their impotence to influence the present situation; they are more inclined to "keep their heads low" in the hope of warding off still greater threats to their energy supply.

At the moment, the West Europeans are eager to discuss oil problems with the United States, hoping naturally that the United States will agree to share supplies (and shortages). But if such agreements are not forthcoming from Washington -- and if oil shortages begin to bite severely -- the Europeans would try at least to keep all the oil they can get for themselves by reducing or eliminating their exports of refined oil to the United States. In such a scramble, they would be more likely to act unilaterally than on a joint European-wide basis.

There is some inconsistency between the European desire to minimize association with US political policy in the Middle East crisis and European awareness that some form of cooperation arrangement for coping with oil shortage must necessarily involve US-European conversation. This inconsistency is both real and apparent. The Europeans will try to resolve it insofar as they can, by working for quiet talks within OECD forum on oil matters, while avoiding political initiatives unless and until the time seems ripe for a mediation role that would not alienate the Arabs.

Over the longer run, the present experience will further encourage the West Europeans to decrease their reliance on the major oil companies and to develop instead their own arrangements with oil producing governments. They would focus on offers of government-to-government agreements that would involve European technical assistance in return for supply commitments, and possibly trade preferences for oil producing states. An obvious side effect of such a policy would be lessened European willingness to join in consumer cooperation schemes on terms favorable to the United States or -- depending on US-Arab relations in the postwar world -- be associated with the United States in oil cooperation schemes on any terms at all.

Japan

The Japanese have always sought to avoid taking sides in contentious situations involving Middle East oil. In the last year, the Japanese have refused to join an oil consumers organization, for fear of antagonizing the oil producers in OPEC. There has been an ongoing debate in Japan for some time over the merits of multilateral versus go it alone approaches to assuring oil supplies.

Japan's policy in regard to the present petroleum supply situation rests almost entirely on the hope that the current Middle East crisis can be defused before severe sanctions are enacted by the Arabs. Tokyo is being urged by the Arab states, with Saudi Arabia taking the lead, to issue an official statement supporting the Arab position in the current conflict. The Arabs have avoided accompanying such requests with threats of a serious disruption in the flow of oil to Japan. Nevertheless, the implied threat of economic blackmail has not been lost on the Japanese. The Japanese are extremely reluctant to abandon their neutral position on the Middle East primarily because of the serious impact such a step would have on relations with the United States, in particular with regard to existing plans for bilateral cooperation in the field of energy-petroleum sharing. Foreign Minister Ohira, on 19 October, sought to sidestep an Arab request for direct political support when he told a group of Arab envoys that Japan favors settlement through the United Nations and noted that Japan supported the 1967 Security Council resolution calling for Israeli withdrawal from occupied Arab territory.

Tokyo's political tightrope walk will have difficulty surviving an indefinite prolongation or heightening of Arab pressure. If backed to the wall by credible Arab threats of a cut off of oil, the Japanese will probably give in. As a contingency measure, the Japanese Government is already studying drafts of a statement supporting the Arab position that could be used in such a forum as the UN General Assembly. But Japan would first make a last ditch effort to secure assistance from the United States in the form of diversion of some US oil supplies to Japanese needs.

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ANNEX

Selected Tables

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Thousand Barrels Per Day

	Total Consump- tion	Domestic Produc- tion	Total Imports	Total Arab	Saudi Arabia	Abu Dhabi	Kuwait	Iraq	Libya	Al- geria	Other Arab	Iran	Vene- zuela	Indo- nesia	Canada	Ni- geria	Others
United States	17,300	10,900	6,300	1,600	600	150	150	50	350	150	150	400	2,000	250	1,100	550	400
% of Consump- tion	100	63.0	36.4	9.2	3.5	0.9	0.9	0.3	2	0.9	0.9	2.3	11.6	1.4	6.4	3.2	2.3
Western Europe	15,500	400	16,000 ^{b/}	11,300	4,350	600	1,750	1,300	1,700	750	850	1,900	500	Negl.	0	1,250	1,050
% of Consump- tion	100	2.6	103	72.9	28.1	3.9	11.3	8.4	11.0	4.8	5.5	12.3	3.2	Negl.	0	8.1	6.8
Japan	5,400	Negl.	5,400	2,300	1,250	300	650	50	Negl.	0	50	2,050	Negl.	900	0	Negl.	150
% of Consump- tion	100	Negl.	100	42.6	23.2	5.6	12.0	0.9	Negl.	0	0.9	38.0	Negl.	16.7	0	Negl.	2.8
Canada	1,750	1,850	900	150	50	50	Negl.	Negl.	50	0	Negl.	150	450	0	0	100	50
% of Consump- tion	100	106	51.4	8.6	2.9	2.9	Negl.	Negl.	2.9	0	Negl.	8.6	25.7	0	0	5.7	2.9
Sub-Total	<u>39,250</u>	<u>13,150</u>	<u>28,600</u>	<u>15,300</u>	<u>6,200</u>	<u>1,100</u>	<u>2,550</u>	<u>1,400</u>	<u>2,100</u>	<u>900</u>	<u>1,050</u>	<u>4,500</u>	<u>2,250</u>	<u>1,150</u>	<u>1,100</u>	<u>1,900</u>	<u>1,600</u>
% of Consump- tion	100	32.9	71.6	38.3	15.6	2.8	6.4	3.5	5.3	2.2	2.6	11.3	7.4	2.9	2.8	4.8	4.
Communist Area	9,850	9,300	500	400	Negl.	Negl.	0	200	100	50	50	100	0	0	0	0	0
% of Consump- tion	100	94.4	5.1	4.1	Negl.	Negl.	0	2.0	1.0	0.5	0.5	1.0	0	0	0	0	0
Others	7,200	34,550	4,900	2,850	1,750	50	550	300	0	150	50	1,100	450	100	0	100	30
% of Consump- tion	100	480	68.1	39.6	24.3	0.7	7.6	4.2	0	2.1	0.7	15.3	6.2	1.4	0	1.4	4.
TOTAL	<u>57,000</u>	<u>57,000 c/</u>	<u>34,000</u>	<u>18,600</u>	<u>8,000</u>	<u>1,150</u>	<u>3,100</u>	<u>1,900</u>	<u>2,200</u>	<u>1,100</u>	<u>1,150</u>	<u>5,700</u>	<u>3,400</u>	<u>1,250</u>	<u>1,100</u>	<u>2,000</u>	<u>1,900</u>
% of Consump- tion	100	100	59.6	32.6	14.0	2.0	5.4	3.3	3.9	1.9	2.0	10.0	6.0	2.2	1.9	3.5	3.

a. Table allocates imports on direct and indirect basis, i.e., refined products from export refineries are traced to source of crude. The estimates are yearly average for 1973 and therefore differ from point in time estimates. For example, US dependence on Arab oil has increased through the year and nearly 2 million b/d in October.

b. Western Europe's oil imports exceed consumption because it exports substantial quantities of oil outside Europe.

c. Includes US production of natural gas liquids of 1.7 million b/d.

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Estimated Oil Trade a/, 1973

Thousand Barrels Per Day

	Total Consump- tion	Domestic Produc- tion	Total Imports	Total Arab	Saudi Arabia	Abu Dhabi	Kuwait	Iraq	Libya	Al- geria	Other Arab	Iran	Vene- zuela	Indo- nesia	Canada	Ni- coria	Others
United States	17,300	10,900	6,300	1,600	600	150	150	50	350	150	150	400	2,000	250	1,100	550	400
of Consump- tion	100	63.0	36.4	9.2	3.5	0.9	0.9	0.3	2	0.9	0.9	2.3	11.6	1.4	6.4	3.2	2.3
Western Europe	15,500	400	16,000 ^{b/}	11,300	4,350	600	1,750	1,300	1,700	750	850	1,900	500	Negl.	0	1,250	1,050
of Consump- tion	100	2.6	103	72.9	28.1	3.9	11.3	8.4	11.0	4.8	5.5	12.3	3.2	Negl.	0	8.1	6.8
Japan	5,400	Negl.	5,400	2,300	1,250	300	650	50	Negl.	0	50	2,050	Negl.	900	0	Negl.	150
of Consump- tion	100	Negl.	100	42.6	23.2	5.6	12.0	0.9	Negl.	0	0.9	38.0	Negl.	16.7	0	Negl.	2.8
Canada	1,750	1,850	900	150	50	50	Negl.	Negl.	50	0	Negl.	150	450	0	0	100	50
of Consump- tion	100	106	51.4	8.6	2.9	2.9	Negl.	Negl.	2.9	0	Negl.	8.6	25.7	0	0	5.7	2.9
Sub-Total	39,250	13,150	28,600	15,300	6,250	1,100	2,550	1,400	2,100	900	1,050	4,500	2,250	1,150	1,100	1,900	1,600
of Consump- tion	100	32.9	71.6	38.3	15.6	2.8	6.4	3.5	5.3	2.2	2.6	11.3	7.4	2.9	2.8	4.8	4.1
Communist Area	9,850	9,300	500	400	Negl.	Negl.	0	200	100	50	50	100	0	0	0	0	0
of Consump- tion	100	94.4	5.1	4.1	Negl.	Negl.	0	2.0	1.0	0.5	0.5	1.0	0	0	0	0	0
USSR	7,200	34,550	4,900	2,850	1,750	50	550	300	0	150	50	1,100	450	100	0	100	300
of Consump- tion	100	480	68.1	39.6	24.3	0.7	7.6	4.2	0	2.1	0.7	15.3	6.2	1.4	0	1.4	4.2
TOTAL	57,000	57,000 ^{c/}	34,000	18,600	8,000	1,150	3,100	1,900	2,200	1,300	1,150	5,700	3,400	1,250	1,100	2,000	1,950
1 of Consump- tion	100	100	59.6	32.6	14.0	2.0	5.4	3.3	3.9	1.9	2.0	10.0	6.0	2.2	1.9	3.5	3.4

a. Table allocates imports on direct and indirect basis, i.e., refined products from export refineries are traced to source of crude. The estimates are a yearly average for 1973 and therefore differ from point in time estimates. For example, US dependence on Arab oil has increased through the year and is nearly 2 million b/d in October.

b. Western Europe's oil imports exceed consumption because it exports substantial quantities of oil outside Europe.

c. Includes US production of natural gas liquids of 1.7 million b/d.

