



The President's Daily Brief

August 1, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 1, 1974

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PRINCIPAL DEVELOPMENTS

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Greek [redacted]

[redacted] UN outposts
on Cyprus reported several cease-fire violations
yesterday. (Page 1) 25X1

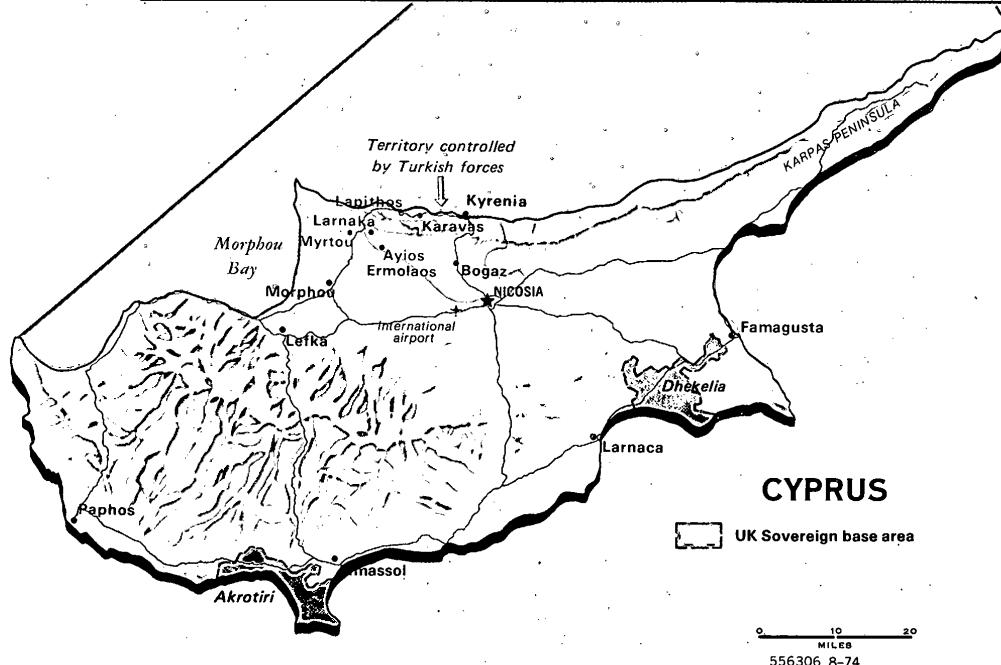
China has replaced the Soviet Union as the leading
Communist customer for US exports. (Page 3)

Moscow's midyear economic report indicates a second
straight year of above-average growth. (Page 4)

The Communists were on the verge of overrunning a
district capital in northern South Vietnam yesterday,
and three other district capitals remain under heavy
pressure. (Page 5)

Notes on Israel-Egypt and Iran-Afghanistan appear on
Page 6.

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CYPRUS

Greek Prime Minister Karamanlis has publicly welcomed the cease-fire accord as a "starting point" for a just solution

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[redacted]

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Karamanlis also expressed concern that the confrontation was costing Greece over \$16 million per day. He has since announced demobilization of some 200,000 reservists called up for duty.

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Turkey views the agreement as a victory for both its army and its diplomats, and the general consensus is one of satisfaction that Ankara's "minimum demands" have been met. The US embassy in Ankara believes Turkey wants to keep indefinitely a secure territorial base on Cyprus that would include a portion of the northern seacoast. This base would not only improve Turkey's bargaining position in future negotiations, but would also enable it to threaten a counter-enosis should efforts be made in the future to link Cyprus with Greece.

In Cyprus, President Clerides welcomed the Geneva accord as a step toward peace, but expressed dismay at the concessions asked of Greek Cypriots. Turkish Cypriots have already moved their administration from Nicosia to Kyrenia, which reportedly will serve as the "capital" of the Turkish Cypriot sector. Turkish Cypriot leader Rauf Denktash told a US embassy official that a cantonal arrangement under a federal government might emerge on the island. He foresaw a continuation of the arrangement for a Greek Cypriot president and a Turkish Cypriot vice president, but the Turkish canton would enjoy almost complete autonomy.

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In London, Archbishop Makarios gave guarded approval to the cease-fire agreement.

[redacted]

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Last night in the UN Security Council, the USSR vetoed a draft resolution on the role of the UN peace-keeping force in Cyprus. Soviet UN delegate Malik, who returned from Moscow during the

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session, said he lacked instructions to concur on any "new function" for UN troops. The veto does not affect the continuation of the UN force under its existing mandate, which in June was extended for six months.

* * *

UN outposts reported several cease-fire violations yesterday northwest of Nicosia. Greek National Guard units apparently were forced to withdraw from Karavas and Lapithos, and a UN patrol pulled out of Lanarka after Turkish forces began shelling the town.

In Kyrenia, sniper fire continued periodically, and Turkish patrols were making house-to-house searches to eliminate the snipers.

[redacted] six small landing craft were unloading cargo at Kyrenia late yesterday morning.

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US embassy officials also reported yesterday that virtually all troops, tanks, and wheeled vehicles previously concentrated around the Turkish military headquarters at Bogaz have disappeared. Presumably, the Turks pushed these forces outward in order to develop the widest possible perimeter before the UN inspects cease-fire lines.

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CHINA-US-USSR

China has replaced the Soviet Union as the leading Communist customer for US exports. During the first half of this year, the value of US exports to China was almost \$520 million--75 percent of the value of such exports for all of 1973. Exports to the USSR for the same six-month period were worth about \$315 million.

If, as expected, the present pattern of Sino-US trade continues, US sales to China in 1974 will reach \$1 billion. US sales to the USSR this year will probably fall well short of \$1 billion--down from the record \$1.2 billion in 1973--because of a substantial decrease in US agricultural deliveries.

In contrast, agricultural exports to China have grown; they account for 80 percent of US sales to China for the first half of this year. Contracts for delivery of US agricultural commodities in 1975, however, are thus far well below this year's level. Accordingly, prospects for US-China trade next year are less bright.

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USSR

Moscow's midyear economic report was a favorable one and included good news for the population. Judging from the performance for the first six months, Soviet GNP will increase by about 5.5 percent in 1974. This would be the second straight year of above-average growth.

Civilian industrial production in the first half of this year grew by 6.5 percent, compared with the same period last year; there was a substantial increase in production of energy and machinery. As for consumer goods, textiles and leather footwear scarcely met the plan, but production of some highly prized durables--automobiles, for example--continued to grow rapidly. The food industry performed well, with meat production up 12 percent, compared with the first half of 1973.

The promise of a good year in agriculture accompanies reports of strong industrial performance. Abundant rainfall has brightened prospects for meeting the 1974 goal of 205.6 million tons of grain.

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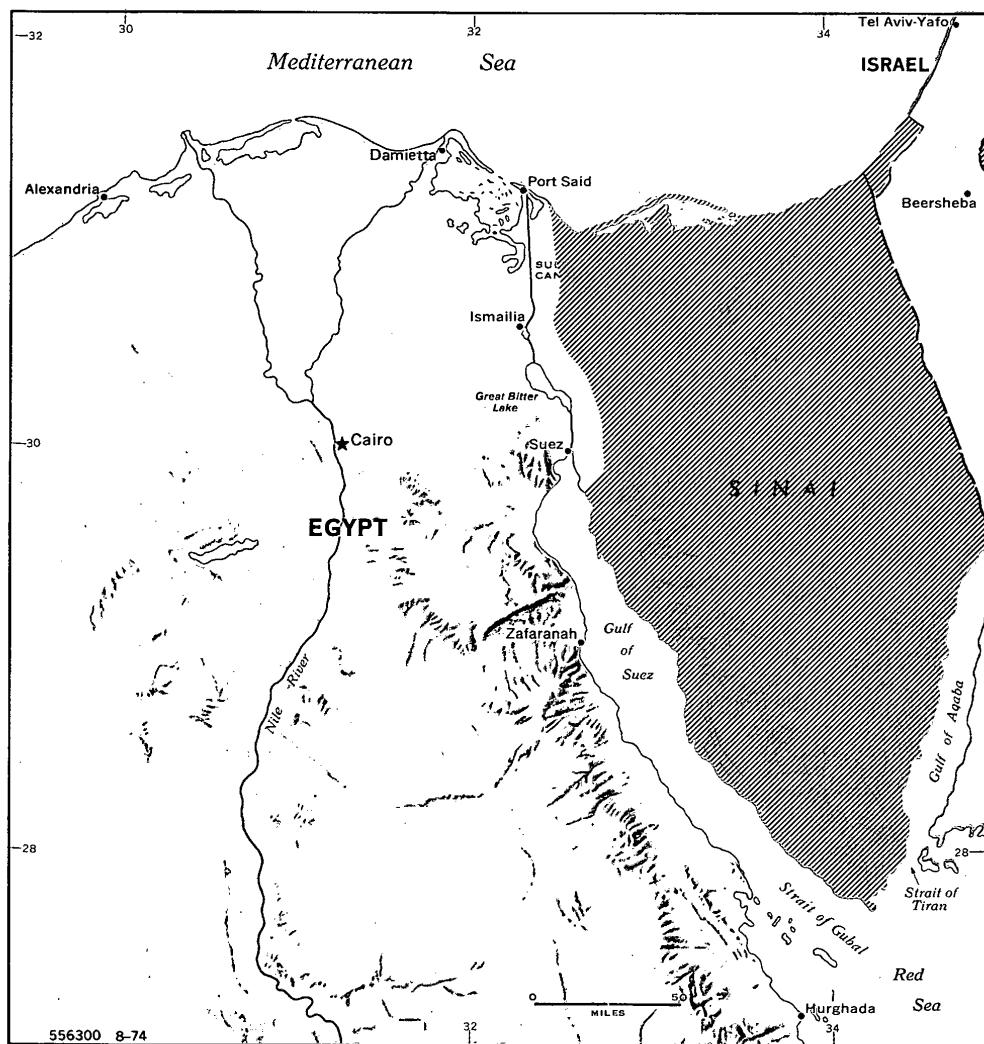
SOUTH VIETNAM

Sharp fighting continues in the coastal areas of the northern provinces of South Vietnam. The Communists yesterday were on the verge of overrunning Thuong Duc, a district capital in Quang Nam Province. If it fell, it would be the first district seat to be lost by the government in Military Region 1 since the cease-fire. Three other district capitals in Quang Nam--Duc Duc, Dai Loc, and Que Son--remain under heavy pressure.

In Binh Dinh Province, the country's second largest province in both territory and population, the Communists have launched attacks on outlying government outposts, and successfully blocked a six-mile segment of National Route 1--the major north-south highway. They have also taken several villages they have long sought to control in the coastal region.

The basic situation in the north is fairly typical of conditions throughout much of South Vietnam. The government controls the population and food producing areas, and the Communists hold large uninhabited areas in the heavily jungled mountains. The current fighting is largely for control of the populated farming areas bordering the Communist zone. Since the January 1973 cease-fire, the government has steadily extended its control in this marginal area and has been resettling refugees in the newly claimed territory.

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NOTES

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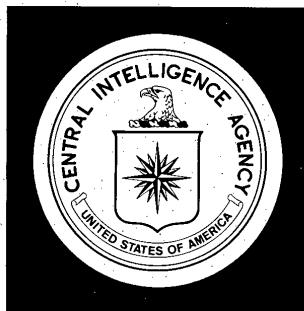
Israel-Egypt:

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Iran-Afghanistan: Iran's aid agreement with Afghanistan, signed last week, opens the door to project assistance for the Afghans estimated at from \$1.5 billion to over \$2 billion and ultimately could lead to a lessening of Kabul's reliance on Moscow for economic aid. The Shah is considering projects that would tie the Afghan economy closer to Iran's. These include rail and road links with Iran, factories that could supply the Iranian market, and a joint export development bank. Moscow's economic program in Afghanistan has averaged \$10-15 million annually for the past several years.

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August 2, 1974

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THE PRESIDENT'S DAILY BRIEF

August 2, 1974

PRINCIPAL DEVELOPMENTS

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[redacted] Egyptian-Israeli disengagement lines shows that both sides are continuing to comply with the disengagement agreement.
(Page 1)

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Egypt [redacted]

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[redacted] Israel

25X1

(Page 2)

The Soviets have sent a number of military transport aircraft to Syria and Iraq over the past few days. (Page 3)

Greek Prime Minister Karamanlis is moving rapidly to consolidate his control. Rumors of impending transfers of top army leaders produced some unrest among the military yesterday. (Page 4)

On Cyprus, fighting continued yesterday around Lapithos, near the northern coast. Life in the capital is gradually returning to normal. (Page 5)

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Japan [redacted]

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China [redacted]

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(Page 6)

Amintore Fanfani, leader of the Italian Christian Democratic Party, has given Ambassador Volpe an appraisal of likely developments in Italy over the next few months. (Page 7)

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France [redacted]

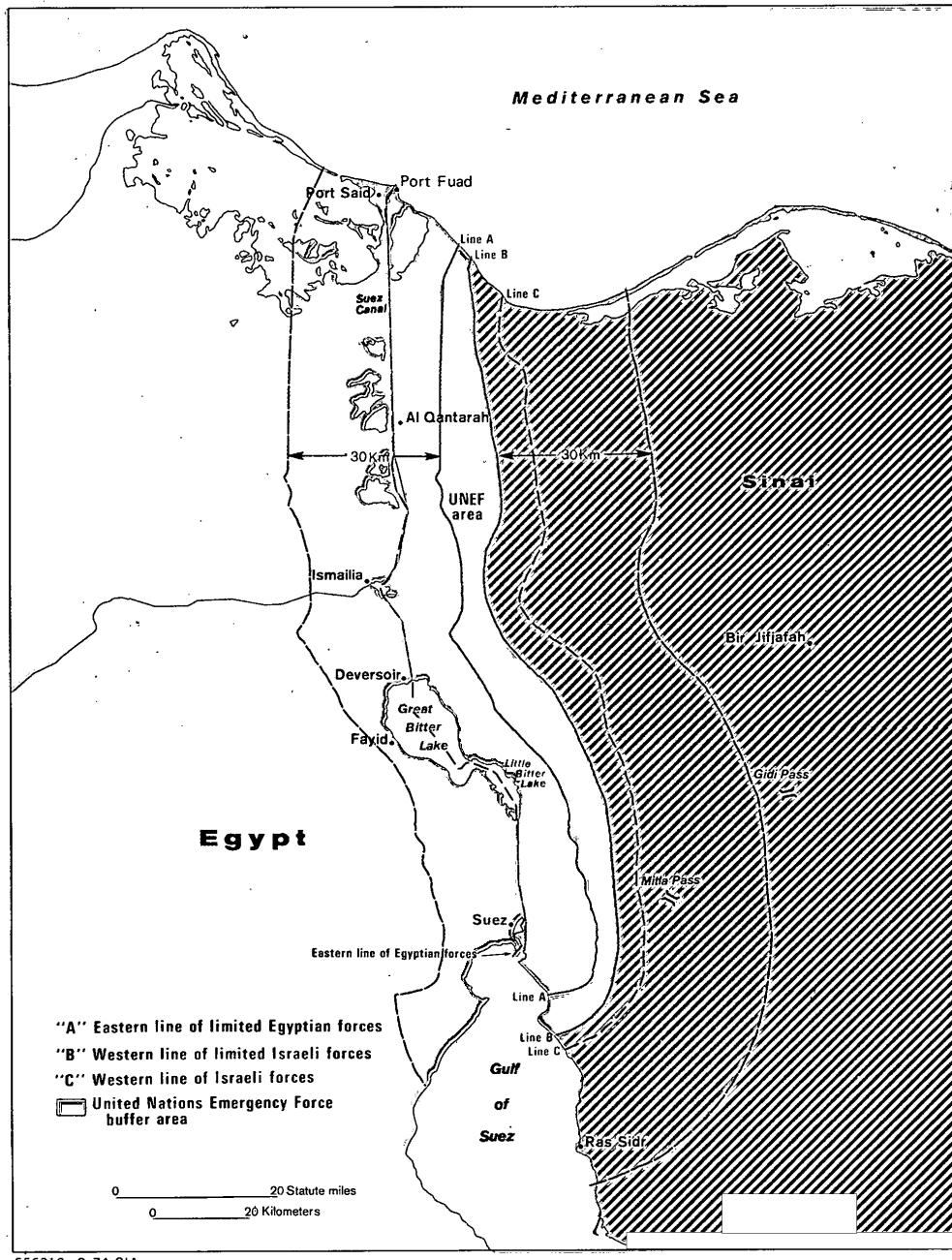
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(Page 8)

A note on [redacted] the USSR appears on Page 9.

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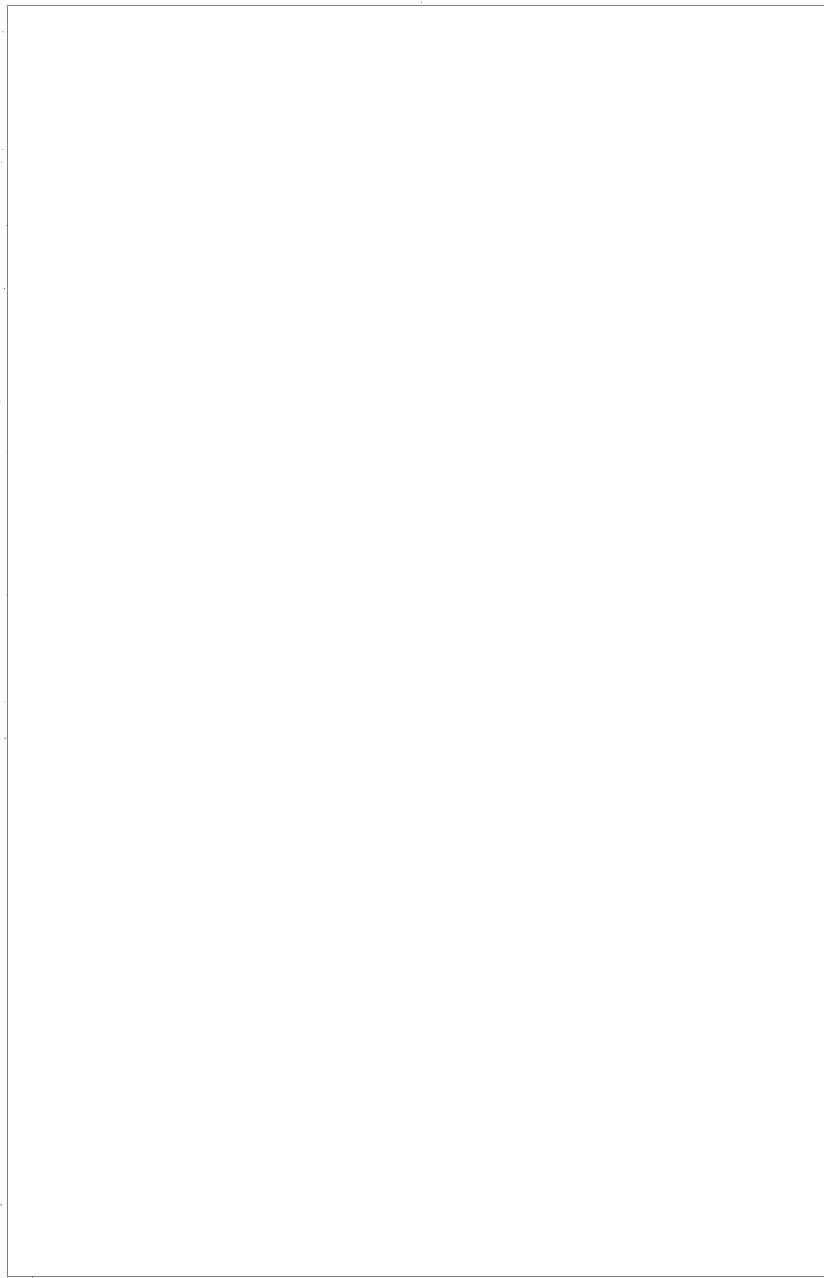
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EGYPT-ISRAEL-DISENGAGEMENT

[redacted] Egyptian-Israeli disengagement lines [redacted] both sides are continuing to comply with the disengagement agreement.

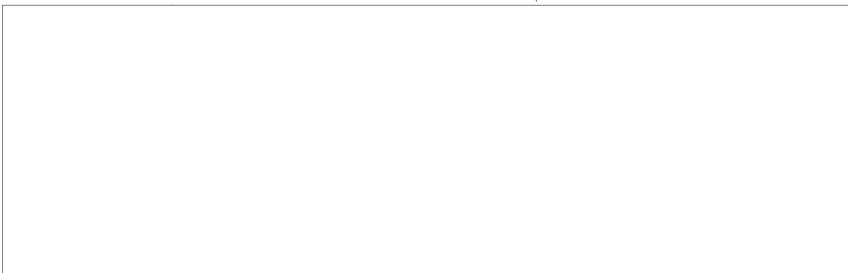
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EGYPT-ISRAEL



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Both Egypt and Israel have recently cited the possibility of new fighting in the future. [redacted] that the steps the Israelis have taken are intended to reassure the public that the Israeli military will not be caught napping. Tel Aviv must also wish to bolster the mission of Foreign Minister Allon in Washington.

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USSR - MIDDLE EAST

Over the past few days, the Soviets have sent a number of military transport aircraft to Syria and Iraq. Ten AN-12s, each of which can carry ten to twelve tons of cargo, have arrived in Damascus since July 27. Five military IL-28 passenger aircraft and two AN-10 transports have flown to Baghdad over the same period. These flights to Baghdad could have carried some 600 passengers; they may have returned Iraqi personnel home from training with the MIG-23 and other weapons systems in the USSR. We do not yet have evidence on the cargoes to Syria.

There were also four Soviet military transport flights to Egypt from July 16 to 26 after a hiatus of three months. These may have carried spare parts sorely needed for the Egyptian military.

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GREECE

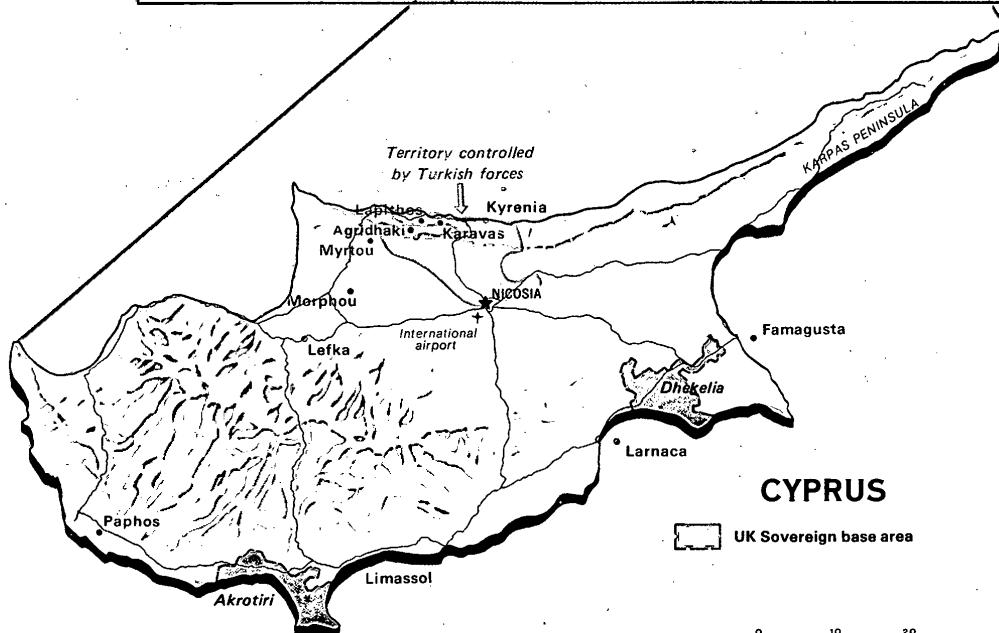
Prime Minister Karamanlis is moving rapidly to consolidate his control. Yesterday the government restored the 1952 constitution, except for portions involving the monarchy. Reverting to the constitution enhances the authority of the new government over matters the army has controlled since 1967, including the power to appoint, promote, and transfer military personnel.

Rumors of impending transfers of top army leaders produced some unrest within the military yesterday. The press reported "difficulties" among officers at the armed forces headquarters just outside Athens, and increased security measures were taken at Karamanlis' headquarters in the city.

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Karamanlis, for his part, reportedly is under growing pressure from his ministers to move swiftly against the military leaders. He may be persuaded that the time is ripe in the wake of Ioannidis' Cyprus caper. Discredited though it may be, however, the military remains the most powerful force in the country. Karamanlis will have to proceed cautiously in order to prevent countermoves by key army leaders.

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CYPRUS

Fighting continued yesterday around Lapithos, near the northern coast. UN sources reported heavy artillery and mortar fire west of the town, and added that the Turks were advancing south toward Agridhaki.

Life in the capital is gradually returning to normal. [redacted] troops from both sides were moving freely about their positions yesterday without serious incident. Businesses and government offices were open, and the Greek press resumed publication.

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The Turks, meanwhile, continue to bolster their forces on the island. According to a UN observer, 15 Turkish ships, eight of them landing craft, were off Kyrenia early yesterday.

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CHINA-JAPAN



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ITALY

During a recent talk with Ambassador Volpe, Christian Democrat leader Amintore Fanfani said he expects the government's austerity program to be passed by parliament within the next two weeks. He added, however, that a new government crisis is likely after the August holidays.

In Fanfani's view, the crisis will be triggered by the increase in unemployment that will result from implementation of the austerity program. He said the program might cause the loss of as many as 750,000 jobs. This would prompt labor to press strongly for the Socialists to quit the coalition.

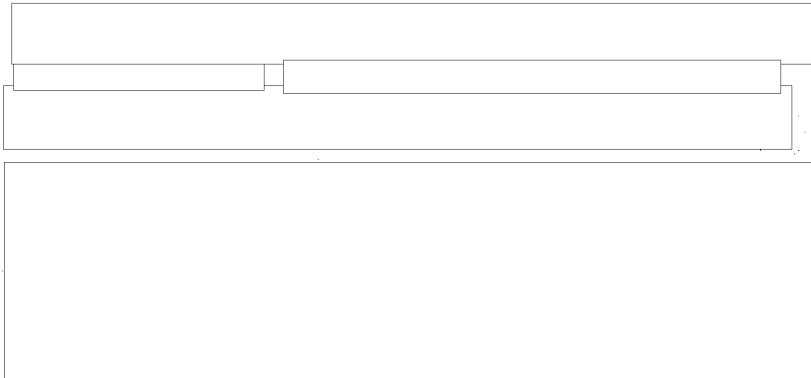
One of the other coalition parties has already warned it will take fresh stock of the political situation in September. At that time, the unions also plan to examine the effects of the austerity measures. If events bear out Fanfani's prediction on unemployment, opposition from labor will stiffen.

Fanfani assured Volpe that his party is not about to enter into governmental collaboration with the Communists. The Christian Democrats, at their recent National Council meeting, formally opposed such collaboration, and the Communists themselves are not yet ready to make the jump into a government coalition. For the present, at least, the Communists prefer to apply more gradual pressure for a stronger role in national decision-making, an approach that has already done much to increase acceptance of the Communist Party as a legitimate organization.

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FRANCE



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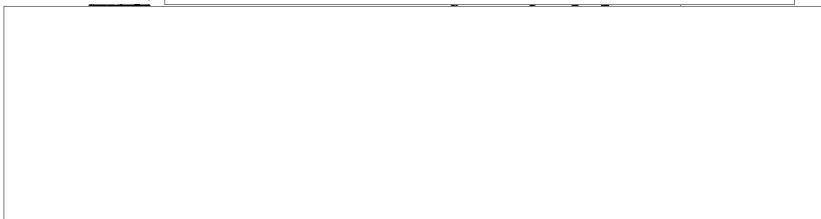
[redacted] that President Giscard's defense study will include a review of the nuclear force. Officials in the French Ministry of Defense and the French Atomic Energy Commission remain concerned that, for economic reasons, Giscard may decide to delay the nuclear program.

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NOTE

USSR:



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The President's Daily Brief

August 3, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 3, 1974

PRINCIPAL DEVELOPMENTS

A recent sampling of Greek Cypriot opinion in Nicosia indicates strong support for Clerides and virtual unanimity against Makarios' return. Leaders of the Communist Party this week gave Clerides qualified support but urged him to dismiss the right-wing cabinet he inherited. Meanwhile, fighting continued yesterday northwest of Nicosia. (Page 1)

25X1

The Portuguese junta's order temporarily suspending publication of three major Lisbon newspapers Thursday may bring on a serious clash between the junta and younger officers of the Armed Forces Movement, even though the junta has moved to reduce the tension and the papers will resume publication today. (Page 2)

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Soviet and East European leaders may hold their annual summer summit in the Crimea within the next few days. (Page 4)

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China. (Page 4)

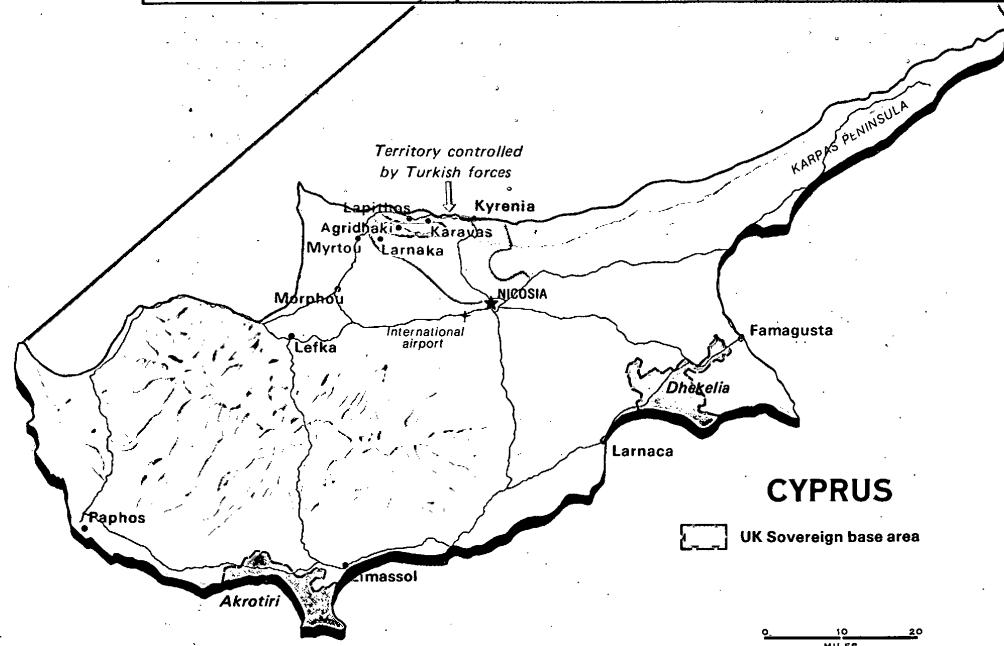
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UN Secretary General Waldheim has said that Portugal will announce independence for Portuguese Guinea during Waldheim's three-day visit to Lisbon, which began yesterday. (Page 4)

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CYPRUS

A wide sampling of Greek Cypriot opinion conducted by the US embassy in Nicosia reflects strong support for Clerides and virtual unanimity against Makarios' return. The political right, as expected, continues to oppose Makarios on personal and ideological grounds. The center and communist left, however, are retreating from their normal pro-Makarios position because they fear his return will result in civil war. Only the leftist group headed by Vassos Lyssaridis, who has long been close to Makarios, is insisting that the Archbishop return.

Leaders of the Communist Party gave Clerides qualified support this week, but urged him to dismiss the right-wing cabinet he has inherited and form a new one composed of individuals acceptable to all political groupings. On the other side, the leader of the extreme right ESEA--the political arm of the Greek Cypriot terrorists who supported the coup against Makarios--said on July 31 that his organization opposed any immediate changes in the cabinet. The right reportedly believes it is now sufficiently united to serve as a political counter-weight to the strong Communist Party, and that Clerides need not cater to the left as Makarios did.

Clerides now plans to reshuffle his cabinet next week; he will have to move cautiously to avoid a clash between left and right.

* * *

The fighting continued yesterday northwest of Nicosia. Turkish tanks reportedly attacked one of the few remaining Greek strongpoints on high ground overlooking the towns of Lapiethos, Karavas, Larnaka, and Agridhaki. Turkish infantry units began moving into the four towns yesterday after heavy artillery barrages drove Greek forces out.

Meanwhile, the Turks have thwarted, with artillery and machine gun fire, attempts by UN observation teams to delineate Turkish-held territory. Turkish units have complete control of the Lapiethos-Karavas road, and UN troops are convinced that the Turks are pushing hard to seize the entire western part of the Kyrenia mountain range.

FOR THE PRESIDENT ONLY

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PORtUGAL

The Portuguese junta's unilateral order temporarily suspending publication of three major Lisbon newspapers Thursday could lead to a serious clash between the junta and younger officers of the Armed Forces Movement.

The junta moved without consulting the commission, composed of members of the Armed Forces Movement, that is supposed to supervise the media to ensure compliance with the new press law. The entire commission resigned to protest the junta's action.

The matter may be brought before the Council of State, which can declare any act unconstitutional. President Spinola is said to control 11 of the 21 votes in the council, but the Armed Forces Movement has exercised more influence within that body than its seven votes would suggest.

Early Saturday the junta moved to ease the tension by announcing that "the matter was satisfactorily cleared up," after junta representatives had met with editors of the three publications to explain the suspension. The suspensions had expired by the time the junta made the announcement canceling the penalty, however.

The junta apparently decided that strong measures are needed to stop what it considers irresponsible reporting. Two of the papers--one of them a Socialist daily--were reportedly suspended for giving prominent coverage to rallies held by the far left. One newspaper in particular provoked the junta by reporting that members of the armed forces had taken part in such rallies.

FOR THE PRESIDENT ONLY

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VENEZUELA-CUBA-USSR

There is growing evidence that Venezuela may begin to supply oil to Cuba later this year in exchange for equivalent oil deliveries from the USSR to Venezuela's customers in Western Europe. This arrangement, which has been under consideration for some time, would result in substantial savings in transportation costs for both Venezuelan and Soviet oil.

Cuba consumes some 160,000 barrels a day, almost all of which now comes from the Soviet Union. Caracas apparently will fill only part of Cuba's needs, at least initially.

FOR THE PRESIDENT ONLY

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NOTES

USSR - Eastern Europe: Soviet and East European leaders may hold their annual summer summit in the Crimea within the next few days. Czechoslovak party chief Husak and Poland's Gierek are already vacationing in the USSR, and there are signs that Hungarian party leader Kadar is on his way. Talks would probably focus on the conduct of detente policy toward Western Europe and the US, the problem of China, and the situation in Cyprus and the Middle East.

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China:

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Portugal - Portuguese Guinea: UN Secretary General Waldheim has stated that during his three-day visit to Lisbon--which began yesterday--Portugal will announce the independence of Portuguese Guinea. The Secretary General reportedly had asked that the announcement be delayed until his visit. Waldheim also predicted that Lisbon would sponsor Guinea-Bissau's admission to the UN.

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THE PRESIDENT'S DAILY BRIEF

August 5, 1974

PRINCIPAL DEVELOPMENTS

Saudi Arabia has promised Egypt \$1.5 billion in new aid, according to Cairo's authoritative daily, Al-Ahram. (Page 1)

The Soviet Union increased its public support of the Palestine Liberation Organization. It has agreed to let the PLO open an office in Moscow and has called for the presence of the PLO at the Geneva peace conference on a basis of "equal rights with other participants." (Page 2)

Cyprus was calm over the weekend with only minor skirmishing reported. (Page 3)

The Soviet Union [redacted] requested at least port access rights from Equatorial Guinea in return for economic assistance. (Page 4)

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Notes on Portugal - Portuguese Guinea, and the Philippines-China appear on Page 5.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SAUDI ARABIA - EGYPT

Saudi Arabia has promised Egypt \$1.5 billion in new aid according to Cairo's authoritative daily, Al-Ahram. The story, which anticipated an official announcement today, appeared during King Faysal's week-long visit in Egypt. It is consistent with an earlier report that the King is willing to underwrite the Egyptian economy over a period of several years provided Cairo can produce a long-term budget to justify the support. One billion dollars of the new aid reportedly will be a grant, with the balance disbursed as a long-term, interest-free loan.

Although Egypt has other offers of assistance and venture capital that total about \$5 billion, these are largely committed to construction in the Suez Canal area and to new industrial projects. Cairo has been uncertain as to whether it would have sufficient foreign exchange to improve existing state industries or to support other private investment in Egypt.

The reported Saudi commitment would also help alleviate Egypt's fears of foreign domination of its economy. With this much money deposited to its account, Cairo should have no difficulty securing credit to finance a sizable state equity in new ventures being proposed by foreign investors.

FOR THE PRESIDENT ONLY

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USSR-FEDAYEEN

The Soviet Union increased its public support of the Palestine Liberation Organization last week, but stopped short of officially endorsing it as the only representative of the Palestinians.

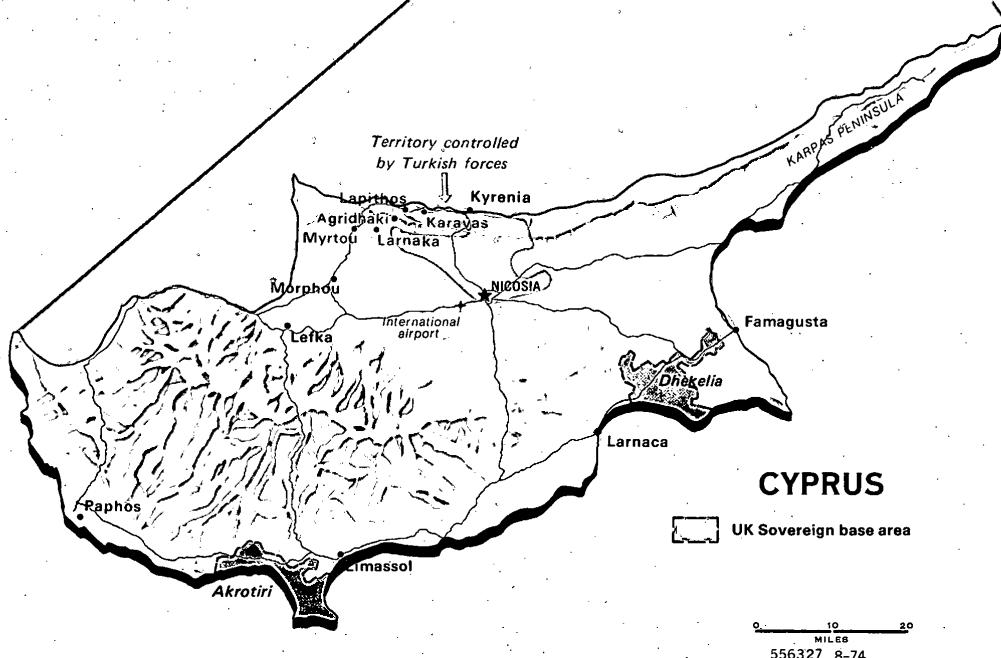
A communique, released shortly after the departure of PLO Chairman Arafat from Moscow, called for the presence of the PLO at the Geneva peace conference on a basis of "equal rights with other participants." It also noted Soviet consent to the opening of a PLO office in Moscow.

The communique avoided the issue of whether this was an official visit and failed to say under whose auspices Arafat was received. Arafat did meet with Soviet party secretary Boris Ponomarev and First Deputy Foreign Minister Kuznetsov.

Arafat arrived in Warsaw over the weekend, and is expected to visit other East European capitals in his search for support.

Meanwhile, radical fedayeen leader George Habbash--timing his statement to coincide with Arafat's Moscow trip--emphasized the divisions that continue to plague the PLO. In an interview published in several Beirut newspapers on August 3, Habbash reiterated his opposition to Arafat's willingness to participate in the Middle East peace talks. He criticized Moscow's Middle East policy, saying it was an "error" to assume that there could be a political settlement of the Palestinian question under present conditions.

FOR THE PRESIDENT ONLY



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CYPRUS

Cyprus was calm over the weekend, with only minor skirmishing reported in the Lapihos area and an exchange of fire in Nicosia. UN forces on the island reported a possible buildup of Turkish troops north of Agridhaki.

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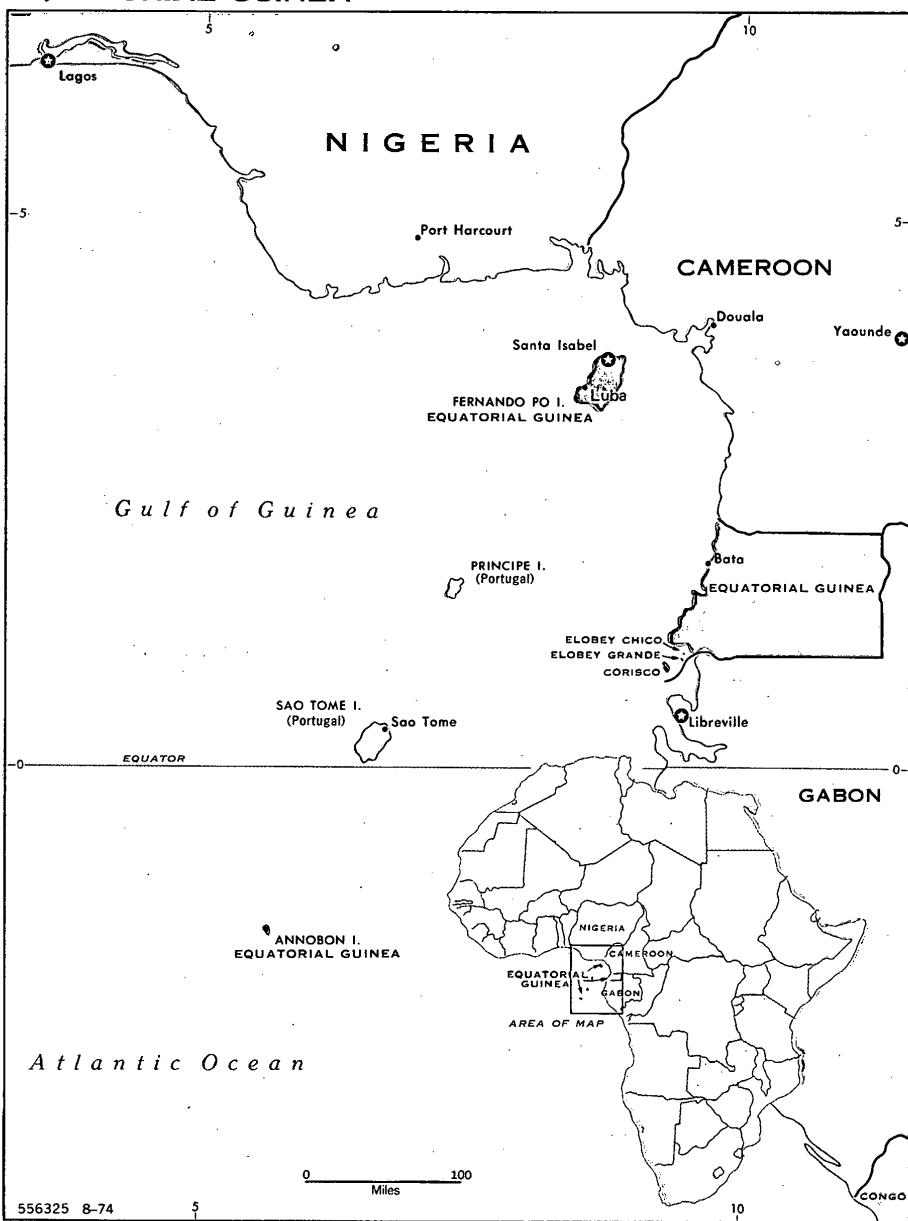
An alert of Greek air force units early yesterday apparently has been lifted. Defense Minister Averoff told the US embassy in Athens that he had ordered the alert after Greek intelligence reported that Turkish ships were moving from Cyprus to the Aegean Sea. Averoff now believes these reports were false and part of a Turkish war of nerves.

* * *

Archbishop Makarios has now publicly announced that he will not attend the Geneva peace talks. He has also stated that he would support acting President Clerides if the latter is elected President of Cyprus.

FOR THE PRESIDENT ONLY

EQUATORIAL GUINEA



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USSR - EQUATORIAL GUINEA

The USSR may be seeking no more than port access rights for submarines and other naval vessels such as it now has in Berbera, Somalia. Port access in Equatorial Guinea would facilitate Soviet naval operations in the south central Atlantic.

Moscow earlier had expressed interest in developing the port of Luba on Equatorial Guinea's island of Fernando Po as the principal base for its south Atlantic fishing fleet. Lately, however, the Soviets seem to have lost interest in that project.

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NOTES

Portugal - Portuguese Guinea: An announcement on the independence of Portuguese Guinea, which UN Secretary General Waldheim had expected over the weekend, has been delayed.