CMV/HR
15 Oct 73

Economics of the Persian Gulf OPEC^a/ Price Increase

16 October 1973

			(\$/barrel)
Company Owned Crude Oil (75%)			Percent of Increase
	<u>1 Oct 73</u>	<u>New Demand</u>	
1. Posted Price ^{b/} (Saudi Arabian Light 34 ^o)	3.011	5.11	69.7
2. Royalty (12½% of 1.)	.376	.64	
3. Production Cost	.10	.10	
4. Tax Reference "Profit" 1-(2+3)	2.535	4.37	
5. Tax (55% of 4)	1.394	2.40	
6. Government Revenue (2+5)	1.77	3.04	71.8
7. Cost to Oil Company (3+6)	1.87	3.14	67.9
8. Estimated Oil Company Profit	.35	.35	
9. Estimated Sales Price (fob) (7+8)	2.22	3.49	57.2
10. Estimated Transportation Cost ^{c/} (to US Gulf Coast)	1.48	1.48	
11. US Import Duty	.105	.105	
12. Estimated Sales Price (cif, US Gulf Coast)	3.805	5.075	33.4
Government Owned Crude Oil (25%)			
Oil Company Purchases of Government-Owned (22.5%)	2.30	3.65	58.7
Government Oil Sales to Third Parties (2.5%)	3.12	3.65	17.0

a. The Persian Gulf members of OPEC are: Abu Dhabi, Iran, Iraq, Kuwait, Qatar, and Saudi Arabia. Other members of OPEC are Algeria, Indonesia, Libya, Nigeria, and Venezuela. The members of the Organization of Arab Petroleum Exporting Countries are: Abu Dhabi, Algeria, Bahrain, Iraq, Kuwait, Libya, Egypt, Qatar, Saudi Arabia, and Syria.

b. Posted price and tax reference price are synonymous terms.

c. Calculation based on tanker rates of Worldscale 100 which is a representative average, although spot tanker rates are currently much higher; they account for only a small fraction of the oil being transported.

CIA/OER
18 Oct 73

The shutdown of the three eastern Mediterranean pipelines which mainly serve southern Europe has reduced Europe's oil supplies by about 2 million b/d. Based on very limited information, the following is our best estimate of the destination of crude oil from the closed pipelines:

<u>Destination</u>	<u>Volume (b/d)</u>
Western Europe	1,700,000
Italy	600,000
France	375,000
Benelux	150,000
United Kingdom	100,000
Greece	100,000
West Germany	75,000
Spain	50,000
Portugal	50,000
Turkey	50,000
Austria	50,000
Others and Unidentified Western Europe	100,000
Communist countries	200,000
Romania	50,000
Bulgaria	50,000
USSR	50,000
Other Communist countries	50,000
Other Countries	100,000
TOTAL	2,000,000

CIA/OER
18 Oct 73

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ARAB STATES - ISRAEL: The cease-fire appears to be working on the Syrian front, but fighting continued through most of yesterday on the Egyptian front south of the Great Bitter Lake on both banks of the Suez Canal.

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[redacted] units of the Egyptian Third Army on the east bank of the canal launched a two-pronged, tank-supported attack east toward the Gidi and Mitla passes, and reportedly made some significant gains before being halted by Israeli forces. [redacted]

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[redacted]
There is no clear indication, however, as to what positions the forces involved in the Egyptian thrust now hold.

Other elements of the Third Army reportedly attacked north along the east bank of the Great Bitter Lake in an attempt to link up with the Egyptian Second Army. [redacted]

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[redacted]
Israeli forces yesterday morning captured the Egyptian naval base at Adabiyah, south of Suez city. Fighting continued in and around Suez city yesterday, with the Israelis claiming to have thwarted an attempt by Egyptian forces there to break out. Earlier in the day, Egyptian armored forces on the west bank launched an unsuccessful operation to reopen the road from Cairo to Suez, apparently in an attempt to relieve the Egyptian troops at Suez and open a bridgehead to the Third Army on the east bank. According to an Israeli spokesman, some 28 Egyptian aircraft attacked Israeli positions an hour before the ground attacks. Tel Aviv claims to have shot down 14 of the attackers. By nightfall, fighting had died down to sporadic artillery fire.

Large Egyptian forces apparently remain within the Israeli enclave on the west bank of the canal. [redacted]

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[redacted] Else-
where along the Egyptian front, the cease-fire ap-
pears to be in effect.

Calm generally prevailed along the Syrian front
yesterday, with only sporadic artillery fire re-
ported. [redacted]

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[redacted] The
Israelis have been shelling fedayeen positions in
Lebanon, however, and have warned Beirut that it
will have to bear the consequences of any further
terrorist activity against Israel by the fedayeen
in Lebanon.

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[redacted]

The Jordanians report that 28 of their troops
have been killed and 50 wounded in action so far.
Eighteen Centurion tanks have been totally destroyed;
15 are damaged but reparable. The Jordanians claim
to have captured four Israeli Centurions--two in
excellent condition.

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(continued)

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Central Intelligence Bulletin

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At last night's Security Council session, eight nonaligned states presented a resolution which would create a UN emergency peacekeeping force for the Middle East. Their resolution would also enlarge the existing UN observer force and repeat earlier calls for an immediate cease-fire and withdrawal to positions held at 1750 GMT Monday.

Earlier in the meeting Egypt had requested Soviet and US troops to enforce the cease-fire. The Soviet Union argued that the request was justified by continued Israeli violations of the truce, but the Soviets made no promise to provide supervisory forces. The nonaligned states, which have been resentful of US-Soviet dominance of Security Council actions, then weighed in with their proposal. The council is scheduled to reconvene at 1030 this morning to debate the draft. If approved, it may strengthen the policing of the much-violated cease-fire, which has no enforcement provisions, and is supervised only by UN observers in the area under the 1967 mandate.

All seven UN observation teams presently planned for the Egyptian side of the cease-fire line have been dispatched and are reporting. The situation is confused, however, because most teams are not certain where the opposing front lines are, and three teams on the southern sector have been held up by an armored battle northwest of Suez city. Israel is delaying efforts to establish stations on the east bank; no observer patrols have reached that area.

On the Syrian front, Damascus has pushed hard to have observation teams installed along the Israeli bulge into Syrian territory, and the initial UN plan is to have three posts on each side of the salient. The new posts will be manned from those previously closed and will not require additional personnel.

(continued)

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Central Intelligence Bulletin

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Despite China's harsh description of the UN cease-fire resolution as a ploy to bolster superpower hegemony in the Middle East, the Chinese have not tried to block either cease-fire call, undoubtedly out of deference to Arab wishes. Throughout the fighting the Chinese have kept a low profile, limiting themselves to strong verbal support for the Arabs and pledges of additional economic aid to Egypt. From the beginning the Chinese ruled out donating any but token military assistance. Fully conscious of its limited ability to influence events in the Middle East, Peking has had to be content with positioning itself to profit from any Arab dissatisfaction with the policies of the superpowers, particularly the USSR.

The US Embassy in Beirut has noted indecision on the part of fedayeen spokesmen as to how to reconcile their public rejection of the cease-fire resolution with maintenance of good relations with their Arab supporters who accepted it. Pro-fedayeen press commentators are not directly attacking the cease-fire, but are glorifying those who have rejected it. In calling for a continuation of the "struggle" rather than "war," the fedayeen may now be moderating their position--or at least disguising it--to guarantee continued support from Arab benefactors such as Egypt and Syria.

(continued)

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Approved For Release 2004/07/08 : CIA-RDP79T00975A025500020002-5

Next 2 Page(s) In Document Exempt

Approved For Release 2004/07/08 : CIA-RDP79T00975A025500020002-5

ARAB STATES - ISRAEL: Except for a few scattered exchanges near Suez city, which is still in Egyptian hands, both the Egyptian and Syrian fronts were relatively calm again yesterday.

The Israelis claim to have shot down two Egyptian helicopters over the Gulf of Suez as they attempted to reach the Third Army at dawn; a third helicopter apparently made it through. A UN convoy of 24 trucks passed through Israeli lines and reached besieged Egyptian units in Suez city at about mid-day. The Syrian front was quiet.