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Philippines-China: The planned "cultural" visit to China by Philippine First Lady Imelda Marcos in mid-August is the latest indication of Manila's increased interest in improving relations with Peking. According to Foreign Secretary Romulo, however, no senior foreign office official will accompany her. President Marcos wants to move closer to Peking without disrupting Manila's important commercial ties with Taipei.

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August 6, 1974

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THE PRESIDENT'S DAILY BRIEF

August 6, 1974

25X1

PRINCIPAL DEVELOPMENTS

25X1

Egypt

25X1

(Page 1)

Little progress was made yesterday toward defining demarcation lines and buffer zones between the two sides in Cyprus. Political leaders are coordinating their positions for the Geneva talks. Meanwhile, new hostilities threaten in the Famagusta area. (Page 2)

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25X1

Israel
Jordan

25X1

25X1

(Page 3)

Ethiopia's new cabinet is primarily civilian, indicating that the powerful Armed Forces Coordinating Committee is willing to give Prime Minister Imru some latitude to govern. (Page 4)

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Nationalist China

25X1

(Page 5)

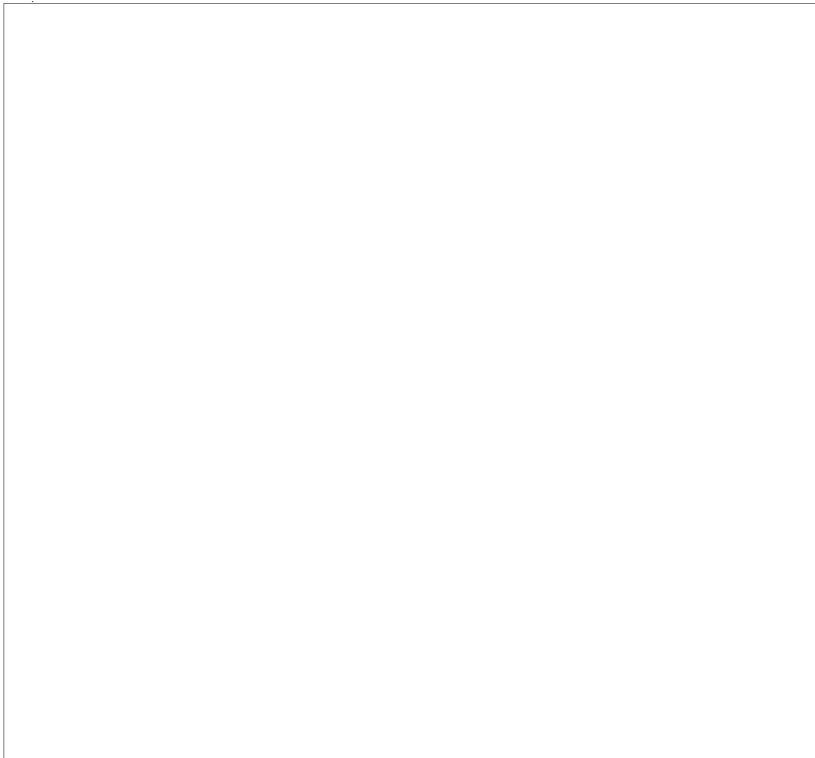
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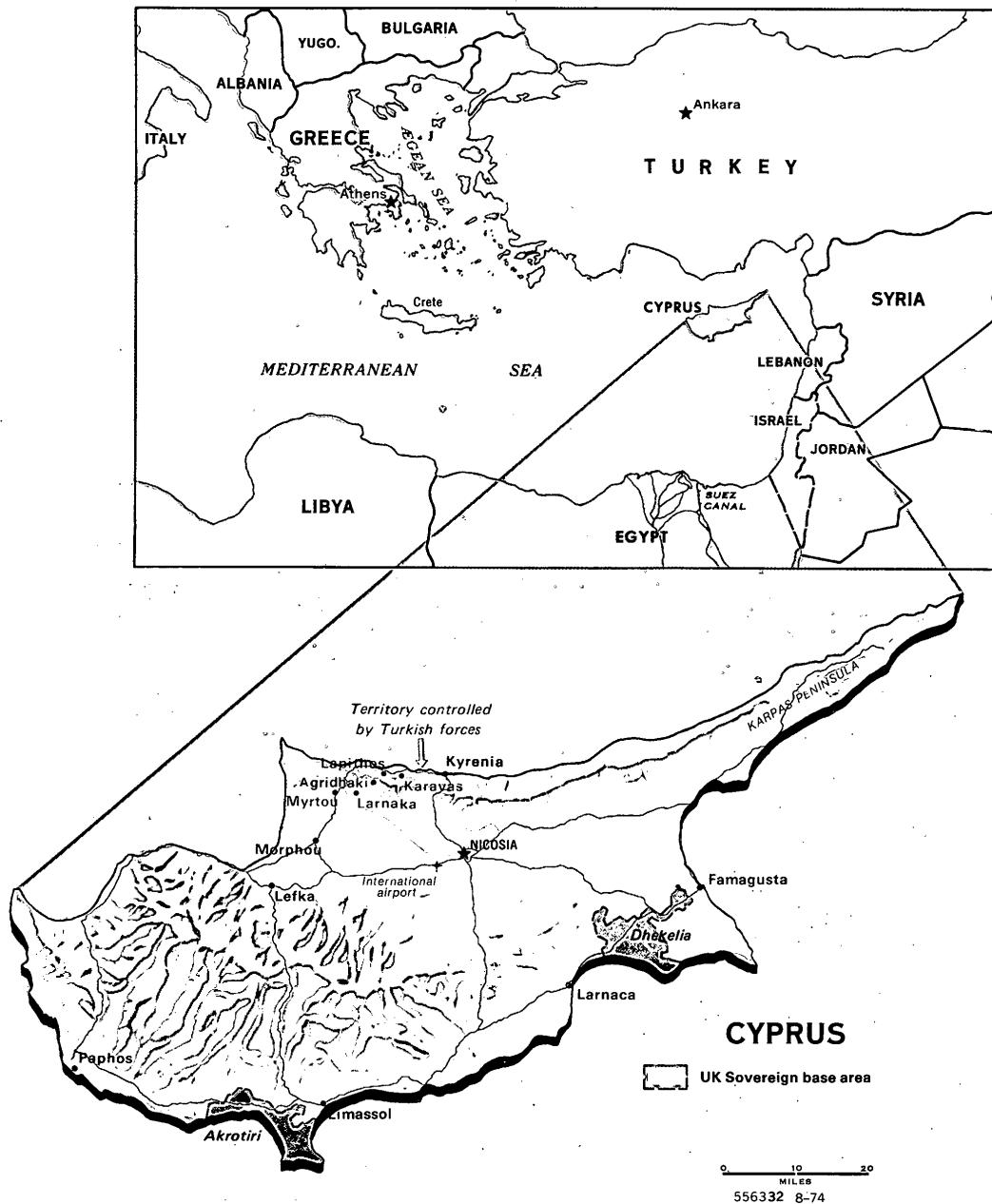
EGYPT



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FOR THE PRESIDENT ONLY



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GREECE-TURKEY-CYPRUS

Little progress has been made toward defining demarcation lines and buffer zones between Turkish and Greek forces in Cyprus, although unconfirmed press stories state that a tentative agreement covering the eastern portion of Kyrenia was reached yesterday. Earlier, difficulties over defining the cease-fire line had threatened to prevent resumption of the Geneva talks on Thursday.

Greek Cypriot leaders went to Athens and Turkish Cypriot leaders to Ankara last weekend to coordinate positions for the Geneva talks. In Ankara, Turkish Cypriot leader Denktash said that a permanent Turkish military presence in Cyprus is necessary and that an autonomous Turkish Cypriot area must include 30 percent of the island. Turkish Prime Minister Ecevit repeated his call for a federal solution providing for a "self-sufficient and autonomous" Turkish Cypriot community. He also said Turkey wants a 40-percent Turkish Cypriot representation in the Cypriot army and a 30-percent representation in the civil service. Turkish Cypriots make up about 20 percent of the island's population.

In Athens, Greek Cypriot leader Clerides was noncommittal about his consultations with Greek government officials. He did, however, approve the appointment of a Greek as the new Cypriot National Guard commander. In a press interview, Clerides rejected the federation plan put forward by Denktash and proposed instead extensive Turkish Cypriot autonomy on the local level. Greek Foreign Minister Mavros said his government also opposed a federal solution, but felt that the future status of Cyprus should be decided by the Cypriot people.

The quiet on the military front was broken when Turkish Cypriot forces in the city of Famagusta moved into new positions last night. Heavy fighting broke out and the National Guard has threatened to attack today unless the Turkish Cypriots pull back. UN forces are moving into the area.

Athens yesterday moved fighter aircraft to Crete, continuing its build-up there since the Cyprus fighting began. From Crete, Greek aircraft would be able to operate over Cyprus for longer periods of time than from the mainland and their approach would be less likely to be detected by Turkish radar.

FOR THE PRESIDENT ONLY

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ARAB STATES - ISRAEL



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ETHIOPIA

Ethiopia's new cabinet, approved by Emperor Haile Selassie on August 3, consists primarily of civil servants. The powerful Armed Forces Coordinating Committee did insist on military and police officers to head the defense and interior ministries, but seems willing to give Prime Minister Mikael Imru and the other civilian ministers some latitude to govern.

Lieutenant General Aman was named minister of defense, and will retain his post as chief of staff of the armed forces. The 50-year-old Aman is a competent professional; he was sidelined nine years ago because of his liberal views. Aman will be a key link between the Armed Forces Coordinating Committee and the cabinet. The new interior minister is an undistinguished police colonel

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Foreign Minister Zewde was given the additional post of deputy prime minister. Three other vacancies were filled by civilians whose moderate views on political and social issues parallel those of the Prime Minister and the Armed Forces Coordinating Committee.

The draft constitution, on which a 30-member committee has been working for four months, will be sent to the Prime Minister today. After study by the cabinet and the Emperor, it will be sent to parliament. The new constitution is expected to reduce the Emperor to a purely ceremonial figure, make the parliament more representative, permit political parties, and provide for a free press.

FOR THE PRESIDENT ONLY

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NATIONALIST CHINA

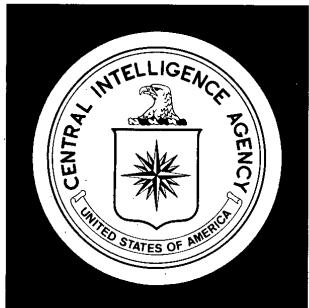


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The President's Daily Brief

August 7, 1974

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THE PRESIDENT'S DAILY BRIEF

August 7, 1974

PRINCIPAL DEVELOPMENTS

Brezhnev has encouraged the heads of several non-aligned states to call for a special UN General Assembly session to deal with Cyprus. The UN framework is the only place where the Soviets have a direct voice in the problem. (Page 1)

The talks on Cyprus in Geneva will be complicated by disagreements within both the Greek and Turkish governments on Cyprus policy. Greek Cypriot leader Clerides, meanwhile, has come up with a compromise proposal on the form of government for the island. (Page 2)

The Israelis have been conducting an unusual mobilization exercise since last week and Israeli military authorities announced on August 5 that a large-scale military exercise had begun on the West Bank. (Page 3)

Lao communist Deputy Prime Minister Phoumi Vongvichit apparently will head the coalition government during Prime Minister Souvanna's convalescence in France. (Page 4)



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(Page 5)

A note on Pakistan-India appears on Page 6.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR-CYPRUS

General Secretary Brezhnev reportedly has encouraged Indian Prime Minister Gandhi, Yugoslav President Tito, and Algerian President Boumediene to call for a special UN General Assembly session to deal with Cyprus. Brezhnev's activity is consistent with Moscow's position that the future of Cyprus should be settled within the UN framework--the only place the Soviets have a direct voice in the problem and where Soviet Ambassador Malik is president of the Security Council this month.

In an effort to promote the UN as the appropriate forum, the Soviets have attacked the tripartite peace conference in Geneva and are seeking to spread distrust of NATO's intentions regarding Cyprus. On August 4, Pravda said the Geneva cease-fire declaration was meant to delay a political settlement and to prolong the occupation of Cyprus. Moscow is concerned that the longer Turkish and Greek troops remain on the island, the greater are the prospects for partition. Moscow's diplomatic activity is designed to forestall such a development.

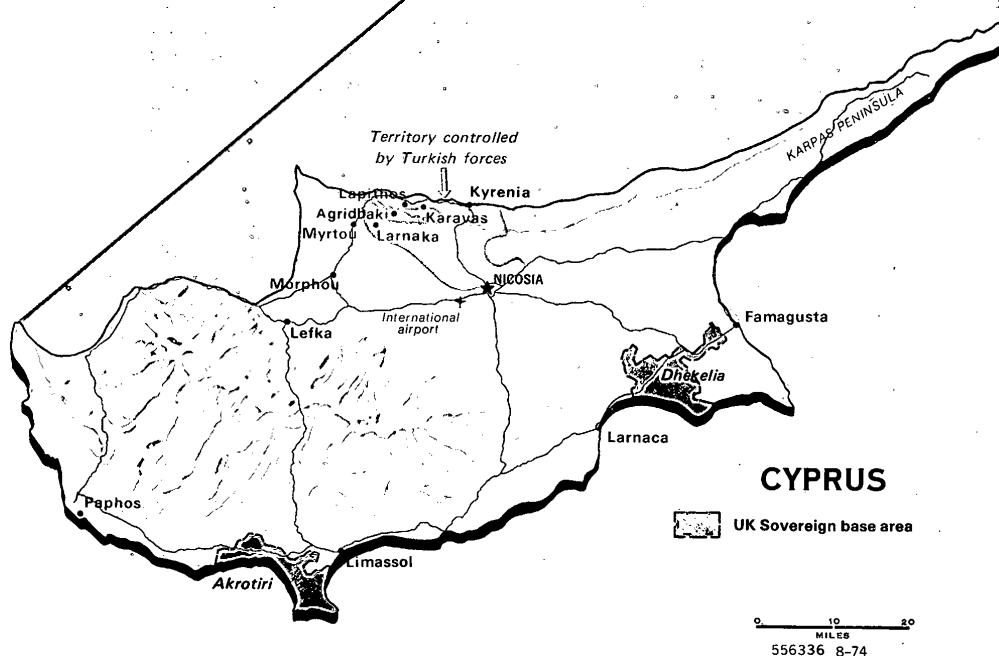
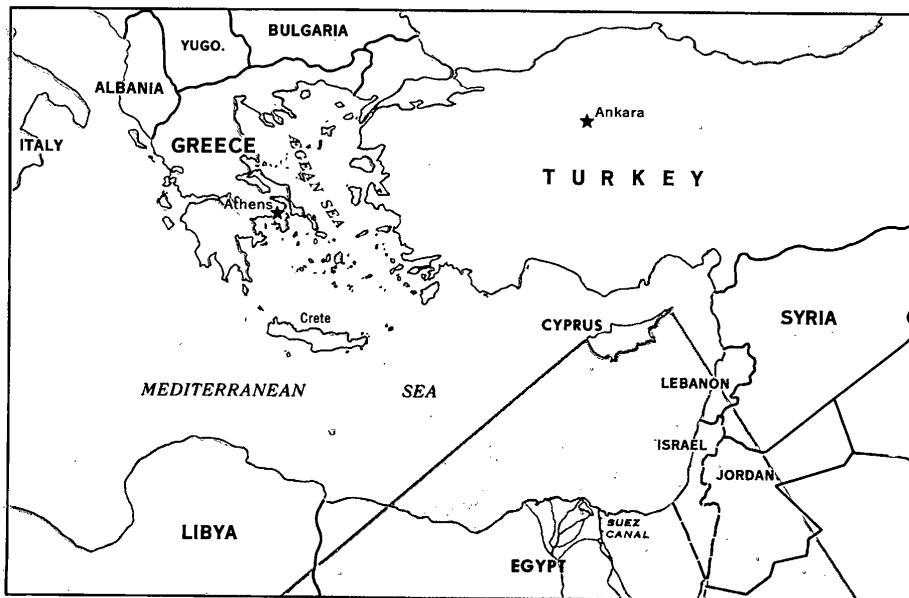
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These concerns may be leading Moscow to adopt a cooler attitude toward the Turks. [redacted]

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The USSR, meanwhile, has expressed cautious approval of the new government in Athens, and Pravda has commended it for its positive attitude toward a Cyprus settlement.

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CYPRUS

Prospects for negotiating a political settlement for Cyprus are being complicated by the lack of consensus in the Greek and Turkish governments about the policies they should adopt at Geneva.

Greek Cypriot leader Glafkos Clerides believes Athens has not yet worked out a firm policy. In Ankara, cracks have appeared in the political unity that surrounded the original decision to intervene on Cyprus. Deputy Prime Minister Erbakan, leader of the minority party in the coalition government, has appeared at times to disagree with Prime Minister Ecevit's proposal for a federated, but independent, Cyprus. He has seemed to prefer outright partition.

Clerides, meanwhile, is considering a solution that is akin to federation without using what has now become a highly charged word. He favors the establishment of a "cantonal system" for Cyprus, with two autonomous administrations linked by a Greek Cypriot president and a Turkish Cypriot vice president. He said such an arrangement would be virtual abandonment of the Greek Cypriot insistence on a unitary state and is in accord with earlier Turkish Cypriot demands.

Clerides said the Greek Cypriot community could face a showdown in the next two or three days because of objections from the political right to Athens' replacement of key National Guard officers

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Clerides received the resignation of the entire cabinet last night.

Turkish forces pushed hard yesterday to capture the whole western part of the Kyrenian mountain range. They moved tanks and artillery into the area west of Kyrenia during the morning and by midday fighting had spread to the inland slopes of the mountains. If the Turks can hold on to the positions seized yesterday, they will have control of important high ground overlooking the Kyrenia coast, where many Turkish forces and supplies are located.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

ISRAEL

The Israelis have been conducting an unusual mobilization exercise since last week, the announced purpose of which is to test a new system for calling up reserves in an emergency. The extent of the exercise and the actual number of reservists called up, however, are not known.

Israeli military authorities announced on August 5 that a large-scale military exercise involving airborne, armor, and infantry forces had begun on the West Bank. Some of the recalled reservists are probably participating in the maneuvers.

Meanwhile, in Egypt, some of the reservists called up in the Egyptian mobilization exercise that began on August 1 have apparently been released.

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LAOS

Lao communist Deputy Prime Minister Phoumi Vongvichit apparently will head the coalition government during Prime Minister Souvanna's convalescence in France.

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[Redacted]

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Although the non-communists have insisted that Phoumi's duties be limited to "regulation of government business" and that both sides share equally in making decisions, Phoumi has already begun to assert himself as the senior member of the cabinet. Phoumi took the initiative for both cabinet meetings held since Souvanna fell ill on July 12 and clearly dominated the sessions. He has only nominally shared the leadership with the lackluster Leuam.

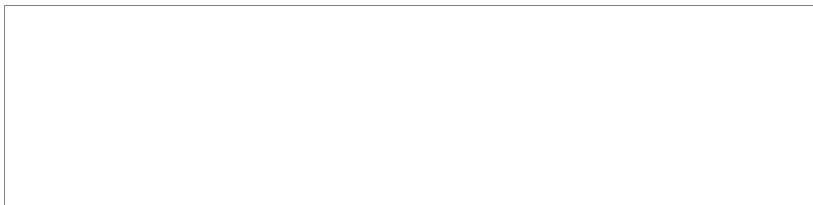
The non-communists are becoming more worried that Souvanna may never be able to resume his official duties. On August 5 the non-communists seriously considered selecting a successor. Their choices included Prince Khammao, [Redacted] president of the King's Council, Interior Minister Pheng Phongsavan, and, surprisingly, nominal Pathet Lao leader Prince Souphanouvong, provided he placed nationalism first and was acceptable to the Western powers.

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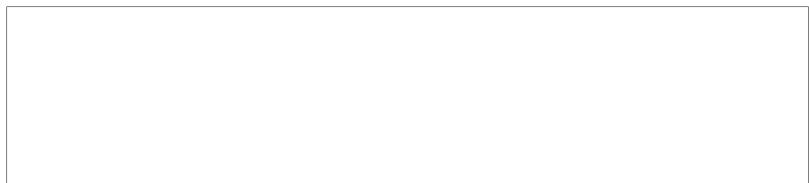
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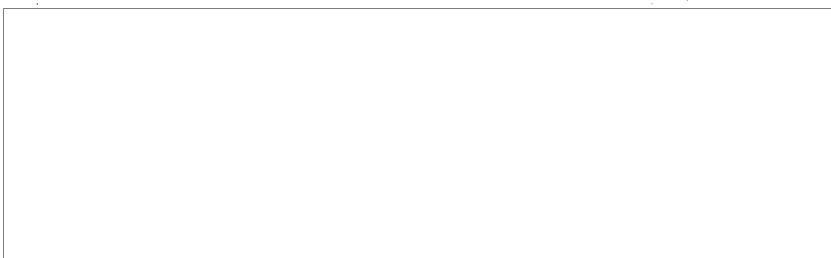
USSR



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NOTE

Pakistan-India: Recent statements by the leaders of the two countries indicate they are willing to resume talks on restoring communication and transportation links as well as other ties broken by the 1971 war. The Pakistanis apparently believe they have squeezed the maximum propaganda benefit out of Prime Minister Bhutto's breaking off the talks in mid-May following India's nuclear test. Both sides, however, have widely differing views on the pace and substance of the talks, and mutual suspicions remain deeply ingrained. Progress will be slow.

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The President's Daily Brief

August 8, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 8, 1974

PRINCIPAL DEVELOPMENTS

The USIB Watch Report on South Vietnam concludes that a series of indicators points to the possibility of a substantial step-up in military action in the near future. (Page 1)

The Geneva talks on Cyprus resume today with both Greece and Turkey claiming that little can be accomplished until the other lives up to the terms of the agreement reached at the last round. (Page 3)

So far, there has been only limited Egyptian reaction to Israeli military exercises and to Tel Aviv's statements on the possibility of renewed fighting in the future. (Page 5)

King Faysal has pledged to "rush" \$300 million in economic aid to Cairo and has agreed with President Sadat that more inter-Arab consultation is needed before a summit conference convenes. (Page 6)

The deterioration of relations between Egypt and Libya was re-emphasized yesterday when President Sadat released a letter he sent to Qadhafi in which he accuses the Libyan leader of masterminding a campaign of subversion against Egypt. (Page 7)

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Pakistan
(Page 8)

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The East Germans appear to have halted, for the time being at least, their harassment of overland travel into West Berlin. (Page 9)

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SOUTH VIETNAM

The USIB approved the following conclusions on South Vietnam on August 7.

In South Vietnam, the current round of communist military action--already fairly heavy in Military Region 1--will certainly continue and may increase. The key indicators of this are:

--In North Vietnam: The North Vietnamese 308th Division (one of the six divisions in the strategic reserve) began about ten days ago to engage in much heavier communications. This suggests that the division may be preparing to move South to increase the level of fighting there.

--In Military Region 1: On August 6, the North Vietnamese 325th Division, the only one of the four North Vietnamese divisions in Military Region 1 that has not been in action in the past few weeks, informed a subordinate unit that the "open fire time for action" (not further defined) would be "K-hour, D-day plus two." Antiaircraft units were instructed to prevent "enemy" aircraft from entering the area so that artillery units could provide infantry support.

--In Military Region 2: The principal communist military headquarters, the B-3 Front, in the Central Highlands has moved approximately 70 kilometers from its normal location in the tri-border area to a location between Kontum and Pleiku cities.

--In Military Region 3: A forward element of the headquarters for communist units in the area substantially increased its communications in August with North Vietnamese and Viet Cong main force units northwest of Saigon. Such an increase in communications normally precedes a step-up in tactical activity.

There are reports--not as yet confirmed by communications intelligence--that the North Vietnamese 5th Division may have moved from Svay Rieng Province in Cambodia back into Tay Ninh Province, South Vietnam.

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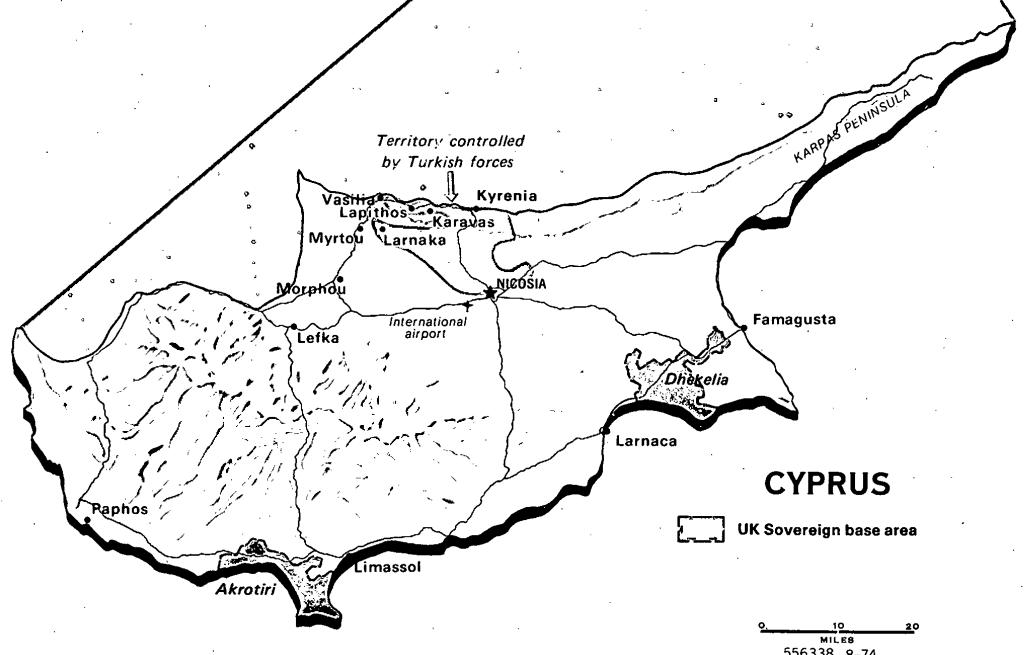
FOR THE PRESIDENT ONLY

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These indicators, taken as a whole, may presage a substantial step-up in military action in the near term. The fighting is likely to be intense in the extreme northern provinces of Quang Tri and Thua Thien.

Finally, although there has been a gradual build-up in North Vietnamese activities over the past several weeks, the communists' perception of the political situation in the US could tempt them to seek even greater objectives and take greater risks than they originally intended.

FOR THE PRESIDENT ONLY



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CYPRUS

The Geneva talks resume today with both Greece and Turkey claiming that little can be accomplished until the other lives up to the terms of the agreement reached at the last round.

The Turks believe they are being outflanked by the Greeks in the international arena and have increased efforts to counter Greek charges of Turkish cease-fire violations. Foreign Minister Gunes has assured US Ambassador Macomber that all Turkish commanders on Cyprus have orders not to fire, even if fired upon. He claimed, however, that nothing was being done to enforce the provision in the Geneva declaration that the Greeks withdraw from Turkish Cypriot enclaves.

Prime Minister Ecevit announced yesterday that Turkey will propose that Cyprus remain an independent state, but be divided geographically into autonomous Greek and Turkish administrations. Since leaders of both the Greek and Turkish Cypriot communities favor some form of federal solution, the major negotiating difficulties are likely to center on the size of the Turkish autonomous area and the timing of Turkish troop withdrawal from the island.

The Geneva talks are expected to continue at the ministerial level for only a few days before the problem is turned over to lower level diplomats and technicians.

In Cyprus, Greek Cypriot leader Clerides is attempting to remove extreme rightists from the cabinet before he departs for Geneva later this week. The reported resignation of the cabinet on Tuesday has not been officially confirmed. A government spokesman has stated, however, that "preparatory work for the reorganization of the government has started and will be completed this week."

The Cypriot House of Deputies has elected Tassos Papadopoulos to fill Clerides' former post as president of the House. This move tends to

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strengthen Clerides' hold on the presidency, although technically he is still acting for Archbishop Makarios. Papadopoulos will serve as acting president while Clerides is in Geneva.

* * *

Despite Turkish assurances that firm cease-fire orders have been issued, Turkish troops yesterday continued their march westward along the northern Cypriot coast toward the resort town of Vasilia. The advance forced a hasty retreat by defending Greek Cypriot National Guard elements. The Turkish move is a continuation of the assault that began Tuesday against the towns of Lapithos and Karavas.

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ARAB STATES - ISRAEL

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So far there has been only limited Egyptian reaction to Israeli military exercises and to Tel Aviv's statements on the possibility of renewed fighting in the future. [redacted]

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Egyptian Foreign Minister Fahmi yesterday called on Israel to "stop its saber rattling," but acknowledged that Israeli maneuvers might only be part of the army's training. He added, nevertheless, "we in the Arab world see these moves as warlike and we will react in the same way."

* * *

Israeli aircraft attacked fedayeen targets in southeastern Lebanon twice yesterday--the first such raids in about two weeks. The attacks were in the same area in which Israeli and Lebanese troops exchanged artillery fire on Tuesday. This exchange occurred when the Lebanese intercepted a small Israeli force that was searching for abducted Israeli Arab villagers.

FOR THE PRESIDENT ONLY

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EGYPT - SAUDI ARABIA

King Faysal has pledged to "rush" \$300 million in economic aid to Cairo. This may be part of the \$1 billion of grant aid previously announced by the Egyptian press. According to the communiqué issued yesterday at the close of the King's nine-day visit to Egypt, economic cooperation will include the establishment of a joint bank and companies to provide building services and investment facilities for joint projects.

Faysal and President Sadat agreed that more inter-Arab consultation is needed before a summit conference convenes. The two leaders suggested that the Arab summit meeting, now scheduled for September 3, be delayed until sometime after mid-October. They indicated a harmony of views on other inter-Arab questions, including the Palestinian issue.

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EGYPT-LIBYA

The deterioration in relations between the two nations was emphasized yesterday when Egyptian President Sadat published a scathing letter he sent to Libyan President Qadhafi last week.

Libya has been trying to get Egypt to return a squadron of Mirage aircraft on loan since last year, and early this week took "hostage" an Egyptian naval patrol squadron visiting Libya in order to gain the release of the Mirages. This action appears to have caused Sadat to publicize his letter, which accuses the Libyan leader of personally masterminding a campaign of subversion against Egypt. Sadat has agreed to return the aircraft, but he has implied, as if to underscore his split with Qadhafi, that Libya's recall of the Mirages will hurt Egypt's defenses.

Sadat clearly would like to have other members of Libya's Revolutionary Command Council do something about Qadhafi. Some members of the Libyan ruling group, however, have been angered and insulted by Egyptian high-handedness on the Mirage issue, and on previous occasions they have defended Qadhafi against criticism from Cairo.

In a possibly related development, Egyptian border guard units near Libya have been placed on a precautionary alert.

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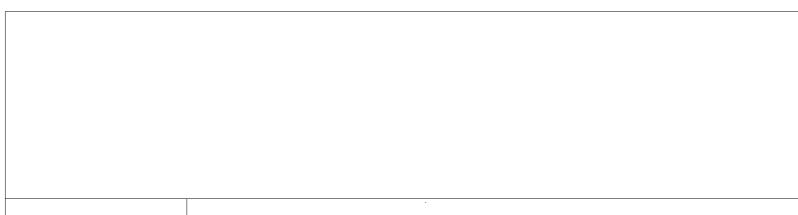
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PAKISTAN

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NOTE

Germany: The East Germans appear to have halted, for the time being at least, their harassment of overland traffic into West Berlin initiated in retaliation for Bonn's opening of the Federal Environmental Office there. East and West German representatives on the transit commission met, at Bonn's request, on August 6, but made no progress. Bonn, which prefers to keep the affair in bilateral channels, probably will make another demarche to the East German Foreign Ministry. Recourse to four-power consultations would amount to an acknowledgment that Pankow could construe the environmental office as a violation of the Quadripartite Agreement.

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The President's Daily Brief

August 9, 1974

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THE PRESIDENT'S DAILY BRIEF

August 9, 1974

PRINCIPAL DEVELOPMENTS

While the communists have made some recent gains in Quang Nam and Quang Ngai provinces and seem to be preparing to intensify fighting in several other sectors of South Vietnam, the situation is less ominous than a day ago. (Page 1)

[redacted] 25X1

[redacted] Press reports say Greek tank and artillery units are rolling into position near the Turkish border. Meanwhile, on Cyprus, steps were being taken to strengthen the Clerides government and to remove the National Guard from politics. (Page 3)

[redacted] 25X1

Israeli-Syrian

[redacted] (Page 4)

[redacted] 25X1

Israel

[redacted] (Page 6)

25X1

The Soviet minesweeping operation in the Strait of Gubal may be extended well beyond the projected completion date of August 15. (Page 7)

Saudi Arabia's senior advisory body on oil matters, the Supreme Petroleum Council, has recommended against holding the large Saudi oil auction proposed by Oil Minister Yamani. (Page 8)

Cairo has decided to emphasize its warnings to Tripoli by withdrawing some military personnel on loan to the Libyan armed forces. (Page 9) 25X1

The Soviets [redacted]

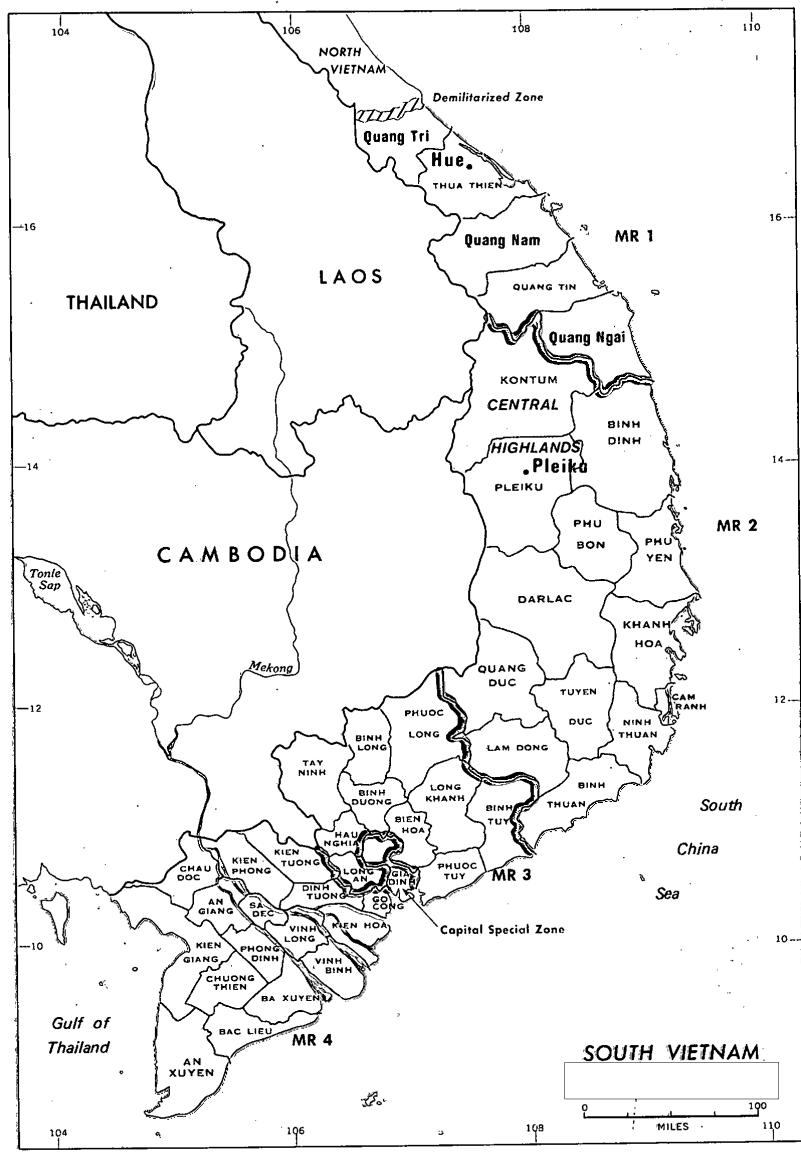
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[redacted] (Page 10) 25X1

In Portugal, moderate elements within the military are growing impatient with leftist tactics that have thwarted government efforts to deal with critical problems. (Page 11)

In response to Bangkok's latest overture, the North Vietnamese reportedly have told the Thai that they are willing to explore mutual interests in the field of trade and commerce. (Page 12)

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SOUTH VIETNAM

While the communists have made some recent gains in Quang Nam and Quang Ngai provinces and seem to be preparing to intensify fighting in several other sectors of the country, the situation is less ominous than a day ago.

Indications that the North Vietnamese 308th Division near Hanoi was preparing to move south appear to have been incorrect. In late July, the 308th Division did reactivate communications with its infantry regiments following several months of reduced activity, but this was only a return to a normal level of activity. This apparently means that the division has returned to normal status and it is not necessarily an indicator that it is getting ready to move south. Moreover, none of the other five infantry divisions in North Vietnam's strategic reserve show any signs of moving south.

Some increase in action may occur in South Vietnam's two northern provinces, but the evidence is less conclusive than earlier. A recent intercept indicates the North Vietnamese 325th Division may be preparing to attack around Quang Tri City. Another division, however, the 324B, has reduced its communications. This suggests that it may be slackening its tactical activity. There are signs that the third division in this area, the 304th, may be moving south. Low-level reports indicate the 304th may move from Quang Tri to Quang Nam Province. The 304th Division recently changed its communications pattern in a way that suggests it may move.

In southern Military Region 1, the communists are continuing to shell government outposts in Quang Nam and Quang Ngai provinces, but the government has moved in reinforcements and seems to have regained the initiative in some areas. Government forces are attempting to recapture lost territory and push the North Vietnamese back.

The communists have moved large quantities of war materiel, including long-range artillery, into the area, and they may fight hard to hold the land that they have taken. The shift of a fresh division from Quang Tri Province would enable the North Vietnamese to challenge government forces, but it probably would not be enough for the communists to expand their holdings significantly.

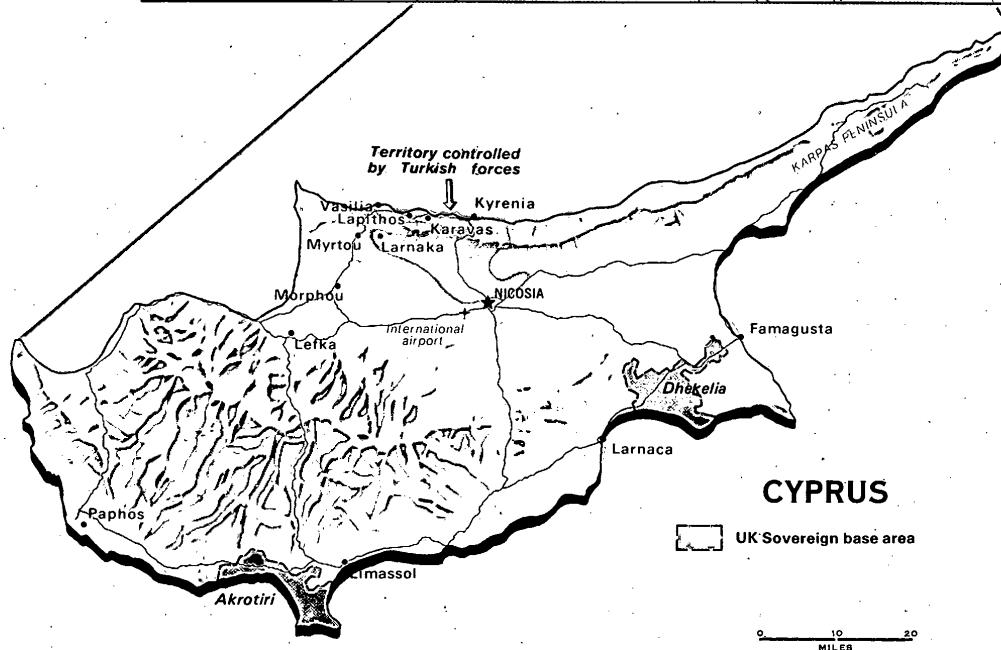
FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

The North Vietnamese have increased their attacks in Pleiku, and the recent shift eastward of the tactical headquarters for the area suggests that more fighting is likely. Communist forces north and west of Saigon also seem to be preparing for more aggressive action.

These moves are consistent with a recent reliable report on COSVN's assessment of the situation and near-term plans. According to this report, communist main force attacks and counterpacification activities have dealt setbacks to the government and should be exploited locally throughout the summer and early fall. Government forces should be able to cope with a higher level of fighting and prevent the communists from making major inroads into the territory they now control.

Communist units in the South are clearly capable of carrying out large attacks throughout much of the country, but they probably do not have the large manpower pool at hand needed to sustain protracted campaigns in many areas. Few troops have infiltrated in recent months. While Hanoi has a substantial number of troops training in the North and is capable of moving them south faster than ever before, it has usually positioned its troops on the southern battlefronts before launching its campaigns.



FOR THE PRESIDENT ONLY

TURKEY-GREECE-CYPRUS

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The Greek defense minister told US Assistant Secretary of State Hartman on Wednesday that Turkey had informed his government that in the future, an extensive area of the Aegean west and south of Turkey could only be overflowed after notifying Turkish air traffic control. The Greek government replied that it would not accept this unilateral Turkish action over what has heretofore been Greek-controlled airspace. This indicates that the conflict might spill over into the ongoing Greco-Turkish dispute over control of the Aegean.

On Cyprus yesterday, the Turks continued their efforts to consolidate positions in the western Kyrenia Mountains, and the Cypriot National Guard occupied two villages near Paphos. The sporadic fighting in Nicosia intensified along the line dividing the Greek and Turkish communities.

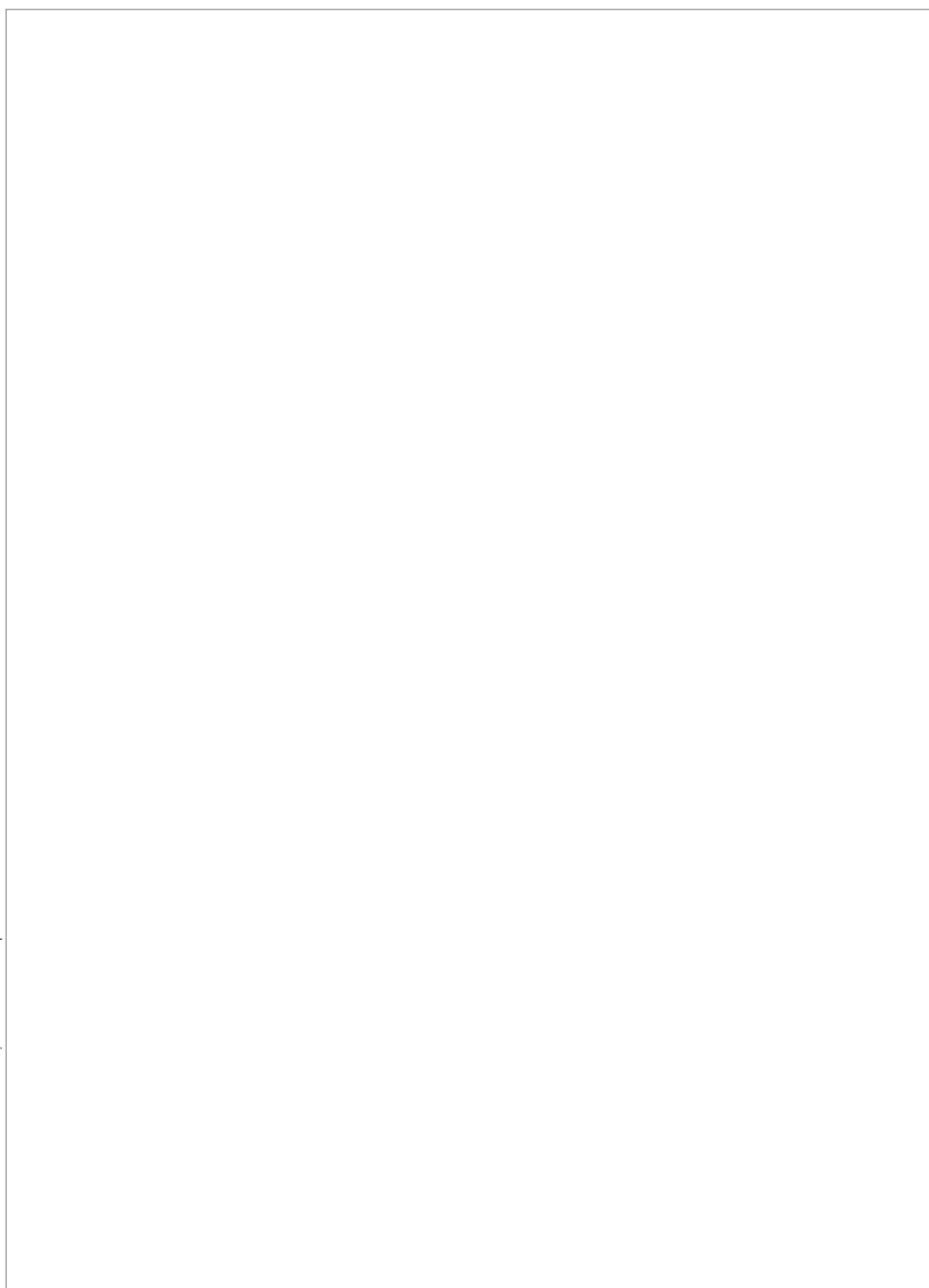
Acting President Glafkos Clerides yesterday formed a new eight-member cabinet composed of non-political business and professional leaders. Clerides himself holds the key ministries of foreign affairs, interior, and defense. The shift strengthens his hand against political foes on the left and right.