Radio Jerusalem announced that Israeli and Egyptian officers would meet again today mainly to discuss an exchange of POWs. The public mood in Israel reportedly has begun to harden on the POW issue. The government has been stung by opposition critics in the Knesset who have accused it of giving in to US pressure to permit relief of the Egyptian Third Army while obtaining nothing in return. Several influential Israeli contacts have told US officials in Tel Aviv that the Israeli Government will not agree to anything else until the US persuades Cairo and Moscow to make some tangible concessions on the POWs. Tel Aviv also wants the alleged Arab blockade of the Straits of Bab el Mandeb at the southern tip of the Gulf of Suez lifted, according to these sources.

Syrian President Asad told his nation yesterday that the cease-fire had taken him by surprise, but that he had agreed to accept it after the Soviets and President Sadat gave him guarantees that Israel would withdraw completely from all occupied Arab territory. Asad acclaimed the cease-fire as a victory for the Arab side, but threatened to renew the fighting if Syria did not obtain its objectives by negotiations.

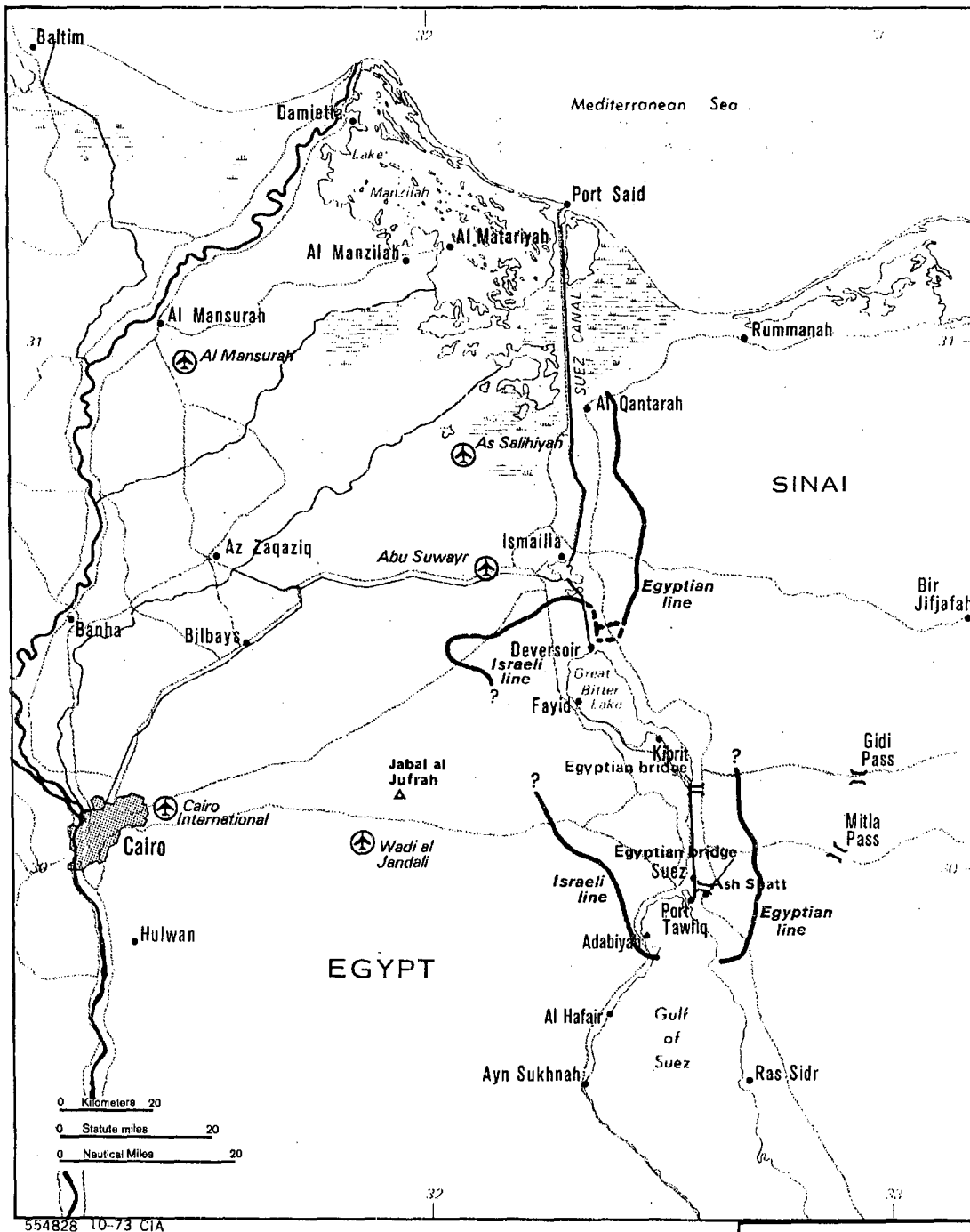
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Suez Canal Zone



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The Syrian President made several oblique references to internal opposition, warning that a split in Syria's ranks would endanger the country's diplomatic and military gains.

At the UN, Secretary General Waldheim is running into difficulties assembling a 7,000-man international force. The 585 peacekeeping troops now in the Middle East have been drawn from the UN force on Cyprus and are being paid out of the Cyprus peacekeeping fund. Numerous states have offered troops, but most of them have been rejected either because they belong to the Warsaw Pact or NATO, or because they do not have diplomatic relations with Israel. Waldheim, therefore, will have to organize a force made up of a patchquilt of small states such as Panama, Finland, and Indonesia, which will be a time-consuming job. One important obstacle to funding the force was overcome last night when the Soviet Union agreed to help pay for the operation as long as it is kept under tight Security Council control.

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ARAB STATES - ISRAEL: General quiet prevailed on the battlefield over the weekend, despite sporadic cease-fire violations and continued preparations by both sides for a possible resumption of hostilities. Arab oil producers underscored their political war with an additional production cutback.

The Syrian front was quiet, probably because of heavy rains there, but occasional minor outbreaks of fighting continued through the weekend along the Suez Canal. The Israelis claim that on 3 November the surrounded Egyptian Third Army tried to construct a small infantry bridge across the canal from the east bank between Suez and Little Bitter Lake. According to the Israelis, the bridging effort was given up following a three-hour artillery, mortar, and small arms duel.

Yesterday, a UN patrol reported fighting near Suez, as 200-300 Egyptian troops pushed out of the city and were engaged by Israeli infantry and tank units. UN observers also reported hearing heavy explosions near Ismailia, and the Israelis complained that the Egyptians had opened fire on their forces near the city.

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Israeli spokesmen warned repeatedly that Egyptian actions could lead to a major breakdown in the cease-fire. Defense Minister Dayan yesterday accused Egyptian forces of mobilizing on the west bank, and Foreign Minister Eban--in an airport statement before departing for a four-day visit to Romania--warned that the cease-fire cannot be considered stable so long as freedom of navigation is not assured through the Strait of Bab al-Mandab.

(continued)

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In a move probably designed to step up political pressure before the Secretary's visit, Arab oil ministers announced a 25-percent production cutback based on September's production figures. Saudi Arabia, with the 10-percent limitation imposed in mid-October and the additional embargoes of shipments to the US and the Netherlands, had already reached the 25-percent level, and the new formulation appears to strengthen King Faysal's leadership role by committing the other producers to match his cutback. The move may be designed to bring countries such as Libya, Algeria, and Iraq, which have not been rigorously enforcing the earlier limitation, into line. If adhered to, it will increase the overall Arab cutback in November by some five percent over that already in effect.

At the UN, various delays threaten to slow deployment of the full 7,000-man UN Emergency Force (UNEF). The Secretary-General must negotiate agreements with each of the seven participant states approved by the Security Council last Friday. Consultations on the financing, size, and conditions

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of service for each of their contingents may be more complicated than usual because of the number of developing states which have not taken part in earlier peace-keeping operations.

The problem of how to pay for UNEF is also unresolved. The US Mission to the UN has found little support for the proposal that costs of the operation be apportioned among UN members according to the regular scale of assessments. Less-developed states are likely to support instead a Brazilian proposal making developed countries, particularly permanent Council members, responsible for 98 percent of the costs. Since there is no available cash on hand in the UN treasury, a delay in agreement on some system of assessing funds for UNEF could stall the entire operation.

* * * *

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ARAB STATES - ISRAEL: Egyptian and Israeli representatives are to meet again today at Kilometer 101 to continue yesterday's 3½-hour discussion concerning a mutual pullback of forces. Neither country has officially commented on yesterday's session, but Cairo's chief representative, General Gamasy, told reporters afterward that each side presented two alternative proposals for a pullback. He said "some" differences between the two sides remain, but noted: "We are still trying." Cairo domestic radio, meanwhile, broadcast a report on the meeting, citing UN General Siilasvuo's comment that the discussions were "beneficial."

Apparently in anticipation of difficulties at Thursday's military talks, Egypt had earlier:

- publicly accused Israel of obstructing implementation of the six-point agreement, and forecast that Thursday's talks would be "decisive";

- publicized a four-hour meeting Wednesday between President Sadat and his highest military advisers;

- taken foreign military attachés on a 14-hour tour of canal-front military positions in order to show Egyptian preparedness.