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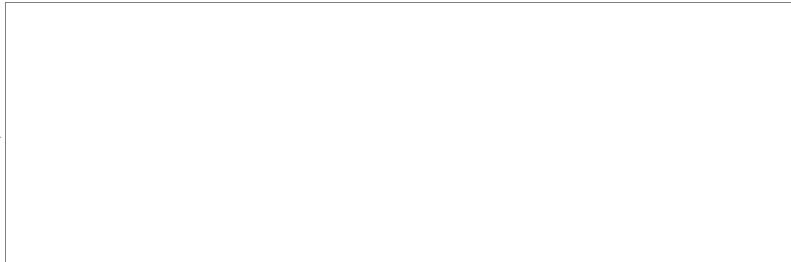
ISRAEL-SYRIA



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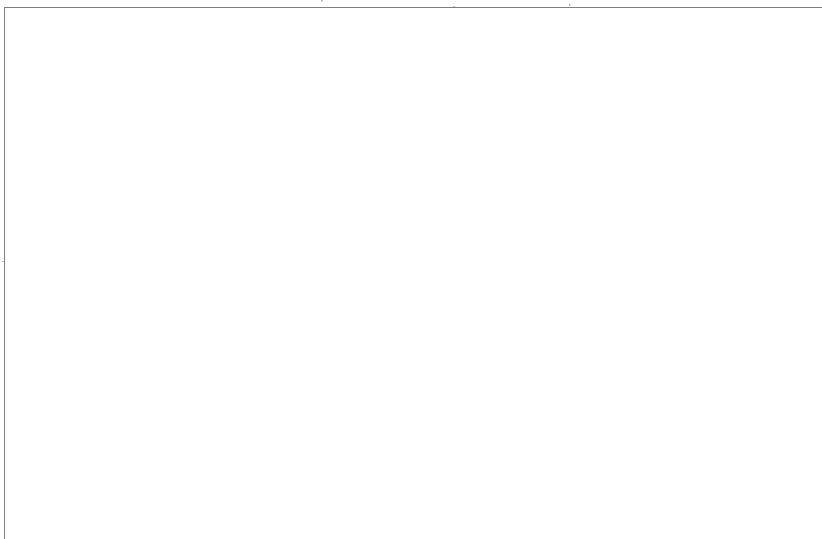


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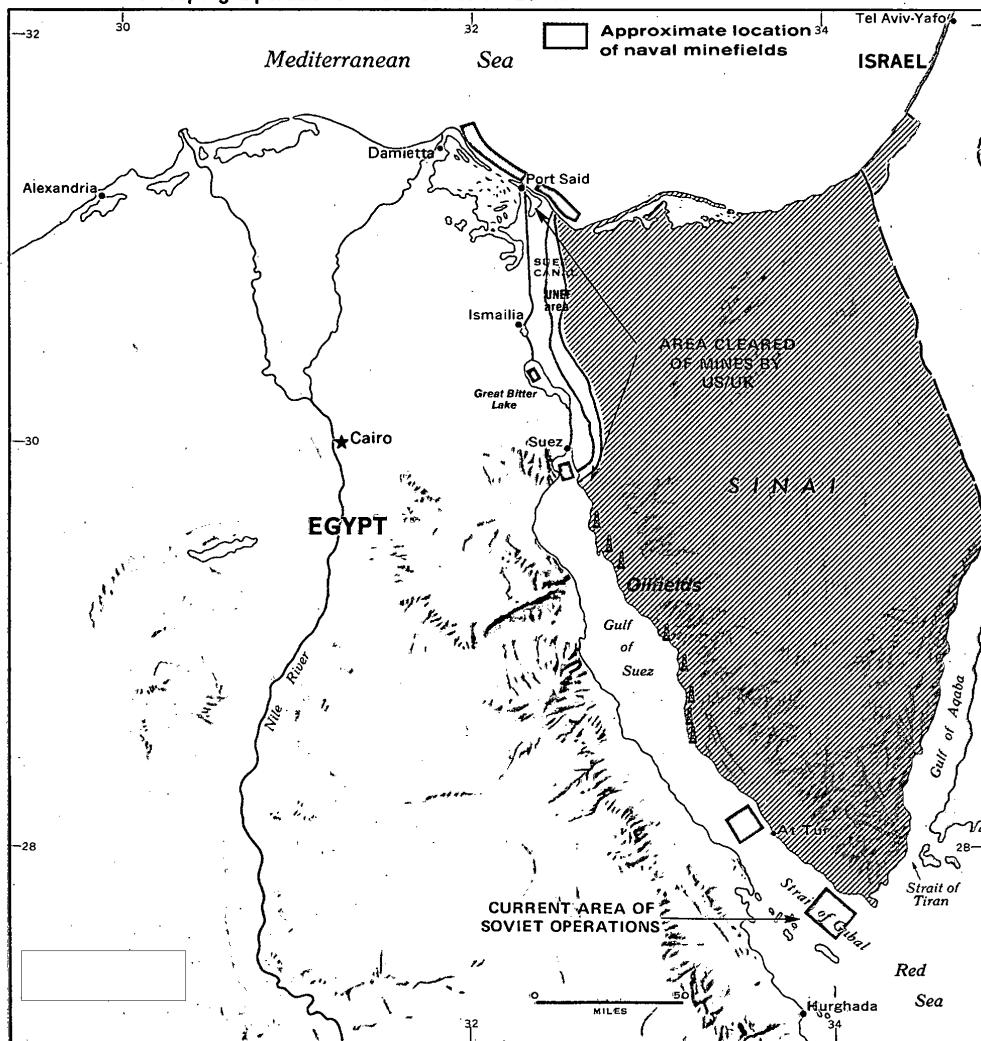
ISRAEL



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Soviet Mine Sweeping Operations in the Strait of Gubal



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USSR-ISRAEL

The Soviet minesweeping operation in the Strait of Gubal may be extended well beyond the projected completion date of August 15. Bad weather has caused delays in the clearing operations in the main channel, and work in this area may not be completed until September 1.

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The Soviets reportedly hope to obtain Israeli permission to clear the inner channel located in the Israeli-controlled eastern side of the strait, leading to the oil fields in Israeli-occupied Sinai.



FOR THE PRESIDENT ONLY

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SAUDI ARABIA

The Supreme Petroleum Council, Saudi Arabia's senior advisory body on oil matters, has recommended against holding the large Saudi oil auction proposed by Oil Minister Yamani. The King may react to the lack of consensus among his senior advisers by equivocating. Whether the auction is held or not, Yamani doubts that there will be much increase in Saudi production in the foreseeable future, in view of generally high world oil stocks.

Yamani has told the US embassy that the council wants the Saudis to hold out for the same high price Kuwait imposed in its recent agreement with Gulf Oil and British Petroleum, the two major producing companies in Kuwait.

Yamani is still pressing for the auction, but Prince Fahd, who chairs the council, has thrown his weight behind its recommendation, and the King usually listens to him. Although the King shares Yamani's view that oil prices should be lowered, Faysal is also aware of strenuous opposition to the Yamani proposals among other members of the Organization of Petroleum Exporting Countries, especially Iran, Kuwait, Abu Dhabi, and Algeria.

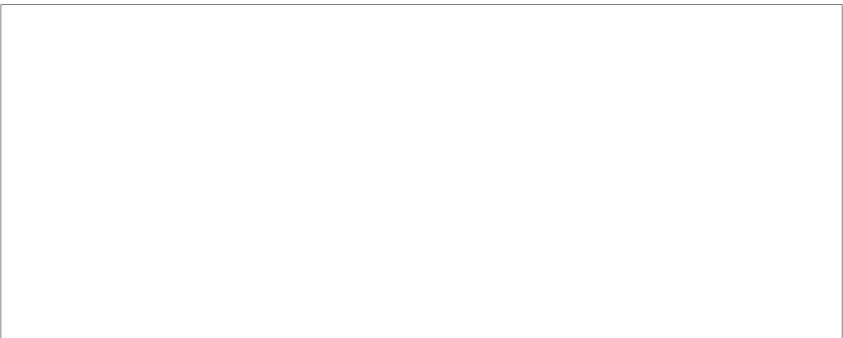
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EGYPT-LIBYA

Cairo has decided to emphasize its warnings to Tripoli by withdrawing some military personnel on loan to the Libyan armed forces. A significant recall of Egyptian advisers and support personnel would cause dislocations in Tripoli's defense capabilities.

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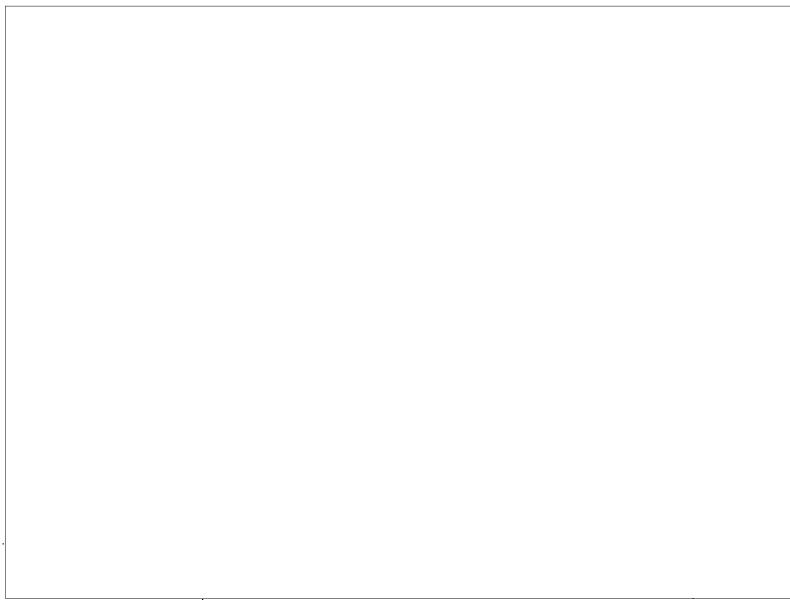


There are some suggestions that Tripoli is facilitating orderly withdrawal. This tends to confirm press reports that President Sadat has agreed to return the Libyan Mirage aircraft.

The Libyan leadership announced yesterday that it had refused to accept President Sadat's recently publicized scathing letter, but the Tripoli media, while denouncing the Sadat letter, have softened their tone. The Egyptian press has continued its shrill attacks on Libya, but is now putting greater emphasis on Sadat's call in the letter for a new dialogue.

Nevertheless, a collision may be unavoidable. Sadat is fed up with Qadhafi's meddling in Egypt's affairs. Qadhafi, for his part, is not likely to knuckle under to anything resembling an Egyptian ultimatum.

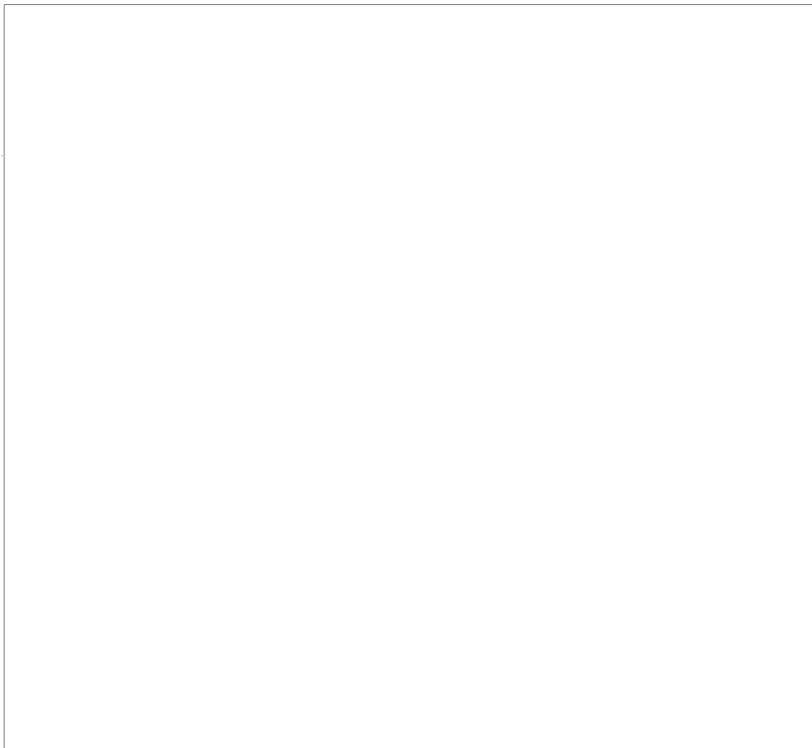
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USSR



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PORtUGAL

Moderate elements within the military are growing impatient with leftist tactics that have thwarted government efforts to deal with critical problems. On August 5, the junta issued a stern warning to extremist groups who are trying to discredit the armed forces.

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The military believe that economic problems, particularly as they are affected by labor, are among the key issues that need urgent attention. The Council of Ministers announced approval on August 4 of a package of measures to stimulate the economy. No mention was made, however, of the long-promised strike-lockout law. Inability to pass labor legislation could create additional restiveness in the armed forces.

News reporting in Portugal is heavily manipulated in favor of the left, and a new press law is being negotiated to try to restore balanced reporting. The growing intolerance of the authorities toward the left resulted in the temporary ban imposed last week on three Lisbon dailies.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

THAILAND-VIETNAM

Bangkok's efforts to establish a dialogue with Hanoi appear to have had some result. In response to Bangkok's latest overture, the North Vietnamese reportedly have told the Thai that they are willing to explore mutual interests in the field of trade and commerce. Hanoi has indicated that such discussions can best be handled in Hong Kong by the North Vietnamese trade mission and the Thai consul general.

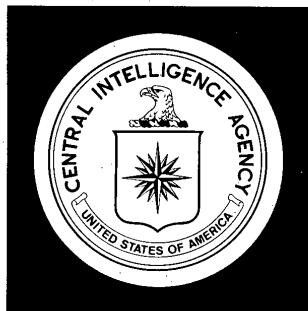
Deputy Foreign Minister Chatchai, the prime mover in the Thai government for closer ties with North Vietnam, has directed an intermediary to go to Hanoi to determine the kind of trade and financial arrangements the North Vietnamese have in mind. The Thai do not expect rapid progress in improving relations with the North Vietnamese. Chatchai views Hanoi's limited response, however, as a vindication of his persistent pursuit of rapprochement.

There is no evidence that Hanoi is reconsidering its stringent opposition to the Sanya government; North Vietnamese propaganda continues to be harsh and unfavorable. Hanoi is probably willing, however, to explore the possibility that broader trade relations with Bangkok could provide some help in meeting North Vietnam's serious economic problems.

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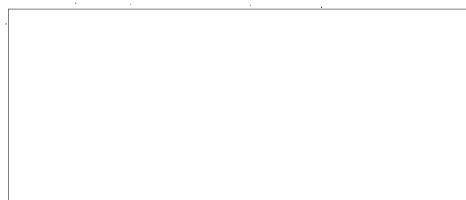
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The President's Daily Brief

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August 10, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 10, 1974

PRINCIPAL DEVELOPMENTS

The world in the past 24 hours has seemed to mark time as the US succession process worked itself out. None of the potential troublemakers has produced even a rumble. (Page 1)

In Geneva, the atmosphere at the Cyprus peace talks has improved. The British say the conference has settled down to a "reasonably pragmatic performance." (Page 3)

Israeli aircraft bombed fedayeen targets in south-eastern Lebanon yesterday for the third straight day and the Israelis also flew a reconnaissance mission over Syrian lines for the first time since May 24. The Syrians meanwhile appear to have begun flying their new MIG-23 fighters. (Page 5)

Somalia may have given the USSR "full base rights" and "full" access to all Somali airfields under terms of the recent but still-unpublished Soviet-Somali Friendship Treaty. (Page 6)

Racial violence in Angola is hampering the local military junta's efforts to form a provisional coalition government preparatory to gaining independence from Portugal. (Page 7)

A note on Ethiopian military-government friction appears on Page 8.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

WORLD

The world in the past 24 hours has seemed to mark time as the US succession process worked itself out. None of the potential troublemakers--Vietnam, Korea, Cyprus, fedayeen--has produced even a rumble. It may be that many have not had time to consider how the situation might be turned to advantage. Many, the Soviets for example, had probably not anticipated the situation to come to a climax so rapidly and, still in something of a state of shock, are without fixed course. These conditions will naturally dissipate quickly.

Some of those most concerned--the Soviets, the Chinese, the Egyptians, the West Europeans--will be looking for reassurance and will be buoyed by the vote of confidence that President Ford has given to Secretary Kissinger.

The initial Soviet response, as communicated to us, has been pretty much along the lines anticipated. The Soviet public reaction has been guarded. The stress is on the expectation that the new US President will follow the course of his predecessor. The support for detente in the US, they say, rests on durable forces, not on the fate of individual leaders. This is what the Soviet leaders would like to believe and have others believe.

Moscow may, in fact, be a bit more worried than these expressions of confidence show. The American desk officer at the Soviet Foreign Ministry remarked to Ambassador Stoessel yesterday that the main concern of the Soviet government is that the direction of US-Soviet relations, established in recent years, be continued.

Moscow's East European allies have all reported President Ford's succession. In most cases they have provided generally favorable biographies on the President, noting that he has supported "Cold War" positions in the past but now holds favorable views on US-Soviet relations.

Fighting continued Friday on Cyprus as both sides sought to improve their positions in all parts of the island. The conference in Geneva, however, is reported to be settling down to serious discussion.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

We have noted no development in the Middle East that we would trace to the events in Washington. Scheduled consultations on the negotiating process continue, and in most Arab capitals the desire for an early Geneva peace conference remains undiminished. Sadat is pursuing his efforts to reconcile Arab differences, and is trying to postpone an Arab summit conference, which he thinks would be divisive. Sadat is conducting a risky sideshow with Libya, but he is likely to keep it in the nature of a back-fence squabble. He has, indeed, renewed his offer of a new dialogue with Tripoli.

Spoiling operations by such fedayeen groups as the Popular Front for the Liberation of Palestine can still be expected, and all the more so as a Geneva conference approaches.

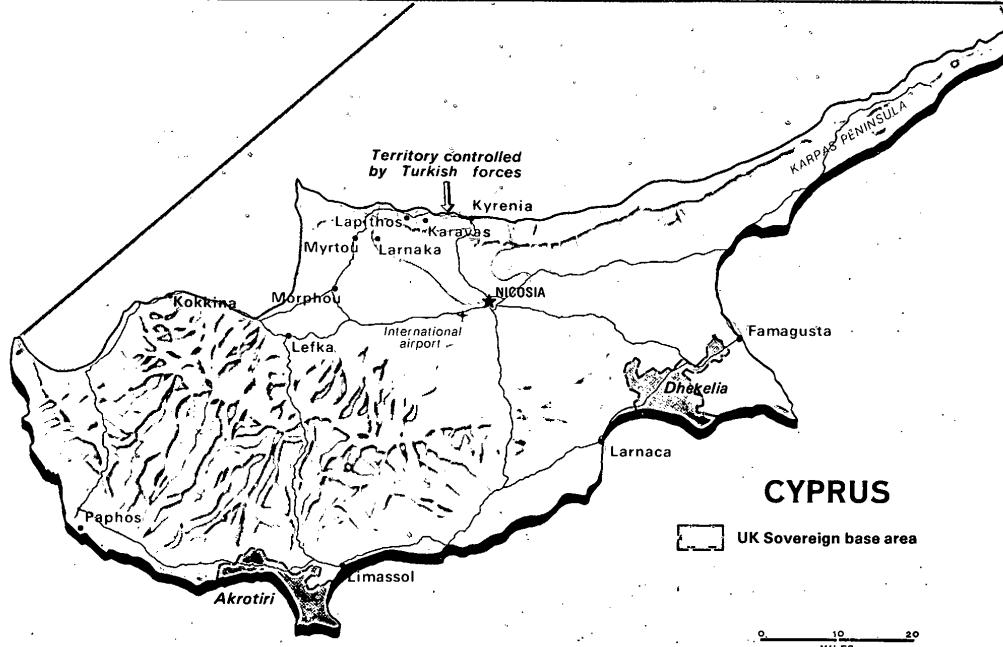
The fighting in South Vietnam yesterday was at modest levels. We found no new signs of any early spread in the fighting or of any sharp increase in its intensity. President Thieu put South Vietnamese forces on a full alert against the possibility that the North Vietnamese might try to take advantage of the situation. The North Vietnamese have confined themselves so far to warning President Ford not to follow past US policies toward Indochina.

North Korea took no visible steps that could be interpreted as getting ready for some sort of spoiling action. Its single commentary, 21 hours after President Nixon's resignation, used typically abusive language in briefly noting the "falling out" of the "wicked boss" of the US imperialists. It did not mention Ford's accession to the presidency.

Peking has informed the Chinese people of the change, but has not yet told them how to think about it. The New China News Agency quoted favorably Mr. Nixon's reference in his resignation speech to his "unlocking the doors" between the US and China.

In Japan, concern was expressed in some quarters that the new administration in Washington might lean in the direction of increased trade protectionism.

In Latin America, Havana hailed the departure of former President Nixon as the removal of a major obstacle to a fresh approach to the Cuban problem.



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FOR THE PRESIDENT ONLY

CYPRUS

The atmosphere at the Geneva peace talks improved somewhat yesterday with the negotiation in Nicosia of a partial accord on truce lines. The remaining truce lines were referred to Geneva for further negotiation. The British anticipate final agreement on the truce line, but it may take some hard bargaining.

The partial accord reportedly was facilitated by the Greek representative's acceptance of troop dispositions of August 9 as the base point. The Greeks had been insisting on those of July 30, the date of the first Geneva declaration, or those of July 22, the date of the UN cease-fire resolution.

A pro-government newspaper in Ankara has published details of the proposal the Turkish delegation in Geneva is expected to present on a "United Republic of Cyprus." The proposal comes close to de facto partition. Autonomous Greek and Turkish Cypriot administrations would each have responsibility for their own finance, commerce, education, domestic security, justice, and even military forces. The federal government and parliament, which would be split equally, would be left with little more to do than regulate relations between two autonomous areas.

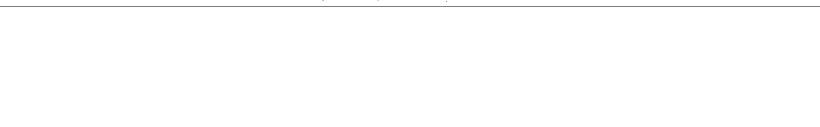
The newspaper account allots the Turkish Cypriots some 30 percent of the island--north of a line from Kokkina on the northwest coast, to Lefka, through Nicosia, to Famagusta on the east coast--considerably more territory than Turkish troops hold. This territorial bid is probably Turkey's most ambitious position and is negotiable. Foreign Minister Gunes, however, has hinted that the Turks are prepared to renew military action if they do not attain their minimum objectives in Geneva.

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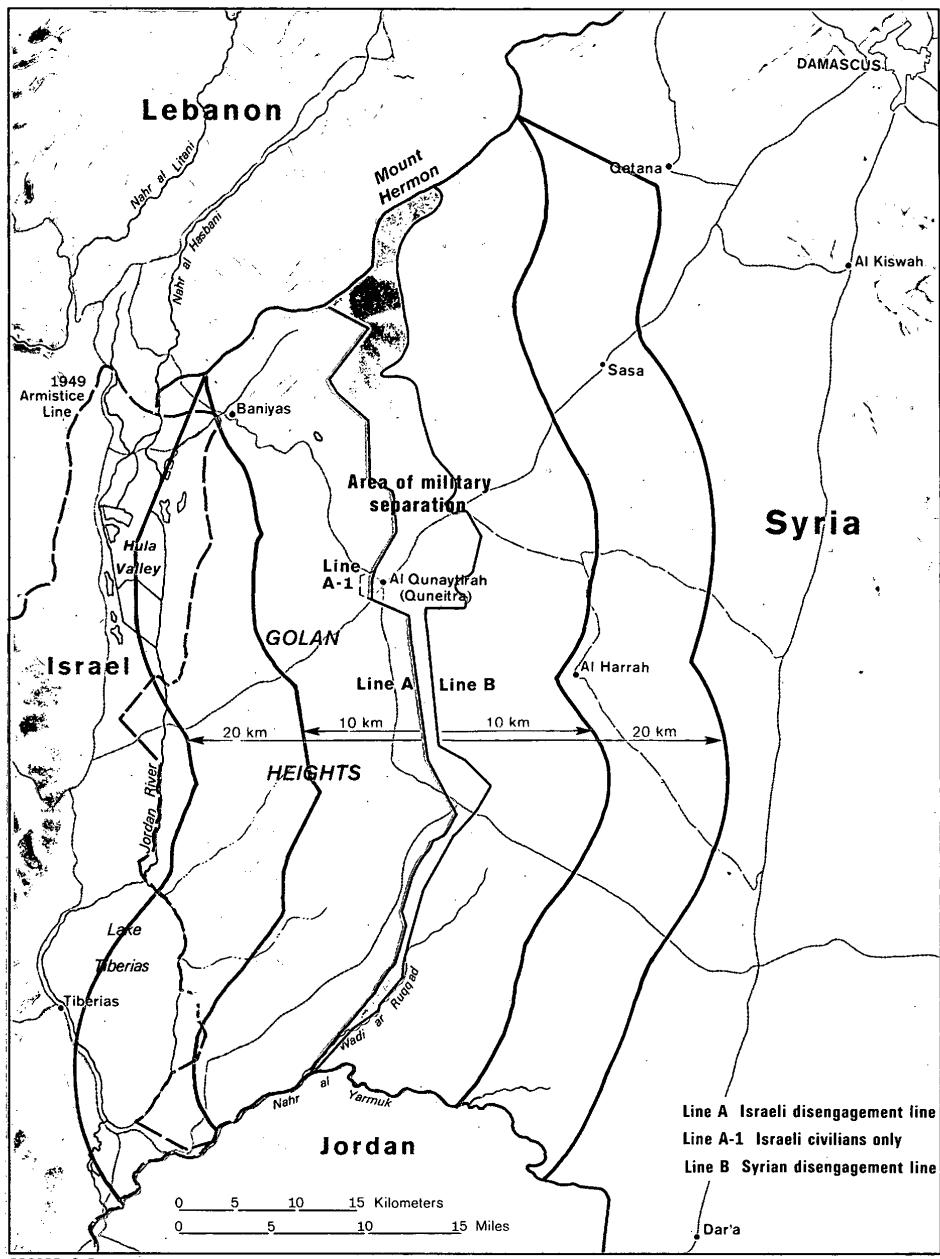
A military venture does not now seem reasonable to obtain objectives that might be won diplomatically. Turkish political leaders are still making the decisions in Ankara, and our best evidence indicates they prefer a negotiated settlement.

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Turkish government leaders, however, are committed to securing an improved position for Turkey and Turkish Cypriots on Cyprus. If they cannot do this peacefully, nationalistic fervor in Turkey has created a receptive atmosphere for a political decision in favor of another military operation.

The US embassy in Athens believes that the Greek government will be realistic in accepting modifications in the 1960 London-Zurich accords favorable to Turkish Cypriots and Ankara. The Greek government can live with relatively significant changes in intercommunal relations and will find it easier to explain away concessions now, while the memory of the ex-junta's folly is fresh, rather than later.

FOR THE PRESIDENT ONLY



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ISRAEL-ARABS

Israeli aircraft bombed fedayeen targets in southeastern Lebanon yesterday for the third consecutive day, apparently in the same general areas as other recent raids. The Israeli action probably is related to operations that the Israelis have mounted in retaliation for the abduction of several Israeli Arab villagers by fedayeen earlier in the week.

Syrian antiaircraft fire downed a UN transport yesterday, killing nine Canadians. Syrian aviation authorities say the plane was flying in an area where Syrian air defense units were engaging Israeli aircraft that were bombing targets in southern Lebanon. Although the Syrians have acknowledged responsibility for the incident, the Israelis deny any of their aircraft were in action at the time the UN plane crashed.

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The Israelis also flew a reconnaissance mission over Syrian lines yesterday for the first time since May 24. [redacted]

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The Syrians, meanwhile, appear to have begun flying their new MIG-23 fighters. [redacted]

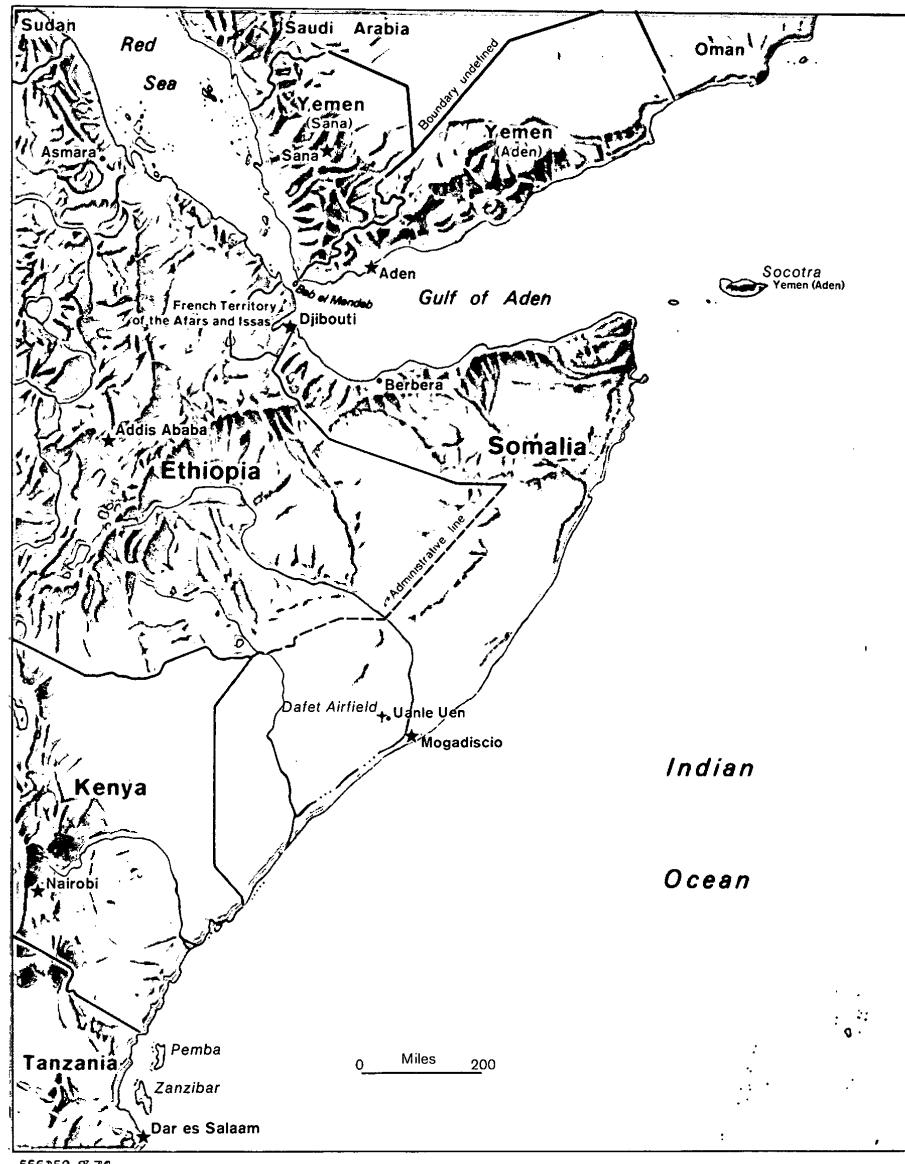
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About 40 of the aircraft have been delivered to Syria so far.

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FOR THE PRESIDENT ONLY

USSR-SOMALIA

The Somali government is now reported to have given the USSR "full base rights" and "full" access to all Somali airfields under terms of the still-unpublished Soviet-Somali Friendship Treaty signed in Mogadiscio on July 11. The USSR in return is to provide Somalia with arms and related equipment over a 10-year period. According to this report, the Soviets also have been given access to Dafet airfield near Mogadiscio for "observation aircraft."

Somalia long resisted Soviet pressures for the Friendship Treaty and has heretofore been a frequent critic of foreign bases in Africa. The Somali government, however, depends heavily on the USSR for military assistance, and this factor may have impelled Mogadiscio to provide increased, and formalized, access to its facilities.

The Soviets would find it advantageous to stage naval reconnaissance flights from Somalia [redacted]

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The USSR may hope to follow in Somalia a pattern it has established in Guinea, where these reconnaissance aircraft use Conakry airport periodically.

The agreement may not only formalize the routine access the Soviets already have to naval facilities at Berbera, but may also provide for some expansion of these facilities. The USSR is well aware, however, of the sensitivity in Somalia as well as among its neighbors to the acquisition of bases by the big powers.

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ANGOLA

Racial violence is hampering the local military junta's efforts to form a provisional coalition government preparatory to gaining independence from Portugal. Much of the violence in Luanda, Angola's capital and most urbanized area, has been caused by whites attacking blacks, but black Angolans also are reported to have been fighting among themselves. Supporters of the three Angolan insurgent organizations have also taken to the streets.

Angolan security forces have been ineffectual, seemingly reluctant to use a heavy hand against blacks or whites. Lack of decisive action on the part of the authorities risks a serious erosion of the security situation, worse racial violence, and possibly antigovernment action by die-hard whites.

Earlier hopes that Angola's independence would be some time in coming have been jolted by the speed-up in Lisbon's timetable for independence in all of its overseas territories. Some whites seem to be reacting to rumors that the military government is about to hand the territory over to the insurgents. At the least, white inhabitants believe that the emphasis has shifted to winning insurgent participation in a coalition government at the expense of other Angolans.

These whites fear a repetition of events at the beginning of the Angolan rebellion in the early 1960s when numerous white settlers were killed.

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NOTE

Ethiopia: Prime Minister Mikael has averted a confrontation with the Armed Forces Coordinating Committee by agreeing to dismiss four cabinet ministers accused of corruption by the military. The military had threatened to take over the government if the ministers, who were appointed on August 3, were kept in office. The four reportedly will be arrested shortly.

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August 12, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 12, 1974

PRINCIPAL DEVELOPMENTS

The intelligence community has assessed recent fairly high-level communist military activity in South Vietnam and concluded that current evidence does not point to an overall strategy change. The North Vietnamese are not expected to attempt an all-out, countrywide offensive through the end of the year. (Page 1)

On the current military scene in South Vietnam, fighting eased in the northern part of the country over the weekend. Communist attacks continued in the central highlands and there has been new activity in the area north of Saigon. (Page 2)

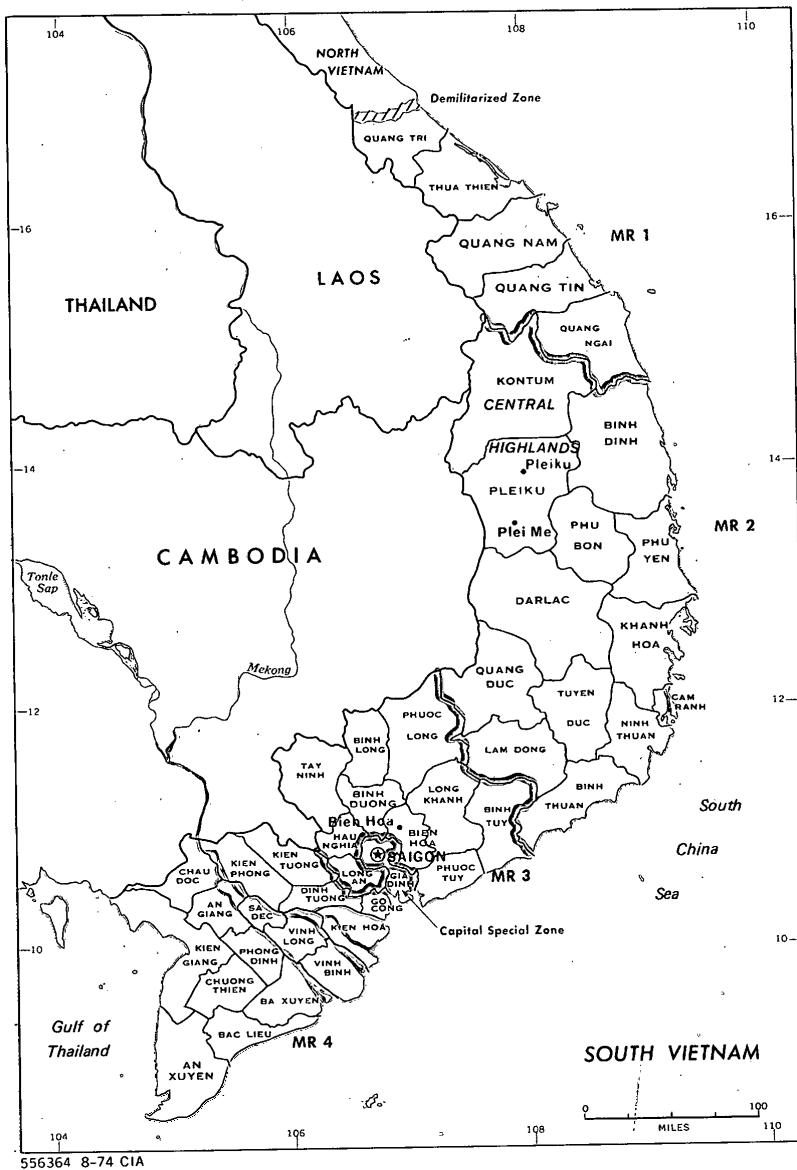
Conference sessions over Cyprus this weekend were marked by long delays and a temporary Turkish walkout, but they apparently produced agreement on the exchange of prisoners and the evacuation of Turkish Cypriot enclaves by Greek Cypriot forces. Leaders on both sides said today's session would be "critical." (Page 3)

Libyan officials are facilitating a calm and orderly withdrawal of Egyptian personnel, if only to prevent a panicky exodus of the entire Egyptian community. Many of Libya's institutions are dependent on professional and technical personnel from Egypt. (Page 5)

Intensified Soviet interest in South Yemen and the recent Soviet-Somali friendship treaty underscore Moscow's eagerness to expand its foothold in the strategic Gulf of Aden region. (Page 6)

Six key problems confronting the US on the international scene have been selected for brief discussion at Annex.

FOR THE PRESIDENT ONLY



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ASSESSMENT OF THE MILITARY SITUATION IN VIETNAM

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A fairly high level of communist military activity in South Vietnam over the past month has been evaluated by the intelligence community.

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--We do not believe that current evidence portends an overall strategy change, and we do not expect the North Vietnamese to attempt an all-out, countrywide offensive through the end of the year.

--The communists, nevertheless, have been rebuilding their military forces in both North and South Vietnam since the Vietnam settlement agreement of January 1973.

--They clearly are preparing to return to large-scale warfare at some time in the future and now have the capability of launching a major or all-out offensive on relatively short notice--several weeks or so.

--Developments over the past few months have placed South Vietnam in a more vulnerable position. If the North Vietnamese came to believe that the battlefield situation had turned in their favor or that the US was no longer willing to come to Saigon's defense, they might be tempted to undertake heavier military actions and take greater risks to make major gains in South Vietnam.

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VIETNAM

On the current military scene in South Vietnam, fighting eased in the northern part of the country over the weekend. Communist attacks continued in the central highlands and new activity is taking place in the area north of Saigon.

No significant ground action developed in Quang Nam Province, which has been the focal point of heavy communist attacks since mid-July. The communists did maintain pressure against South Vietnamese territorial forces and outposts in the adjacent provinces of Quang Ngai and Quang Tin.

In the central highlands, communist forces kept up intense pressure against the ranger camp at Plei Me and a number of other South Vietnamese fire bases west of Pleiku city. According to intercepted messages, the North Vietnamese 320th Division--the major communist infantry unit in Pleiku Province--is preparing for further action.

Nearer Saigon, communist forces this weekend launched at least 30 122-mm. rockets against Bien Hoa air base. Casualties and damage were light.

FOR THE PRESIDENT ONLY

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GREECE-TURKEY-CYPRUS

Geneva conference sessions this weekend were marred by long delays and a temporary Turkish walk-out, but they apparently produced agreement on the exchange of prisoners and the evacuation of Turkish Cypriot enclaves by Greek Cypriot forces. Although there seemed to be little progress in solving constitutional issues, Greek and Turkish Cypriot leaders yesterday declared that there was "room for further contact and negotiation." They said today's session would be "critical."

At a stormy session on Saturday evening, Turkish Cypriot representative Denktash officially introduced Turkish demands for abandonment of the 1960 Cyprus constitution, geographical separation of the two communities, and complete local autonomy. Greek Cypriot representative Clerides insisted that the 1960 constitution be retained, and rejected the concept of geographical separation, but he did agree to local autonomy for Turkish Cypriots.

Turkish Prime Minister Ecevit has told the US ambassador that the principles of geographic separation and of a sovereign independent state are non-negotiable. He said that the form of the federal administration and the size of the Turkish sector, however, are negotiable. The Turks have publicly demanded 30 percent of the territory of the island for their communities.

The leaders of the two communities were probably somewhat more flexible in their private discussions. Speaking to US Assistant Secretary of State Hartman earlier, Clerides had said he would tell Denktash that he would consider the concept of a completely autonomous Turkish Cypriot central authority exercising jurisdiction over all Turkish Cypriot communities.

* * *

Britain halted a scheduled withdrawal of troops and planes from its Cyprus bases on Saturday after Turkish officials warned of new fighting unless there was progress at the talks. Greek Cypriot national guard forces began evacuating Turkish Cypriot enclaves Sunday, and plans were under way to begin releasing prisoners. No significant fighting was reported in Cyprus for the third consecutive day.

(continued)

FOR THE PRESIDENT ONLY

Top military and political leaders met in Athens and Ankara yesterday, probably to draw up contingency plans in the event of a deadlock in the talks. According to Athens radio, Greek leaders decided to transfer some military units away from the capital to strengthen other units. Some of these may be bound for islands in the Aegean, where they would be in a better position to react to renewed Turkish military action on Cyprus.

FOR THE PRESIDENT ONLY

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LIBYA-EGYPT

Libyan officials are facilitating a calm and orderly withdrawal of Egyptian personnel, if only to prevent a panicky exodus of the entire Egyptian community. Tripoli apparently has accepted an agreement with Cairo to halt provocative press exchanges and has so far reported the withdrawal in a straightforward fashion. US officials in Tripoli are concerned that when Libya's reaction finally emerges, President Qadhafi may accuse the US of at least collaborating with, if not prompting, Egypt's President Sadat to move against his neighbor.

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Egypt's withdrawal will include all armed forces and advisory personnel [redacted]

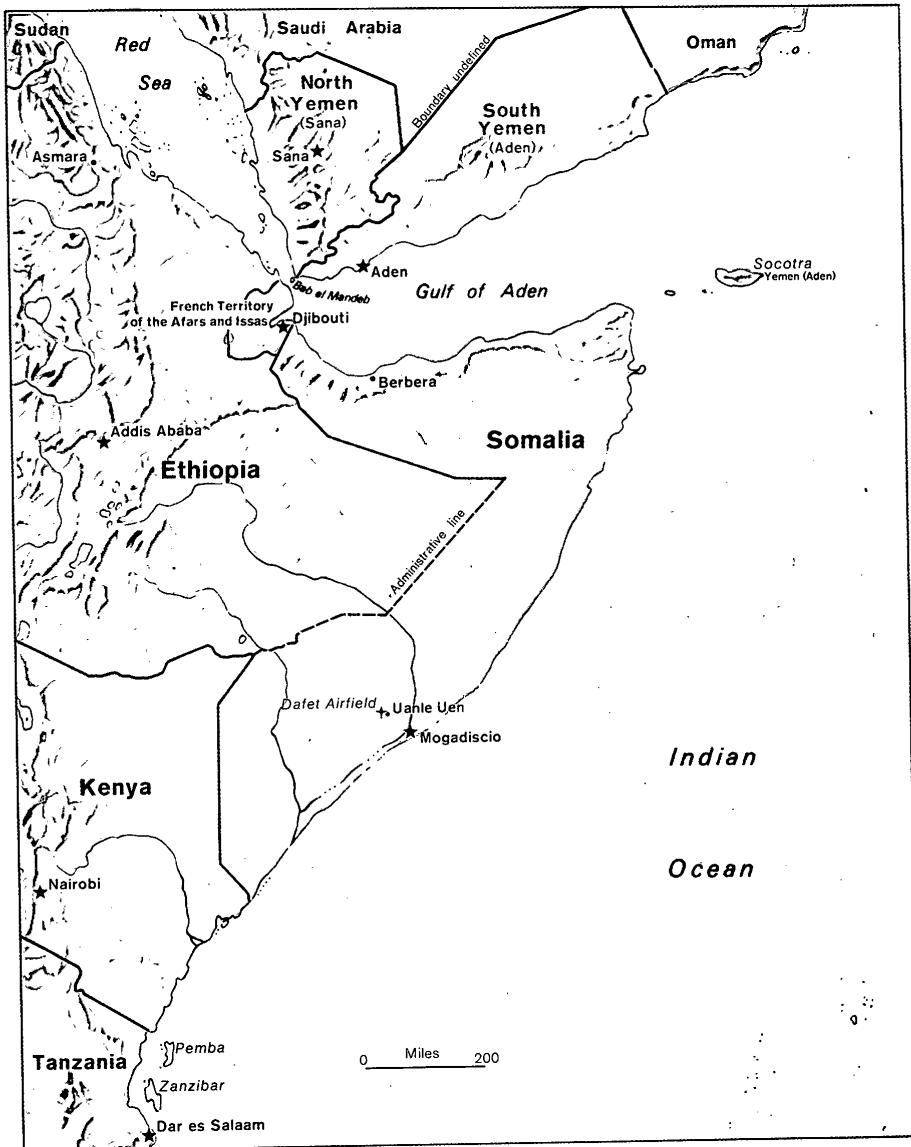
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[redacted] The Egyptian chargé in Tripoli says that some 2,000 military men will depart, a figure in line with US estimates of the size of the Egyptian military mission.

Egyptian civilians working in Libya will remain, but teachers, who virtually run the Libyan educational system, will go home when their contracts expire, and the contracts are being shortened.

Between 150,000 and 200,000 Egyptians hold jobs in Libya. Most are laborers hired by Egyptian contractors. In addition to the important teachers, there are physicians and medical support personnel as well as other professionals and technicians who hold key posts in almost every Libyan ministry.

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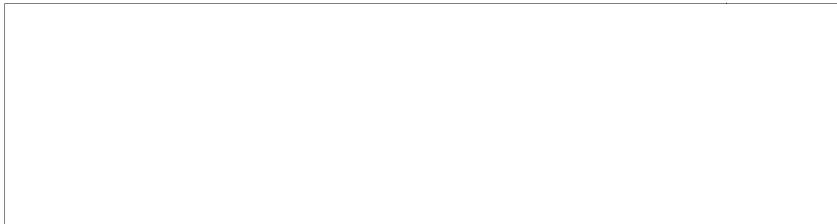
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USSR - SOUTH YEMEN - SOMALIA

Intensified Soviet interest in South Yemen and the recent Soviet-Somali friendship treaty underscore Moscow's concern to maintain and expand its foothold in the strategic Gulf of Aden region at the southern tip of the Arabian peninsula.

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PROBLEMS AND ISSUES ON THE INTERNATIONAL SCENE

Of all the international problems and issues now facing the United States, six are of a particularly high order of importance.

--The Soviet-US Relationship

The future direction of this relationship--whether we have a world at peace or at war--will inevitably be marked by probing. Both sides will want to ascertain whether acceptable balances can be struck in strategic arms competition and in economic relationships, and whether safeguards can be devised to prevent a dangerous escalation of any conflict or confrontation between the superpowers' third-party clients and allies.

--The Strategic Balance

The USSR is embarked on a major modernization of its strategic offensive forces, particularly ICBMs. The Soviet aim is probably to achieve and maintain equality with the US, but it will take advantage of any opportunity to gain a politically useful margin of superiority. By the early 1980s, the Soviets will probably pass the US in numbers of missile warheads and increase their lead in certain other measures of strategic power. They will be able to pose a major threat to the survival of our Minuteman force. But they will not surpass the US in overall strategic power and--owing in part to weaknesses in Soviet antisubmarine warfare and air defense--they will not be able to neutralize our strategic deterrent.

--The Arab-Israeli Conflict

This deep-seated, historically rooted conflict is probably the most complex and difficult regional problem the US faces today. Should any of the tense and touchy parties involved come to think that the current peace settlement effort is faltering, we could swiftly be faced with the prospect of a fourth round of war in the

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Middle East. As the third round--October 1973--illustrated, when Arab-Israeli fighting breaks out, the US and USSR are inevitably pushed toward confrontation because of the importance of the area and each superpower's network of interests and relationships in it.

--Adjusting to Higher Oil Prices

Without careful and cooperative actions by the governments of the major world economies, the abrupt increase in the price of oil occasioned by recent Arab actions may cause a major slowdown in the growth of output in the oil-consuming countries, an acceleration of the worldwide rate of inflation, disruption of international and national credit markets, and significant dislocations in the pattern and level of world trade. The major problems facing government leadership throughout the developed world are:

- achieving a reduction in the price of oil;
- securing agreement among major oil-consuming nations about how the burden of increased oil prices is to be divided;
- insuring that the international credit market remains sufficiently strong to finance the bulk of the trade deficits of the oil-importing countries; and
- devising some means of financing the oil-related deficits of those less developed nations that have exhausted their capacity to borrow from existing credit institutions.

--Cyprus

Tensions and discord between Christian Greeks and Muslim Turks have inflamed hatreds and caused wars in the eastern Mediterranean for over four centuries. These stresses have now flared sharply on Cyprus. Despite improvements during the past few weeks, the Cyprus situation is still fragile and contains the seeds of armed

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conflict between two members of NATO, Greece and Turkey--a conflict in which the Soviets would be sorely tempted to meddle. Any such Soviet meddling could initiate a chain reaction that could easily result in a grave US-Soviet confrontation.

--Vietnam

Despite the negotiated settlement achieved in January 1973, the Vietnamese Communist Party has not abandoned its goal of acquiring political power in South Vietnam or its willingness to use armed force to that end. Both Vietnamese sides have violated the 1973 accords and the war in Vietnam continues, albeit at a reduced scale and without direct US participation. There is a continuing risk that at some point over the next year or so--perhaps in the near term, if Hanoi construes US political developments as precluding a forceful US response--the North Vietnamese will escalate the current level of military pressure into a major, all-out offensive.

Of the above six problems, the first four are what might be called continuing. The fifth (Cyprus) is easing but still contains explosive potential. The sixth (Vietnam) is latent--from a US perspective--but could easily heat up and confront the US with crucial and difficult choices.

This list of six obviously does not exhaust the catalogue of major issues currently or potentially confronting the US government on the international scene. They are flagged because of their actual or potential impact on vital US interests, and because they could force a decision on the degree of US involvement.

Fuller studies on these problems and on other significant, if less pressing, issues are available to you separately.

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August 13, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 13, 1974

PRINCIPAL DEVELOPMENTS

The Turks last night gave Greece 24 hours to accept new proposals for the constitutional future of Cyprus--a division of the island into small ethnic political units under two autonomous, but federated, administrations. The Turkish foreign minister has said that, if the demands are not accepted today, "the Geneva talks will be over." Such a break could be a prelude to further Turkish military action. (Page 1)

Israel will soon hold a nationwide test of its military reservist mobilization plan, the first large-scale call-up since the October war. Both Egypt and Syria have denounced the Israeli action as a cover for an attack. (Page 3)

Combat throughout most of Cambodia has settled into the normal rainy season pattern of relatively small-scale fighting on widely separated fronts. (Page 4)

Soviet reporting of developments in Washington has begun to include tentative commentary on the reasons behind President Nixon's resignation and some analysis of the probable foreign policy orientation of your administration. (Page 5)

The Soviets yesterday launched an unmanned space-craft, probably a modified Soyuz configured for the US-Soviet space mission scheduled next year. (Page 6)

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Panama [redacted] Cuba [redacted] 25X1
[redacted] (Page 7)

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A note on the polarization of the political situation in South Korea appears on Page 8.

At Annex [redacted] China [redacted] 25X1
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TURKEY-GREECE-CYPRUS

Turkish Prime Minister Ecevit, speaking in Ankara last night, said Greece had 24 hours to accept new Turkish proposals for the constitutional future of Cyprus. These proposals would divide Cyprus into small ethnic political units--cantons--but would retain the concept of two autonomous ethnic administrations within a federation. Until yesterday, Turkey and the Turkish Cypriots had insisted on the division of the island into two federal states under a weak central government.

Yesterday evening Turkish Foreign Minister Gunes delivered the ultimatum to British Foreign Secretary Callaghan. Turkey must be given immediate administration over its major canton--the area between Kyrenia and Famagusta. Agreement must also be reached to negotiate the size and boundaries of five other cantons--around Paphos, Polis, Lefka, Lanarka, and Karavas--ultimately giving Turkish Cypriots control over one third of the island. Gunes told Callaghan he had "iron-clad" instructions from Ankara to get agreement on these points at the tripartite meeting scheduled for 10 p.m. Geneva time last night.

Greek Cypriot leader Clerides and Greek Foreign Minister Mavros announced they would not attend the 10 p.m. talks. Callaghan persuaded Gunes to accept a postponement until this morning, but Gunes told reporters that, if the Turkish proposals are not accepted at today's meeting, "the Geneva talks will be over."

After talking to Gunes and Callaghan, US Assistant Secretary Hartman reported that the Turks appear to be bent on breaking up the conference. Callaghan told Hartman that acceptance of the Turkish proposals would mean the end of Clerides and, possibly, a right-wing military coup in Greece. Acceptance was therefore out of the question.

Callaghan further reported that Turkish Cypriot leader Denktash was extremely upset over Turkey's intransigence. Denktash [redacted]

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[redacted] cautioned Callaghan that the Turkish army would not hesitate to fire even on UN troops if they got in the way.

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Gunes explained the Turkish position to Hartman by saying that Turkish politicians can no longer withstand intense domestic popular pressures. He was evasive when pressed about what Turkey would do if Clerides rejects the proposals today.

(continued)

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On the assumption that the Turks have decided to break off the talks, Secretary Hartman suggests three possible Turkish courses of action. They may intend to:

- initiate unilateral military action;
- aggravate tensions until an "incident" provides provocation for action;
- threaten to leave NATO in hopes that they can elicit US support in getting what they want.

Hartman concludes that Ankara's frame of mind is extremely dangerous. Either Ecevit is blindly optimistic, or he is so weak that popular and military pressures are proving too much for him.



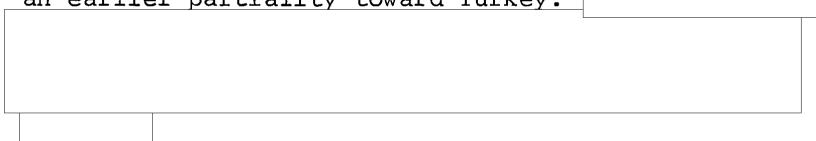
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The Turkish armed forces are still in an advanced state of readiness, but we have no evidence that they plan an immediate military move. Turkish troops in and around Istanbul reportedly were moved into defensive positions on the Black Sea coast last week. The shift may have been a reaction to reports from Athens that the Soviets had pledged to assist Greece if Turkey invades. The Greeks have since denied that any pledge was received.

Turkish concern about its northern flank has grown as the Soviet Union seemed to be moving closer to supporting Greek views on Cyprus and away from an earlier partiality toward Turkey.



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FOR THE PRESIDENT ONLY

ISRAEL

Tel Aviv will soon hold a nationwide test of its military reservist mobilization plan, the first large-scale call-up since the October war. Israel's defense rests on early strategic warning of hostile intentions and rapid mobilization of the reserves to support the country's relatively small standing forces.

During the past two weeks, Israel has held a series of large-scale maneuvers and has already mobilized some reserves. These maneuvers and the prospective nationwide test of the mobilization system have caused nervousness in Arab capitals. Both Egypt and Syria have denounced the Israeli actions as a cover for war, and Cairo apparently has responded by recalling some of its reserves and by placing some of its units on alert.

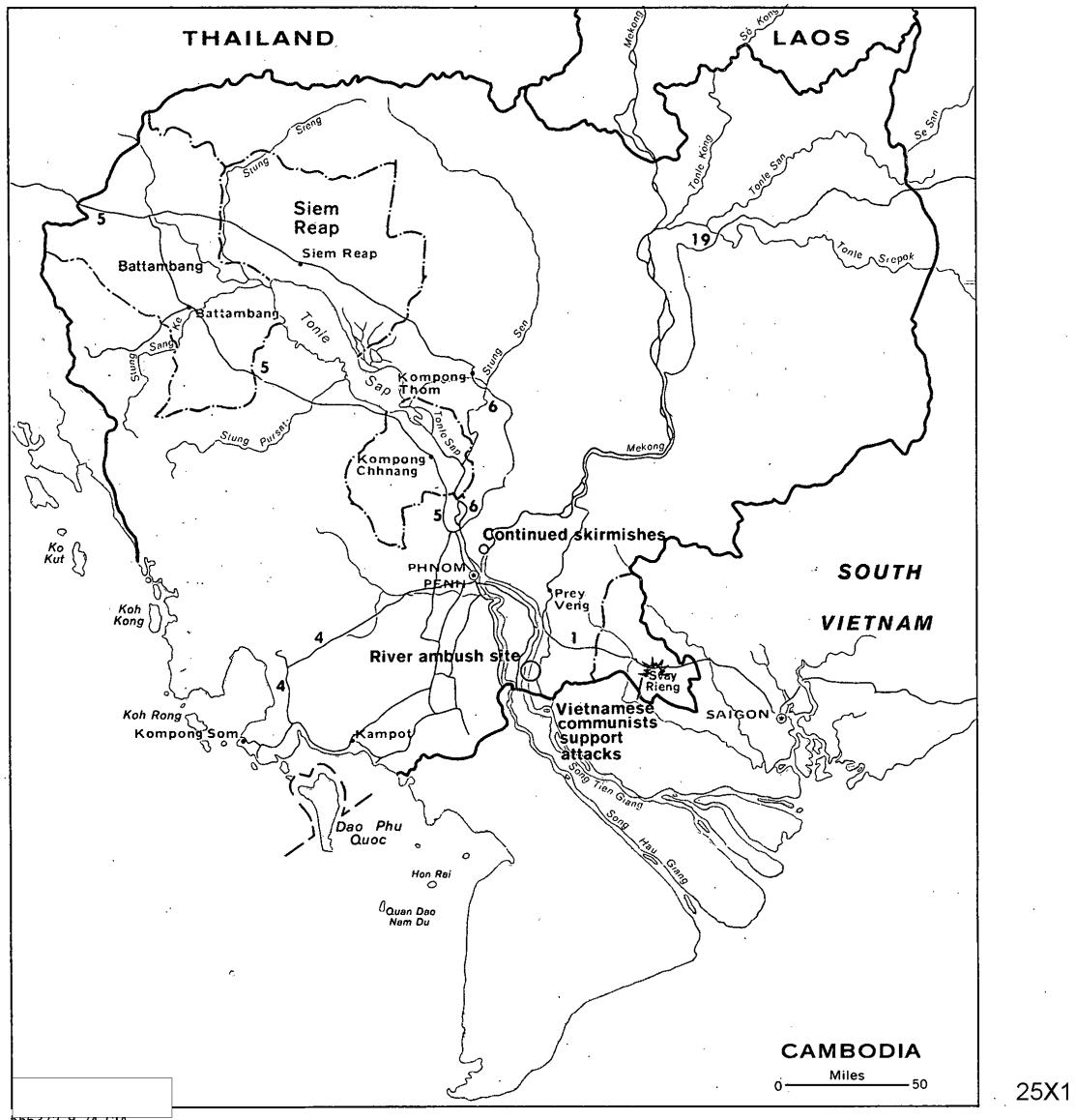
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The mobilization test could come within the next few days and will involve all branches of service. Reservists will be summoned by public call-up through the press and radio.

Press reports indicate that less than half the reserve force will be mobilized and that there will be only a limited mobilization of civilian vehicles. The exercise reportedly is to last no more than 24 hours, and the Israelis say its duration will depend on the speed with which those called up report. Tel Aviv also says that it will inform the UN command and all foreign diplomatic representatives in Israel when the exercise is to occur.

FOR THE PRESIDENT ONLY



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CAMBODIA

Combat throughout most of the country has settled into the normal rainy season pattern of relatively small-scale fighting on widely separated fronts.

In the southeast, the communists have hit government units east of Svay Rieng City and have shelled the provincial capital itself. Recent intercepted messages stated that elements of the Viet Cong 5th Division were scheduled to join Khmer communist units in the attacks, and the local commander at Svay Rieng reported that his troops have recovered a number of Vietnamese bodies. Viet Cong participation in the attacks probably was in reaction to government forays near Vietnamese base areas east of Svay Rieng.

Sharp skirmishing continues on the west bank of the Mekong River ten miles above Phnom Penh, as government forces attempt to drive several insurgent battalions from the area. Fighting on the Mekong's east bank, opposite the capital city, has subsided following successful government counterattacks.

In the northwest, the contest for this fall's rice crop--which began with scattered Khmer communist attacks around Battambang City last month--has spilled over into nearby Kompong Chhnang and Siem Reap provinces. The Cambodian army high command has dispatched reinforcements to the area, and government forces are slowly regaining the initiative.

FOR THE PRESIDENT ONLY

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FURTHER SOVIET REACTION

Soviet reporting on developments in Washington has begun to include tentative commentary on the reasons behind President Nixon's resignation and some analysis of the probable foreign policy orientation of your administration. The major message is one of satisfaction with your pledge of continuity in pursuing detente with the USSR, but there are undertones of concern.

In a roundtable discussion among senior Soviet political observers broadcast Sunday, the Watergate affair was ascribed to legislative-executive antagonisms, machinations involving rival "monopolies," inter-party struggles, and economic difficulties.

This kind of analysis is typical of Soviet attempts to summarize and explain Watergate in ideological terms, while avoiding all but the briefest mention of particulars.

An extensive media campaign to reassure the Soviet people on the health of detente has taken two lines:

--Statements of continued support for detente by yourself, Secretary Kissinger, and Congressional leaders have been given heavy play in the press, accompanied by items demonstrating the "overwhelming" popularity of this policy in the US.

--Arguments by Soviet commentators that "objective realities," including a change in the international balance of power, are operating to ensure that US policy-makers continue to seek improved relations with the USSR, regardless of personalities or internal political developments.

Nevertheless, some cautionary reaction to the new situation appeared over the weekend. A Pravda article on Sunday warned that opponents of detente--the so-called military-industrial complex, the AFL-CIO leadership, and "Zionists"--still exist in the US. Another Pravda article resurrected the thesis that certain circles in the US are not above using Watergate to question the successes of detente and the positive development of US-Soviet relations. The re-emergence of this line of reasoning indicates lingering Soviet concern that US policy toward the USSR could still somehow change. Tass Director General Zamyatin's remarks in a broadcast on Saturday may have been indicative of similar nervousness. After ascribing Watergate to a partisan campaign against President Nixon, he vehemently stressed the importance of observing the summit agreements, especially those curbing nuclear war.

FOR THE PRESIDENT ONLY

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USSR

The Soviets yesterday launched an unmanned spacecraft from the Tyuratam missile and space center. The spacecraft is probably a modified Soyuz configured for the joint US-Soviet mission scheduled for next year. The flight presumably is intended to check out changes in the spacecraft and crew equipment made specifically for the joint mission. The Soviets are also expected to conduct a series of manned Soyuz missions before the joint flight.

There are indications that a manned spaceflight is planned for the near future.

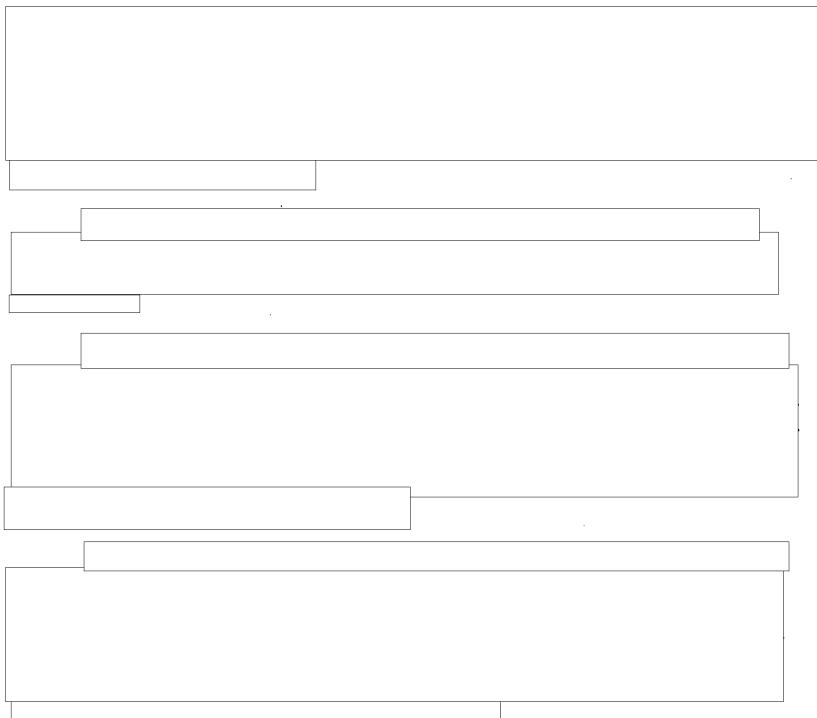
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The impending flight may be related to preparations for the joint mission, but it is also possible that the Soviets could be preparing to send a second crew to the Salyut space station which was occupied for about two weeks in July and which is still in orbit.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

PANAMA-CUBA



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NOTE

South Korea: The sentencing of several major figures for anti-regime activities has further polarized the political situation in South Korea. Bishop Chi Hak-sun's sentence of 15 years imprisonment will provoke a strong reaction in Korea, from the church in particular. Several appeal routes are open to the defendants, but any decision to alter the sentences must come from President Pak.

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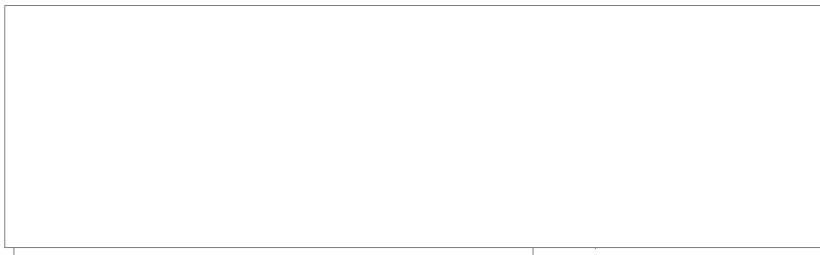
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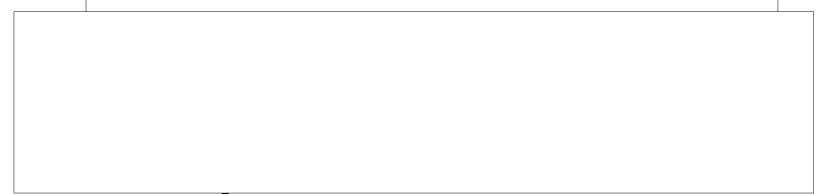
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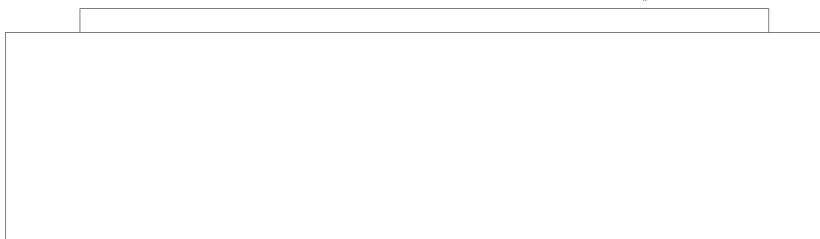
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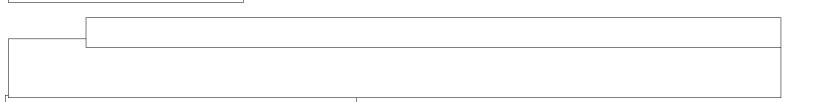
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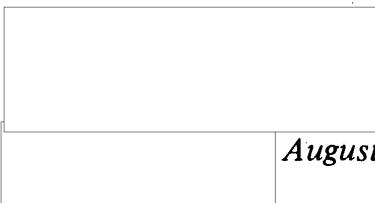
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The President's Daily Brief



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August 14, 1974 25X1

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THE PRESIDENT'S DAILY BRIEF

August 14, 1974

PRINCIPAL DEVELOPMENTS

Turkish forces began a new offensive in Cyprus at dawn today, following the breakdown of the Geneva talks last night. As a consequence, Athens announced that it was withdrawing from military participation in NATO. (Page 1)

Our assessment as of yesterday afternoon of Turkish military capabilities on Cyprus appears on Page 2.

On Page 4 we discuss reaction in China and Japan to your assumption of office and the impact the change of administration may have on General Secretary Brezhnev's standing with his colleagues in the Soviet leadership.

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Syria

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(Page 6)

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Soviet officials, still concerned about the fate of the Soviet helicopter crew captured by the Chinese last March, were recently considering a new proposal to Peking to secure their release.

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Panama

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Cuba.

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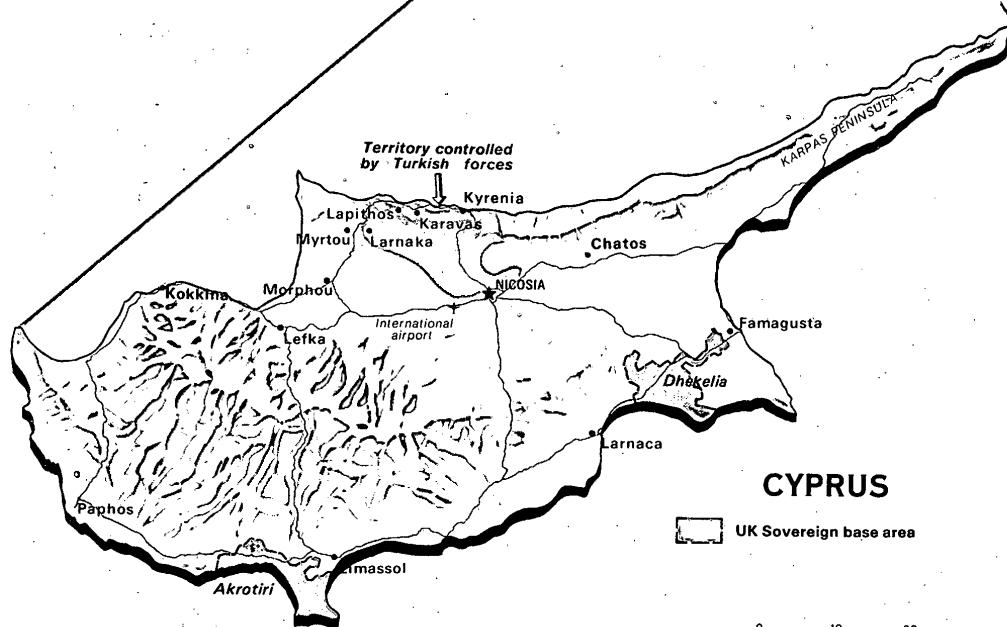
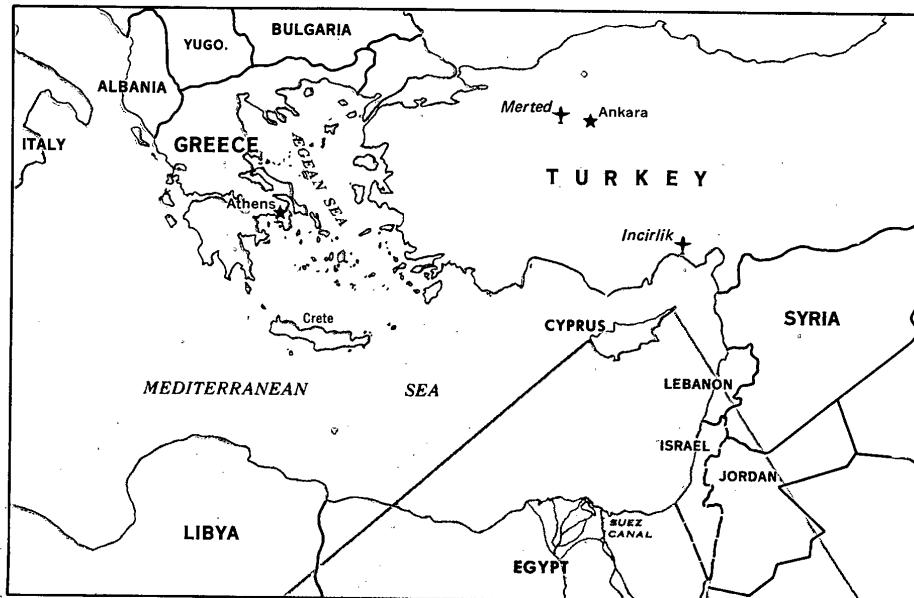
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FOR THE PRESIDENT ONLY

TURKEY-GREECE-CYPRUS

Turkish forces began a new offensive in Cyprus at dawn today, following the breakdown of the Geneva talks last night. As a consequence, Athens announced that it was withdrawing from military participation in NATO.

The Turks launched air strikes against Nicosia airport and Greek positions south of the city. There also was sporadic fighting all along the line separating the Turkish and Greek communities in the capital. Initial reports of ground action indicate that the Turks are moving to relieve a Turkish Cypriot enclave near Chatos and that there is new fighting at the western end of the Kyrenia mountain range.

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The Greek government's decision to withdraw from military participation in NATO, while remaining a member of the Alliance, was apparently taken at an early morning emergency meeting of the country's top political and military leaders.

In New York, the UN Security Council held an emergency session early today to discuss the breakdown of the Geneva talks and the renewal of fighting in Cyprus. The meeting was called by British Foreign Secretary Callaghan.

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TURKISH MILITARY CAPABILITIES ON CYPRUS

The Turks can, with the forces presently available to them on Cyprus, establish within three to six days a line of control across the island to include the "one third" of its territory that they have envisaged as an essentially Turkish area. Fighting would go on behind this line for some time, as pockets of Greek Cypriot resistance were cleared up. The Turks could bring in reinforcements, but these would not be essential for their immediate objectives. We define these objectives as the establishment of a line from Morphou to Famagusta through or more likely around Nicosia and including the Nicosia airport in the Turkish zone.

Resistance by UN and/or UK forces would not significantly affect this outcome, except possibly in the immediate environs of Famagusta.

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The Soviets would not be able to bring significant forces to bear in the Cyprus arena. They could alert or even move some of their forces in an effort to bring political and psychological pressures on Ankara.

The mainland Greeks would not be able to reinforce the island in a way that would affect the outcome. The Karamanlis government would probably survive while the Turkish operation was going on, but if the Turkish move was not reversed through either military or political action by the US or NATO, Karamanlis' chances of staying in power would be very small. Greek withdrawal from NATO would be likely in these circumstances.

If the Turks went for broader objectives (i.e., sought to impose military control over Cyprus as a whole or seal off all possible entry points), they could probably do it, against Greek Cypriot opposition, but it would probably take them several weeks, the operation would be bloody, and they would need reinforcements.

FOR THE PRESIDENT ONLY

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The rough balance of forces on Cyprus at this time is as follows:

Ground 32,000 Turkish troops.

45,000 Greek Cypriot National Guard and Greek mainland officers.

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[Redacted]
4,400 United Nations.

Air Turkish air force (600 operationally assigned aircraft) is available.

Greek air force (400 operationally assigned aircraft) is not available; its fighters are at the outer limits of their combat ranges.

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Navy Turkish navy (100+ combat ships and 60 amphibious craft) is available for operations with air cover.

Greek navy (60+ combat ships and 60-odd amphibious craft) is unable to operate successfully around Cyprus for lack of effective air cover.

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REACTION IN CHINA, JAPAN, AND THE USSR

The Chinese Communists have been characteristically circumspect in what little they have said publicly about your administration. Chinese media promptly reported your speech of Monday night with its assurance of continuity in the US commitment to the principles of the Shanghai communique.

The Chinese news agency mentioned your assumption of office twice over the weekend:

--In a short item announcing President Nixon's resignation. (This item was broadcast on August 9 and published the next day on page six of the People's Daily.)

--In a two sentence account of your meeting last Saturday with the head of the Chinese Liaison Office in Washington.

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This is not to say that Chinese officials have been kept in the dark with regard to events of the past few weeks. [redacted] they keep up [redacted] through a restricted Chinese publication that carries international news and commentary drawn from foreign press sources. This is prepared for a selected readership in the party, government, and army. In May and June, for example--while the mainland press continued its embargo on news of Watergate--top officials were being kept informed through this publication.

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* * *

Japanese government spokesmen have publicly expressed confidence that US policy toward Japan will remain unchanged. Many Japanese are concerned, however, that under the new administration domestic problems will be emphasized at the expense of international affairs. Many leading Japanese feel that in the last few years the US has frequently slighted Japan's interests and has viewed the relationship in an increasingly competitive sense. Some probably feel that a shift to greater US attention to the domestic scene--particularly to economic problems--will result in both a growth in US trade protectionism and also pressure on Japan to assume a greater share of its defense burden.

(continued)

FOR THE PRESIDENT ONLY

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Tokyo, in typical fashion, will scrutinize every statement of your administration for indications of what lies ahead for US-Japanese ties. When Foreign Minister Kimura travels to the US for the UN General Assembly session next month, he hopes to meet with you to get a clearer indication of the direction of US policy. Prime Minister Tanaka has also made it clear that he would like a meeting when he visits Canada and Mexico this fall.

* * *

As for the Soviets, the change in administration is likely to have some impact on Brezhnev's own standing in the Politburo. His pre-eminence among his colleagues, which has grown steadily since 1970, when he first embarked on face-to-face summity, has depended a good deal on the personal relationships he cultivated with President Nixon, President Pompidou, and Chancellor Brandt.

Thus far, Brezhnev has survived unruffled their successive departures from the international scene. He has now lost his special claim to these personal relationships, however, and his authoritative voice in Politburo discussions of foreign affairs may be weakened at least temporarily.

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SYRIA



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USSR-CHINA

Soviet officials, still concerned about the fate of the Soviet helicopter crew captured by the Chinese last March, were recently considering a new proposal to Peking to secure their release.

[redacted] 25X1

[redacted]

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Moscow undoubtedly is frustrated over its failure to secure release of the crew. The Chinese have not responded to formal protests and have rebuffed Soviet attempts to talk to the crew. The Peking press has been silent on the subject for several months, and Chinese officials have said only that the Soviets would be treated in accordance with "Chinese law."

Despite their irritation, the Soviets appear to have adopted a restrained approach since their last protest just before the US-Soviet summit.

[redacted] 25X1

[redacted] appear to have foresworn any bow to Soviet pressure on the incident. Furthermore, at a time of political uncertainty and contention in Peking, top leaders might be unwilling to accept responsibility for approving [redacted] a proposal. Anti-Soviet credentials are particularly important for Chinese leaders at this time.

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[redacted] 25X1

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The stone wall that the Soviets have encountered in trying to extract the helicopter crew is symptomatic of the present state of relations between China and the Soviet Union. Virtually everywhere the two are engaged, whether it be maneuvering

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on the diplomatic front or on border rivers, they are at loggerheads. The sensitive frontier dispute remains unresolved, and both sides admit openly that they expect nothing from the border talks, which have been going on in Peking for almost five years.

Sino-Soviet competition grew particularly intense--and took on a new dimension--three years ago, when the US moved to put itself in a better position to profit from the rivalry between the two Communist powers. This US policy prompted each to redouble efforts to outdistance the other in cultivating ties with Washington, and that competition is still on. As for their mutual relationship, neither the Soviets nor the Chinese expect any improvement, even in the unlikely event of wholesale leadership changes in Peking or Moscow. Each side seems convinced the other is locked into a hostile policy that will determine bilateral ties for a long time.

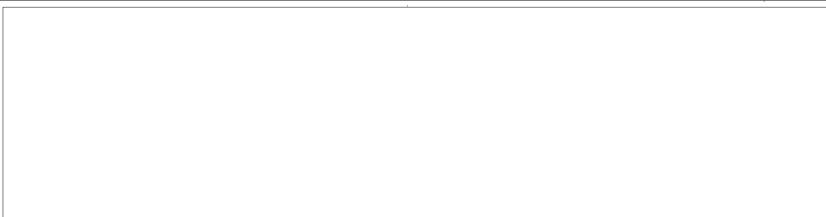
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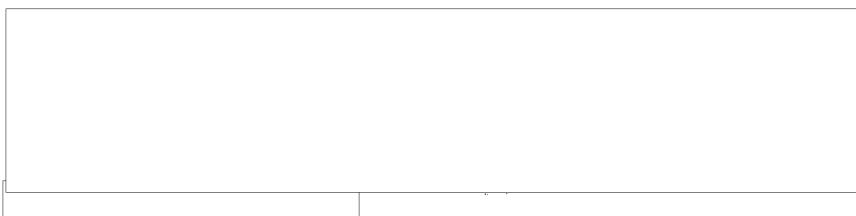
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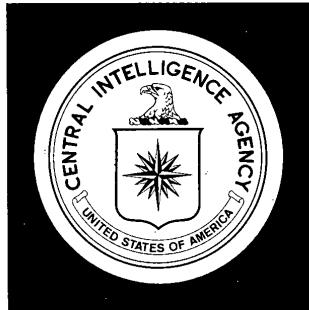


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THE PRESIDENT'S DAILY BRIEF

August 15, 1974

PRINCIPAL DEVELOPMENTS

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Turkish forces made significant gains yesterday in their effort to secure control of the northern part of Cyprus. They are expected to take Famagusta sometime today.

[redacted] a Foreign Ministry official has said two NATO bases in Greece will have to be closed. (Page 1)

Saudi Arabia
[redacted]
Egypt [redacted]

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Soviet [redacted]

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[redacted] (Page 4)

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Egyptian-Israeli [redacted]

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[redacted] (Page 5)

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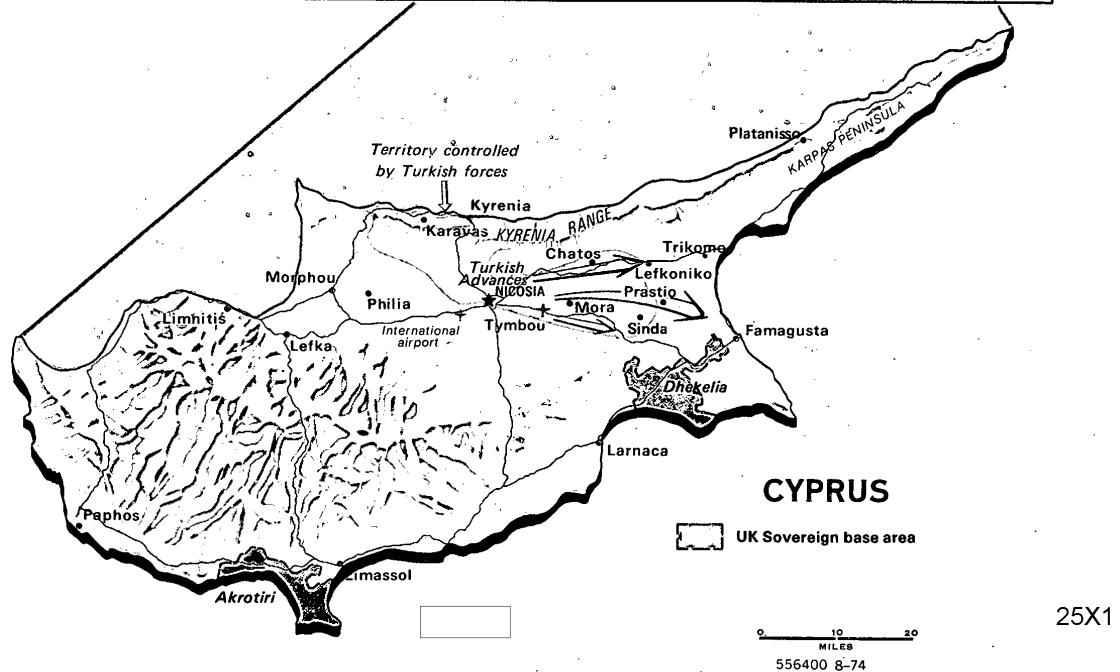
Colombian President Lopez has turned down Panama's request to join it in establishing diplomatic relations with Cuba. He predicted that Venezuelan President Perez would also reject the Panamanian request. Panamanian students, ostensibly protesting against a US-owned fruit company, staged a rock-throwing demonstration at the US embassy yesterday. (Page 7)

Notes on North Vietnamese infiltration, the third-term inauguration of Dominican President Balaguer, [redacted] and a South Korean assassination attempt appear on Page 8.

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At Annex we discuss some goals and problems of Jordan's King Husayn. The King's arrival in Washington coincides with the emergence of the Jordanian-Israeli disengagement issue as the focal point of Arab-Israeli negotiations.

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TURKEY-CYPRUS-GREECE

Turkish forces made significant gains yesterday in their efforts to gain control of the northern part of Cyprus. The major thrust was a three-pronged, armored drive east of Nicosia toward Famagusta. They are expected to take the city this morning.

During yesterday's advance, the Turks captured Tymbou airfield southeast of Nicosia, but the Nicosia airport, though surrounded, remained in UN hands last night. In the capital itself, a cease-fire went into effect last night after a day of sporadic, but at times heavy, fighting. To the west, Greek positions were heavily shelled throughout the afternoon, but Turkish forces made only moderate gains in their efforts to seize control of the western end of the Kyrenia Mountain range.

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In Ankara, Turkish Prime Minister Ecevit told a news conference yesterday that Turkey did not intend to annex Cyprus or to destroy its territorial integrity.

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In Athens, the Greek Council of Ministers endorsed Prime Minister Karamanlis' handling of the crisis.

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A high-ranking Greek Foreign Ministry official told US Ambassador Tasca that Athens' withdrawal from military participation in NATO meant that the NATO facilities at Souda Bay and Namfi will have to be closed, and that continued operation of other NATO facilities in Greece will be reviewed.

FOR THE PRESIDENT ONLY

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Public sentiment, fanned by press charges that the US has "betrayed" the Greeks, is becoming increasingly anti-American.

The UN Security Council held an inconclusive meeting on the Cyprus issue yesterday morning. Soviet UN delegate Malik's failure to condemn Turkey by name indicates that the Soviet Union is still avoiding open criticism of Ankara. Malik's call for sending a special Security Council mission to Cyprus met with no apparent success.