Egypt nevertheless completed, along with Israel, the exchange of prisoners, and its official spokesman expressed hope that an Arab-Israeli peace conference would begin "within the next few weeks."

Syria, while expressing through Foreign Minister Khaddam its intention to attend a peace conference "if it is convened in accordance with our concept," appeared to be improving its military positions facing the Israelis. On 21 November UN observers reported that the Syrian Army was bringing more troops into an area northwest of Sasa. The observers said the Syrians, who had previously been anxious to have UN patrols along the cease-fire line west of Sasa, no

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longer wished a patrol in an area about six miles northwest of the town. The UN observers also noted that the Syrian chief of staff "probably will not permit continued mobile patrols"; such a restriction would significantly reduce UN coverage of the Syrian side of the cease-fire line, because all such patrols along the Sasa salient are mobile.

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Asked on

21 November if he expects military action in view of Israel's "obstinate" stand, Foreign Minister Khaddam, who visited Cairo last weekend, said only that Syria's battle with Israel embraces military, political, and economic means, which complement each other. Syrian President Asad is to make a one-day visit to Cairo today to meet with President Sadat. According to Egyptian press reports, Asad will then fly to Algiers to attend the Arab summit conference to begin on 26 November.

Both Syria and Egypt appeared confident that Cairo's position on how to deal with current issues would prevail at the Algiers conference. Iraq and Libya are the only countries not attending, and the possibility of lower level Libyan representation remains open. Egypt's semiofficial Al Ahram called on all Arab states to attend the conference, stressing the need to maintain solidarity and preserve the new Arab image achieved as a result of the October war.

(continued)

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Meanwhile, the Organization of African Unity meeting in Addis Ababa adopted a resolution simultaneously hailing Egypt's "October war of liberation" and condemning Israel for its "act of aggression on 6 October." The resolution called on Israel to withdraw from all occupied Arab territories and urged that African states continue to withhold diplomatic relations from Tel Aviv until it does so.

The first Israeli test of the Bab al-Mandab blockade appears likely to occur around 6 December, when the Israeli-chartered tanker Stonehaven should arrive in the area on its way to Eilat with Iranian crude oil.

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~~TOP SECRET~~

Approved For Release 2004/07/07 : CIA-RDP79B01709A001400050005-8

30 November 1973

NOTE FOR THE RECORD:

SUBJECT : 30 November Interagency Review of
Middle East Photo Reconnaissance Planning

1. A meeting of interagency representatives was called by the National Intelligence Officer (NIO) for the Middle East on 30 November to effect final review and coordination for a GIANT REACH mission authorized to be flown during the coming week (2-8 December). [redacted] (NIO) was unable to attend because of last minute developments and he asked that the meeting be chaired by Chairman, COMIREX--which was done.

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2. The following points were conveyed to the representatives:

a. On 29 November Dr. Kissinger approved the 21 November 73 memorandum containing a recommended plan for Middle East Photo Reconnaissance which had been prepared under the DCI's auspices. While the plan was approved as a package, it was understood that the specific schedule (paragraph 12.a.) was approved in principle subject to a check and approval before each individual flight.

b. A specific GIANT REACH mission was approved for the coming week (2-8 December).

c. Dr. Kissinger also indicated that the mechanism for coordinating and reviewing the need for future SR-71 flights in this package was to be handled through the NIO for the Middle East.

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3. A late development which affected the content and focus of this meeting was the fact that information had just been received via [redacted] [redacted] had received information that the war will be

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NRO, USAF and DIA review(s) completed.

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30 November 1973

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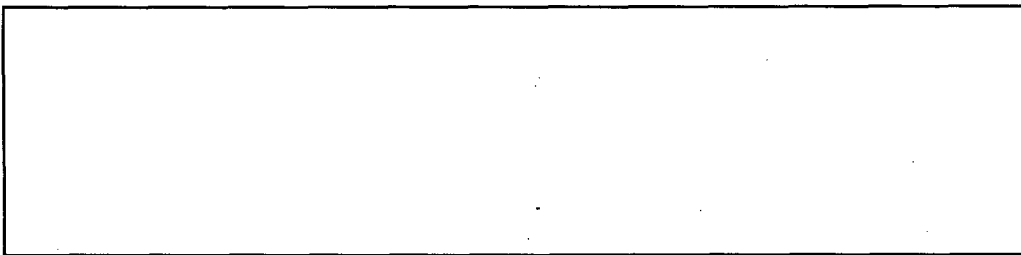
resumed within a few days a [redacted] [redacted] [redacted]
[redacted] This new information, in turn, raised the urgency of having a
GIANT REACH mission as soon as feasible, rather than later in the week
ahead. [redacted] information is being checked out by all means available.

22XXC

4. Conclusions of the meeting were as follows:

a. The earliest date on which a GIANT REACH mission can be flown is Sunday, 2 December. This date was set as the objective, subject only to the presence of adequate weather conditions in the target areas. There was agreement that 50/50 weather would be used as the general criterion and that close pre-mission coordination between SAC and Washington DoD elements would be affected to make a decision if weather conditions were below this threshold.

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c. Representatives continued to meet to select the specific objectives for the tech objective camera (TEOC) and to specify the the coordinates to be used in adjusting the outbound flight path as above.

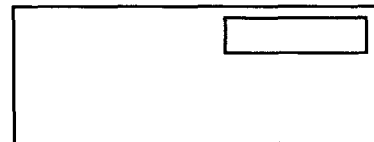
5. I communicated the foregoing to [redacted] who concurred and will advise the Director.

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MEMORANDUM FOR: NIO/ME

Sam:

This is the memo I prepared on the
Friday meeting.

R.S.I.

~~4 December 1973~~
(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

(47)

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[REDACTED]

ARAB STATES - ISRAEL: Efforts to persuade Cairo and Tel Aviv to resume direct talks continued yesterday amid indications of increasing expectations on both sides that a resumption of the fighting may be imminent.

United Nations Emergency Force (UNEF) commander General Siilasvuo met with Egyptian Minister of War Ismail in Cairo for an hour yesterday before flying to Jerusalem for meetings on Sunday with Israeli officials, probably including Minister of Defense Dayan, according to press reports. Cairo's UN representative met with UN Secretary General Waldheim yesterday and reportedly warned him that the breakdown of the Kilometer 101 talks last Thursday could jeopardize the start of peace talks in Geneva on 18 December. The representative also raised the possibility of renewed fighting along the Suez front. Waldheim also met with US, Soviet, and Israeli UN representatives late yesterday. What, if any, success UN efforts to bring the two sides together again might have is unclear, but press reports cite Egyptian officials as saying it is now up to Washington and Moscow to salvage the situation by persuading Israel to be more forthcoming on the issue of troop withdrawals in the Sinai.

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[REDACTED]

UN forces patrolling the southern Suez front have reported a marked upswing in the number of cease-fire violations over the past several days, according to a UN spokesman in Cairo. An Israeli military officer also told the press that the Suez front was "warming up," and Tel Aviv reported that Israeli forces came under Egyptian fire five times yesterday, resulting in one Israeli wounded. Most clashes, however, appeared to be localized affairs involving small-arms fire, although some mortar and artillery fire was also exchanged.

In a speech to American Jewish leaders in Jerusalem, Prime Minister Meir repeated a number of her well-known views on the Arab-Israeli question, including her objections to international guarantees as a substitute for defensible borders. She said that she is not convinced that fighting will not be resumed, although she hopes it will not. After stating that she had not perceived a single genuine call for peace coming from this week's Arab summit in Algiers, she indicated that Israel is nonetheless ready to take part in the proposed Geneva peace conference.

The Israeli scenario for the conference was spelled out by Foreign Minister Eban in an interview with an Israeli newspaper. He expects it to convene in Geneva on schedule on 18 December, with Gromyko and Kissinger attending the opening session along with the foreign ministers of Israel, Jordan, Syria, Egypt, and possibly Lebanon. The conference would then adjourn until after the Israeli Government received a negotiating mandate in the 31 December elections. Eban said that he expected the peace conference to go on for months after reconvening in January, with this second phase attended by permanent delegations of professional diplomats who

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would deal with specific problems between Israel and individual Arab states as well as conduct discussions among the Arabs themselves.

Eban insisted that Israel would not accept the participation in the peace conference of PLO leader Yasir Arafat, even though the Arab summit had recognized the PLO as the sole representative of the Palestinian people. Instead, he suggested that Palestinian representatives be included in the Jordanian delegation--the very concept that was rejected by the Arab summit.

The US consul in Jerusalem reported on 30 November that Palestinians in the Israeli-occupied West Bank are rapidly coming around to the view that at the peace conference the PLO should negotiate for all Palestinians. They reportedly also feel that an independent West Bank - Gaza state should emerge with PLO leadership, and that Jordan's King Husayn should not be the Palestinians' negotiator or ruler. Informed journalists think that, in the wake of the Algiers summit, an overwhelming majority of the normally politically fragmented West Bankers favor these ideas, while the remainder are reluctant to speak out in opposition.