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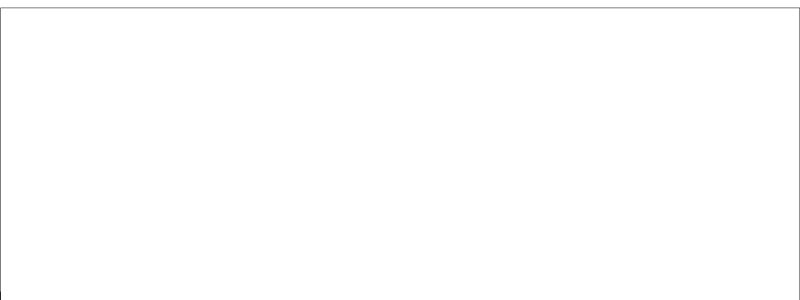
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SAUDI ARABIA - EGYPT

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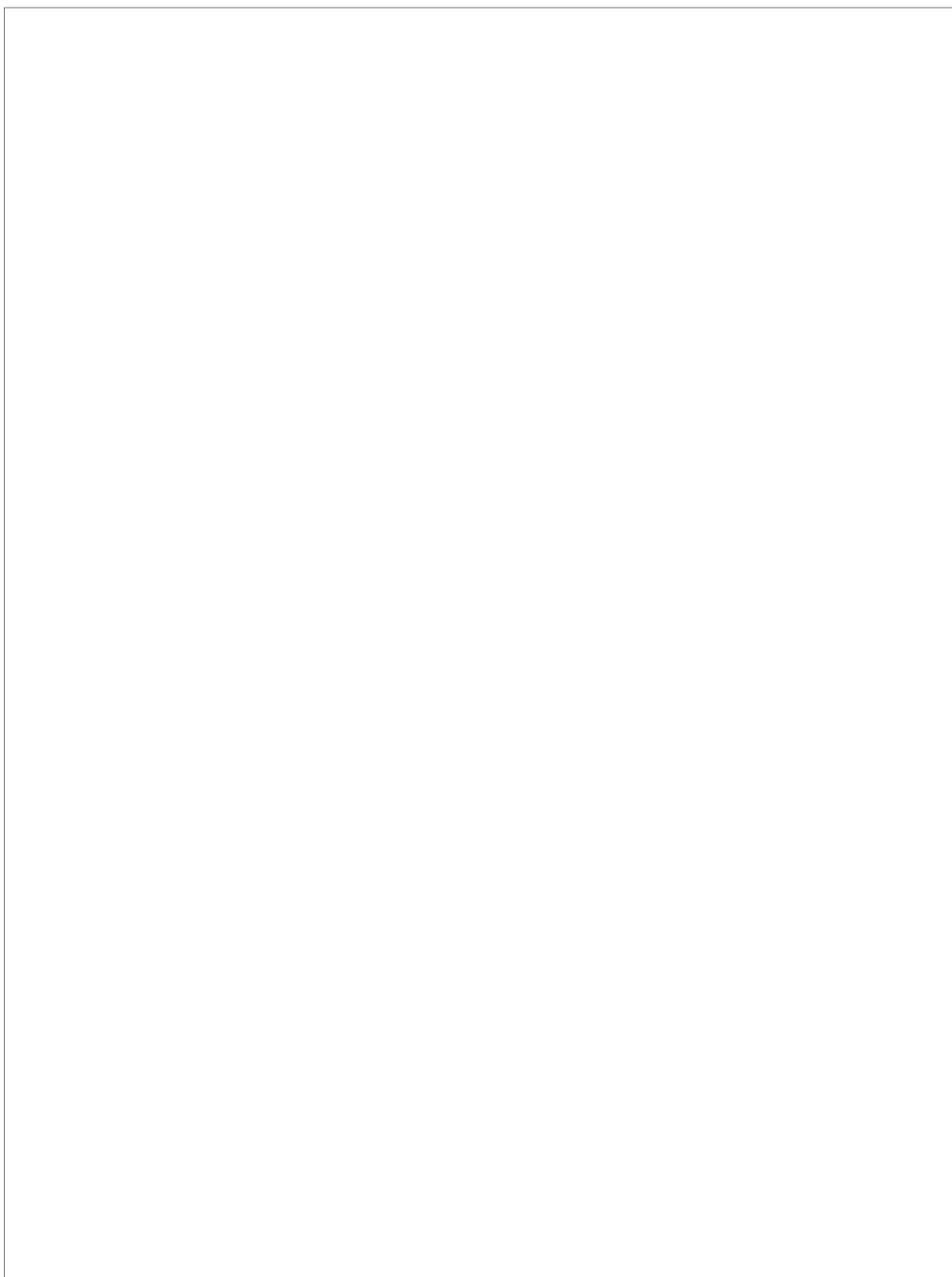


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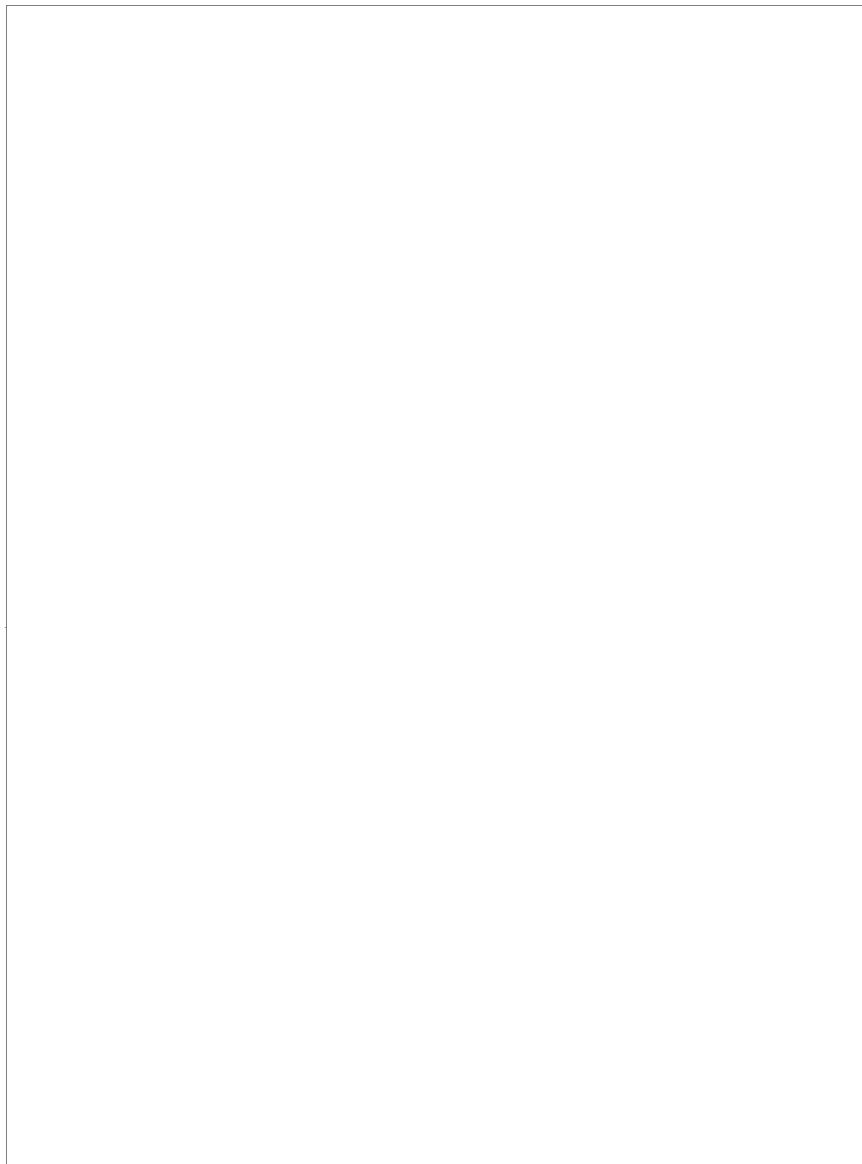
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EGYPT-ISRAEL

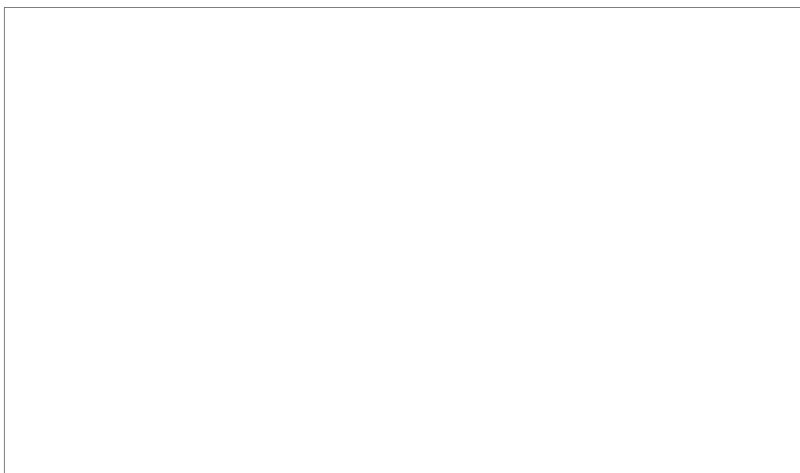


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PANAMA-CUBA

Colombian President Lopez has turned down Panama's request to join it in establishing diplomatic relations with Cuba. Lopez told US Ambassador Vaky that he had informed Panamanian Foreign Minister Tack that he is committed to act within the Organization of American States.

Lopez told the ambassador he had discussed the matter with Venezuelan President Perez and he was sure Perez would also reject the Panamanian request.

[redacted] if Tack's mission to Bogota and Caracas did not succeed, Panama intended to go ahead on its own. Tack returns to Panama today.

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In Panama, National Guardsmen made no attempt to break up a demonstration yesterday by some 300 rock-throwing students at the US embassy until embassy officials asked the government to act. The students were ostensibly protesting a recent decision by the US-owned United Brands Company to discontinue banana exports, rather than pay a \$1-per-box tax.

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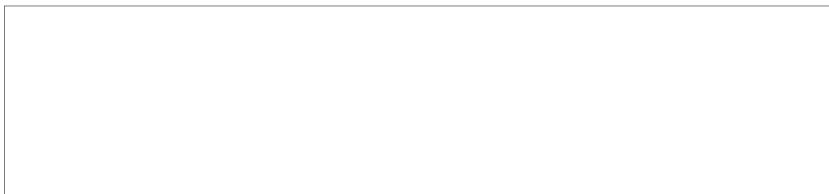
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NOTES

Vietnam: Infiltrating North Vietnamese troops, possibly totaling as many as 4,700, have either arrived in northern South Vietnam or are en route. Continuing infiltration to this sector is unusual at this time of year, but intercepted messages provide evidence of the movement of some 2,700 men, and analysis indicates that some 2,000 more have moved or may soon do so. Most of these reinforcements should have arrived by the end of this month. They will give Hanoi the option of maintaining substantial pressure on government forces in the area during the next few months.

Dominican Republic: The popular Joaquin Balaguer will be inaugurated on August 16 for his third consecutive four-year term as president. He will probably continue the programs of his past administrations, which have attracted large amounts of foreign investment and have spurred unprecedented economic growth. Although his government has been following Jamaica's lead in seeking increased revenue from bauxite exports, Balaguer is unlikely to introduce measures that would scare off foreign investment.

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South Korea: An unsuccessful attempt was made on President Pak Chung-hui's life this morning by a gunman reportedly identified as a Japanese national. The shots missed the President, but his wife was seriously injured. A wholesale round-up of anti-government elements and even tighter internal security measures are anticipated.

FOR THE PRESIDENT ONLY

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JORDAN'S KING HUSAYN: GOALS AND PROBLEMS

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King Husayn's arrival in Washington coincides with the emergence of the Jordanian-Israeli disengagement issue as the focal point of Arab-Israeli negotiations. Although still firmly in control in Jordan, the King's future is clouded by internal political and personal problems--burdens which he hopes to alleviate by making tangible progress on the negotiation front. For all his problems, which include increased isolation from his hitherto unquestioning supporters in the army and the East Bank Jordanian establishment, Husayn does not appear in any immediate political danger.

A disengagement agreement with Israel could help him at home, and more importantly, give him a much needed psychological boost. Husayn originally had intended to press his case for continued US support and financial assistance last February, but was forced to cancel his visit here to deal with a serious mutiny in the Jordanian army. Still scarred by that experience and fearful of isolation on the diplomatic front, the King will have uppermost in his mind the need for further reassurance of US understanding for his position in the critical period ahead.

Husayn and Negotiations

A major concern of the King is to avoid being isolated in the Arab World as he was after the 1970-1971 conflict with the fedayeen. His patience and persistence during this difficult period finally paid off when diplomatic relations with Egypt and Syria were re-established shortly before the October 1973 war. After Jordan sent two brigades to Syria during the fighting, Kuwait resumed the financial assistance it had provided the Jordanians since the 1967 war. Despite these successes, Husayn is still anxious to avoid being abandoned by Egypt and Syria as the negotiations proceed.

For some time, the Jordanians have been insisting that, at the Geneva Conference, Jordan and not the Palestine Liberation Organization (PLO) should act as the agent for the recovery of the West Bank. Aware that Israeli refusal to treat with the fedayeen makes Jordanian presence at Geneva mandatory, the King has threatened to boycott the talks if the other Arab states recognize the PLO as the spokesman for all the Palestinians. As an additional precondition for Jordanian attendance at Geneva, the

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Jordanians have insisted that a separation of Jordanian and Israeli forces take place with Israeli withdrawal from the Jordan River.

Husayn obtained a major concession from Sadat on July 18 when the Egyptian president agreed in a joint Egyptian-Jordanian communiqué that Amman should represent at Geneva all Palestinians in Jordan, and have responsibility for negotiating at least an initial disengagement agreement on the West Bank.

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Sadat's efforts to restore momentum to the negotiating process by keeping both the PLO and the Jordanians involved have forced Cairo into a delicate balancing act. Vacillating statements made in early August by Egyptian Foreign Minister Fahmi, which were designed to placate the Palestinians displeased by the Egyptian-Jordanian communiqué, drew a sharp Jordanian protest.

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The Jordanians have ignored an Egyptian-Saudi communiqué issued following the recent visit to Cairo by King Faysal which supported the Algiers resolution of November 1973 naming the PLO as the sole, legitimate representative of the Palestinian people.

The Jordanians, recognizing the Egyptian dilemma, are conscious of the inconstant nature of Egyptian support. One of Amman's principal concerns is to prevent Cairo from undercutting its efforts to play a meaningful role in the peace negotiations.

As the Jordanians succeeded in obtaining support for their position from Cairo, relations between Amman and Damascus deteriorated somewhat. The Syrians were upset at not being consulted by Egypt and Jordan before the issuance of the July 18 communiqué, and felt that their own efforts to mediate between Jordan and the PLO were undercut.

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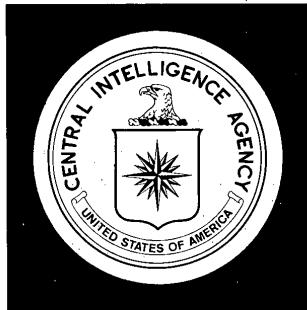
The Syrians were also unhappy that Husayn--acting for Sadat--requested a postponement of the Arab Summit conference scheduled for early September. Damascus had hoped to use the meeting to put pressure on Egypt to adopt a harder line on peace negotiations and Israeli withdrawal. Following a recent visit to Damascus by Saudi Foreign Minister Saqqaf, President Asad reluctantly agreed to a delay. The postponement will provide Cairo with additional time to attempt to achieve some kind of working relationship between the fedayeen and Jordan.

Interest Also in the Persian Gulf

King Husayn has taken an active interest in the Persian Gulf in the past few years. Jordanian officers and men have been seconded to train the security forces of most of the new small states in the area. The King sees this effort as a means of developing new sources of financial assistance and political support. In addition, he hopes to cement his ties with such important benefactors as Saudi Arabia, Iran, and the US, all of whom have important stakes in the vulnerable, oil-rich region.

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August 16, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 16, 1974

PRINCIPAL DEVELOPMENTS

Turkish forces are close to achieving their military objectives on Cyprus amid strong signs that political leaders in Athens and Nicosia have begun to face the need to concede to Turkish demands for one third of the island. (Page 1)

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The growth of anti-American sentiment in Greece is assessed on Page 3.

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Soviet

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(Page 5)

Soviet

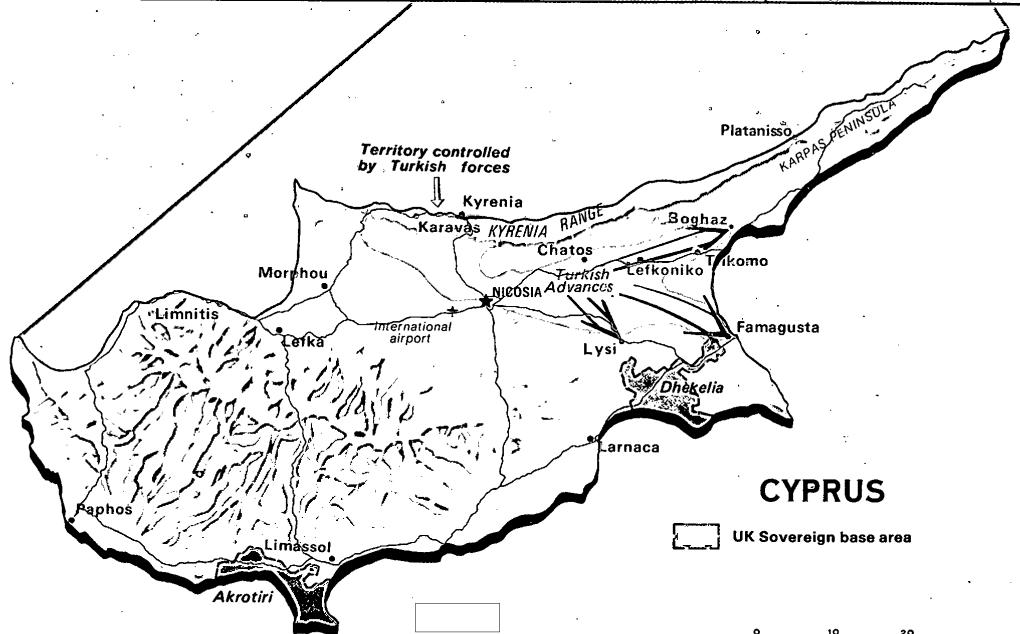
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(Page 6)

Rumors about the health of Chinese Premier Chou En-lai are making the diplomatic rounds in Peking. Chou's illness has not diminished his political influence. (Page 7)

Notes on the Iraq-Iran border problem and Panama-Cuba appear on Page 8.

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CYPRUS

Indications are that the Cyprus dispute can soon be transferred from the battlefield back to the conference table. Turkish forces are close to achieving their military objectives and there are strong signs that political leaders in Nicosia as well as in Athens have begun to face the realities of the situation.

In Cyprus, Greek Cypriot leader Glafkos Clerides called together leading members of the Greek Cypriot community yesterday to discuss courses of action. He told Ambassador Davies that he took the position that the harsh facts cannot be avoided and that negotiations with the Turks must be resumed. Most of the participants, according to Clerides, were sullenly silent. The embassy's impression is that the participants generally agreed to let Clerides make the decisions and assume responsibility for any adverse consequences.

The embassy believes that the Greek Cypriots will accept a cease-fire soon, but doubts that Clerides can formally agree to the Turkish fait accompli and survive.

Greek Prime Minister Karamanlis said in a public speech last night that Greece cannot oppose Turkish aggression on Cyprus with force because of the distance and the risk of weakening mainland defenses. Karamanlis asserted that he had brought the great powers face to face with their responsibilities by demanding a UN Security Council meeting and by announcing the withdrawal of Greek military forces from NATO. He claimed that "other action has been taken, and is being taken, which at the present moment cannot be disclosed."

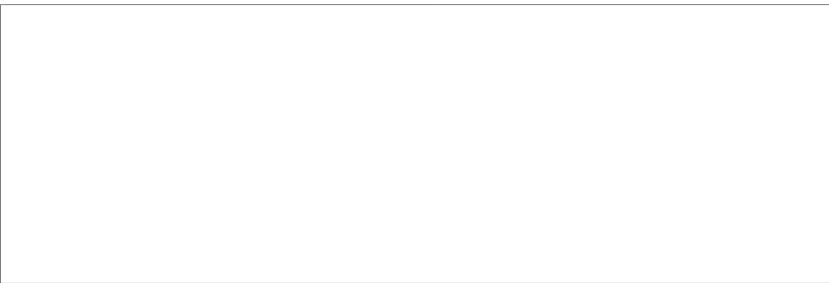
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Soviet treatment of the Cyprus situation remains cautious. The Soviet government has yet to make an official statement on the renewal of fighting. Media treatment yesterday hailed Greece's military withdrawal from NATO and claimed events

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had proven that the guarantees of Cyprus' independence are worthless. This implies support for a greater UN role giving Moscow some say in any future guarantees for Cyprus.

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GREECE

Anti-American sentiment in Greece has become widespread since the Turkish invasion of Cyprus, growing in direct proportion to Greek and Greek Cypriot setbacks on the battlefield and at the conference table. This feeling is reportedly shared not only by traditionally anti-American circles, but also by normally pro-American right and center-right politicians and military men. The anti-Americanism stems primarily from the Greek belief that the US abandoned Greece in its hour of need and "tilted" toward the Turks.

Many Greeks are probably convinced that the US could have deterred the Turkish invasion and even now has the power to stop the fighting and secure an equitable settlement. Another factor is the widely held belief that the military regimes which ruled Greece between 1967 and July of this year were imposed and supported by the US.

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A high-ranking Foreign Ministry official told the US ambassador that NATO facilities at Souda Bay and Namfi will have to go and that all Alliance facilities in Greece will be subject to review. Greek Foreign Minister Mavros, however, said yesterday--according to a press report--that US bases in Greece are protected by bilateral agreements, and expressed doubt that such agreements can be broken.

On the non-governmental level, anti-Americanism has thus far been limited to newspaper editorials and one demonstration involving about a thousand students. The government-controlled radio and television networks reportedly have not joined this campaign, so it probably does not yet have official sanction.

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Anti-American feelings are likely to continue and increase in direct proportion to Greek frustration over Cyprus, unless Turkey eventually agrees

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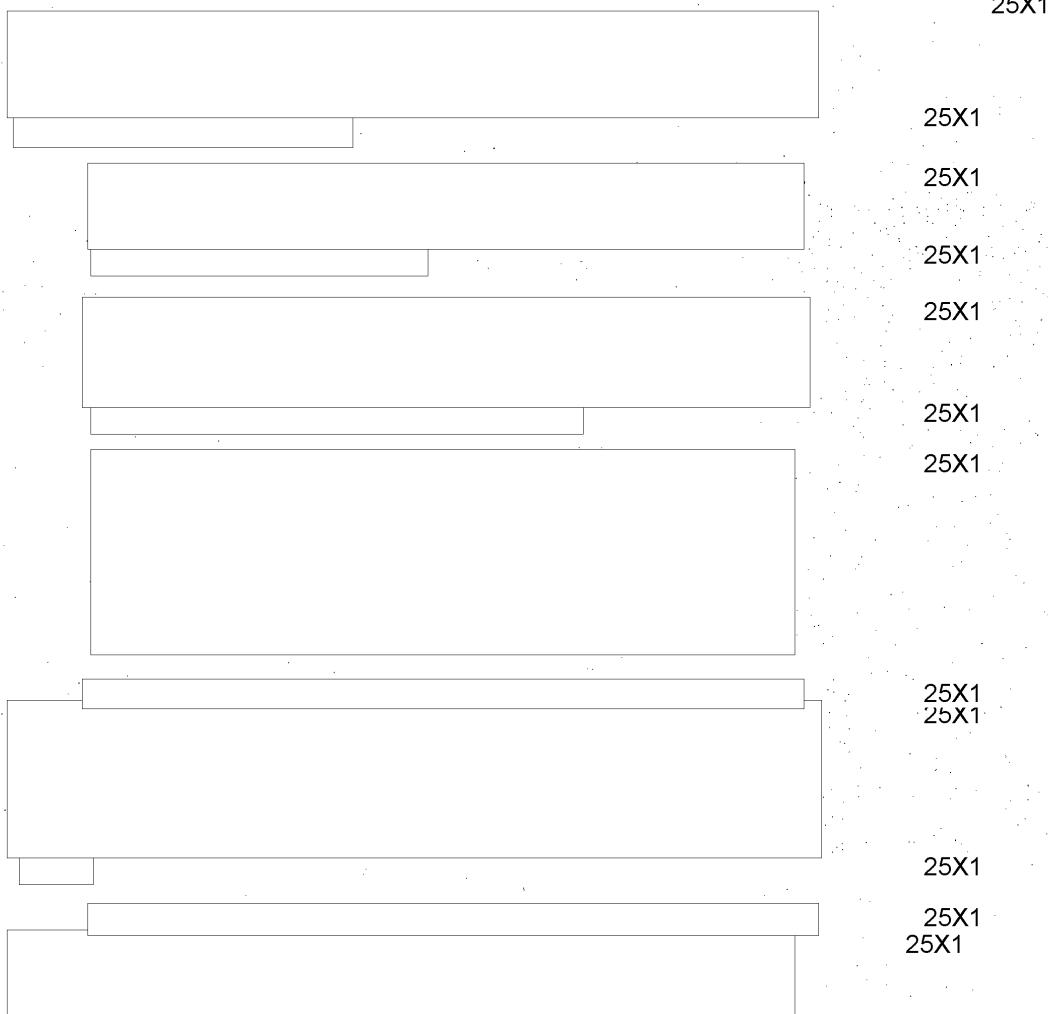
FOR THE PRESIDENT ONLY

to significant concessions attributable directly to US pressure. Even if the US fails to wrest enough concessions from Turkey to placate the Greeks, American influence and prestige could probably be at least partially restored if the US supports Athens in the ongoing controversy over exploration rights in the Aegean--a dispute which is sure to re-emerge once the Cyprus crisis eases.

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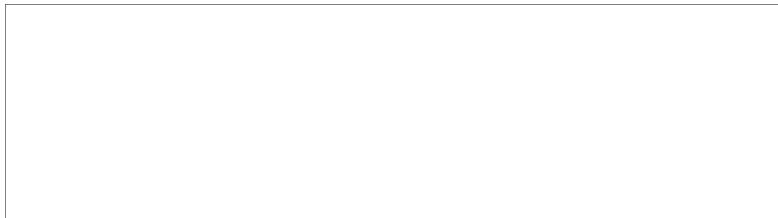
USSR



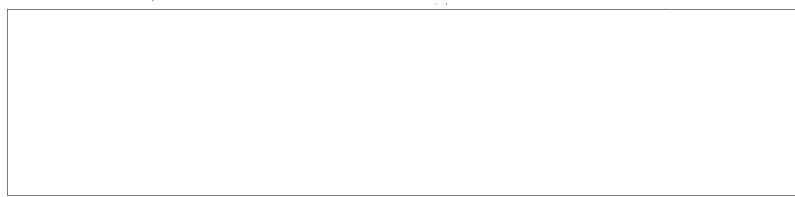
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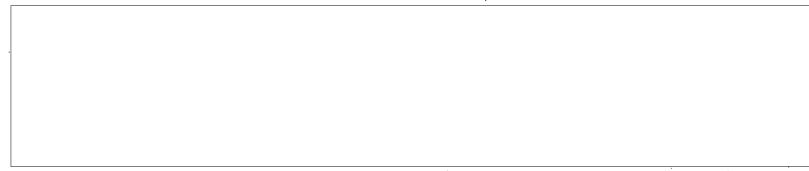
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CHINA

Rumors about the health of Chinese Premier Chou En-lai are making the diplomatic rounds in Peking. An earlier rumor that Chou had returned to the hospital was discredited when the Premier appeared publicly on July 31. Now the story has cropped up again.

The Premier, who was very ill last June, has cut back sharply on his public appearances, and his absences from public view are likely to spark continuing rumors that he is back in the hospital. Government officials who meet with foreign visitors have apologized for Chou's failure to meet them, explaining that the Premier is ill and under doctors' orders not to attend many meetings. Chou probably intends to meet those foreign visitors regarded by the Chinese as most important to the furtherance of their foreign policy aims.

We do not believe that Chou's political influence has diminished. A current lull we have noted in the anti-Confucius campaign in China accords with the Premier's view that the progress of the campaign should be orderly.

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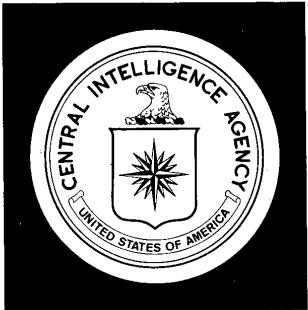
NOTES

Iraq-Iran: Last May the UN Security Council called on the two countries to end their sometimes violent border dispute, but preliminary talks that began this week will probably make little headway.

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Panama-Cuba: The Panamanian government has decided to wait for other Latin American countries to join it in recognizing Cuba, rather than go ahead now on its own. A major factor in the decision was the failure of Panama's foreign minister to persuade the governments of Colombia and Venezuela to go along. The president of Venezuela would like to see an emergency meeting of the Permanent Council of the OAS before October to consider the Cuban issue. Meanwhile, Panama is consulting with other countries that favor dealing with Cuba within an OAS framework.

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The President's Daily Brief

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August 17, 1974

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THE PRESIDENT'S DAILY BRIEF

August 17, 1974

PRINCIPAL DEVELOPMENTS

French

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Greece. In Athens, the government is beginning to take specific actions to demonstrate displeasure over US policy. (Page 1)

The latest developments in Greece and Cyprus are discussed on Page 3.

Andrey Kirilenko, a senior Politburo member and party secretary, is the best bet to succeed Brezhnev if the General Secretary leaves office soon. We estimate that, if Kirilenko replaced Brezhnev, this would lead to very little change in Soviet foreign policy over the short term. (Page 4)

Israel's recent actions to improve its military preparedness have led in turn to renewed Egyptian and Syrian military preparations. (Page 6)

Japanese traders have been placing huge orders for US corn; they apparently hope to line up enough to cover their requirements for the coming year. (Page 7)

Notes on South Korea and on Morocco-Spain appear on Page 8.

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FRANCE-GREECE

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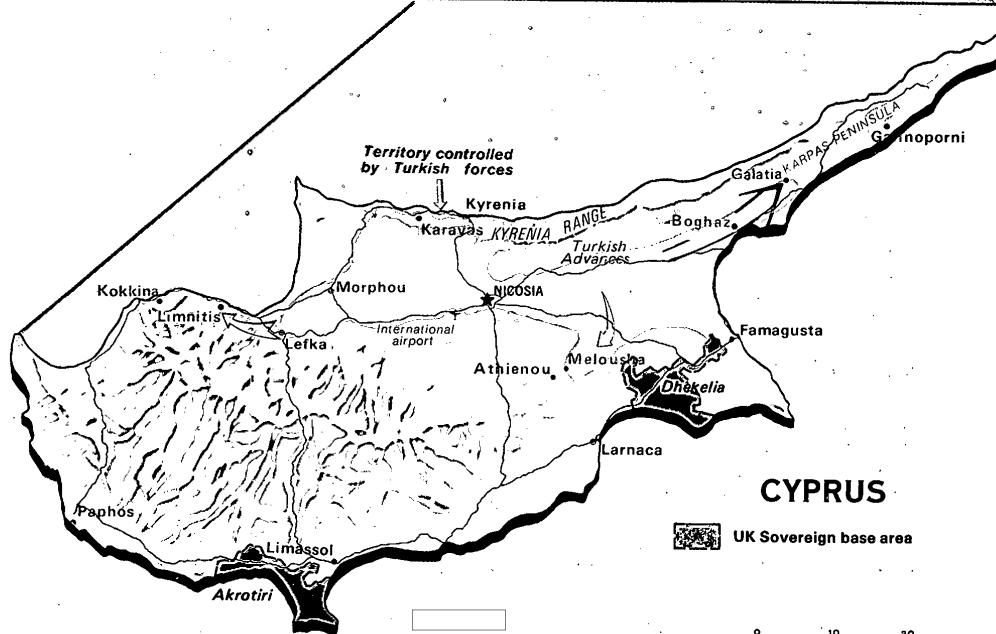
FOR THE PRESIDENT ONLY

In Athens there are indications that the Greek government is beginning to take specific actions to illustrate its displeasure over what it regards as Washington's pro-Turkish attitude.

--Yesterday, Greek officials refused to grant clearance to US military flights on two occasions. They indicated that they could no longer honor a blanket diplomatic approval of US military flights into Greece that has been in effect since 1966.

--The US embassy in Athens speculates that the Greek government may be considering a revision of the status of US forces in Greece, and could be contemplating more far-reaching action.

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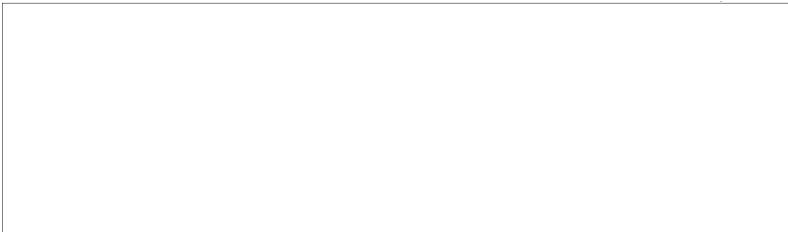
GREECE-CYPRUS

The Greek defense minister has implied to General Goodpaster that Athens is preparing to withdraw a number of personnel from NATO headquarters, leaving only a liaison office. A Foreign Ministry official in Athens said Greece may follow the "French formula," which he said would involve the gradual elimination of all NATO facilities in Greece.

Manifestations of anti-Americanism, meanwhile, are continuing throughout Greece. Yesterday, a mob set fire to buildings on the US military base at Iraklion, Crete, and there were demonstrations outside the embassy in Athens and the consulate at Thessaloniki.

Leftist politician Andreas Papandreou, who returned to Athens yesterday, was welcomed by a large crowd shouting anti-American slogans. He called for a complete break with both the US and NATO.

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* * *

Turkish forces on Cyprus gained most of their military objectives yesterday. They now control an area extending roughly from Lefka and Limnitis in the west through Nicosia and on to Famagusta on the east coast.

Sporadic cease-fire violations can be expected to continue and the Turks evidently intend to complete the capture of the Karpas Peninsula. They may also extend their line westward from Karavas. They are not likely to encounter much resistance from the Greek Cypriot National Guard.

FOR THE PRESIDENT ONLY

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USSR

In response to the interest you expressed yesterday [redacted] with regard to the succession problem in the USSR, we offer the following assessment.

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Andrey Kirilenko, a senior Politiburo member and party secretary, is the best bet to succeed Brezhnev if the General Secretary leaves office soon. Kirilenko has functioned as Brezhnev's deputy for party administration, and his elevation to the top job would be least disruptive to the existing party structure. He is 67 years old, however, and the prospect of his moving up to the top party post diminishes with each year that Brezhnev remains on the scene.

A Kirilenko administration probably would not undertake any sharp departures from the course that has been followed under Brezhnev in foreign affairs, partly because of the inhibitions built into collegial decisionmaking. There are some signs, however, that Kirilenko would be somewhat more cautious in dealing with the West, at least at the outset.

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--Although his election speech in June was effusive on the success of summitry and the prospect for extensive cooperation between the US and the USSR, over the years his public support of detente has been infrequent and well hedged.

--Moreover, he has been in the forefront of those who have championed the "Brezhnev Doctrine" of limited sovereignty for Eastern Europe, and he is widely reported to have urged the Soviet invasion of Czechoslovakia in 1968.

Kirilenko has called aid to the Vietnamese and Arabs not only a "revolutionary duty," but also a security requirement of the USSR. He has strongly criticized the Chinese Communists, but has not shut the door on an eventual reconciliation with China.

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His style of leadership would, at least initially, be less colorful and exuberant than Brezhnev's.

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There would probably be a return to a more collective style of leadership following a change at the top. Kirilenko's position would not be as powerful as Brezhnev's is now, and Soviet policy would bear a less personal stamp than it does at present.

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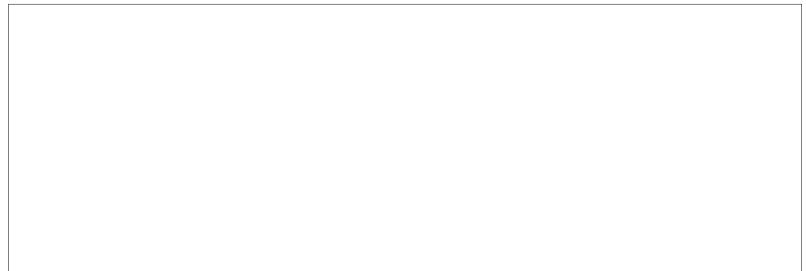
FOR THE PRESIDENT ONLY

ISRAEL - ARAB STATES

Israel's recent actions to improve its military preparedness--large-scale maneuvers and mobilization tests--and its professed concern over Arab intentions have led in turn to renewed Egyptian and Syrian military preparations. Although neither Israel nor its Arab neighbors seem to want to renew fighting at this time, heightened tensions increase the danger that further fighting may occur.

The Israeli government feels compelled to demonstrate that Israel will not again be surprised militarily as it was last October. Tel Aviv also wants to convince the Arabs that any attack would be met by thoroughly prepared Israeli forces. Additionally, Tel Aviv hopes that Israeli concern over a possible resumption of hostilities will cause the US to provide increased military aid.

The object of most of Israel's charges has been Syria. Israeli estimates attach special significance to statements by Syrian President Asad that a final peace settlement must result in a total withdrawal by Israel from all territories occupied since 1967, a demand that is unacceptable to Tel Aviv. The Israelis are also concerned about the replenishment of Syrian weapons inventories and the introduction into Syria of such weapons as the MIG-23 fighter and the Scud surface-to-surface missile.



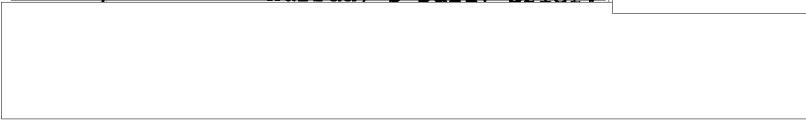
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JAPAN

Japanese traders began placing huge orders for US corn immediately following the US Department of Agriculture's crop forecasts of August 12. Grain trade sources expect additional large purchases in the US and in other countries during the next few weeks.

Japan normally buys about two thirds of its feedgrains and 90 percent of its soybeans from the US and is the largest single market for US exports of these items. [redacted]

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The Japanese apparently hope to line up enough corn to cover their requirements for the coming year. They may also be trying to hedge against possible shortages of other feeds, especially sorghum and soybeans.

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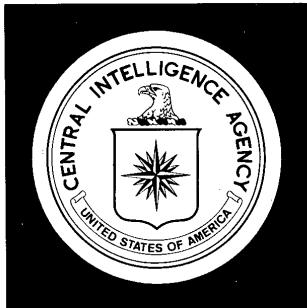
FOR THE PRESIDENT ONLY

NOTES

South Korea: The South Korean government will use the attempted assassination of President Pak Chong-hui to link his non-Communist opponents with pro-North Korean elements in Japan. Police authorities in Seoul have publicly identified the assailant as an active member of anti-Pak groups in Japan, though no direct link has been alleged with the pro-Pyongyang Chosen Soren grouping of Koreans resident in Japan. There is also no evidence of a conspiracy. The case, of course, is complicating the sensitive relationship between South Korea and Japan. Japanese Prime Minister Tanaka, recognizing the need to avoid further friction, has decided to attend Mrs. Pak's funeral in Seoul on Monday.

Morocco-Spain: Morocco's prime minister and foreign minister traveled to Madrid early this week to press Rabat's claims to Spanish Sahara. The positive tone of the joint communiqué at the end of their visit suggests the stage has been set for further talks. At the same time, Morocco has moved more troops to the border with Spanish Sahara, indicating that Rabat will continue to use military pressure tactics to try to create a sense of urgency. King Hassan is well aware of Spain's superior military capabilities, however, and is likely to keep his military moves under careful control.

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The President's Daily Brief

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August 19, 1974

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THE PRESIDENT'S DAILY BRIEF

August 19, 1974

PRINCIPAL DEVELOPMENTS

Turkish forces continued to advance in Cyprus over the weekend, probably in an attempt to force negotiations. (Page 1)

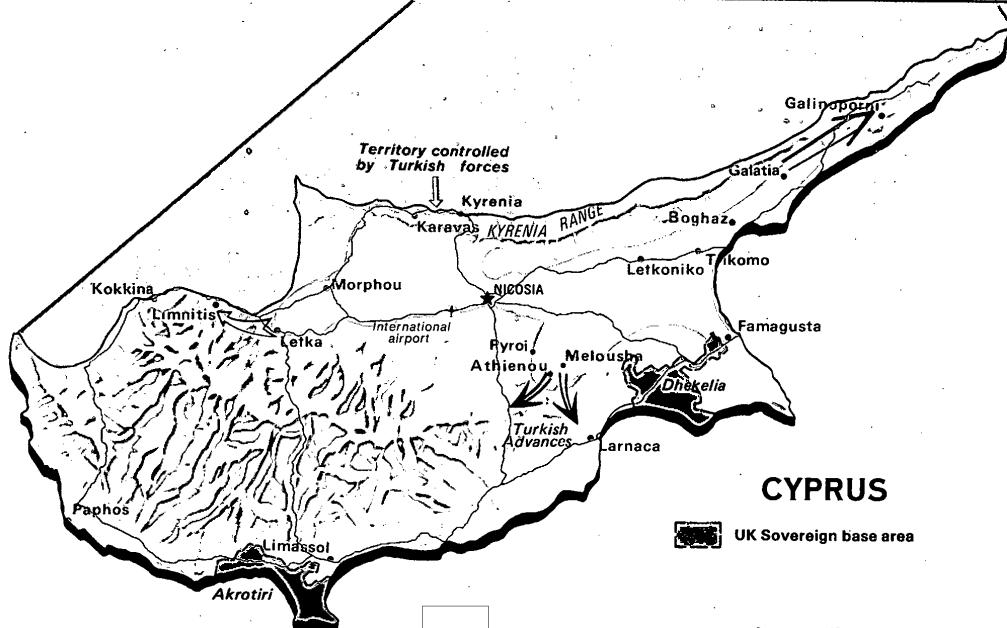
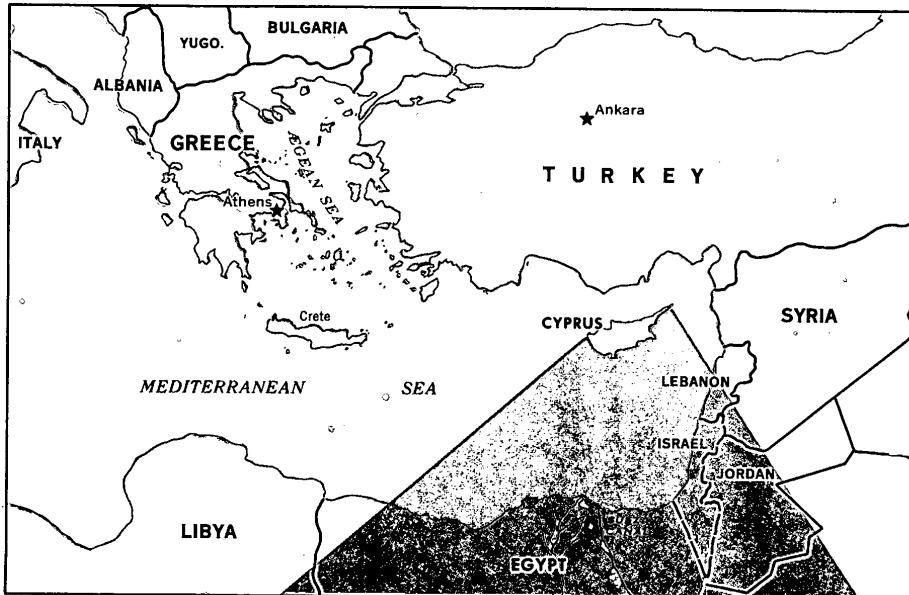
Political dialogue between North and South Korea will be frozen after Seoul's accusation on Saturday that the attempted assassination of President Pak was ordered by North Korean President Kim Il-song. South Korea's relations with Japan, already tense, are also bound to undergo further strain. (Page 3)

In South Vietnam, heavy fighting took place over the weekend in the northern provinces and in areas near Saigon. (Page 4)

The Cambodian government is planning a new delaying tactic to defend its UN seat this fall. (Page 5)

The attempt to form a constitutional government in Thailand is still on course, but behind schedule. (Page 6)

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FOR THE PRESIDENT ONLY

GREECE-TURKEY-CYPRUS

Turkish forces continued to expand their holdings on Cyprus over the weekend. Advances beyond the territory the Turks have demanded for an autonomous Turkish Cypriot area are probably intended to force the Greeks to negotiate.

Fighting yesterday continued southeast of Nicosia as the Turks advanced to within eight miles of Larnaca. Turkish units also threatened to cut the road between Nicosia and Limassol--the last major route south from the capital.

In other areas, Turkish army and Cypriot forces continued moving along the Karpas Peninsula, reaching Galinoporni over the weekend. Greek Cypriot national guard units maintained pressure on Turkish enclaves in the western part of the island. The cease-fire continued to be observed in Nicosia and UN forces remained in control of the international airport.

Commenting on the continuing Turkish advances, President Clerides reportedly told the senior UN representative on Cyprus that the immediate objective should be to pin down the line of farthest Turkish advance to permit some form of negotiations to begin. Clerides said that he recognizes that the Greek government has boxed itself in with public statements of its unwillingness to negotiate unless the Turks pull back to positions held prior to the second round of fighting. He was prepared to tell Athens, however, that he must be given a free hand to salvage what he can through negotiations.

The UN representative has suggested to the US ambassador that it might be more realistic to drop the concept of another Geneva meeting of the guarantor powers, encouraging instead negotiations in Nicosia between Clerides and Turkish Cypriot leader Denktash. In such an arrangement the Turkish side might also include military and diplomatic representatives from Ankara.

The US embassy in Nicosia comments that at a minimum Clerides must be given authorization from Athens and be assured that he will not be branded a traitor when the talks end the idea of enosis.

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FOR THE PRESIDENT ONLY

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Greek Defense Minister Averoff has already admitted [redacted] he now thinks that the Cypriots will have to settle the problem themselves and that division of the island will probably be necessary.

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[redacted] the Turkish Cypriots should be given no more than 20 percent of the island.

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Turning to Greek actions, Averoff said Athens' decision to withdraw from the NATO integrated military command is firm. Averoff told the US ambassador that his government recognized the complexities of the disengagement process and would proceed slowly. He said he would issue a clarifying statement today that would indicate that "certain technical arrangements" would not be touched. According to the US embassy, his implication was that bilateral arrangements with the US would be respected.

Averoff told the ambassador that the NATO pull-out was necessary to relieve the deep sense of humiliation brought on by events on Cyprus. He said the move had been extremely popular among Greeks and had markedly strengthened Karamanlis' position.

Greek authorities have eased the ban on air traffic to and from US air bases. US military aircraft may now operate into and out of Athens airport from the west with a minimum of six hours' notice.

Meanwhile, anti-US demonstrations continued in many parts of Greece. In the first major clash between police and demonstrators since Karamanlis took power, at least six people were injured in an attempted march on the US embassy in downtown Athens. Demonstrations also took place on Crete, but there were apparently no major threats to the US base at Iraklion.

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SOUTH KOREA

Seoul's accusation that the attempted assassination of President Pak on Thursday was ordered by North Korean President Kim Il-song--true or not--will have the following effects:

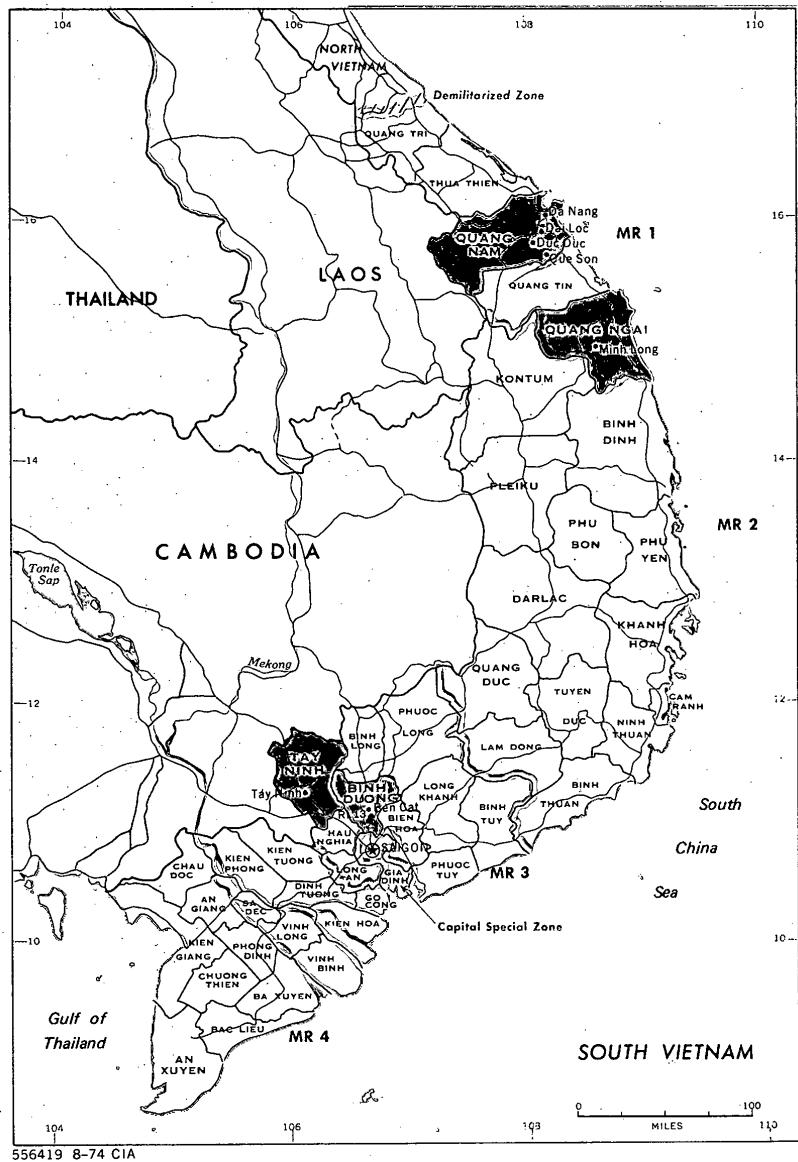
--Political dialogue between North and South will be frozen.

--Inasmuch as the assassin provides a link between anti-Pak activists in Japan and the North Korean apparatus there, support is given to Pak's argument that all dissenters are tools of the Korean Communists.

--South Korea's relations with Japan, already tense, are bound to undergo further strain. At the least, President Pak will insist that Tokyo place tighter restrictions on leftist activity among the 600,000 Koreans who live in Japan.

The Japanese have already shown that they want to prevent the assassination attempt from harming ties to Seoul. Prime Minister Tanaka is attending the funeral of Pak's wife today and will use the occasion to confer privately with President Pak.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

SOUTH VIETNAM

Heavy fighting took place over the weekend in the northern provinces and in areas near Saigon.

Minh Long district town in Quang Ngai Province fell on Saturday after heavy ground and artillery attacks by the communists. This is the second district town overrun this month in the northern provinces.

In Quang Nam Province, the communists are maintaining heavy pressure on three district towns south and southwest of Da Nang. On Saturday, communist gunners fired rockets at the Da Nang air base, damaging one aircraft and injuring many civilians. The northern provinces will probably remain the scene of heavy fighting as the communists push to increase their territorial holdings.

Closer to Saigon, government forces have fended off tank-supported communist attacks near the Cambodian border southwest of Tay Ninh City and along Route 13 in Binh Duong Province. The regional commander believes he has enough troops at his disposal to thwart communist initiatives in the area.

FOR THE PRESIDENT ONLY

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CAMBODIA

The Cambodian government is planning a new delaying tactic to defend its UN seat this fall.

After sounding out friendly countries, Prime Minister Long Boret has concluded that the simple deferral maneuver that saved Phnom Penh's UN seat last year would not be successful at this fall's General Assembly. Accordingly, with the help of Indonesian Foreign Minister Malik, Boret has worked out a slightly different approach.

Phnom Penh recognizes that a pro-Sihanouk resolution will almost certainly be inscribed on the General Assembly agenda. Boret's plan is to offer an amendment which would call for the establishment of a UN team to investigate the situation in Cambodia firsthand. The amendment would defer action on seating at the UN until the team submits a report to the General Assembly next year.

Djakarta has promised to lobby hard for Boret's amendment, and it has Philippine backing as well. Australia and Japan also seem sure to support it. If Malaysia, Singapore, and Thailand fall into line, Boret's plan would have a reasonable chance for success.

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THAILAND

The attempt to form a constitutional government is still on course, but behind schedule.

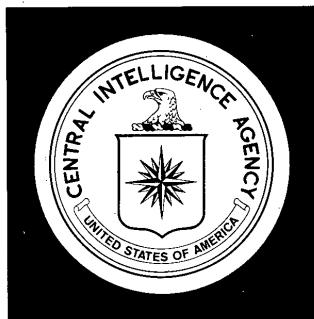
After the collapse of the military regime last October, there were promises that a new constitution would be promulgated and elections held within six months. The constitution is still under study in the National Assembly, which is not likely to act for at least another month. The draft constitution calls for national elections within 90 days of its promulgation.

No active military officers will be running for political office when elections are held. Indeed, one of the more unusual features of Thai politics since last fall is the military's reluctance to get involved politically.

The effective performance of civilian Prime Minister Sanya over recent months has helped to dampen speculation in Bangkok about the "inevitability" of a return to military rule. Sanya's tough handling of a recent civil disturbance went a long way toward easing the concern of many army officers that civilian rule means weak leadership and political instability. The civilian government's responsiveness to public opinion and Sanya's good relations with the National Assembly have established a pattern that is likely to ease the country's transition to representative government.

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The President's Daily Brief

August 20, 1974

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THE PRESIDENT'S DAILY BRIEF

August 20, 1974

PRINCIPAL DEVELOPMENTS

The Karamanlis government yesterday carried out a purge of military officers, focusing on those identified with the last regime's Cyprus policy. The military situation is quiet in Cyprus. (Page 1)

Stepped-up communist attacks north and west of Saigon appear to indicate the start of a limited military campaign. Despite some recent tactical setbacks and disruption of rural pacification efforts, the government retains firm control over the country's population centers and major highways. (Page 2)

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Zairian President Mobutu reportedly will meet with Portuguese President Spinola later this week to discuss the future of Angola. Portugal probably regards Mobutu as its best hope for ending an impasse between the two leading rebel groups in Angola. (Page 4)

West German Chancellor Schmidt is considering traveling to Peking sometime after his visit to Moscow this autumn. (Page 5)

At Annex we discuss the outlook for the international economy with special attention to new circumstances caused by the abrupt and massive increase in the price of oil.

FOR THE PRESIDENT ONLY

GREECE-CYPRUS

The Karamanlis government yesterday put distance between itself and its discredited predecessors with a major purge of military officers. The purge focused on officers identified in the public mind with the last regime's Cyprus policy.

--Ousted were armed forces chief General Bonanos and army chief General Galatsanos, as well as several other senior military officers.

--The new armed forces chief is General Dionysios Arbouzis, who commanded the Greek army contingent in Korea. He has been retired since shortly after the first military coup in 1967.

--Lieutenant General Davos, a critic of the last junta who is believed to have been instrumental in the recall of Karamanlis, was named army chief.

--Lieutenant General Gratzios, also a Karamanlis man, was named commander of the key army corps in Thrace on the Turkish border.

The appointments appear designed to consolidate Karamanlis' hold and ease the fears of those who viewed the continued presence of key junta leaders as evidence that the civilian government was not in full control.

Defense Minister Averoff told the US ambassador in Athens that leadership of the navy and air force, not as closely associated with the previous military regimes, will not be affected by the shakeup.

Averoff said that strongman Brigadier General Ioannidis, who is on six months leave but is frequently seen in army headquarters, has "not yet" been affected by the changes.

* * *

The military situation in Cyprus remained quiet early this morning.

The situation is reportedly under control in Nicosia, following a day of violent demonstrations that led to the death of US Ambassador Davies. President Clerides has banned public meetings and the US embassy is being guarded by contingents of the Cypriot national guard, Cypriot armed police, and a small UN force.

SOUTH VIETNAM

Stepped-up communist attacks north and west of Saigon appear to indicate the start of a limited military campaign in Tay Ninh, Binh Duong, and Bien Hoa provinces. The Viet Cong, according to captured documents [redacted] hope to eliminate Saigon's presence in some of the more remote areas of these provinces to get closer to population centers and food-producing areas.

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The upsurge in fighting together with government setbacks in the northern provinces, where a second district capital has been lost in less than two weeks, is causing the South Vietnamese high command some nervousness. Contingency plans already have been drawn to protect the capital region if the communist campaign proves too much for government forces already in the area.

South Vietnamese forces, however, appear capable of handling the stepped-up fighting. Despite some tactical setbacks and disruption of rural pacification efforts, the government retains firm control over the country's population centers and major highways.

IRAN-IRAQ

The Shah appears determined that any Iraqi operations against the Kurds that spill over into Iran will be met with force.

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Two squadrons of F-4 Phantom fighters are at the base and presumably will be used to defend Iranian airspace against any violations by Iraqi aircraft attacking Kurdish targets near the border.

ZAIRE-PORTUGAL-ANGOLA

Zairian President Mobutu reportedly will meet with Portuguese President Spinola later this week to discuss the future of Angola. Mobutu has been a principal supporter of the liberation cause in Angola. He is, however, determined to ensure that the government of an independent Angola is headed by someone responsive to himself.

Portuguese negotiations with Angolan insurgents have been precluded by the rivalry between the two leading rebel groups. Lisbon probably regards Mobutu as its best hope for ending the impasse. Mobutu has been anxious for a meeting with Portuguese leaders, primarily to determine Lisbon's attitude toward the Zairian-based National Front for the Liberation of Angola and toward the future of Cabinda, an exclave of Angola that has oil deposits important to Zaire. Mobutu has been working behind the scenes to boost National Front leader Holden Roberto as the leader of future nationalist negotiations with Lisbon.

WEST GERMANY

Chancellor Helmut Schmidt indicated during a newspaper interview on August 14 that he would consider traveling to Peking sometime after his visit to the Soviet Union this autumn. An article by the newspaper's Peking correspondent on August 15 indicated that the visit, which has been under discussion for some time between West German and Chinese authorities, could come at the end of this year.

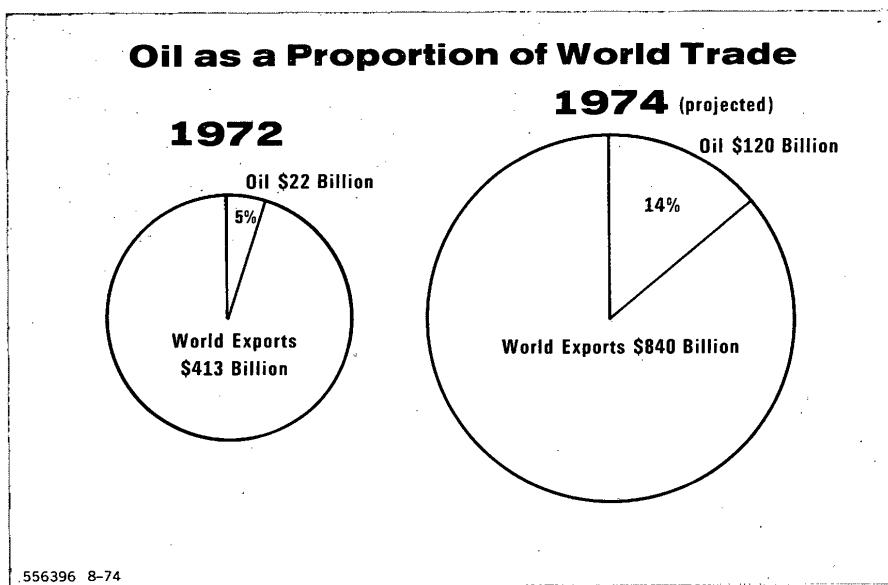
The Chinese have been disappointed with what they regard as Bonn's overriding interest in its relations with the USSR. On a number of occasions the Chinese have expressed the hope that high-ranking Bonn officials would visit China.

The Chinese have also invited the leaders of West German conservative opposition parties to visit China, and Christian Democratic Union Chairman Helmut Kohl will leave for Peking on September 2 for a ten-day stay.

Schmidt's intention to visit China will not sit well with Soviet leaders, who remain wary of Bonn's contacts with the Chinese. The Soviets are concerned that Schmidt may give less emphasis to detente than former chancellor Brandt did.

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THE INTERNATIONAL ECONOMIC OUTLOOK

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The abrupt and massive increase in the price of oil has caused a shift in the world pattern of trade surpluses and deficits unprecedented in magnitude and rapidity. How to adjust to these new circumstances is the major international economic policy problem for the oil-importing countries. Without a high level of international cooperation, high oil prices threaten:

- to encourage excessively deflationary policies,
- to increase trade restrictions,
- to disrupt the world financial system, and
- as a combined result, to decrease economic growth and intensify some of the forces of inflation in the oil-importing countries.

Higher oil prices have already caused large increases in the prices of fertilizer and shortfalls in the production of fertilizer, thus aggravating yet another major international economic problem--high grain prices and uncertainty about the adequacy of food supplies in some countries.

Oil Prices, Production, and Consumption

From mid-1973 to mid-1974 the price of internationally traded oil increased approximately four-fold. This staggering rise has reduced the quantity of oil consumption worldwide. Since the production of members of the Organization of Petroleum Exporting Countries (OPEC) has recovered to approximately the pre-embargo level, world production now exceeds world consumption by some 2 million barrels per day (roughly 6 percent of total OPEC production). There is little unused storage capacity. Hence, there will be downward pressure on oil prices in the near future unless exporting countries reduce production.

- A major reduction of oil prices over the short term would require a decision by Saudi Arabia to expand production significantly, but this step seems unlikely at the moment.

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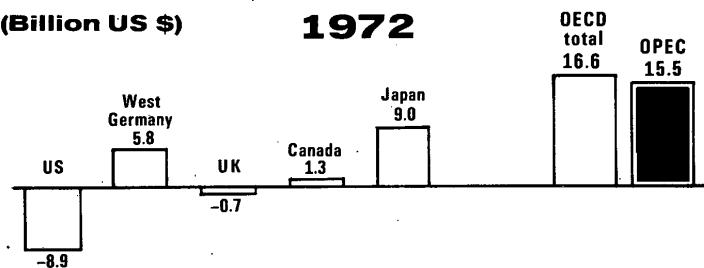
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FOR THE PRESIDENT ONLY

Trade Balance of OPEC and Selected Industrial Countries

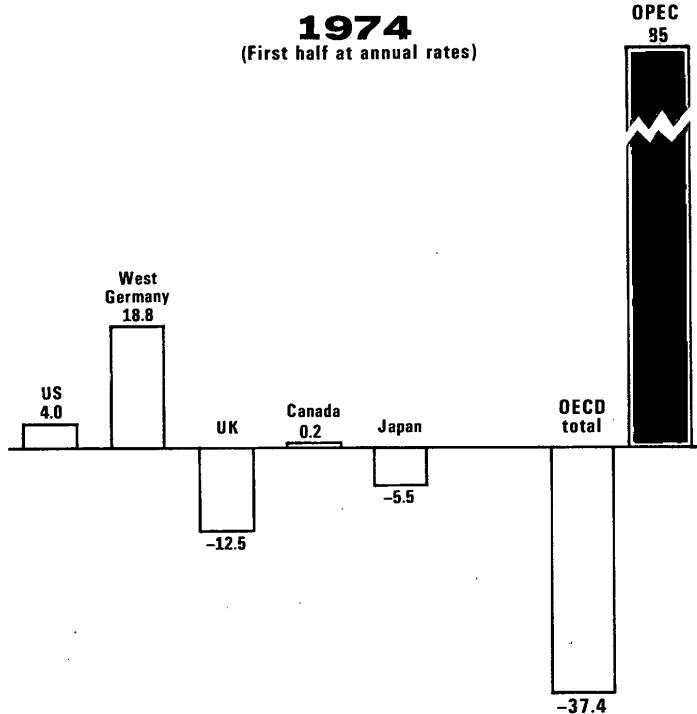
(Billion US \$)

1972



1974

(First half at annual rates)



556395 8-74

--The possibility that the Saudis might consider such a move derives from the perception of key individuals, including King Faysal, that the current price of oil threatens the economic and political stability of the non-communist world. But the Saudis are reluctant to take such action, primarily because they want to avoid steps that would be opposed strongly by other Arab countries and other oil exporters.

Shifts in Trade Deficits and Surpluses

In 1972 the members of OPEC generated surplus revenues of about \$3 billion. The 1974 surplus is expected to be over \$65 billion. A large imbalance between the foreign revenues of the OPEC countries and their physical capability to absorb imports will continue until the end of this decade, if the current ratio between the prices of oil and of industrial imports does not change appreciably.

The major oil-importing countries have not been able to agree on how the total deficit should be distributed. A wide range of domestic and international economic factors affect this distribution, and it is difficult to forecast the net effects of these various factors on the international payment positions of individual countries.

During the first half of 1974 the balance-of-payments positions of the US, Germany, and Japan remained more favorable than would have been predicted on the basis of increased cost of oil imports alone. The balance-of-payments positions of the United Kingdom and Italy worsened by an amount greater than would have been expected on that basis.

Financing Trade Deficits

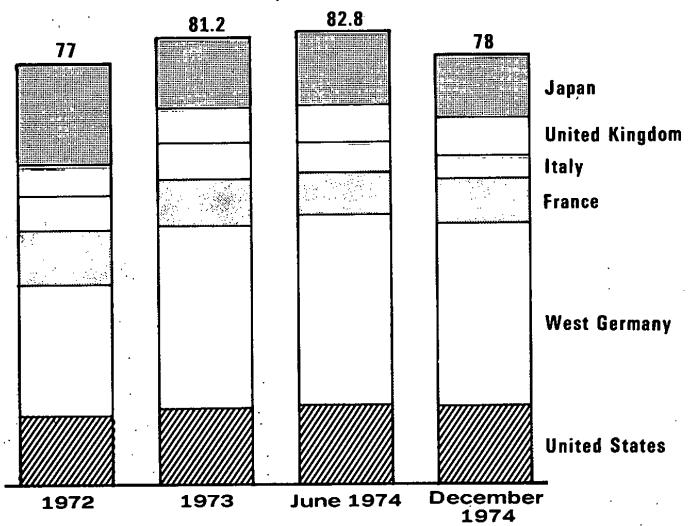
The ultimate sources for financing the trade deficits of the oil-importing nations are the trade surpluses of the OPEC members, but the pattern of direct capital exports from OPEC states will not match the pattern of trade deficits of oil-importing countries. In the first half of 1974 the bulk of the surplus revenues of the oil-exporting countries were invested in short-term liabilities of banks operating in the Eurocurrency market.

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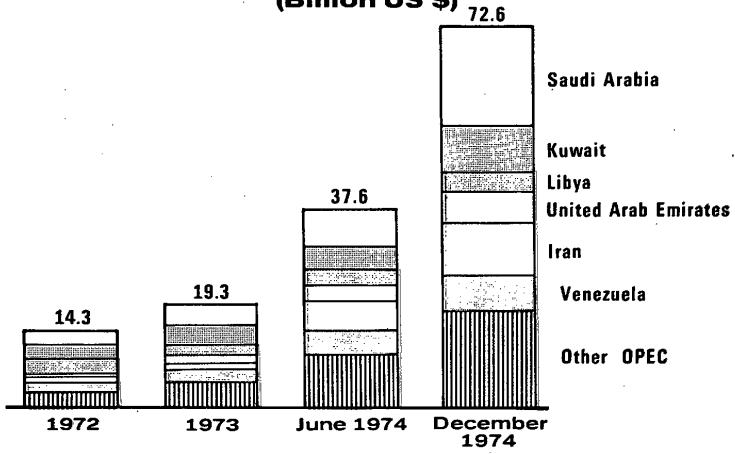
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FOR THE PRESIDENT ONLY

**Reserves of
Major OECD Countries**
(Billion US \$)



OPEC Official Reserves
(Billion US \$)



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The flow of funds directly to the US was relatively small, though it is expected to increase dramatically in the second half of 1974. Most developed countries, with the notable exception of Italy, have readily been able to obtain sufficient private credit to finance their deficits. Italy and many less developed countries have had to go to public institutions such as the International Monetary Fund to supplement private credit.

There are several reasons to believe that the present "recycling" mechanism for oil exporters' surpluses will not be adequate in the future.

--The flow of funds to be recycled will increase markedly in the second half of 1974.

--There are doubts as to the stability of the Eurocurrency system itself. This concern has been intensified, for example, by the failure of Germany's Herstatt bank. That failure has concentrated the burden of recycling even more in the largest banking institutions.

--The pattern of trade deficits is unlikely to be matched by credit flows based on conventional standards of credit-worthiness. This mismatch may come from a government's short-run difficulties in achieving a domestic political consensus behind economic policies consistent with its balance-of-payments position (as in Italy). It may also come from longer run difficulties--for example, pessimistic expectations of economic growth and high debt-service burdens (as in India, Pakistan, and Bangladesh).

Rapid Inflation, Low Rates of Growth

The oil embargo and increase in oil prices have played a key role in accelerating rates of inflation worldwide. Although the cost of certain raw materials has now begun to fall, consumer prices in the major industrial nations are expected to continue to increase rapidly (roughly 10 to 20 percent annually) through at least the first half of 1975. Given the political difficulty of checking the substantial rises in wages that workers feel are needed to catch up with inflation, any future reduction in rates of inflation will be gradual.

(continued)

A3

FOR THE PRESIDENT ONLY

There is currently an anti-inflationary focus to domestic policy in most of the major developed countries. Recent predictions that the average growth rate of major countries would rise to 2.8 percent in the second half of 1974 and to 3.7 percent in the first half of 1975 thus appear to be highly optimistic.

World Supply of Grain

The low level of world stocks of grain and the effects of bad weather on the US harvest create uncertainty as to the near-term course of food prices. Soviet grain production in 1974 will be less than last year, but we expect the USSR to be able to satisfy domestic needs and export commitments without major purchases in the world market.

Grain imports by the Peoples Republic of China will probably increase, however, and bad weather will reduce the grain crop in India. Although a general shortage of grain (with the exception of corn) cannot be predicted at this time, world grain output in 1974 is not expected to be enough to build up stocks. Major problems of food supply continue in areas like Sahelian Africa (along the southern Sahara) and Bangladesh.

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The President's Daily Brief

August 21, 1974

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Exempt from general
declassification schedule of E.O. 14176
exemption category 5B(1), (2)(d)
declassified only on approval of
the Director of Central Intelligence

FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 21, 1974

PRINCIPAL DEVELOPMENTS



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The UK is trying to get interested parties in the Cyprus dispute back to the negotiating table. No significant fighting was reported on Cyprus yesterday. (Page 3)

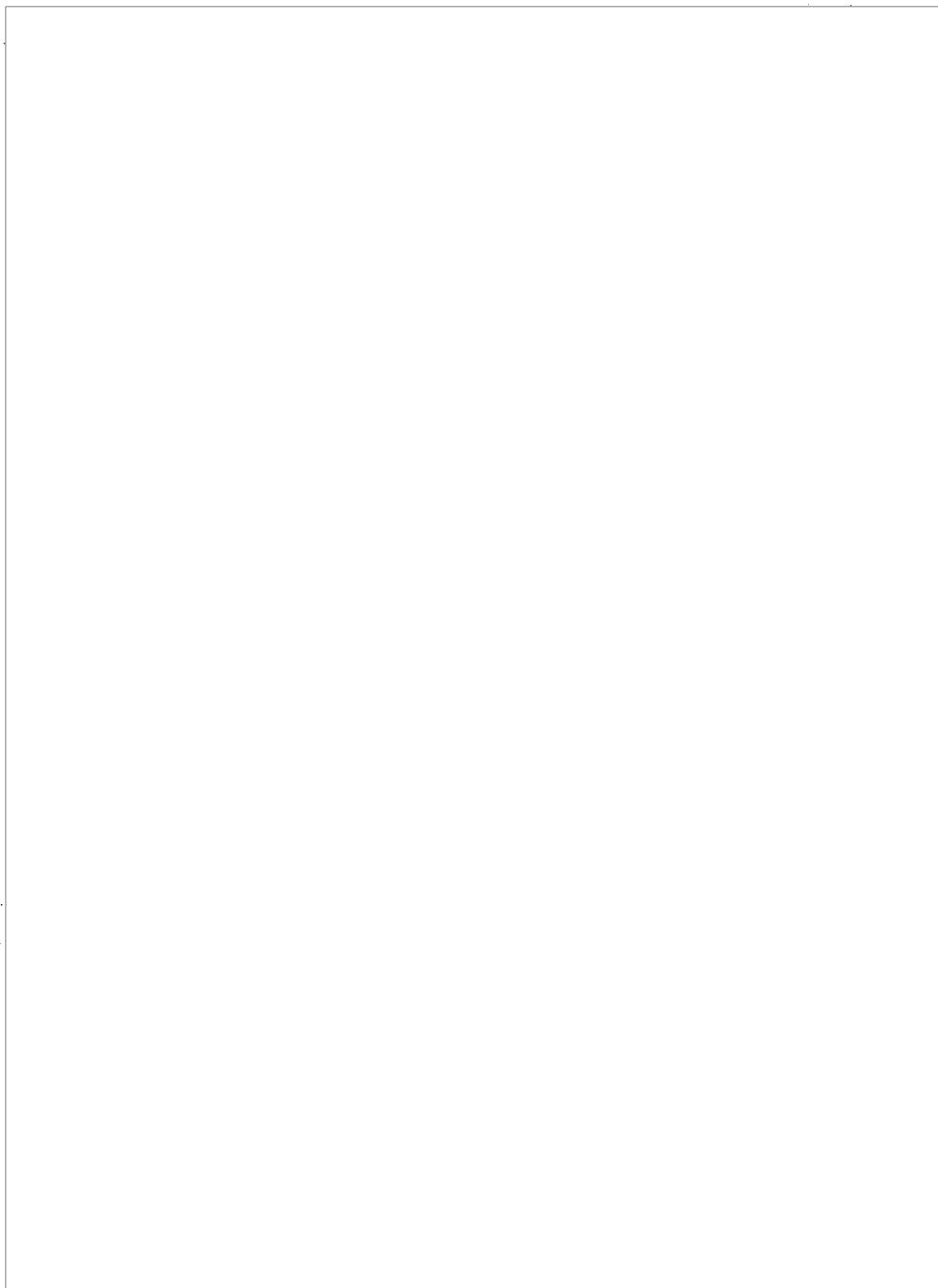
Panama's decision, announced yesterday, that it will proceed unilaterally to re-establish relations with Cuba results largely from pressure from Fidel Castro. (Page 5)

The Soviet manned spaceflight program is moving in two directions: continued preparations for the joint Apollo-Soyuz manned mission scheduled for next July and development of a space station with a military mission. (Page 6)

Mexico reportedly has discovered oil fields in Chiapas and Tabasco states that could change the petroleum market in the Western Hemisphere. (Page 7)

FOR THE PRESIDENT ONLY

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FOR THE PRESIDENT ONLY

SYRIA-ISRAEL

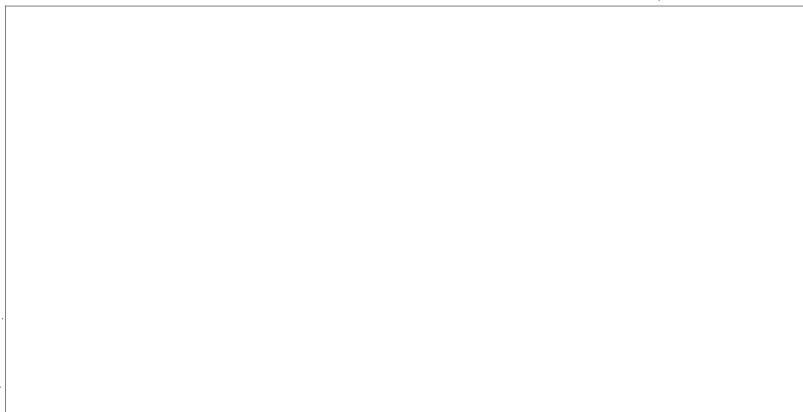


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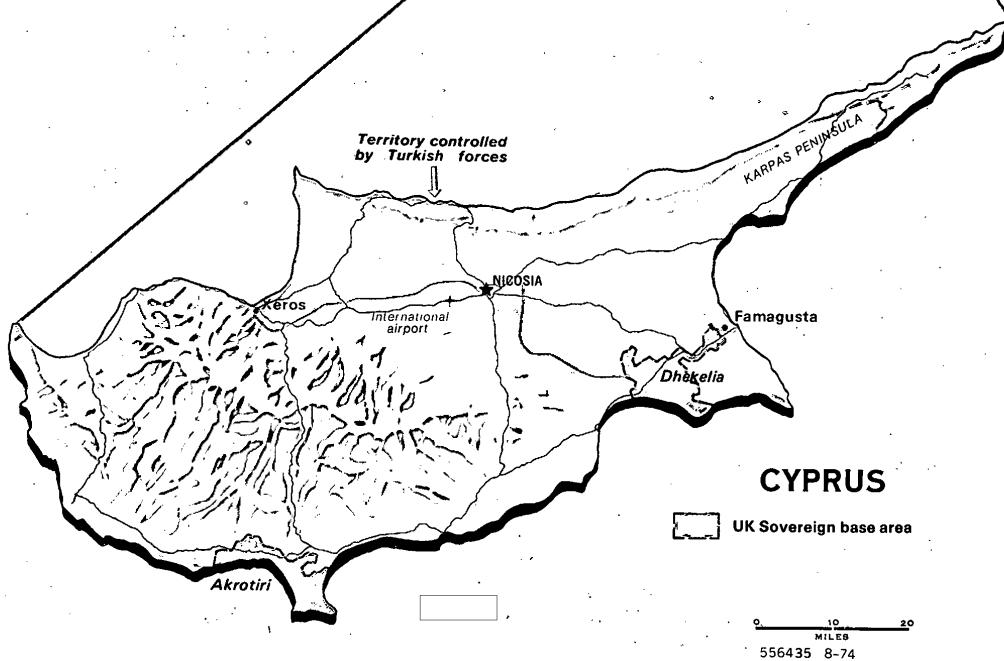
FOR THE PRESIDENT ONLY

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FOR THE PRESIDENT ONLY



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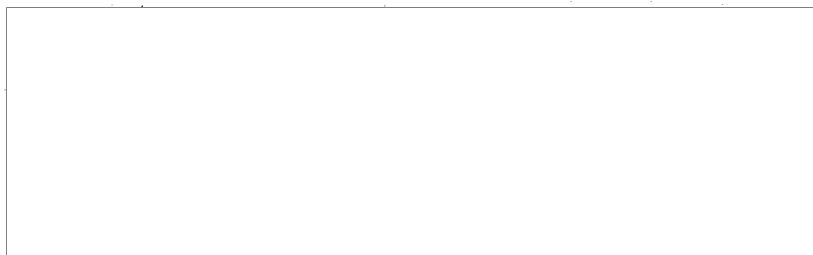
FOR THE PRESIDENT ONLY

GREECE-TURKEY-CYPRUS

The UK is trying to get interested parties in the Cyprus dispute back to the negotiating table. Foreign Secretary Callaghan plans to send invitations to Greece, Turkey, and Cyprus to resume talks in Geneva on August 27 or 28. A Foreign Office spokesman said yesterday that the British High Commissioner in Nicosia had already approached Cypriot President Clerides. The Greek and Cypriot governments have responded that they cannot accept negotiations if these are to be based on Turkey's current military holdings.

General Dionysios Arbezis, the new Greek armed forces chief, has appealed for the objectivity and cooperation of the army, despite what he described as the bitterness and damaged honor caused by the public positions taken by Athens' traditional allies. He stressed that Greece is still threatened by Turkish intransigence and may face further demands from Ankara.

Arbezis was not an active opponent of either former President Papadopoulos or General Ioannidis. His appointment is therefore less likely to stimulate resentment among remaining supporters of those two men.



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Plans are being made for the Turkish mainland troops on Cyprus to winter on the island. The Turks, however, do not plan to annex the territory they control. Their current political planning is still centered on creating a federal system for Cyprus. Turkish Deputy Prime Minister Erbakhan was quoted yesterday as saying that if there is an extended delay in resuming talks, a Turkish Cypriot federal state will be established unilaterally.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

* * *

No significant fighting was reported on Cyprus yesterday. A few firing incidents were reported in the Nicosia area, and UN reports indicate that Turkish forces were responsible for at least two of the incidents.



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

PANAMA-CUBA

Panama's decision, announced yesterday, that it will proceed unilaterally to re-establish relations with Cuba results largely from pressure from Fidel Castro. After having led Havana to believe he would restore formal ties unilaterally, Panama's General Torrijos informed the Cubans on August 15 that he would instead work toward a resumption of relations within the framework of the Organization of American States and had requested Havana to send an emissary to discuss the matter.

This emissary arrived on Saturday with the message that the Cubans did not believe Torrijos was negotiating in good faith, that the talks were suspended, and all Cubans in Panama were being ordered to return to Havana within 72 hours. Torrijos then decided to extend recognition, and to send a delegation to Havana today to make the official arrangements.

Torrijos likes the "revolutionary" identification that ties with Castro provide, and knows that other countries are on the verge of recognizing Cuba.

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For Castro, Panama's recognition of Cuba is another step toward breaking out of isolation. He believes, moreover, that unilateral action by member countries works toward his goal of scuttling the OAS.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

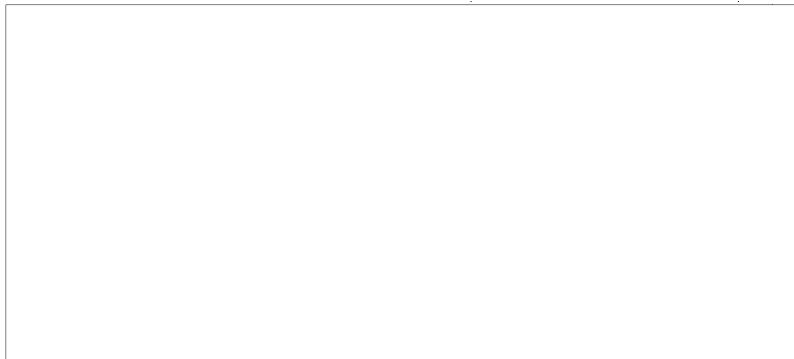
The Soviet manned spaceflight program is moving in two directions: continued preparations for the joint Apollo-Soyuz manned mission scheduled for next July and development of a space station with a military mission.

Through mid-1973 the Soviets seemed interested primarily in keeping pace with the US launch schedule and in trying to minimize the prestige gained by the US from the successful Apollo and Skylab programs. The most recent effort to keep up with the US was made just prior to the 1973 Skylab mission, when the Soviets attempted two Salyut missions--their counterpart to Skylab. Both missions failed, indicating that the Soviets were pushing their spacecraft development too rapidly. Until the successful Soyuz - Salyut-3 mission earlier this year, all Salyut missions had, in fact, ended in failure.

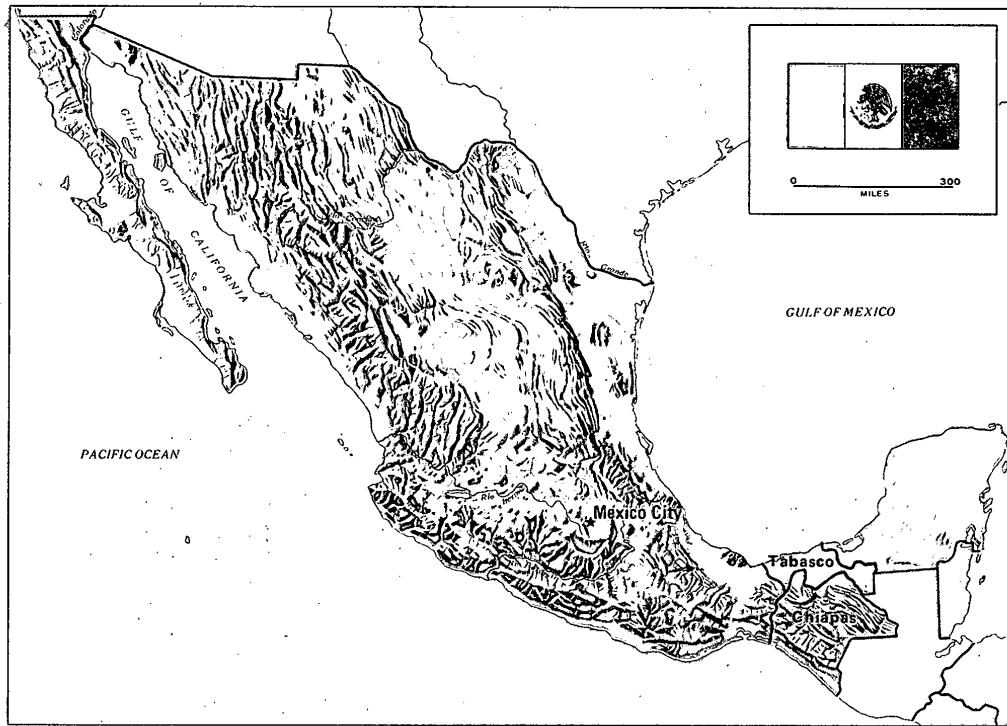
In preparation for the joint Apollo-Soyuz mission, the Soviets last Sunday completed a six-day unmanned Soyuz flight that was designed to test modifications in equipment and tracking systems for the mission. Apollo and Soyuz are roughly comparable spacecraft. The Soviets, however, feel a need to prove the reliability of their spacecraft in view of the many difficulties they have experienced. Another unmanned Soyuz was launched in April and was in orbit for ten days.

The Soviets are also expected to conduct two to three manned Soyuz missions before next July. One may occur fairly soon. So far, only two members of the Soyuz back-up crews for the joint mission have prior experience in space.

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Mexico



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FOR THE PRESIDENT ONLY

MEXICO

Mexico reportedly has discovered oil fields in Chiapas and Tabasco states that could change the petroleum market in the Western Hemisphere. Government officials have not disclosed the size of the fields, but [redacted] the find appears to be a major one. The oil is of high quality.

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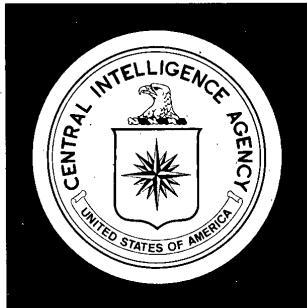
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Sharply increased production from these new oil deposits has allowed Mexico to end crude oil imports, and to declare an exportable surplus. Mexican oil production will probably exceed 750,000 barrels per day by the end of 1974, and the country will have an exportable surplus in excess of 150,000 barrels per day. Transporting this oil should pose no problem; the fields are close to port facilities on the Gulf of Mexico. The discovery is also expected to bring a 20-percent increase in gas production.

FOR THE PRESIDENT ONLY

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The President's Daily Brief

August 22, 1974

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Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1)(2)(3)
declassified only on approval of
the Director of Central Intelligence

FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 22, 1974

PRINCIPAL DEVELOPMENTS

Diplomatic efforts to get Greek and Turkish Cypriot leaders talking again made some progress yesterday. Athens insists it will not participate in peace talks until Turkish forces pull back to positions they held when demarcation lines were agreed upon.
(Page 1)

Syrian Foreign Minister Khaddam's visit to Washington this week underscores Damascus' interest in continuing to pursue negotiations rather than war.
(Page 3)

Reports that oil producers have begun investing more funds directly in the US were a major factor in the dollar's sharp rise on foreign currency exchanges last week. *(Page 4)*

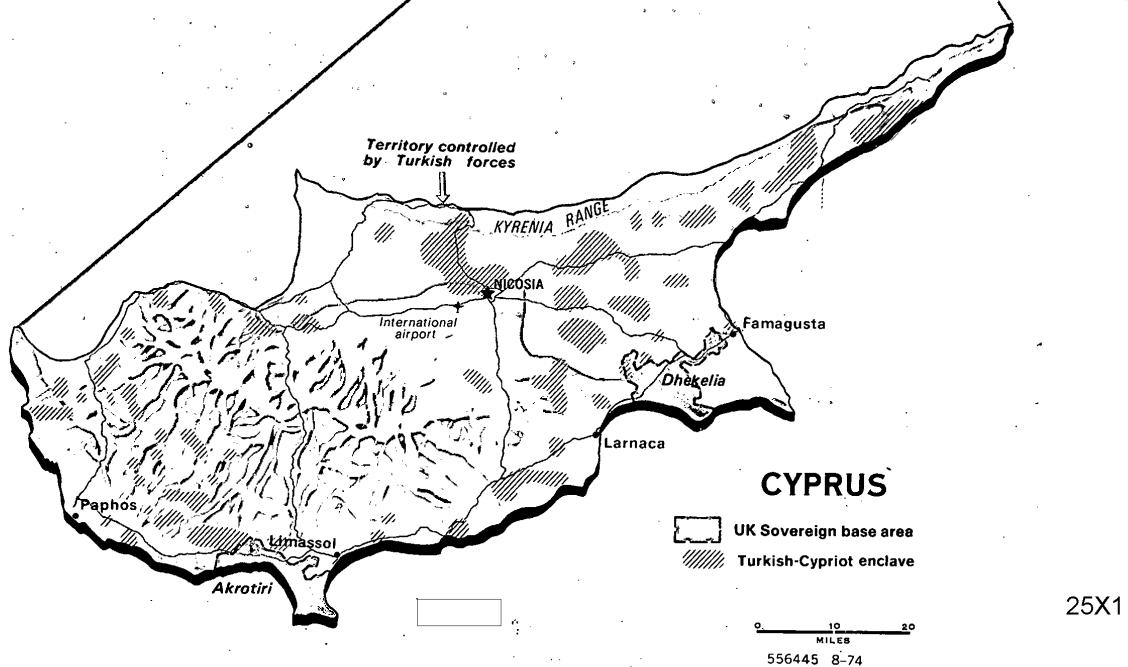
Hanoi apparently plans to strengthen logistic units along the infiltration route through southern Laos preparatory to the normal resumption of heavy supply shipments through that corridor during the dry season. In Vietnam, the Saigon government is considering abandoning some of its geographically isolated outposts in the north should they come under heavy communist attack. *(Page 5)*

Foreign reaction to your nomination of Governor Rockefeller has been generally favorable. We have culled some noteworthy foreign radio and press comments. *(Page 6)*

Key judgements of a CIA memorandum--Potential Implications of Trends in World Population, Food Production, and Climate--are presented on *Page 7*. 25X1

Notes on [redacted] Soviet [redacted] and Prince Sihanouk's unexpected arrival in Bucharest are on *Page 9*. 25X1

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

CYPRUS

Diplomatic efforts to get Greek and Turkish Cypriot leaders talking again made some progress yesterday. Cypriot President Clerides has agreed to meet with his Turkish Cypriot counterpart to discuss urgent humanitarian problems, such as refugees. Although the scope of the discussion is narrow, it is likely to extend to some political matters.