In such an atmosphere, there is considerable expectation that the PLO will try to broaden its base by adding West Bank personalities to its Palestinian National Assembly. The upsurge of expressed support for the PLO and a separate state apparently has been stimulated by the widespread assumption that now, for the first time, it is worthwhile for the West Bankers themselves to decide what they want, regardless of Jordanian and Israeli views.

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ARAB STATES - ISRAEL: Syria's announcement yesterday that it would not participate in the Geneva conference which begins Friday reflected the ingrained convictions of important elements in Syria that productive negotiations with Israel are still not possible.

By casting doubt that Arab objectives can be realized early through negotiation, the announcement heightened the chances of renewed hostilities on the Golan front, [REDACTED]

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[REDACTED] the possibility exists that Egypt and Syria might advance their timetable for putting direct military pressure on Israel to hasten its withdrawal from Arab territory.

Egypt's reaction to the announcement, however, held out the hope that the Syrians could be persuaded to come to Geneva later, if sufficient progress could be made to dispel their doubts. In an official statement, Cairo expressed an understanding of the "fear and suspicion that have forced" Syria not to attend the conference. The statement, nevertheless, emphasized that significant progress during the initial meetings in Geneva could open the way for Syria and other Arabs to contribute positively to the peace effort. The message warned, however, that procrastination and stalling by the Israelis would force the Arabs to resume their armed struggle.

According to press reports from Geneva, Israeli officials reaffirmed Israel's agreement to attend the conference, despite Syria's decision to stay away.

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Dec 19, 1973

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Despite Egyptian nervousness, there were few
cease-fire violations noted yesterday. UN observers
reported antiaircraft firing near Fayid on the west
bank of the Great Bitter Lake. Several heavy explo-
sions were heard north of Suez City. According to
Jerusalem Domestic Service, there were no incidents
of cease-fire violations on the Syrian front.

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Dec 19, 1973

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Intelligence Support for Richard M. Nixon (U)

John Helgerson

“
Nixon’s familiarity with
the Intelligence
Community’s capabilities
and practices made him
willing, at the outset of his
new campaign for the
presidency in 1968, to
accept briefings from CIA
Director Richard Helms.
”

John Helgerson is a former Deputy
Director for Intelligence.

Editor’s Note: This article is drawn from “Getting To Know the President: CIA Briefings of Presidential Candidates, 1952-1992,” which has been published by CIA’s Center for the Study of Intelligence.

During his eight years as Vice President in the 1950s, Richard Nixon had broad exposure to the activities of the civilian US Intelligence Community. He was aware that the CIA had briefed the presidential candidates in every election since 1952 and undoubtedly harbored mixed feelings about the way the process had worked in 1960. Nixon believed that his narrow defeat by John Kennedy had been caused, in part, by the actions and inactions of the intelligence agencies. This familiarity with the Intelligence Community’s capabilities and practices made him willing, at the outset of his new campaign for the presidency in 1968, to accept briefings from CIA Director Richard Helms. It also led him to decline to receive routine briefings from lower-level officers, opening the way for Henry Kissinger, his National Security Adviser, to play a central and expanding role.

Nixon won the Republican Party nomination on 8 August 1968. Two days later the nominee and his running mate, Governor Spiro Agnew of Maryland, flew to Texas to hear a “general review of the international situation” from outgoing President Lyndon Johnson and his key foreign policy advisers. In addition to the President, the group included Secretary of State Dean Rusk, Cyrus Vance (the number-two negotiator in the Vietnam peace talks in Paris),

and DCI Helms. The President welcomed the Republican candidates with a tour of his ranch in an open convertible, but, when the time came for the substantive briefing, he made only a few introductory remarks and then gave the floor to the CIA Director.

Helms’s memorandum for the record indicates that he focused on the handful of international developments that were at a critical stage during the late summer of 1968, including the confrontation between Czechoslovakia and the Soviet Union, events in the Middle East, and the military situation in Vietnam.¹ The Director also discussed Cuba, including Castro’s support for revolutionary efforts in Latin America, and events in the Dominican Republic and Haiti. Following Helms’s briefing, Vance continued with a review of developments in the Paris peace negotiations that included details of the private talks under way between the United States and North Vietnam.

Helms recorded that Nixon and Agnew were interested, in particular, in the effects of the Soviet-Czechoslovak confrontation on Poland and Yugoslavia. He also noted that they were surprised to hear that the North Vietnamese were demanding that the Saigon government negotiate directly with the Communist shadow administration in South Vietnam, the National Liberation Front. During the course of the briefing, Nixon directed a number of policy questions to Rusk. The Republican candidate made clear he had no intention of saying or doing

anything that would complicate the job of the United States negotiators in Paris.

Looking back on his first briefing of candidate Nixon 25 years after the fact, Helms recalled that, in his view, it was not a particularly well organized or useful session.² After his own 15-minute overview of key worldwide developments, he recalled, the politicians' instincts took over for the balance of the discussion in the sitting room at the LBJ ranch and during the one-hour lunch that followed. Johnson was on a liquid diet, recovering from a bout of diverticulitis, so he was free to do all the talking while the others enjoyed a meal of steak and corn on the cob. Helms recalled with some amusement that the President of five years and the candidate, with his eight years of vice-presidential experience, each wanted to demonstrate to the other his mastery of foreign affairs.

Nixon appears to have been pleased with the session; he later wrote positively in his memoirs about the "full-scale intelligence briefings ordered by Johnson for each of the nominees."³ The session concluded with the President's assurance to Nixon that he could call on Rusk or Helms for any additional information he might require.

As it happened, the discussion in Texas on 10 August was the only briefing Nixon was to receive in the pre-election period. That session had focused entirely on the facts of developments abroad and the status of negotiations in which the United States was involved. Unlike the situation that had developed in 1960, there was in the August briefing—and in the whole campaign in

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1968—no effort by anyone to make a political issue of the Intelligence Community's programs or analyses. A key factor that helped ensure that did not happen was Helms's strict constructionist view of the CIA Director's job. He was determined to stick to the facts and avoid involvement in policy discussions, unlike his predecessors Allen Dulles and John McCone.

Helms was aided in his determination to avoid any politicization of intelligence in 1968 by the fact that there were no presidential debates that year. Although there had been one debate during the primaries (between Robert Kennedy and Eugene McCarthy), once the nominations were final Nixon concluded that he could avoid debating his opponent, Vice President Hubert Humphrey, just as Johnson had declined to debate Goldwater in 1964. Nixon's judgment was buttressed by the results of polls showing, as early as the first week in September, that he was leading Humphrey by a substantial margin, which he was able to retain throughout the campaign.

After a postelection vacation in Key Biscayne, Florida, President-elect Nixon and his wife returned to New York City on Monday, 11 November, stopping en route in Washington for lunch with the Presi-

dent and an impromptu afternoon of discussions with the President and his foreign affairs aides. In addition to the President, Rusk, and Helms, this time the group included Secretary of Defense Clark Clifford, Chairman of the Joint Chiefs of Staff Gen. Earl Wheeler, and National Security Adviser Walt Rostow. Helms remembers that the afternoon meeting in the Cabinet room suffered from the short notice and complete lack of preparation. There was only a desultory exchange on substantive issues, inasmuch as "nobody knew what was wanted or expected."

Invigorated by his election and vacation, the President-elect was struck by the very different mood of the other participants as they concentrated on Vietnam.⁴ He recalled that those assembled seemed very nearly worn out from dealing with the prolonged crisis and "had no new approaches to recommend to me." Nixon said he saw the war etched on the faces around him and found them relieved to be able to turn the morass over to someone else. He recorded that they emphasized to him that the United States must see the war through to a successful conclusion and that a negotiated settlement that looked like a defeat would have a devastating impact on US allies and friends in Asia and around the world.

From Helms's point of view, the meeting on 11 November was significant for a reason unrelated to the discussion of Vietnam. Helms remembers that Johnson asked him to stay on for a private talk after the session adjourned. At that time, Johnson told Helms that Nixon had twice asked about him (Helms). Johnson said he told Nixon that he

"had no idea how Helms had voted, but that his was a merit appointment."

Johnson's kindness in recommending Helms to the Nixon administration may have resulted from a lingering embarrassment over the way he had treated Helms at an earlier point. In 1965, Johnson had passed over Helms to appoint VAdm. William Raborn, Jr., as DCI. At the time, Johnson informed Helms that, although he had heard good things about him, "you are not well enough known in this town," meaning Capitol Hill. But Johnson went on to tell Helms that he "should attend every meeting Raborn did."

The Director's only other meeting with Nixon during the transition period occurred later the same week when he was summoned to New York City on Friday, 15 November. Helms entered the Nixon suite on the 39th floor of the Pierre Hotel at 1:30 p.m. to find the President-elect conversing with adviser John Mitchell, who was to become Attorney General. With virtually no preliminaries, Nixon indicated that he would like Helms to stay on as DCI. The public announcement would come some time later.

Supporting Nixon's Team in New York City⁵

Discussions between Johnson and Helms resulted in a decision that CIA should make available to the President-elect in New York City the same daily intelligence information being provided to the outgoing President in Washington. Helms assigned the task of providing this assistance to R. J. Smith, the Agency's Deputy

Director for Intelligence. As a first step, he asked Smith to confer with Nixon's chief aide, former advertising executive Robert Haldeman.

Joined by Howard Osborn, CIA's Director of Security, and Richard Lehman, Deputy Chief of the Office of Current Intelligence, Smith went to New York on the morning of 12 November.⁶ Smith showed Haldeman a sample of the intelligence publications the Agency proposed to make available to Nixon—*The President's Daily Brief* (PDB), the *Central Intelligence Bulletin* (CIB), the daily *Situation in Vietnam*, the *Weekly Review*, and selected memorandums. In turn, Haldeman asked that the Agency initiate special intelligence security clearances for a number of staff members, including Richard Allen and Martin Anderson. They had been the President-elect's advisers on foreign affairs during the campaign and were to continue to advise him during the transition period.

It was agreed that CIA should establish in a secure area a reading room to which members of the Nixon staff could come for security indoctrination and to read classified documents. Space was not available in the Pierre, so it was decided to locate the Agency's outpost, dubbed "DDI-New York," in the basement of the Nixon Campaign Headquarters at 450 Park Avenue, six blocks from the office of the President-elect. This site, formerly the world headquarters of the North American Missionary Alliance and soon to be demolished, was chosen because it seemed unlikely to attract attention from the press and the public. Allen's office was also in the building.

Paul Corscadden, an 11-year veteran of the Agency's Office of Current Intelligence, was designated officer in charge. Kenneth Rosen, an intelligence officer who had served in the White House Situation Room under President Johnson and worked a year as a special assistant to McGeorge Bundy, was second in command. Corscadden and Rosen moved into the Statler-Hilton Hotel at 7th Avenue and 33rd Street for the duration of the transition period. Because of the expense of living in New York and the representational nature of the assignment, the Executive Director of CIA waived the standard per diem limitation and allowed each of them up to \$30 per day.

The area selected to house the Agency's facility required extensive renovation, which, magically, was accomplished by CIA's Office of Logistics in 72 hours, including one weekend. The construction activity did not go unnoticed by other occupants of the building. Reports soon circulated that the Secret Service, the FBI, or some other sensitive, top secret government agency had moved in and would, among other things, assume responsibility for the physical security of all the President-elect's staff offices and the protection of his family. The CIA Office of Security had decided not to identify the operation as Agency-sponsored but, rather, to allow anyone who learned of its existence to draw whatever conclusions they chose. This decision, reasonable on the face of things, led to unexpected consequences. Before long, Nixon staff secretaries were calling to ask that someone "behind the Black Door" investigate the disappearance of office supplies or solve the mystery of a purloined television set. On another occasion, the supervisor of

the staff mailroom demanded that one of the Agency communicators "taste" and immediately remove from the mailroom a crate of canned hams sent to the President-elect as a Christmas gift.

Those who were curious about what was housed behind that Black Door enjoyed the unwitting support of the municipal health authorities. Occupants of nearby buildings along Park Avenue had complained of an infestation of black rats that had established colonies in the ground around the brightly lighted Christmas trees festooning the avenue from 59th Street to Grand Central Station. Within hours, health inspectors poured through all the nearby buildings. A team came to the door of the Agency facility, demanding admission. They were turned away with the assurance that there were no rats inside.

Beginning on 19 November, intelligence publications were wired to New York on a daily basis. The *Situation in Vietnam* report arrived the evening of its publication in Washington; the PDB came soon after 5:00 a.m. each morning. Nixon staff members who had access to the intelligence publications came to the facility at their convenience. A reading table contained all of each day's publications, along with appropriate National Intelligence Estimates, special memorandums, intelligence handbooks, and various graphic aids. Of the key staffers, Allen and Anderson visited most often.

Corscadden and Rosen delivered each day a complete set of publications in a sealed envelope marked "Eyes Only—The President-elect" to Rose Mary Woods in Nixon's office. Woods had been granted the proper clearances, and the Agency had

installed a safe in her office for the secure storage of classified materials. Initially it was thought that she probably would return the publications after two or three days, during which time the President-elect would have had the opportunity to read at least a current issue of the PDB.

For the first 10 days of the operation, only intelligence analyses prepared for the outgoing administration were made available to the President-elect's staff. It soon became apparent, however, that the needs of the incoming administration did not coincide in every detail with those of the Johnson administration. To meet the emerging special needs of the new team, the Office of Current Intelligence on 29 November compiled the first "Nixon Special," an "Eyes Only" intelligence memorandum based upon sensitive intelligence information that the Agency knew would be of interest to Nixon. The Foreign Broadcast Information Service soon afterward provided an additional service by transmitting directly to New York from its field bureaus foreign press and radio articles pertaining to the incoming administration.

The Key Player: Henry Kissinger

The appointment of Harvard Professor Henry Kissinger as Assistant for National Security Affairs was announced by the President-elect at a news conference on 2 December. By prior arrangement with DDI Smith, who had telephoned him from Washington the morning of Nixon's announcement, Kissinger came to the Agency facility on Park Avenue for a briefing that same afternoon.⁷ He was shown current issues of all the intelligence publications

available in the facility and was told what had been delivered to the Pierre for the President-elect since the Agency support operation began. Kissinger was assured that the CIA was prepared to provide full support to him and the rest of the incoming administration.

During that first session, Kissinger expressed appreciation for the Agency's willingness to assist him and for the support it had so far provided the incoming administration. He promised to arrange his schedule to allow 15 minutes per day to read the intelligence publications. He also accepted a proposal that Corscadden and Rosen undertake during off-duty hours to advise him of any critical world developments requiring the attention of the President-elect. This precautionary arrangement had earlier been accepted by Allen and Anderson as well as Haldeman.

Kissinger asked for time to become familiar with Nixon's reading habits and daily routine before advising the Agency of any recommendations he might have for changes. He did say—in what foreshadowed Nixon's style and his own, in the White House—that it had been made clear to him that the President-elect had no intention of reading anything that had not first been perused and perhaps summarized by one of his senior staff. Kissinger said he did not know what had happened to issues of the PDB already entrusted to Rose Mary Woods but that, without his prior approval, future deliveries would not reach the President-elect. Two days later, Kissinger underscored that the Agency should not provide intelligence support to anyone at the Pierre other than the President-elect and himself; Mr. Haldeman and others from the campaign might have access

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to classified publications after they had arrived in Washington, but they would have no need for them before that time.

Kissinger reacted none too favorably to the first few issues of the PDB that he read. At one time, he expressed a preference for the CIB with its more complete text and greater detail. He complained that the prose in the PDB was too often elliptical and that the selection of topics was too random and lacked the continuity necessary for the uninitiated reader. Kissinger's points were well taken. The PDB was uniquely tailored to the needs of the outgoing administration—just as its predecessor had been shaped to the reading preferences of President Kennedy. Moreover, its authors could assume that President Johnson and his advisers were familiar with the background of the subjects covered each day. Nixon and Kissinger, however deep their background and however well read, lacked detailed familiarity with many of the ongoing, current issues addressed in the PDB.

This situation had been anticipated by the Agency, because it had come up in all prior transitions. The Office of Current Intelligence had already begun to devise a new version of the PDB for Nixon and his aides. Considerably expanded in length, the new brief had been circulated for comment to the DCI, DDI, and others of the Agency's principal officers. With their concurrence, it was decided to send the new PDB to New York. Kissinger approved its format and style at a meeting on the evening of 6 December. Thus, the Agency began to publish, in effect, two PDBs. The substance was the same, but the publication given to

Johnson was significantly more concise than that given Nixon.

To no one's surprise, it proved impossible to schedule briefings with Kissinger on a daily basis; he was seen frequently but unpredictably. His assistant, Lawrence Eagleburger of the Department of State, was seen every day and was notably more appreciative of the assistance he was provided.

On 9 December, Kissinger told Cor-scadden that he had been asked to brief the President-elect's "senior staff" and would need inputs for a 30-minute session on the Soviet intervention in Czechoslovakia, the state of US-Chinese relations, the US-USSR strategic arms balance, and the Arab-Israeli conflict. He asked especially for "tidbits, local color ... things which will make these people think they're getting the inside story but which, if leaked, will not compromise or embarrass me or the President-elect or the United States Government." He promised to come to Park Avenue soon to review the drafts.

On the afternoon of 11 December, Kissinger paid his second visit to the basement suite on Park Avenue, arriving with Eagleburger. It was evident that the two had discussed the format Kissinger preferred even before he had seen the materials prepared

by the Agency. Eagleburger's assignment was to redraft CIA's contribution. After scanning the briefing book and posing one or two questions about de Gaulle's nuclear program, Kissinger asked for still more material on Berlin, the problem of Nigeria's breakaway state of Biafra, the strategic arms balance, NATO, the Russian intervention in Czechoslovakia, and the prospects for a meeting in Warsaw of Chinese and American representatives. Kissinger delegated to Eagleburger responsibility for preparing "drafts" for his consideration the next evening in Washington, when the President-elect proposed to unveil his Cabinet during a nationwide television broadcast from the Shoreham Hotel in Washington. Eagleburger worked in the basement at Park Avenue until 3:00 a.m., returned to the Pierre for a brief rest, and then assumed the job of redrafting and editing the briefing Kissinger was to give.