Athens continues to refuse to participate in peace talks until the Turkish forces pull back to the positions they held on August 9, when the demarcation lines were agreed upon. Athens knows this is an impossible condition and clearly wishes to avoid responsibility for negotiating at such a disadvantage, preferring that the Greek Cypriots take the lead for now.

On Cyprus

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Turkish Cypriot leader Denktash warned in a press conference yesterday that the Turkish army would take new military action to protect Turkish Cypriots if President Clerides is unable to control the Greek Cypriots. He told US Ambassador Brown that only a limited number of Greek Cypriots would be permitted to return to their homes in the Turkish area.

Clerides has admitted to Ambassador Brown that he is not politically strong enough to take on the various terrorist groups in Cyprus at this time, but that he would try to bring these elements under some sort of control and disarm them. He said that if the Turks were reasonable his task would be much easier as there is presently considerable confusion among the terrorist groups.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

In Greece

The Greek government has banned all demonstrations and the US embassy reports that anti-US incidents have diminished. Greece, however, continues, to refuse diplomatic clearance for landings at Greek airfields other than Athens, and flights in and out of the capital require six hours prior notification.

The Greek government has not actually issued a recall order for its military personnel at NATO, and this has encouraged some NATO authorities that Athens is having some second thoughts about withdrawing from the NATO integrated command.

The Cease-fire

No reports of major cease-fire violations on Cyprus were received yesterday. The UN contingent patrolling Famagusta is continuing to ignore a Turkish order to withdraw. According to the Greek press, there was an incident yesterday on the Greek/Turkish border in the Evros area in which one Turkish soldier was killed. This is the first incident reported in the border area.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SYRIA

Foreign Minister Khaddam's visit to Washington this week underscores Syria's interest in continuing to pursue negotiations rather than war. Damascus' reaction over the past month to Israeli military maneuvers and talk of war, for example, has been unusually restrained. President Asad has, however, put the Syrian army on a precautionary alert.

We have seen no indication that Syria is preparing to renew hostilities soon or that Asad is under any pressure to do so. His tough rhetoric, the reorganization and intensive retraining of the Syrian armed forces, and the Soviet military resupply effort--all cited [redacted] recently as evidence of Syrian hostile intent--seem designed in large part to establish a credible Syrian threat to bolster Asad's negotiating position.

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Without Egyptian support or the element of surprise, the Syrians are aware they would risk a military disaster by carrying out a large-scale attack against Israel. There is always the danger, of course, that the Syrians might become disenchanted with the peace talks. But they do not appear anywhere near that point now.

In the meantime, President Asad seems mainly preoccupied with sorting out his relations with Egypt, Jordan, and the Palestine Liberation Organization in preparation for the next stage of the Geneva talks.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

INTERNATIONAL MONETARY DEVELOPMENTS

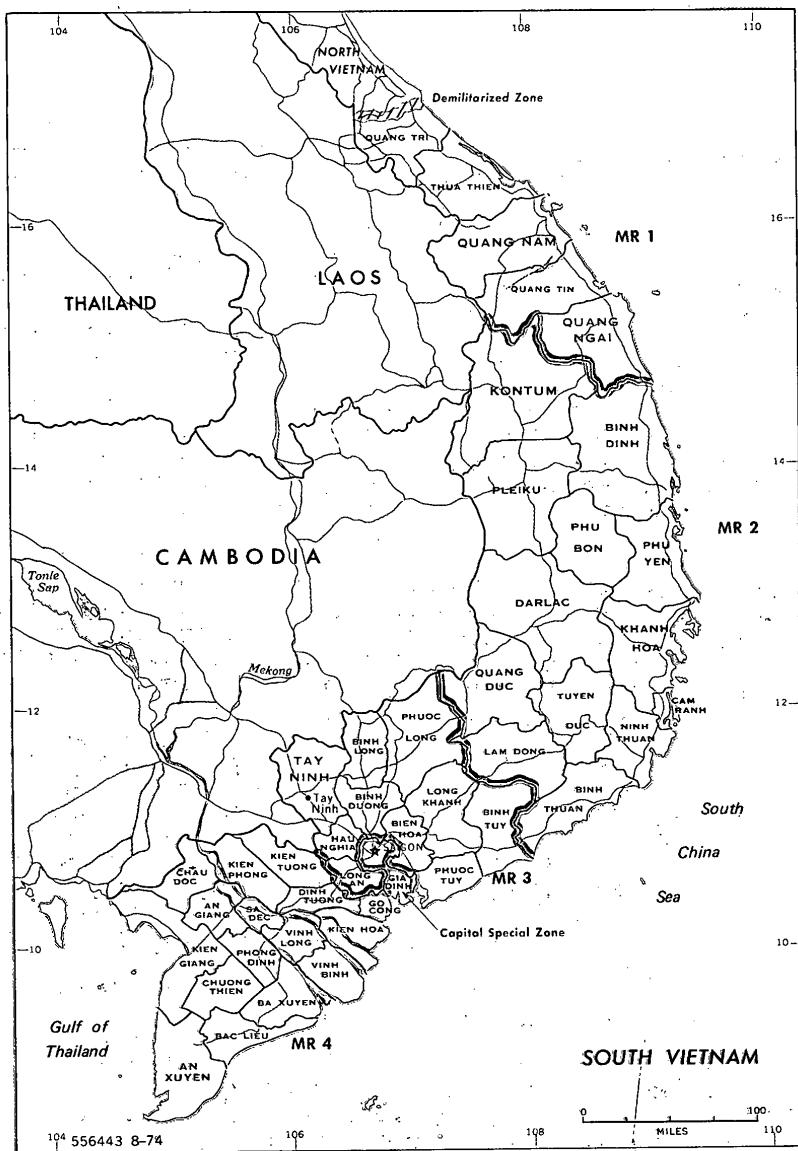
Reports that oil producers have begun investing more funds directly in the US were a major factor in the dollar's sharp rise on foreign currency exchanges last week. Since August 9, the pound declined nearly 2 percent against the dollar; other European currencies declined as much as 2 percent in relatively active trading.

The reports apparently stem from Kuwait's taking a larger part of its mounting oil revenues in dollars. Kuwait is not selling off its sterling holdings, as some press reports indicate. The last oil payment, made to Kuwait at the end of July, consisted of a much higher share of dollars and a relatively lower proportion of sterling than payments made under an agreement with the oil companies that was renegotiated last May.

Although this agreement does not specify the percentages of currencies in which payments must be made, Kuwait's willingness to accept a lower proportion of sterling indicates that it does not intend to increase its sterling holdings as rapidly as in the past.

[redacted] 25X1
[redacted] 25X1

FOR THE PRESIDENT ONLY



FOR THE PRESIDENT ONLY

INDOCHINA

Hanoi apparently plans to strengthen logistic units along the infiltration route through southern Laos preparatory to the normal resumption of heavy supply shipments through that corridor during the dry season. According to a field translation of a recent intercept, infiltration groups totaling some 3,500 to 4,000 men are scheduled to move south from North Vietnam during early September. This would be the first substantial infusion of manpower into the infiltration system since the fall of 1973, when Hanoi sent more than 22,000 men south.

Most of those men were used to improve and expand communist base areas and roads through the Laos panhandle and western South Vietnam. The North Vietnamese used the Laos road network to move large quantities of supplies as well as numerous troops to the South between November 1973 and May 1974.

As seasonally heavy rains hit Laos early this summer, the communists shifted their logistic activities to the South Vietnam corridor which does not receive heavy rains until September. The North Vietnamese are currently moving large amounts of war materiel along this route through western South Vietnam.

* * *

Continued North Vietnamese military pressure in Quang Ngai and Quang Nam provinces has led the government to consider abandoning some of its geographically isolated outposts in the north, should they come under heavy communist attack.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

GOVERNOR ROCKEFELLER'S NOMINATION

Foreign reaction to your nomination of Governor Rockefeller has been generally favorable. We propose to treat this subject at greater length in a day or two when foreign government reaction should be better known. Meanwhile, the following foreign radio and press comments are noteworthy:

--A Moscow domestic broadcast reported that Governor Rockefeller in 1972 had "highly evaluated" the steps taken to improve US-Soviet relations and had credited them with benefiting the international situation.

--Israel's independent Yedoit Aharonot, the country's second largest newspaper, hailed the nomination of a "friend of Israel" and a man who will endorse the policy of Dr. Kissinger. Reflecting current pique over the recent US-Jordanian communiqué and the timing of Dr. Kissinger's invitation to Prime Minister Rabin, the paper claimed, however, that the Vice President - designate is a friend "whose help can be sought to check the hasty initiatives of the US Secretary of State."

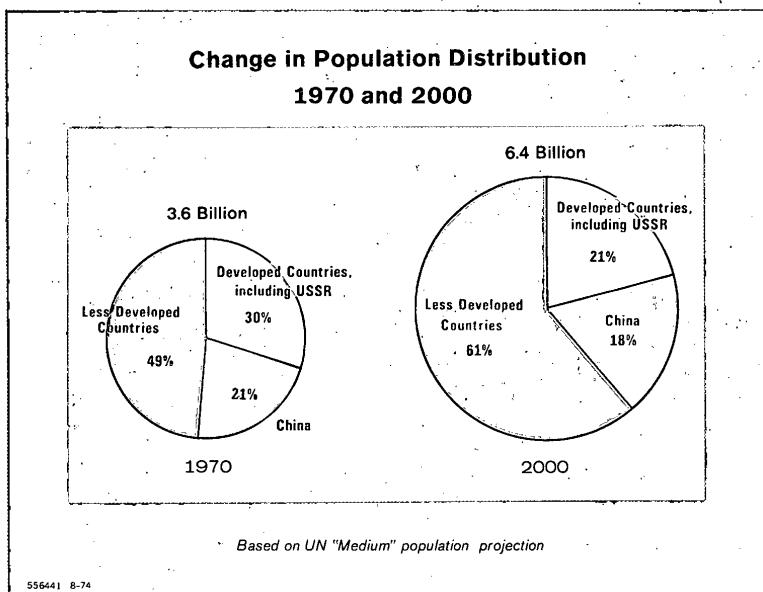
--Reaction from Taiwan is mixed, the press noting with "reservation" the tremendous interest on the part of the Chase Manhattan Bank to get into China.

--The influential Frankfurter Allgemeine Zeitung reviewed Governor Rockefeller's long career in political and public service and concluded he "will be an influential Vice President."

--The communist L'Humanite of Paris predictably describes your choice as one of "money seeking money," in which the new "non-elected President has chosen Nelson Rockefeller as an also non-elected Vice President."

--The non-communist Stuttgarter Zeitung describes Governor Rockefeller as a "good lobbyist for President Ford in the financial aristocracy," and describes the nomination as a return to the "traditional marriage between the Republicans and big capital."

FOR THE PRESIDENT ONLY



FOR THE PRESIDENT ONLY

POPULATION-FOOD PRODUCTION-CLIMATE

Following are the key judgments of a CIA memorandum--Potential Implications of Trends in World Population, Food Production, and Climate. The concluding paragraphs, which consider the effects of a cooling climatic trend, necessarily are highly speculative.

Trying to provide adequate world food supplies will become a problem of overriding priority in the years and decades immediately ahead--and a key role in any successful effort must fall to the US. Even in the most favorable circumstances, with increased devotion of scarce resources and technical expertise, the outcome will be doubtful; in the event of adverse changes in climate, the outcome can only be grave.

The momentum of world population growth, especially in the less developed countries, is such that even strong measures taken now to reduce fertility would not stop rapid growth for decades. Thus, most less developed countries must cope with the needs of much larger populations or face the political and other consequences of rising death rates.

Demand for food rises inexorably with the growth of population and of affluence. Increases in supply are less certain. Man's age-old concerns about the adequacy of food supplies have resumed with particular urgency since the crop-failures of 1972.

The rich countries need have no fear of hunger, though the relative price of food will probably rise at times. The poor, less developed countries must produce most of the additional food they will need to support their growing populations. They cannot afford to import it, nor is it likely they can count on getting enough aid from the food-exporting countries. They face, however, serious political, economic, and cultural obstacles to raising output and are in for considerable strain, at the least, and probably for periods of famine.

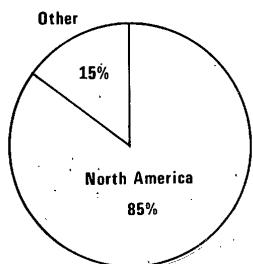
The US now provides nearly three fourths of the world's net grain exports, and its role is almost certain to grow over the next several decades. The world's increasing dependence on American surpluses portends an increase in US power and influence, especially vis-a-vis the food-deficit countries. Indeed, in times of shortage, the US will face difficult choices about how to allocate its surplus between affluent purchasers and the hungry world.

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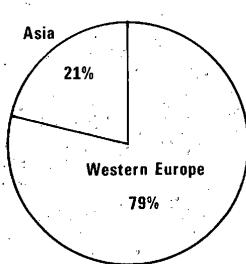
FOR THE PRESIDENT ONLY

**Direction of Net Grain Trade
1948-52 and 1973-74 (prelim.)**

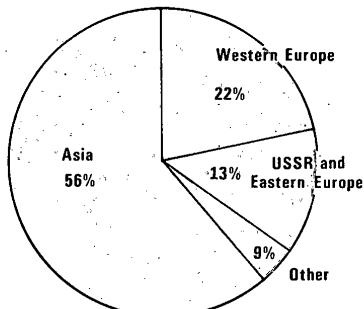
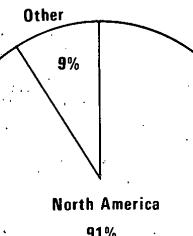
EXPORTS



IMPORTS



1948-1952



1973-1974

FOR THE PRESIDENT ONLY

Implications of Climate Change

The implications for the world food situation and for US interests would be considerably more serious if climatologists who believe a cooling trend is under way prove to be right.

--If the trend continues for several decades, there would almost certainly be an absolute shortage of food. The high-latitude areas, including the USSR and north China, would experience shorter growing seasons and a drop in output. The monsoon-fed lands in Asia and Africa would also be adversely affected.

--US production would probably not be hurt much. As custodian of the bulk of the world's exportable grain, the US might regain the primacy in world affairs it held in the immediate post-World War II era.

--In the worst case, if climate change caused grave shortages of food despite US exports, the potential risks to the US would also rise. There would be increasingly desperate attempts on the part of powerful but hungry nations to get grain any way they could. Massive migrations, sometimes backed by force, would become a live issue and political and economic instability would be widespread.

--In the poor and powerless areas, population would have to drop to levels that could be supported. The population "problem" would have solved itself in the most unpleasant fashion.

FOR THE PRESIDENT ONLY

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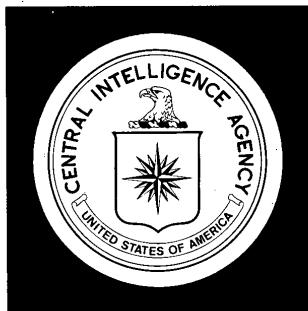
Cambodia: Prince Sihanouk arrived unexpectedly in Bucharest on August 20 to attend Romania's 30th Anniversary celebrations of its liberation in World War II. An official delegation from Lon Nol's government, in Bucharest for the World Population Conference, includes former prime minister Hang Tun Hak, who in the past has tried unsuccessfully to open channels to Sihanouk. There is no evidence that Sihanouk plans any contacts with Phnom Penh officials, but the Romanians have expressed interest in acting as intermediaries between the two Khmer belligerents and may try to arrange a meeting.

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The President's Daily Brief

August 23, 1974

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THE PRESIDENT'S DAILY BRIEF

August 23, 1974

PRINCIPAL DEVELOPMENTS

Greek and Turkish Cypriot leaders continue to move slowly toward peace talks. Moscow has called for the convening of an international conference on Cyprus within the UN framework. (Page 1)

Cairo has alerted US and UN officials that it is holding a four-day military exercise. Israel is preparing for a combined arms exercise in the Sinai on August 26 and for a nationwide mobilization exercise. (Page 3)

Arab diplomatic activity is intense as Egypt struggles to achieve a coordinated Arab negotiating position for the Geneva peace talks. (Page 4)

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[redacted]
Iran

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(Page 6)

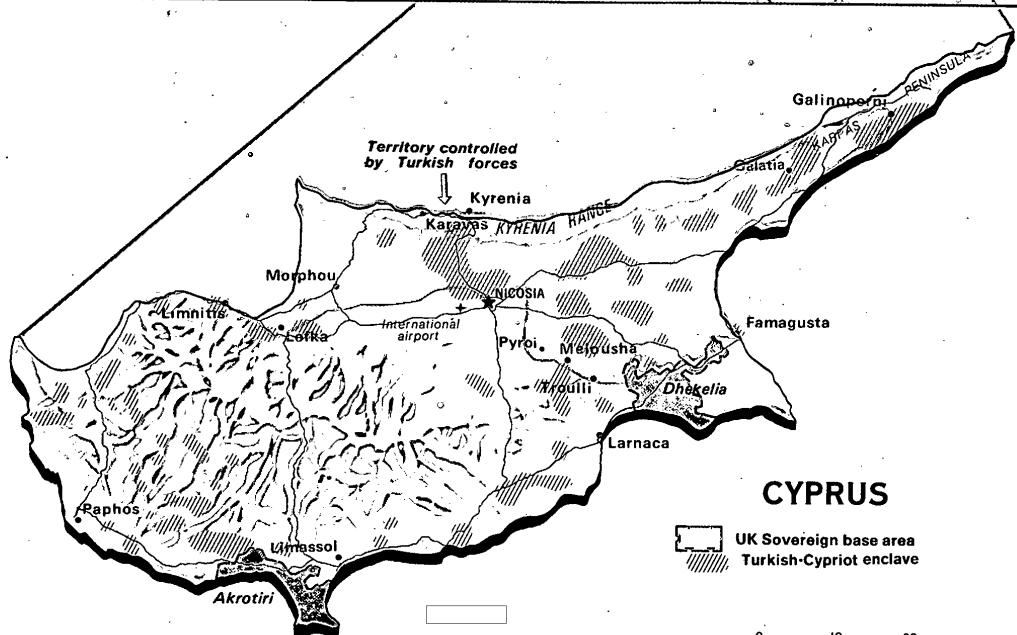
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West Germany is willing to help Italy secure EC assistance in financing Rome's large balance-of-payments deficit. (Page 7)

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A note on Laos appears on Page 8.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

CYPRUS

Greek and Turkish Cypriot leaders continue to move slowly toward peace talks. Cypriot President Clerides is in Athens today discussing negotiating strategies with Greek Prime Minister Karamanlis. He is scheduled to meet Turkish Cypriot representative Rauf Denktash tomorrow afternoon in Nicosia. Clerides told US Ambassador Brown that he had the support of Karamanlis to press for negotiations that would focus on creating a federal state on the island and revising present boundaries.

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Turkish Cypriot leader Denktash has stated that an independent republic will be created if Greece does not quickly agree to renew peace talks.

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Although there have been no significant cease-fire violations, UN forces on the island continue to have trouble with local Turkish commanders. UN Secretary General Waldheim said today that he had rejected a Turkish demand for the withdrawal of UN forces from Turkish-held territory. Waldheim called for an increase in the 4,300-man UN force on Cyprus.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

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The Soviets late yesterday issued their first "official government statement" on Cyprus since July 28. Moscow called for the convening of an international conference within the UN framework to protect Cyprus from outside interference, to ensure the withdrawal of all foreign troops, and to allow the Cypriots to solve their own problems. The participating states would include Cyprus, Turkey, Greece, all members of the Security Council, and other invited states, particularly from among the nonaligned countries. These states would provide guarantees of the independence and territorial integrity of Cyprus.

The proposal probably is partially aimed at the Greeks who have been seeking evidence of Moscow's support. At the same time, the Soviets continue to avoid any direct criticism of the Turks.

FOR THE PRESIDENT ONLY

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EGYPT-ISRAEL

[redacted] on Wednesday that the Egyptian army was conducting a four-day exercise designed to familiarize troops with their new positions along a defensive line west of the Suez Canal. According to the Egyptian commander, no artillery or air defense guns will be moved because of limitations of the disengagement agreement, and the exercise will not be publicized to avoid raising tensions. The Egyptians also are informing UNEF representatives about the exercise to avoid any misinterpretation of what is going on. This is the first instance of Cairo's alerting US and UN officials of a major exercise--information that Cairo must assume will be passed to Tel Aviv.

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Earlier this week, General Gamasy made a speech designed to reassure the Arab world, and Egyptians in particular, that Cairo's military forces were stronger than ever and fully alerted to Israeli actions. He pointed out that Cairo was both studying statements from Tel Aviv and watching the movements and partial mobilization of Israeli forces.

Israel, meanwhile, has set the stage for further military exercises. [redacted]

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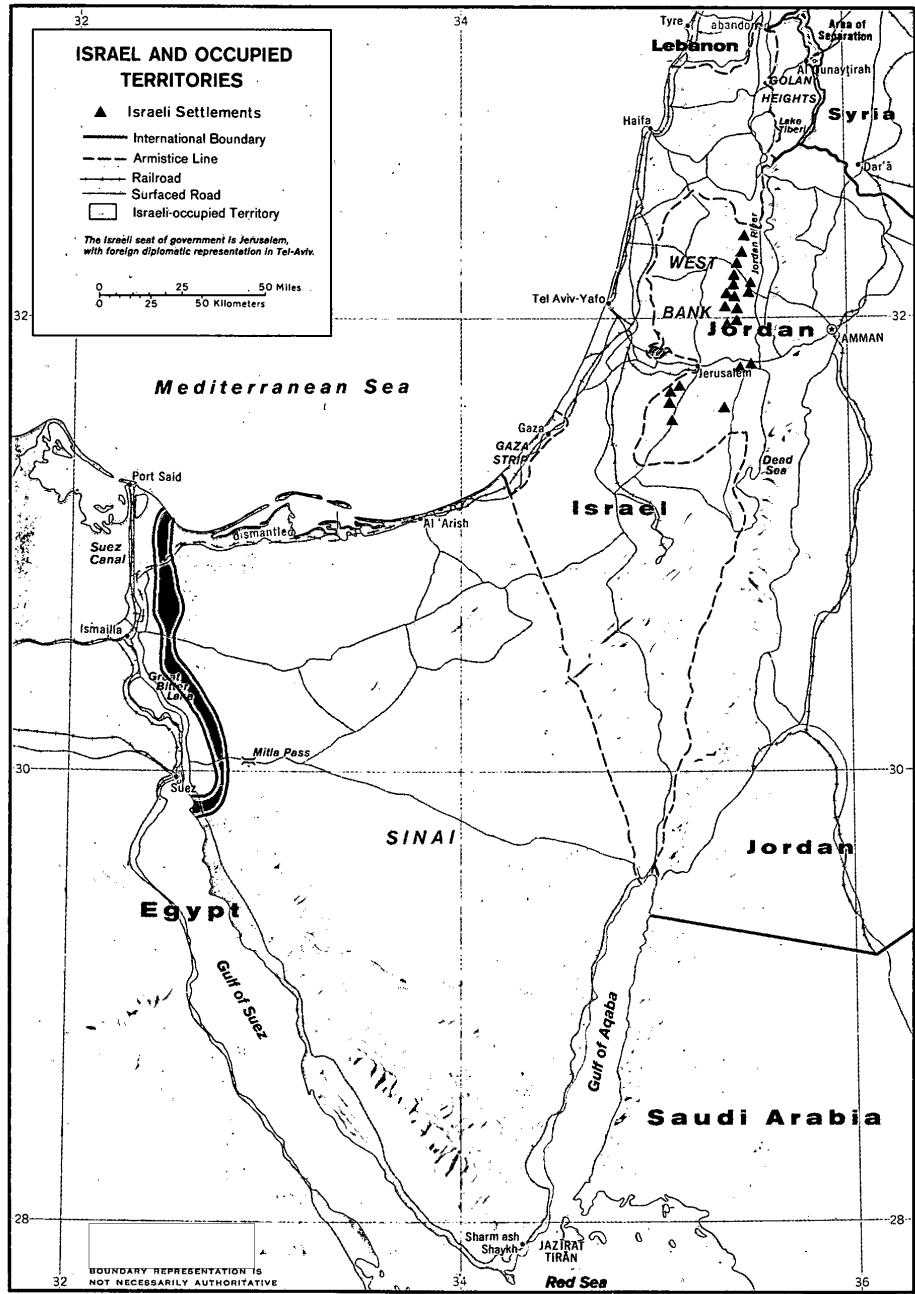
[redacted] the Israelis will conduct a combined arms exercise in the Sinai on the night of August 26. The attaché believes the exercise will involve less than one army division and that it will include tactical air support. The Israelis conducted a large-scale tactical air exercise earlier this month.

The nationwide mobilization exercise that has been anticipated for several weeks also appears about to take place. "Thousands" of reservists from all military services reportedly are to be recalled for the 24-hour exercise.

* * *

On Tuesday, Egyptian forces fired an SA-7 missile at an Israeli F-4 aircraft flying over the Sinai east of Suez City. According to the Egyptian chief of staff, the missile was fired from the west bank after the Israeli reconnaissance aircraft had penetrated the UN buffer zone. The Israelis lodged a protest with the UN forces claiming that the plane had not crossed the line of separation and was over Israeli-held territory when fired upon.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

ARAB PREPARATIONS FOR GENEVA

Arab diplomatic activity is intense as Egypt struggles to achieve a coordinated Arab negotiating position for the Geneva peace talks. In essence, President Sadat is bringing all the pressure he can on the Palestinians to let Jordan take the lead in negotiating Israeli withdrawal from the West Bank of the Jordan. This he sees as the key to any further successful negotiation with Israel.

Egypt is preparing for a tripartite foreign minister - level meeting with Syria and the Palestine Liberation Organization. The meeting may come at the conclusion of Syrian Foreign Minister Khaddam's visit this week to Washington.

--The primary purpose of the meeting will be to urge compromise on the PLO.

--Cairo will try to persuade Syria and the PLO that any hope for a Palestinian state requires that the PLO first accept Jordan's right to negotiate for the return of the Israeli-occupied West Bank.

Egypt's effort to satisfy both Jordanians and Palestinians has antagonized both sides. Syria, which like Egypt is caught in the middle between Jordan and the PLO, is also suspicious of Egypt's motives and only reluctantly accepts Cairo's leadership on the issue.

--Nonetheless the Egyptians have, despite their ambiguities, held to their pledge to allow Jordan to negotiate disengagement on the West Bank.

Sadat apparently has enlisted Saudi Arabia's support for his position; a Saudi envoy has been pressing the Syrians and Algerians to let Jordan negotiate while deferring, but not abandoning, the advancement of Palestinian national claims to the West Bank. Saudi Arabia and Algeria may mediate if the Egyptian-sponsored tripartite meeting runs into difficulty.

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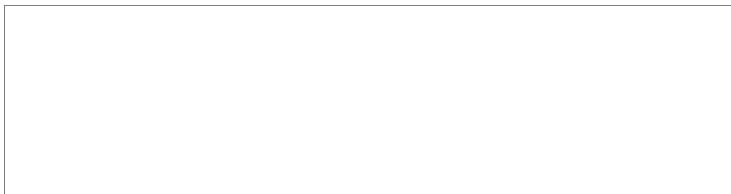


(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

The next play lies with the Palestinians, however. If they are unwilling to compromise, it is unlikely that other Arabs can be induced to abandon them openly.



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--Algeria is also a key element in the equation. President Boumediene would probably not go along with an ultimatum to the PLO if it refuses to compromise.

--The Saudis might in the end also back away from harsh action.



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Sadat's ability to avoid a showdown that could leave Egypt standing alone depends on his success in persuading the PLO now that long-term Palestinian interests can only be served by short-term compromise. Yasir Arafat might be willing to see things as Cairo does, but he then must be able to maintain his leadership while he conveys this unpopular position to recalcitrants in his organization.

FOR THE PRESIDENT ONLY

SAUDI ARABIA - IRAN

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ITALY-GERMANY

West Germany is willing to help Italy secure EC assistance in financing Rome's large balance-of-payments deficit. Specifically German Finance Minister Apel agreed during talks with Italian Treasury Minister Colombo this week to support a three-month extension of Italy's outstanding \$1.9-billion short-term EC credit, which expires in mid-September. Apel supports a proposal now being considered by the EC for long-term EC loans for member countries that have balance-of-payments problems and believes other EC members will take favorable action. The two finance ministers also explored the possibility of standby German assistance channeled through the central banks of the two countries.

Chancellor Schmidt is expected to endorse the understandings reached by the finance ministers when he meets Prime Minister Rumor at the end of the month. The slight relaxation in West Germany's attitude follows the Italian parliament's ratification of austerity tax measures last week.

FOR THE PRESIDENT ONLY

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NOTE

Laos: Prime Minister Souvanna Phouma is scheduled to leave Laos on Sunday for several months of convalescence in France. Souvanna has been making slow but steady progress in recovering from the heart attack he suffered six weeks ago. In the Prime Minister's absence, Communist Deputy Prime Minister Phoumi Vongvichit will serve as temporary leader of the coalition. Although Phoumi is nominally in charge, the political system is so arranged that he would be unable to initiate any abrupt changes. Nevertheless, both Communist and non-Communist members of the government are apprehensive over the effect Souvanna's departure may have on the present political calm. As a result, both may choose to proceed cautiously. The Communists have particular reason to do so since the political situation has been gradually evolving in their favor since the new government was formed last April.

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The President's Daily Brief

August 24, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 24, 1974

PRINCIPAL DEVELOPMENTS

Cypriot President Clerides and Greek Prime Minister Karamanlis have failed to open the way for a resumption of the Geneva peace talks, and the Greeks have accepted the Soviet proposal to take the Cyprus issue to the UN. [redacted]

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(Page 1)

A majority of the Egyptian cabinet is convinced that President Sadat is favoring the US too heavily and should seek more of a balance in Egypt's relations with the super powers. (Page 3)

The Egyptian civilian network has stopped transmitting weather broadcasts, a step which is highly unusual and could be interpreted as an indication of impending hostilities. We have no reasonable explanation for any Egyptian initiation of hostilities at this time.

(Page 4)

Cairo [redacted]

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[redacted] (Page 5)

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Vietnamese Communist propaganda has become more militant since President Nixon's resignation; Hanoi is calling for the forceful overthrow of President Thieu for the first time since the signing of the Paris accords. (Page 6)

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In the wake of Panama's unilateral decision to renew relations with Cuba, several Latin American governments are interested in expediting reconsideration by the OAS of its sanctions against Cuba. (Page 7)

Notes on USSR-Israel, [redacted], Algeria, Laos, South Korea, and [redacted] begin on Page 8.

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GREECE-TURKEY-CYPRUS

The discussion yesterday between Cypriot President Clerides and Greek Prime Minister Karamanlis failed to open the way for a resumption of the peace talks in Geneva. The two leaders continue to demand that Turkey withdraw its forces to positions held before the second round of fighting.

Despite Clerides' apparent rejection of early peace talks, he reportedly will go ahead with his meeting with Turkish Cypriot leader Denktash to discuss humanitarian issues. Their meeting, however, will be postponed from today until at least next Monday. In a press conference last night, Greek Foreign Minister Mavros claimed that the two Cypriot leaders could probably resolve the problem if Denktash were not "a prisoner of the Turks." Seeing little hope for such bilateral talks, Mavros announced that the Greeks have accepted the Soviet proposal to turn the Cyprus issue over to an enlarged peace conference sponsored by the UN.

On Cyprus, the US embassy in Nicosia has heard that another demonstration is planned today to demand action on the refugee problem. No major ceasefire violations were reported yesterday, but Turkish forces continue to expand their holdings modestly.

There have been no further signs of a build-up of a Greek expeditionary force for deployment to Cyprus, and the new chief of the Greek armed forces has said that there would be none, pending completion of a study on the precise mission and the probable survival rate of such a force.

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Growing Greek concern over future procurement of military supplies--particularly naval and air force equipment--has been noticed by US military

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representatives in Greece. Officers of the US military assistance group have found their Greek counterparts cordial and cooperative in recent days.

As awareness of the long-range repercussions of a withdrawal from NATO sinks in, the Karamanlis government may begin seeking a face-saving way to reverse its decision. Domestic political problems will make this difficult, however.

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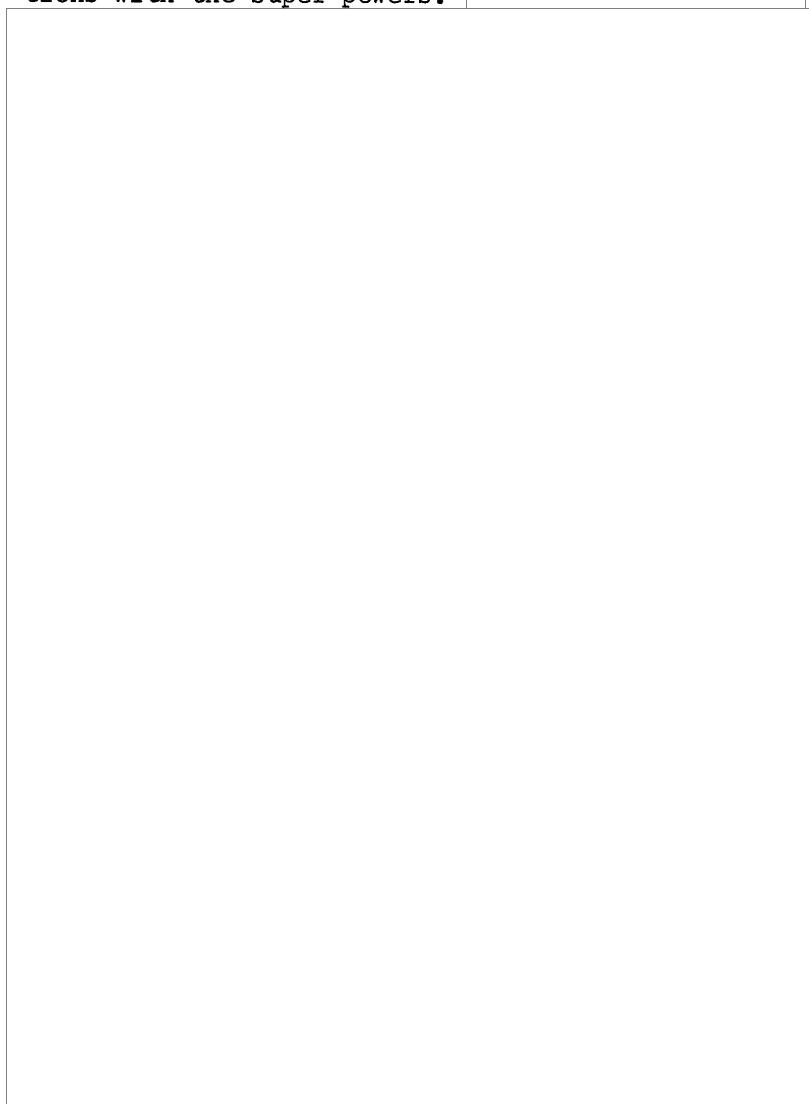
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FOR THE PRESIDENT ONLY

EGYPT

A majority of the Egyptian cabinet is convinced
that President Sadat is favoring the US too heavily
and should seek more of a balance in Egypt's rela-
tions with the super powers.

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EGYPT

The Egyptian civil weather broadcast network stopped transmitting domestic weather forecasts last night and reports of weather abroad early this morning. These weather broadcasts are normally scheduled hourly. The failure to transmit them is highly unusual and could be interpreted as an indication of impending hostilities. Similar silences have occurred twice in the past year--once just before the October war and once in November during the post - cease-fire war of attrition.

The Egyptians are currently conducting what they have told us is a four-day exercise on the Suez front involving artillery and possibly air defense units. [redacted]

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EGYPT-FRANCE-USSR



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VIETNAM

Vietnamese Communist propaganda has become more militant since President Nixon's resignation. The basic theme is that the transition of power in Washington, compounded by US economic difficulties, affords Hanoi political and military opportunities. A Viet Cong broadcast of August 12, for example, claimed that President Nixon's resignation was a hard blow for "the Nguyen Van Thieu clique" and that the people of the South should seize the opportunity "created by the enemy's crisis" to deal it "grave setbacks."

Hanoi has begun publicly calling for the forceful overthrow of President Thieu for the first time since the signing of the Paris accords. This contrasts with the Communists' earlier public line that the Thieu government would be replaced in due course through tripartite negotiations involving all the parties in the South.

These statements do not mean that the Communists have ruled out political means as a way to secure Thieu's ouster. Indeed, there have been reports that the Hanoi leadership is anxious for a new round of talks with the US. It is evident, however, that Hanoi has become increasingly disenchanted with its political prospects in the South and may now have decided to try to force Thieu, and the US, into negotiations through military means.

At the least, the shifts in Hanoi's propaganda suggest a continuation of the relatively heavy military pressure now being placed on government forces. They could also mean that the Communist high command has decided on a policy of gradually increasing the intensity of its attacks to test the firmness of US support and the effectiveness of government forces. Such sustained military pressure could ultimately culminate in a large-scale offensive, although the available evidence indicates that such a campaign is unlikely at least for the rest of the year.

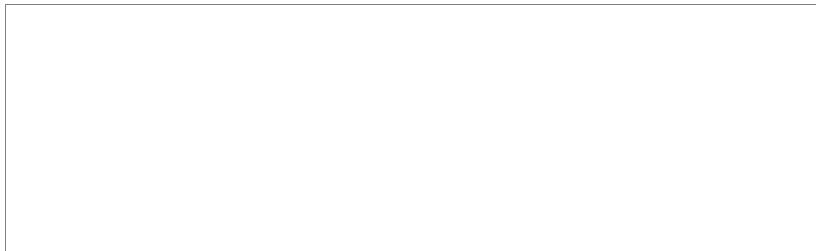
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LATIN AMERICAN - CUBA

In the wake of Panama's unilateral decision to renew relations with Cuba, several Latin American governments are interested in expediting reconsideration by the OAS of its sanctions against Cuba.

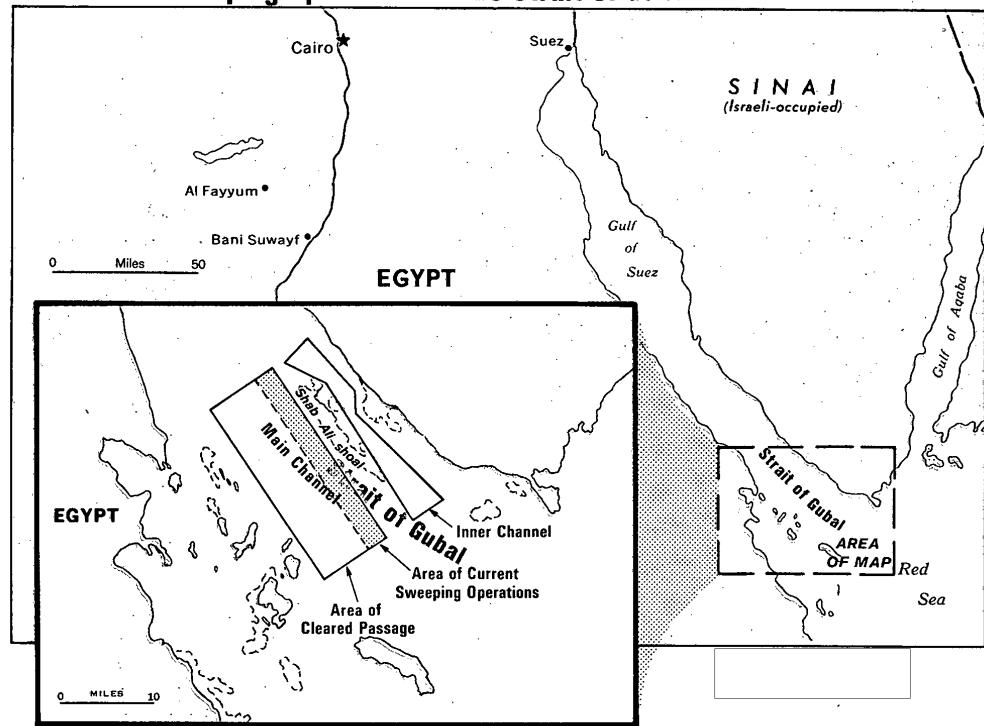
Venezuela, Colombia, and Costa Rica believe the organization must act soon to prevent further defections from the sanctions policy, moves which they see as undermining the foundations of the inter-American system. They believe that the sanctions policy may have outlived its justification, but that it is better to reconsider that matter in an orderly way rather than watching Castro pick off OAS members one by one.



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FOR THE PRESIDENT ONLY

Soviet Minesweeping Operations in the Strait of Gubal



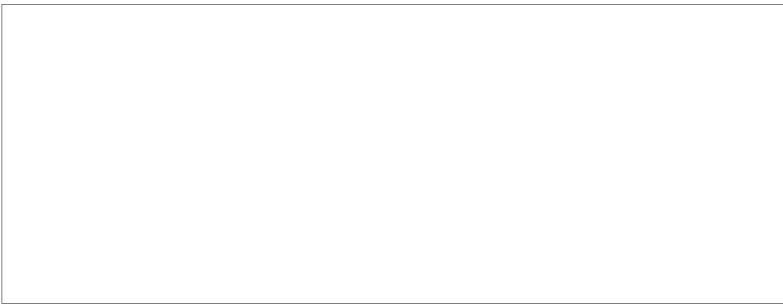
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NOTES

USSR-Israel: On August 21, Soviet minesweepers began operations in the main channel of the Strait of Gubal in areas toward the east that Israel presumably views as under its control. No Israeli reaction has been reported thus far. No clearing has begun on the inner channel situated still further to the east and entirely within Israeli-held territory. Since the minesweeping operation began in July, Israeli fighters have reacted to but have not challenged Soviet helicopters that apparently intruded into the Israeli-controlled area. Israel may overlook any intrusions now, however, since clearing of this section of the strait will benefit Israeli shipping as well as that of other nations. Tass announced on August 16 that a two-nautical-mile-wide passage, which is entirely within Egyptian territory, had been completely cleared.

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Algeria: President Boumediene--a leading spokesman for Palestinian rights--this week reiterated his country's support of the Palestinian cause and rejected a role for Jordan in Middle East peace talks. Boumediene's stand will further complicate President Sadat's efforts to accommodate Palestinian and Jordanian approaches to negotiations. Indeed, Boumediene's position appears less compromising than that of Palestinian leader Arafat and will strengthen those Palestinians who oppose him.

(continued)

FOR THE PRESIDENT ONLY

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Laos: The Lao Communists proposed earlier this week that the long-delayed exchange of prisoners of war begin on September 12. Non-Communist members of the responsible government commission have generally concurred in the plan. Neither side has mentioned which nationalities of prisoners will be released, but the first group on both sides will probably be Laotian. An estimated 170 North Vietnamese prisoners are held by the non-Communist side, while the Pathet Lao hold some 640 Thai soldiers and one American, civilian contract pilot Emmet Kay. The chances for the latter's release are slim, however, because the Pathet Lao have consistently maintained that Kay was captured after the Laotian cease-fire agreement was signed. In return for Kay's release, the Communists may want to obtain political concessions from the US, such as a cessation of US aerial reconnaissance flights over Laos.

South Korea: President Pak yesterday ordered the immediate lifting of two of the four "emergency decrees" that have provided the legal basis for repression of dissent in South Korea since early this year. The action was accompanied by a presidential statement appealing for unity and "national consensus" to meet the continuing threat from the North. The newly elected leader of the main opposition party, who is considered a strong critic of Pak, welcomed the action but called for further moves to open the domestic political dialogue. Pak's latest move may ease many of the domestic and foreign pressures that have afflicted him in recent months, but many of his domestic opponents will not be reconciled so easily. Pak, of course, retains ample means of containing and suppressing them.

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August 26, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 26, 1974

PRINCIPAL DEVELOPMENTS

The response to Moscow's proposal for an enlarged conference on the Cyprus situation has been mixed but tends toward the negative. A close adviser to Turkish Prime Minister Ecevit has stated that Ankara will insist on a permanent Turkish Cypriot zone, no smaller than 28 percent of the island's area.
(Page 1)

Israel conducted its nationwide mobilization exercise yesterday

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(Page 3)

President Spinola appears to have a slight edge in the continuing contest for power with the Armed Forces Movement. Agreements with leaders of the "Republic of Guinea-Bissau" and of the Front for the Liberation of Mozambique reportedly are about to be announced. *(Page 4)*

Notes on Laos and Ethiopia appear on *Page 5*.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

GREECE-CYPRUS-TURKEY

The response to Moscow's proposal for an enlarged conference on the Cyprus situation has been mixed but tends toward the negative. Greece and the Greek Cypriots are expected to announce qualified agreement today. Turkey is expected to reject the proposal. Britain, which had been working to win Greek agreement to resume the Geneva negotiations, initially gave the Soviet plan a chilly reception, but now says it will not reject the proposal if it is acceptable to other interested parties. The US mission at the UN believes the plan will not win acceptance in the immediate future unless there are new Turkish provocations on Cyprus.