Eagleburger's task was complicated by the fact that, except for Woods, none of the Nixon clerical staff, including Kissinger's secretary, had yet been granted special intelligence security clearances. Cor-scadden arranged to have Eagleburger's preliminary text typed by the Agency secretary assigned to DDI-NY and to have it taken to the Pierre. Eagleburger was then driven to LaGuardia Airport for his flight to Washington. CIA officers met Eagleburger at National Airport and took him to an improvised two-room office at the Shoreham Hotel. They remained with Eagleburger for much of the night of 12 December, calling on the Agency's analytic resources to provide substantive backup through the Duty Officer in the Operations Center.⁸

During his late-evening television appearance, the President-elect disclosed that he and his Cabinet-to-be and top advisers would spend the following day, Friday, 13 December, in conference. One of the highlights of their all-day session would be an intelligence briefing by Kissinger. Agency officers received no direct feedback on the substantive discussions held on 13 December. They were interested that Kissinger, in their next meeting, directed that Attorney General-designate Mitchell receive the PDB and all other reports in which he expressed any interest. Before long, Mitchell was being briefed on a daily basis and proved to be "very helpful as a window into what Nixon wanted."⁹

In mid-December, Kissinger also directed that no National Intelligence Estimates were to go to the President-elect. Somewhat sharply, he explained that no one department or agency of the government would be permitted to present its views directly to Nixon to the disadvantage of any other. Corscadden pointed out that a National Intelligence Estimate was the product of the Intelligence Community as a whole, that it was issued in the name of the United States Intelligence Board, and could not be considered "parochial." This rejoinder had no appreciable effect.

Toward the end of December, Kissinger began to meet more regularly with Corscadden and Rosen. By then, Kissinger was able to read only the PDB with any regularity; DDI-NY was responsible for calling to his attention "critical items" in other publications. The balance of the 15-minute "daily" session was devoted to a capsule review of crucial international situations the new

administration was likely to face during its first few months in office—"stressing the significance, not the facts"—and to discussion of whatever papers Kissinger had requested of the Agency. He directed that memorandums prepared for Nixon should contain a "statement of the problem and an assessment of its significance," as well as a summary.

Kissinger's reading of an estimate on Soviet strategic attack forces led him to ask for an oral briefing on the US-Soviet strategic balance. After consulting with his military aide, Gen. Andrew Goodpaster, and with Eagleburger, Kissinger decided that the J-3 section of the Joint Chiefs should take the lead. CIA's Deputy Director for Science and Technology and Director of Strategic Research were also invited to participate in the briefing, which was held on Saturday, 21 December. In addition to Kissinger, Mitchell, Eagleburger, and Goodpaster were present.

This was the most formal briefing Kissinger received during the transition; unfortunately, it did not go well. The J-3 team that had traveled from Washington to conduct the briefing used only the "high side" numbers regarding Soviet capabilities in preparing their text and graphics. This prompted the CIA experts present to try to supplement the briefing and question some of its conclusions. In the discussion that followed, Kissinger, Goodpaster, and, finally, Mitchell asked evermore probing questions, to the obvious chagrin of the briefers. Kissinger and Mitchell both made clear after the fact that they were not satisfied.

The issue of possible direct State Department involvement in the support process in New York arose as a

result of a PDB item on coup reports in a certain country. Kissinger asked about US contingency plans if a coup occurred. When the Agency officers replied that they were not normally privy to such contingency planning, Kissinger turned to Eagleburger and insisted that a representative of the Department of State attend the morning briefing sessions. Eagleburger discussed the idea with CIA, but nothing came of it. Years later, describing how the system worked, Eagleburger recalled that he "occasionally called on the State Department to send specific written materials—I was from State, after all—but the Agency team was all we needed right there."¹⁰

As Kissinger became more and more active toward the end of December, his probing questions and his insatiable demands for assessments of the significance of isolated developments—even those in the low order of probability—meant that far more speculative, estimative analysis was required. This led CIA to the strategy of having its substantive officers prepare detailed backup pieces to complement the topics covered each day in the PDB. These reports provided the generalists who briefed Kissinger with additional information with which to field his queries.

Mindful of Kissinger's repeated requests for "problem papers," special briefings on emergent crises likely to confront the new administration during its first months in office, and "must reading" before Inauguration Day, the Agency in late December began appending to the PDB a series of special papers focused on critical issues. For more than 18 months, the PDB, at President Johnson's request, had carried special annexes on Vietnam and on

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North Vietnamese reflections on the US political scene. Kissinger decided that the annexes need not be sent to the President-elect and should not be published after Inauguration Day. The new “problem papers” were designed in part, therefore, to replace the Vietnam annexes in the New York edition of the PDB, which was by now being tailored for the incoming administration.

In the remaining days of the operation, Kissinger read the “problem papers” on such subjects as access to Berlin, the Communist troop buildup in South Vietnam, the military balance between the two Koreas, and the French economic situation. For each of these subjects, CIA analysts with the appropriate expertise traveled to New York to accompany the regular briefers. Especially in the cases of Vietnam and Korea, Kissinger had numerous questions. He wanted to know the Agency’s past track record in estimates on the subject at hand and pressed the analysts for “your personal opinions.”

On 6 January, Kissinger, who initially became Nixon’s National Security Adviser, turned to the question of intelligence support on Inauguration Day and thereafter. By this time, Nixon had expressed his intention to hold regular staff meetings with his key advisers at 9:00 a.m. or 9:30 a.m. each morning. Kissinger surmised that he would brief the President for 30 minutes each morning, immediately following these staff conferences. He did not want to give Nixon anything he and his National Security Council staff had not had time to mull over and was anxious to “preview” intelligence reporting each evening, with an eye to meeting the Chief Executive early the next day.

Kissinger proposed that the DCI change the publication time for the PDB from early morning to late afternoon, releasing the publication to him in the evening and to the President the following morning. This change, Kissinger admitted, would introduce a lag of 12 hours in the reporting time, but he was not disturbed that the PDB would be less current; he was more concerned that he have time to prepare his own comments on anything the President would see.

With Inauguration Day less than a week away, the Agency proposed to introduce to the President-elect and Kissinger an entirely new PDB—redesigned to meet Kissinger’s specifications for a briefing paper tailored to Nixon’s preferences. This new publication was to consist of three sections—Major Developments, Other Important Developments, and occasional annexes—all double-spaced and printed on legal-size paper bound at the top.

The first section, Major Developments, was to be subdivided into sections on Vietnam, the Middle East, Soviet Affairs, and Europe. This was not a static listing. As developments warranted, some areas could be dropped, others added. The second section, Other Important Developments, was intended to highlight problems which—though not

yet critical—could in time engage US policy interests. The annexes were to fulfill the same role as the “problem papers” that were appended to the PDB sent to New York during the early part of January. Kissinger approved the new format on 15 January.

Nixon Remains Aloof

The support operation mounted in New York constituted the most elaborate system yet designed to provide intelligence to a President-elect. Ironically, Nixon’s aloof style resulted in a situation where the Agency had no direct contact with him. Until mid-December, for example, Agency officers were uncertain whether he had been reading the PDB or the other publications deposited each morning with his secretary. On 18 December, Eagleburger confided that Nixon had informed Kissinger that Woods had been “stockpiling” the unopened envelopes containing the PDB, CIB, and memorandums on Vietnam. Nixon had asked Kissinger to send someone upstairs to retrieve these envelopes so that Kissinger could review the collection and decide whether there was anything in it that the President-elect should read. The question had been answered: Mr. Nixon had read no Agency publications during the first month of the New York operation.

Eagleburger observes that Nixon’s handling of the intelligence material was a result of his management style rather than any disinterest in foreign developments. In fact, he says, “Nixon was very interested—but it was just him and Henry. That’s why you didn’t brief him directly.” Eagleburger did not see Nixon either—

briefings of the President-elect were the prerogative of Kissinger alone.

Other accounts, however, confirm more directly that Nixon's refusal to receive intelligence briefings personally stemmed from negative attitudes about the CIA that went well beyond an aloof and formal management style. Goodpaster, who worked with the transition staff to help organize the national security apparatus, remembers discussing with Nixon how the Eisenhower team had handled intelligence support. Goodpaster says Nixon "acknowledged the importance of intelligence, but also commented that when you needed it, it often wasn't there."¹¹

Discouraging as it was to CIA officers not to have personal contact with Nixon, a great deal of Agency material did reach the President-elect through Kissinger's daily briefings. According to Eagleburger, "Henry made heavy use of the CIA material. I remember especially Korea and other Asian issues. Henry would go in and go over the material with Nixon; documents would be left behind that Nixon would read." Rosen remembers how pleased the Agency team was when it would occasionally receive back from Kissinger copies of the PDB initialed by Nixon, confirming that at least some of the material was being read.¹²

Throughout the two months of the operation in New York, there was some uneasiness among Agency managers because Kissinger levied heavy demands for analytic work in the President's name, and Eagleburger levied similarly heavy demands in Kissinger's name. Without direct access to the principal consumer, it was always unclear how much of this material was really wanted or read by

Nixon himself. For the most part, however, it did not matter. CIA took pride in serving those who clearly would be the key foreign policy aides to the new president.

On one occasion the ambiguity about who was really speaking for whom was especially worrisome. A few days before the inauguration, Kissinger called Helms in Washington with a discouraging message. He said that the CIA Director, following the inauguration, should brief the National Security Council on intelligence matters at the opening of its meetings but should then leave the meetings before the policy discussions. This scenario was represented by Kissinger as Nixon's, but Helms knew it was a ridiculous idea. Long experience had shown him that policymakers, during the course of their deliberations, frequently needed to turn to the representative of the Intelligence Community for factual updates.

Two days following the inauguration, the first NSC meeting was held. At the outset, Nixon invited the attendees to stay for lunch following the meeting. With this encouragement, Helms stayed through the meeting and lunch. And with the precedent established, he simply stayed throughout all subsequent NSC meetings. The scenario earlier raised by Kissinger never surfaced again.

CIA's direct access to Nixon was limited to the briefings by the Agency's directors—Richard Helms, James Schlesinger, and, finally, William Colby—at meetings of the National Security Council. In an interview in 1982, Helms offered a graphic account of how difficult those meet-

ings could be, especially during the early period of the Nixon presidency:

From the very beginning of the Nixon administration, Nixon was criticizing Agency estimates, estimates done back when he was Vice President. What he knew about estimates in the intervening years I don't know. But he would constantly, in National Security Council meetings, pick on the Agency for not having properly judged what the Soviets were going to do with various kinds of weaponry. And obviously, he was being selective, but he would make remarks about this and say this obviously had to be sharpened up. The Agency had to understand it was to do a better job and so on. And I haven't the slightest doubt that Nixon's carping affected Kissinger, who after all was his national security adviser.

Despite this challenge to the estimates, the analysis and so forth of the Agency, the fundamental fact remains that if the things had not been read, if people were not paying attention to them there never would have been the challenge. So I don't think anybody needs to feel bad about a rocky period in the Agency's history. It was bound to be a rocky period with Richard Nixon as President, given the fact that he held the Agency responsible for his defeat in 1960. And he never forgot that, and he had a barb out for the Agency all the time because he really believed, and I think he believes to this day, that that "missile gap" question was

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the responsibility of the Agency and that it did him in.¹³

When he was elected President in 1968, Nixon could hardly have imagined how the collection capabilities of the US Intelligence Community had improved since the end of his term as Vice President eight years before. At the time he had left that office, several years of U-2 flights had given the United States an invaluable look at the Soviet Union. But the flights had been intermittent and covered only a portion of Soviet territory. As a result, the United States in 1960 was still dealing in conjecture about possible deployed Soviet strategic systems, albeit informed conjecture. In 1968, it was dealing in facts. It was never clear that the cynical President appreciated what had changed.

As the years passed, the NSC forum was less and less fruitful. Colby remembers that “Nixon didn’t operate well in meetings—he liked to make decisions on the basis of written material. When you did brief him on something, he looked like his mind was on other things—he may have been thinking about Watergate, I guess.”¹⁴ Colby wrote in his memoirs that none of Nixon’s three DCIs saw him outside formal or ceremonial meetings. “I remember only one private conversation with him; it occurred when he phoned to ask what was happening in China, and I provided a quick summary off the top of my head.”¹⁵

Throughout the Nixon presidency, the PDB was delivered by courier to Kissinger’s office. Kissinger each day delivered to the President a package of material that included the PDB along with material from the State

Department, the White House Situation Room, the Joint Chiefs, and others. Nixon would keep the material on his desk, reading it at his convenience throughout the day. Feedback to the Agency typically was provided by Kissinger directly to the DCI.

A Closer Relationship With Ford¹⁶

In the late spring of 1974, when it was becoming apparent that Nixon would not survive the Watergate scandal, the DCI saw a responsibility and an opportunity.¹⁷ William Colby, who had been appointed Director in September 1973, decided that CIA should help the new Vice President, Gerald Ford, prepare for his likely elevation to the Presidency. Colby’s initiative was to afford CIA unprecedented direct and daily access to the President when Ford moved into the Oval Office.

Colby modestly recounts that his decision to provide full intelligence support to Ford “had as much to do with good preparation in case something happened to the President—any president—as it did with Nixon’s problems with Watergate.” Colby remembers his belief at the time that “we should get the PDB to the Vice President so that he would know everything the President knew. We didn’t want another situation like when Truman was unaware of the Manhattan Project.”

Whatever his mix of motives, Colby invited the Vice President to visit CIA Headquarters. Ford came, on 12 June 1974, and was given wide-ranging briefings on intelligence operations and assessments. In response to Ford’s request, Colby agreed to send him the PDB, in addition to the *National Intelligence Daily* he had been receiving. An Agency current intelligence specialist, David Peterson, was assigned to provide continuing intelligence support to the Vice President.

Ford accepted a suggestion that the PDB be brought to him directly, acknowledging that this would be the most secure way to receive the sensitive document. He specified that he would like to see it early each morning, preferably as his first appointment. Beginning 1 July, that became the regular routing, one that was altered only occasionally by such diversions as a Vice Presidential breakfast with the President or a speaking engagement out of town. On a few occasions, Ford was seen at his Alexandria home before he flew off to keep such an engagement. Always a gracious host, he brewed and served instant coffee.

Ford came to the vice-presidency an informed consumer of the products of the Intelligence Community. He notes that he “had become familiar with CIA first as a member of the Intelligence Subcommittee on Appropriations and later in other roles, including Minority Leader. I knew Colby from my days in Congress.”¹⁸ This familiarity, particularly with Colby personally, was to provide the Agency at least a temporary buffer in some difficult times to come.

When Nixon resigned and Ford was sworn in as President on 9 August

1974, Agency officers were uncertain whether the briefings would continue. It seemed probable that Kissinger would intervene and terminate the sessions, substituting some other arrangement. (He was described later as "furious" when he learned of the CIA briefing routine, of which he had not been informed.) The uncertainty was short-lived; that evening Ford passed the word that he wanted his usual briefing the next morning at the White House.

NOTES

1. Richard Helms, Memorandum for the Record, "Briefing of Former Vice President Nixon and Governor Agnew," 12 August 1968.
2. Interview of Richard Helms by the author in Washington, DC, 16 March 1993. Subsequent comments of Helms come also from this interview.
3. Richard Nixon, *The Memoirs of Richard Nixon* (New York: Grosset and Dunlap; 1978), p. 316. Nixon's Democratic opponent in 1968, Hubert Humphrey, routinely received intelligence reports by virtue of being the incumbent Vice President. Two other candidates also received intelligence briefings in that unusual year: former Alabama Governor George Wallace on 26 July; and Georgia Governor Lester Maddox on 21 August. Helms and others briefed each of these candidates in Rusk's office, generally on the same array of subjects they had covered with Nixon. Very brief accounts of these sessions can be found in Helms's Memorandums for the Record: "Briefing of Former Governor George C. Wallace," 26 July 1968; and "Briefing of Governor Lester Maddox," 22 August 1968.
4. Nixon, *The Memoirs of Richard Nixon*, p. 336.
5. The material that follows regarding the Agency's activities in New York City draws very heavily on the classified writings of the late Paul H. Corscadden; he is in effect the author of this section.
6. They had planned to fly, but a heavy snowfall intervened, and the three men traveled by train instead, arriving at Pennsylvania Station in the storm-struck metropolis at the onset of the evening rush hour. They were provided a police escort to take them through the badly snarled traffic to the Central Park area and the Pierre Hotel.
7. A more detailed discussion of Smith's exchange with Kissinger can be found in his memoirs, *The Unknown CIA: My Three Decades with the Agency* (Washington; Pergamon-Brassey's; 1980), pp. 201-203.
8. The CIA officers involved in this exercise were delighted later in the month when Kissinger sent Helms a letter of thanks for their extraordinary efforts.
9. Interview of Richard Lehman by the author in McLean, Virginia, 10 March 1993.
10. Telephone interview of Lawrence Eagleburger by the author, 1 November 1993. Other comments by Eagleburger come also from this interview.
11. Telephone interview of Andrew Goodpaster by the author, 17 November 1993.
12. Interview of Kenneth Rosen by the author in McLean, Virginia, 22 March 1993.
13. Interview of Richard Helms by R. Jack Smith, Washington, DC, 21 April 1982.
14. Interview of William Colby by the author in Washington, DC, 7 April 1993. Unless otherwise noted, subsequent comments by Colby also come from this interview.
15. William Colby and Peter Forbath, *Honorable Men: My Life in the CIA* (New York; Simon and Schuster; 1978), p. 373.
16. The material that follows regarding the Agency's support of President Ford was in large part drafted by David A. Peterson.
17. In the election campaign of 1972, there had been no special intelligence briefings. Nixon, as the incumbent president, continued to receive the PDB. His Democratic opponent, Senator George McGovern, at one point had agreed (against the counsel of his advisers) to receive an intelligence briefing from Kissinger. The CIA was to follow up with regular briefings. Unfortunately, the political crisis involving McGovern's running mate, Senator Thomas Eagleton, forced the cancellation of the Kissinger briefing, and it proved impossible to reschedule either that briefing or the others that were to follow.
18. Interview of Gerald Ford by the author in Beaver Creek, Colorado, 8 September 1993.