Cypriot President Clerides, who has been holding talks with Greek Prime Minister Karamanlis in Athens, has stated that Turkish "concessions" were insufficient to warrant a reconvening of the Geneva talks. He stressed that there is complete agreement between Athens and Nicosia on policy regarding the island.

UN Secretary General Waldheim conferred with Karamanlis in Athens yesterday, then flew to Nicosia. He will go on to Ankara before returning to Greece. His talks will concentrate on the mandate of the UN peace-keeping forces on Cyprus and the plight of refugees. Waldheim also is expected to discuss the implications of convening a conference along the lines of the Soviet plan.

In Greece

The Karamanlis government has taken additional measures to consolidate its position. Former strongman Brigadier General Ioannidis and several other senior officers were retired Saturday. Newly appointed Greek army commander Ioannis Davos emphasized last week that the army at all levels should be exclusively concerned with military problems-- a statement the US embassy interprets as a pledge that the army will avoid a political role.

Two senior Greek Foreign Ministry officials have expressed concern to the US embassy over the deterioration in Greek-American relations. They stressed that Karamanlis wants to avoid irreparable

FOR THE PRESIDENT ONLY

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damage to Athens' relations with the US and Western Europe but, at the same time, must contend with national frustrations. According to one of the officials, the Greek government in the coming months will ask the US to renegotiate the modalities of many of its agreements with Athens, some of which--such as the status of forces agreement--the official termed "anachronistic." He said that Karamanlis recognizes cooperation with the US is in Greece's best interests and does not want to dismantle that cooperation but to "restructure" it.

Turkish Intentions

A close policy adviser to Turkish Prime Minister Ecevit has stated that Ankara will insist on a permanent Turkish Cypriot zone no smaller than 28 percent of the island's area. The US embassy in Nicosia believes Turkey wants a two-cantonal, confederal system and will trade territory for a transfer of population. The embassy also believes Ankara will make every effort to hold on to Famagusta or, at a minimum, to insist on the Turkish community's right to import freely from the mainland. This could also be Ankara's position on the Nicosia airport.

* * *

Militarily, the situation on the island has been quiet. Senior UN officials, however, report continuing efforts by Turkish troops to force UN peace-keeping troops out of northern Cyprus.

FOR THE PRESIDENT ONLY

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ISRAEL-EGYPT

Israel conducted its nationwide mobilization exercise yesterday.

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would not risk being caught unprepared by Israel's current military activity, but neither would it violate the disengagement agreement unless it felt forced to do so.

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FOR THE PRESIDENT ONLY

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PORtUGAL

President Spinola appears to have a slight edge in the continuing contest for power with the Armed Forces Movement. The current dispute centers on Spinola's request for more authority. He feels that the final decision-making power is spread too widely within the government and wants the Armed Forces Movement's Coordinating Committee to be downgraded or eliminated entirely. The Coordinating Committee currently supervises government decisions to ensure fulfillment of the Movement's program.

Spinola's threat to resign two weeks ago stemmed from frustration over the present arrangement. Military officers are now being polled to determine whether the Coordinating Committee should be disbanded and Spinola given a military vote of confidence.

One of the factors that may work in Spinola's favor is a rift within the Armed Forces Movement between those who support the President and the more radical members who feel they can carry out the Movement's program without him. The President will also benefit from the support of Armed Forces Chief of Staff Costa Gomes against the committee, reportedly the deciding factor for many officers.

* * *

Portuguese officials and leaders of the "Republic of Guinea-Bissau" will sign an agreement today in Algiers on the transfer of power to the rebel government, according to the Algerian Foreign Ministry. Actual independence may be announced soon, perhaps before mid-September.

In Mozambique, the acting governor-general yesterday officially announced that an interim government, presumably composed of Portuguese officials and leaders of the rebel Front for the Liberation of Mozambique, would be established within the next few days. Another round of talks to work out final details is scheduled for early September, probably in Lusaka, Zambia. The territory will be granted full independence next year.

FOR THE PRESIDENT ONLY

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NOTES

Laos: The Pathet Lao reportedly have announced that as a "humanitarian and good-will gesture," Emmet Kay--a US civilian contract pilot--will be among the first group of prisoners to be released on September 12. The communists have consistently maintained that they do not consider Kay a prisoner of war because his capture last May occurred after the cease-fire agreement had been signed.

Ethiopia: Ethiopia's dominant Armed Forces Coordinating Committee has compelled Prime Minister Mikael to dismiss three of the four cabinet ministers to whom the committee objected. The fourth has been moved to a less important ministry. In a step toward ending the decade-long revolt in the northern province of Eritrea, the committee has appointed a civilian governor-general there. He replaces a military officer who had obstructed any policy initiatives toward reducing provincial dissidence.

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The President's Daily Brief

August 27, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 27, 1974

PRINCIPAL DEVELOPMENTS

Cypriot President Clerides and Turkish Cypriot leader Denktash have agreed to hold weekly meetings to discuss humanitarian problems on the island. Athens and Ankara continue their diplomatic maneuvering--Athens apparently to delay negotiations, and Ankara to resume them at an early date. (Page 1)

Israel's nationwide practice mobilization apparently ended yesterday.

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[redacted] the Israelis report that the Syrians have also increased their readiness posture.
(Page 2)

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French [redacted]

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[redacted] (Page 3)

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The Soviets launched Soyuz 15 yesterday. (Page 4)

At Annex, we discuss Australian Prime Minister Whitlam's Labor government and the more distinctive Australian cast it seeks to give to foreign policy.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY**CYPRUS**

Cypriot President Clerides and Turkish Cypriot leader Denktash agreed yesterday to meet every Monday to continue the discussion of humanitarian problems. UN Secretary General Waldheim indicated that progress was made in facilitating the movement of foodstuffs and reuniting broken families on a case-by-case basis. Waldheim hopes that in time the discussions will slip into political topics.

In Athens, the Karamanlis government reportedly expressed "agreement in principle" yesterday with the Soviet proposal to move the Cyprus problem into a UN framework. There are growing indications that the Greeks' refusal to reopen the Geneva talks as well as their qualified acceptance of the Soviet proposal are delaying tactics designed to improve their negotiating position. Karamanlis may also hope to hold off the inevitable concessions the Greeks must make until domestic frustration begins to subside.

Turkish maneuvering, on the other hand, is aimed at the earliest possible resumption of talks toward a political settlement. Foreign Minister Gunes told US Ambassador Macomber last night that Ankara would reject the Soviet proposal. Turkey hopes further negotiations can be limited to Greece, Turkey, Great Britain, and the two Cypriot communities. Warnings from Turkish Cypriot leader Denktash about the possible establishment of an independent Turkish Cypriot state and even the tactical readjustment of the cease-fire lines appear part of an effort to force the Greeks to the bargaining table.

The Turks, in the meantime, are continuing to move unilaterally toward establishing a Turkish Cypriot administration in the occupied territory. Ankara has formed a cabinet-level planning committee, and the Turkish ministers of finance and agriculture visited Cyprus over the weekend to study economic needs there. A career provincial governor has been sent to the island as an adviser.

The Greek Cypriots are having difficulty establishing order. The problem stems both from the mass of refugees and from the strong political views held in some sectors.

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FOR THE PRESIDENT ONLY

ISRAEL-EGYPT

Israel's nationwide practice mobilization that began on Sunday apparently ended yesterday two hours ahead of schedule.

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[redacted] 25X1

[redacted] 25X1

Israeli military authorities have noted the Egyptian forces' increased state of alert and have [redacted]

[redacted] also have increased their readiness posture. The Israelis claim that the Syrians have moved into the area adjacent to the UN buffer zone some 25 to 30 tanks in excess of the number permitted under the disengagement agreement. No similar claim was made about Egyptian forces. There is no information at this time to corroborate the Israeli allegation about the Syrians.

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FRANCE



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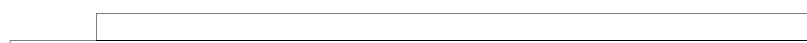
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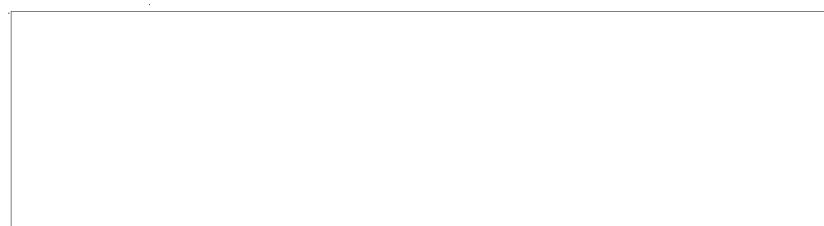


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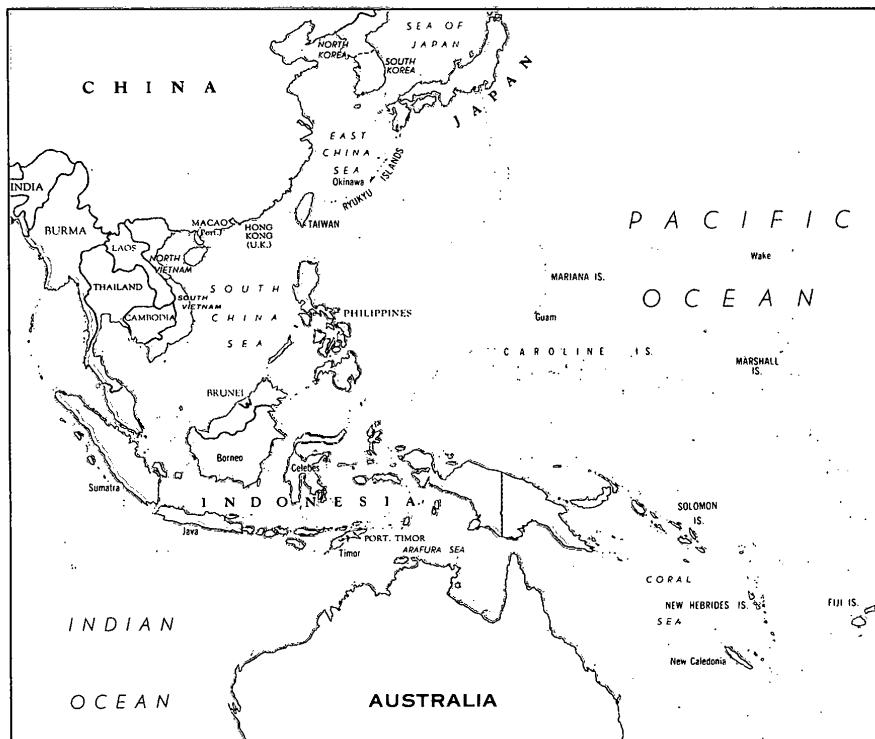
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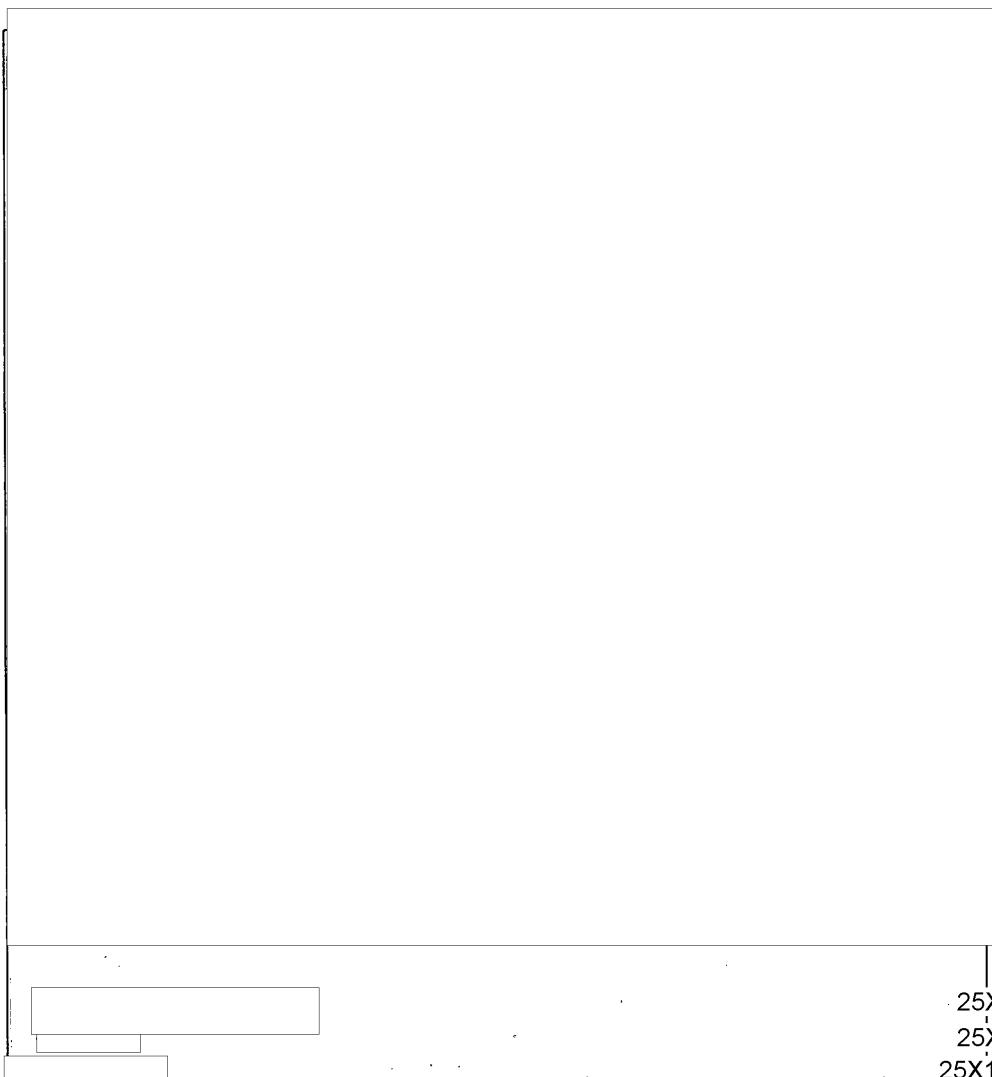
NOTE

The Soviets launched Soyuz 15 yesterday. The manned spacecraft, originally scheduled to be launched last week, is expected to rendezvous and dock with Salyut 3 later today, and the cosmonauts subsequently will enter the space station. Salyut 3 has been in orbit since June and was occupied by two cosmonauts from Soyuz 14 for 16 days in July.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

AUSTRALIA

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The visits to the US of Prime Minister Gough Whitlam and other high Australian officials during the next few weeks will offer new opportunities to gauge the prospects for our close alliance with Canberra. Since taking office in December 1972, Whitlam's Labor government has been trying to give a more distinctive cast to its foreign relations and to break away from the pattern of following the US lead.

This effort appears chiefly in Labor's desire to put US relations on a more equitable footing and to seek stronger ties with Asian states and the third world in general. Like its predecessors, the Labor government is especially concerned to stay on good terms with Indonesia, its potentially powerful neighbor to the north, and has sought, in addition, to reach some accommodation with Asia's communist nations. Reflecting the strong pacifist sentiment of Australian trade unionists, the Labor government has tried to move away from anything indicative of cold war rivalries.

The beginnings of this trend were apparent toward the end of the 23-year tenure of the Liberal-Country coalition--now in opposition--which developed the ANZUS alliance and accepted US defense-related installations on Australian soil. [redacted]

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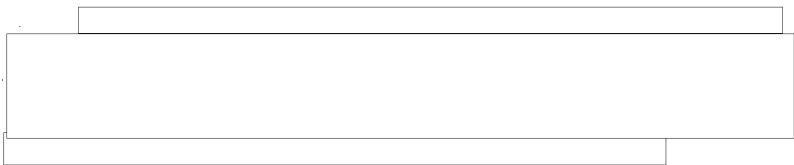
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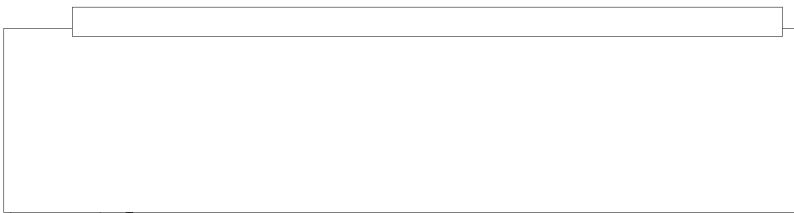
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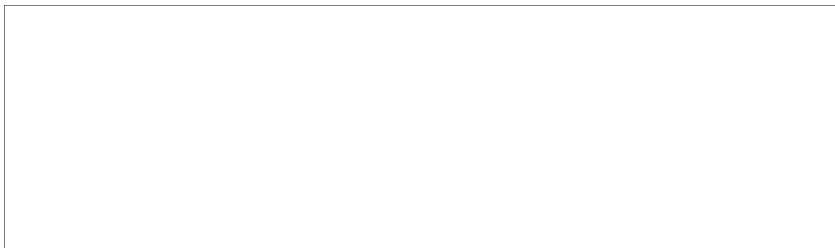
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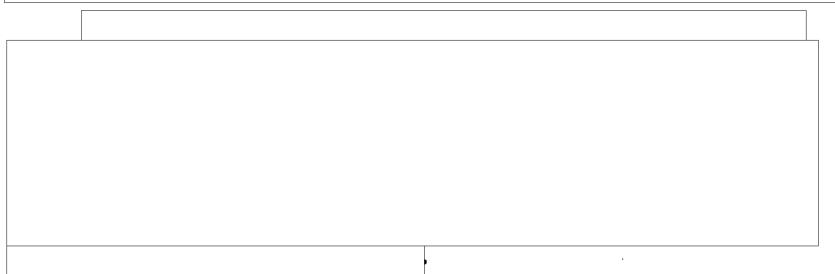
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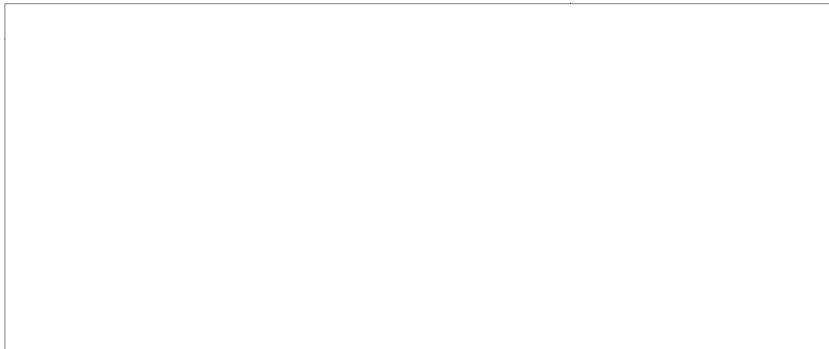
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Economic Relations

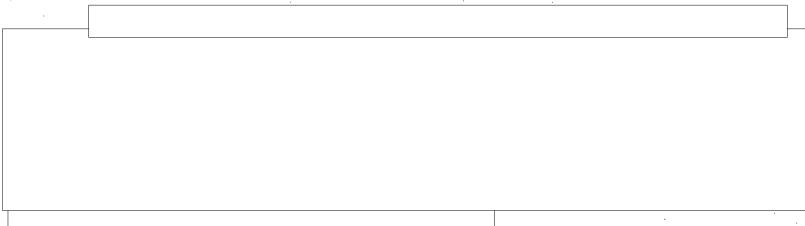
The Australians are not likely to stress economic relations in talks with US officials, but they may wish to bring up export and investment policies. The liberal economic policies under which US investment in Australia after World War II rose to \$6.5 billion--second only to the UK--and the US became Australia's second trading partner have been tightened in recent years. Again, following a trend begun by the more conservative Liberal-Country coalition, the Labor government is seeking to impose greater Australian control over domestic mineral and other resources.



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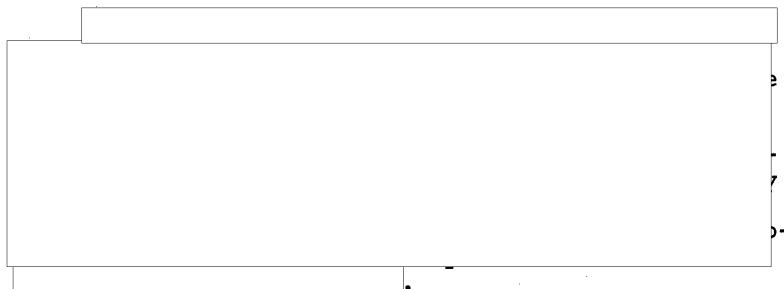
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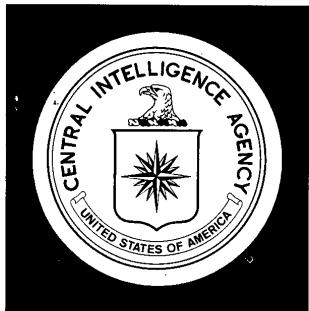


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The President's Daily Brief

August 28, 1974

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THE PRESIDENT'S DAILY BRIEF

August 28, 1974

PRINCIPAL DEVELOPMENTS

The Turks are moving ahead toward the creation of a Turkish Cypriot republic. (Page 1)

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The Egyptians have taken steps to improve the posture of their military forces that the Israelis may interpret as inimical to their interests.
(Page 4)

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Syria
(Page 6)

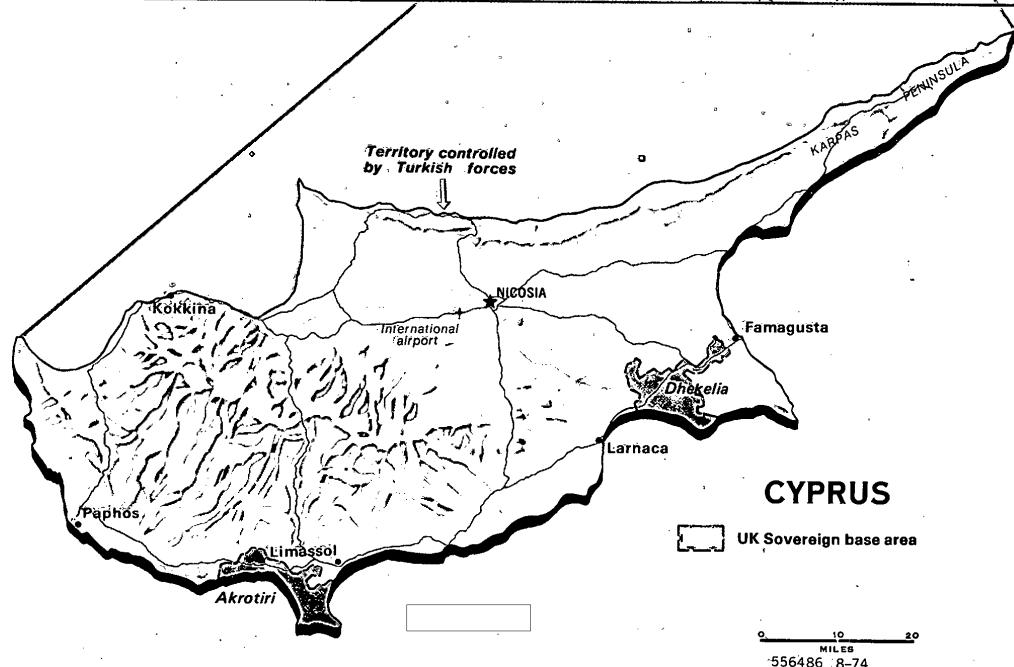
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Cambodia
Page 8.

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Notes on the new Icelandic government, a Khmer Communist - North Vietnamese rice for arms agreement, Cambodian Prince Sihanouk's visit to Bucharest, and the Soviet Soyuz 15 appear on Page 9.

FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

CYPRUS

The Turks are moving ahead with plans for an "Autonomous Turkish Republic of Cyprus." Turkish Cypriot leader Denktash told the press yesterday that a constitution is now ready and that he expected some 30 nations would recognize the new state.



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The UN

Secretary General Waldheim has continued to voice hope that a common ground will be found that will permit peace talks to begin. He noted, however, after meeting with leaders in Athens and Ankara, that a wide gap remains between the two sides. After traveling to London to convey his findings to the British government, Waldheim told reporters that a foremost order of business would be to reach agreement on a new mandate for the UN peace-keeping force on Cyprus. He said he would first consult with the troop-donating nations before deciding how to bring the question before the Security Council.

Waldheim is expected to report on his trip to the Security Council today. In a related matter, the Cypriot UN delegation has requested a special meeting of the Council to take up the refugee problem. Acting Cypriot President Clerides announced yesterday that his government had accepted the Soviet proposal to bring the Cyprus issue into a UN framework. The Turks have rejected this proposal, but in doing so praised the "constructive attitude" the Soviets have displayed throughout the crisis.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

Greek Strategy

Athens appears to be seeking broad international support to improve its position in whatever forum peace talks eventually take place.

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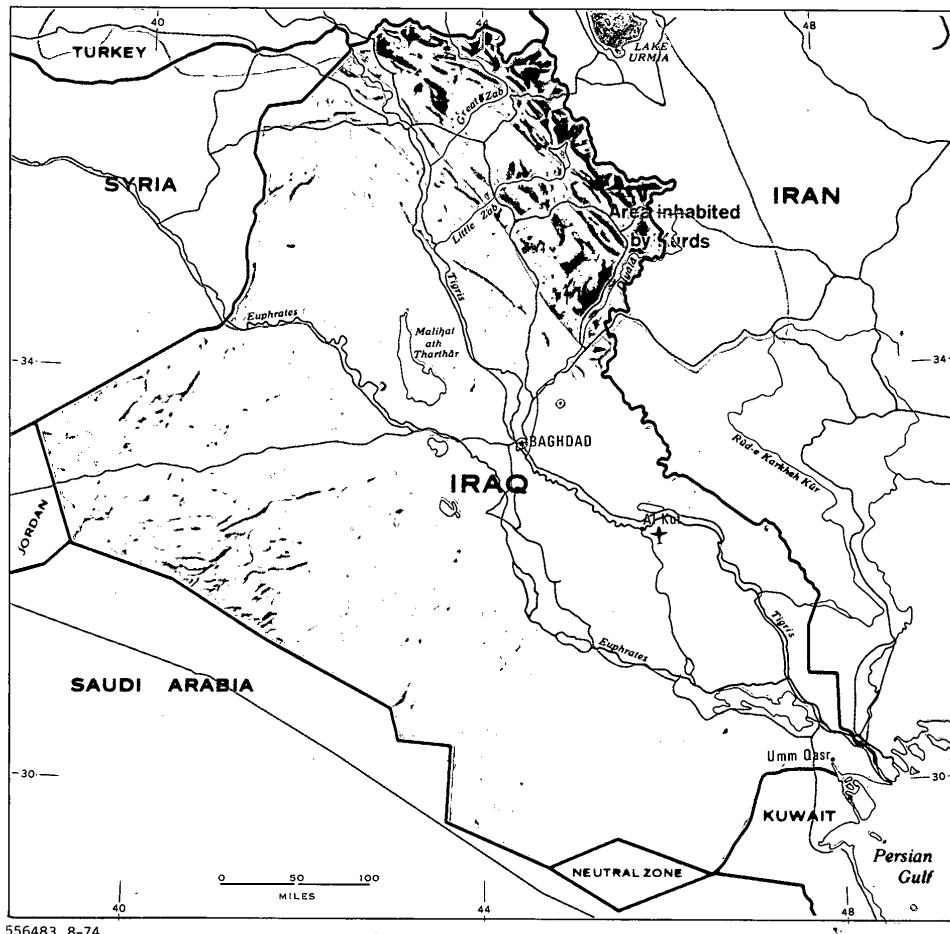
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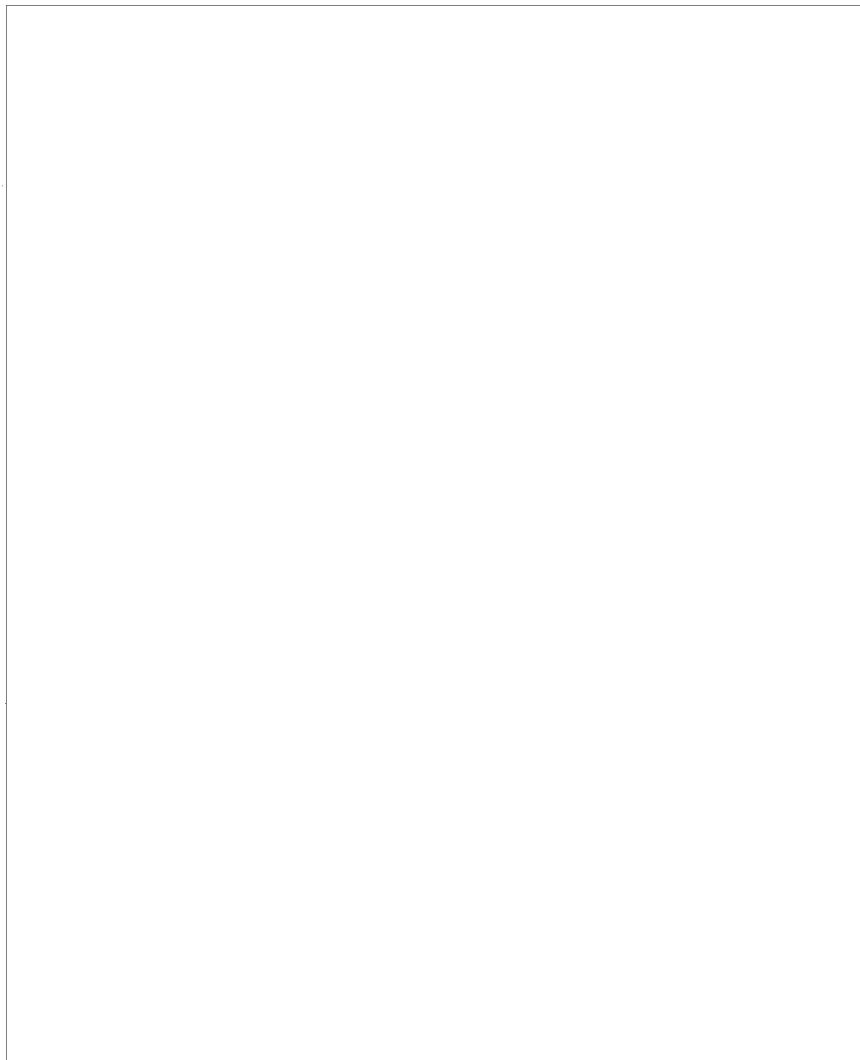


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FOR THE PRESIDENT ONLY

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IRAN-IRAQ



FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

EGYPT-ISRAEL

The Egyptians have taken a number of new steps to improve the posture of their military forces that the Israelis may interpret as inimical to their interests.

[redacted] the number of antiaircraft positions and the number of tanks and infantry in prepared positions on the west bank yesterday had approximately quadrupled in the previous 48 hours. The source reported that the number of ponton bridges across the Suez Canal had more than doubled from the original six during the same period. The bridges are said to be heavily defended by antiaircraft guns.

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[redacted] the Egyptians had taken up defensive positions and did not appear deployed to cross the canal in force. We cannot be sure on the basis of this information whether the Egyptian moves constitute a reinforcement of units located in the canal areas or a shift of forces normally stationed there to improved defensive positions.

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[redacted] had stated that the bridges across the canal would remain in place as long as the Israeli exercises were in progress. Both the nationwide Israeli mobilization exercise and Israeli maneuvers in the Sinai reportedly have concluded.

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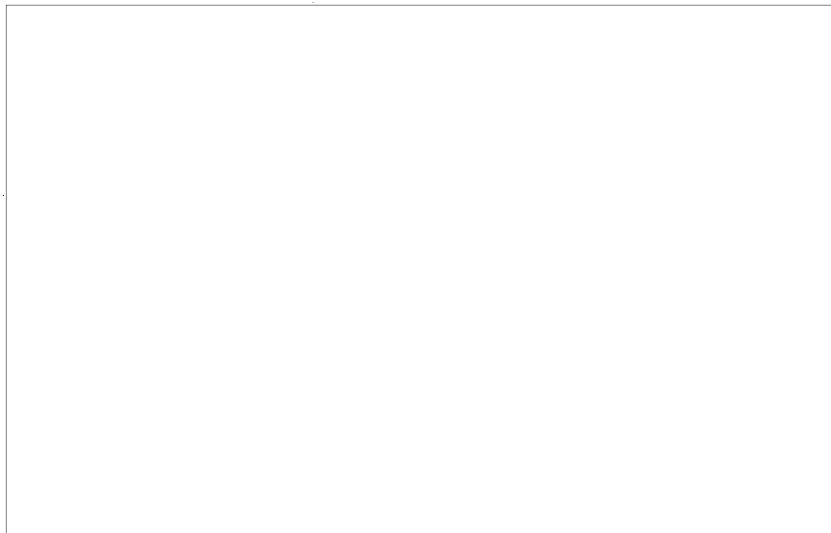
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EGYPT-ISRAEL



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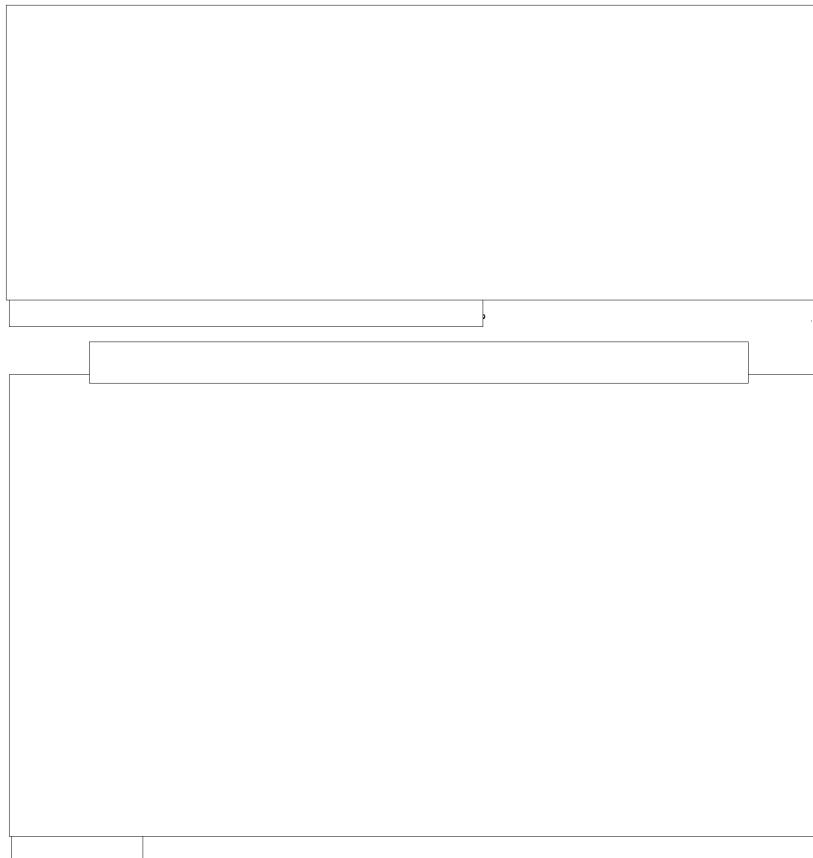
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SOUTH VIETNAM

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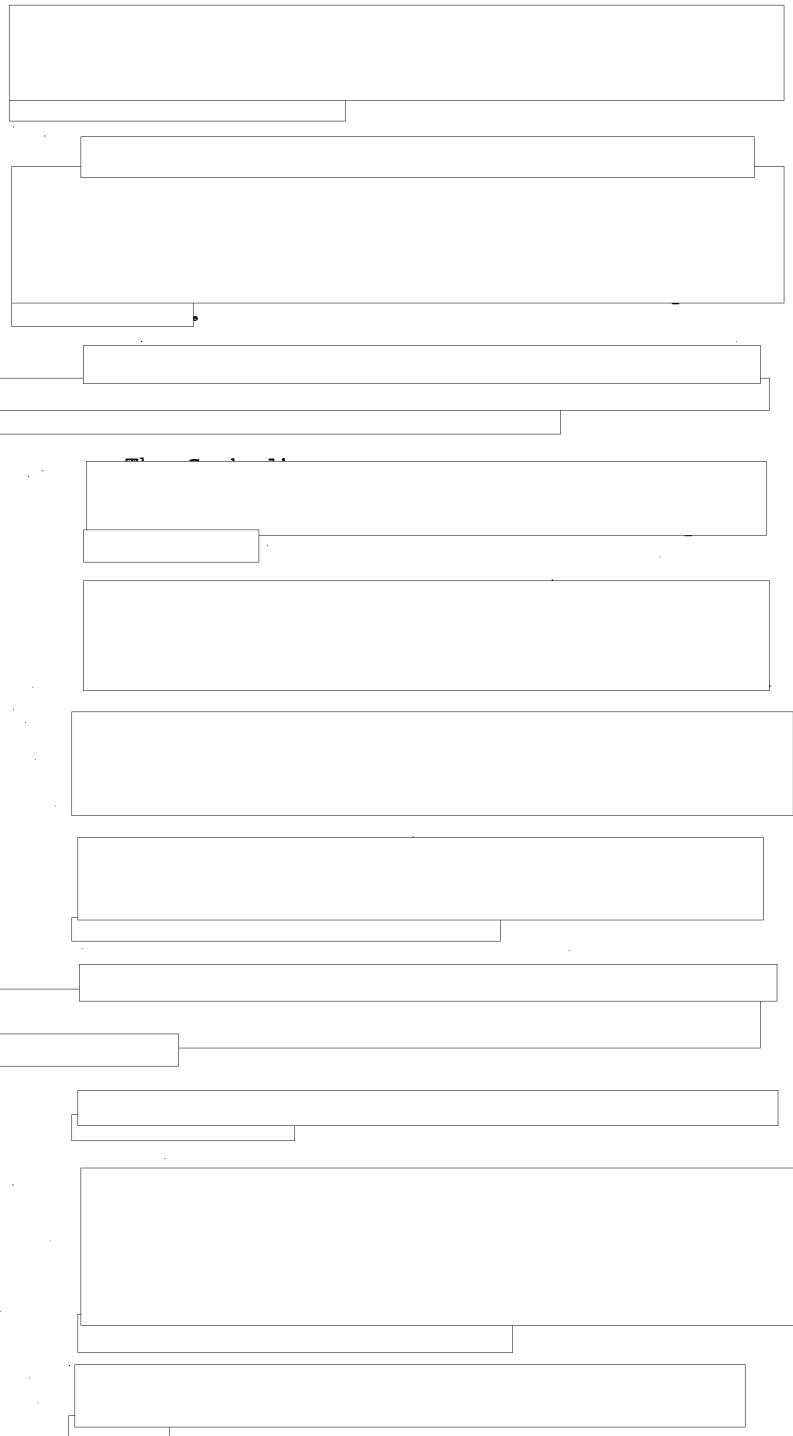
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CAMBODIA-UN



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY**NOTES**

Iceland: The new coalition government will be headed by the chairman of the Independence Party, Geir Hallgrímsson. He is pro-US and favors retention of the US-manned Keflavik base, probably with some modification of the present agreement. Progressive Einar Agustsson remains as foreign minister and provides continuity as chief negotiator on the base question. In contrast to the past negotiating situation, when Agustsson was buffeted between moderates in his own party and leftists in the Icelandic Communist Party, he may now be able to settle down to meaningful talks. The so-called "non-negotiable" demands submitted last year, however, probably will remain. These demands include hiring more Icelandic nationals at the NATO base, on-base housing for all US military personnel, and separation of civilian and military facilities at the airport.

Cambodia: The Khmer Communists have apparently renewed an arms deal with the North Vietnamese that was first worked out last year. In return for combat materiel from Hanoi, the Khmer Communists sell rice to Vietnamese Communist forces and allow them to transit Cambodian territory along the South Vietnamese border. A recently intercepted Khmer Communist message noted that during the previous dry season, the Vietnamese "fulfilled the duties of transporting equipment to us" and expressed hope that during this year's dry season, deliveries would increase to "tens of thousands of tons."

Cambodia: There is no evidence that Prince Sihanouk and former Cambodian prime minister Hang Thun Hak were in contact with each other last week when they were both in Bucharest. Official statements on Sihanouk's arrival and departure gave no hint of any unusual development, and Sihanouk's interview with New York Times correspondent Malcolm Browne did not change his position on negotiations.

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USSR: The Soyuz 15 spacecraft, launched Monday, will be brought down in the USSR late today. The spacecraft attempted to rendezvous with the Salyut 3 space station yesterday. The docking attempt failed [redacted]

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The President's Daily Brief

August 29, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 29, 1974

PRINCIPAL DEVELOPMENTS

The UN Security Council debate, which begins today, probably cannot be confined to the issue of refugees. Turkish Cypriot leader Denktash says that he simply wants a federal solution in Cyprus and that he had been misquoted on the subject of an independent state. (Page 1)

France

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Greece

(Page 2)

We believe Hanoi may have decided to adopt more aggressive tactics in South Vietnam, but we cannot forecast the precise timing or magnitude of future Communist military operations. (Page 3)

For the past four days, Israeli patrol boats have been intercepting Soviet minesweepers that have entered waters near Sinai claimed by Tel Aviv. (Page 5)

Notes on Egypt-Israel, the USSR, and Laos appear on Page 6.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CYPRUS

The UN Security Council debate today probably cannot be confined to the issue of refugees, according to the US mission at the UN, especially if Secretary General Waldheim's report on findings during his recent trip is presented. There is also a chance that Moscow may try to advance its proposal to involve the Security Council in a peace conference.

In Cyprus, Turkish Cypriot leader Denktash clarified some of his views for the US embassy in Nicosia yesterday, claiming he had been misquoted on the subject of an independent state. Denktash said he was trying to say that he wants a federal solution, but that if this should prove impossible, the Turkish sector would have to go its own way. Denktash has indeed issued a public statement that he intended no ultimatum and was setting no deadline for the formation of an independent state. Pressure from Ankara may be responsible for Denktash's more moderate tone.

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In Athens, Foreign Minister Mavros has formally requested [redacted] that the EC renew those aspects of the 1962 association agreement that were suspended after the military coup in 1967. The Greeks are not applying for full membership in the EC, but, depending on how Athens interprets sentiment among the Nine, such a request remains a possibility.

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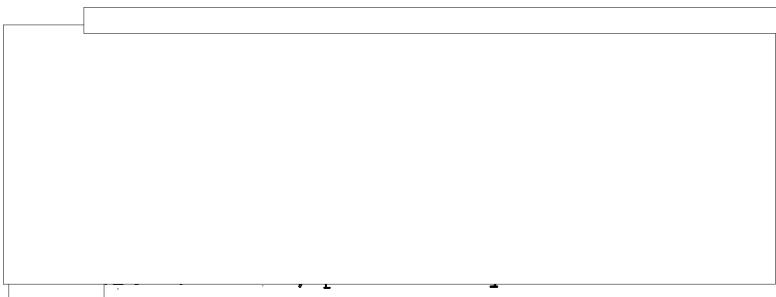
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FRANCE-GREECE

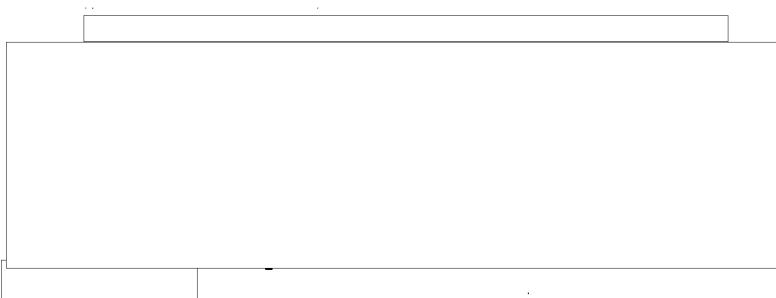
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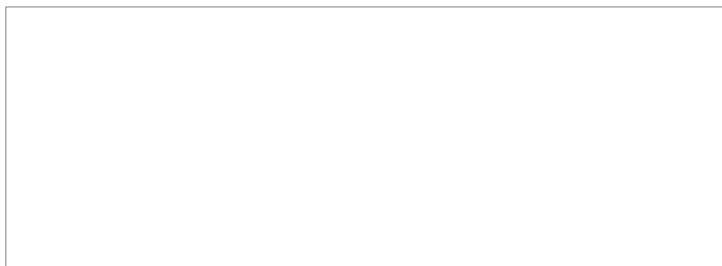
FOR THE PRESIDENT ONLY

VIETNAM

We believe that Hanoi may have decided to adopt more aggressive tactics in South Vietnam. Our assessment is tentative, however, and we cannot forecast the precise timing or magnitude of future Communist military operations. The Communists may now see a more favorable strategic balance developing, based in large part on a belief that the transition in Washington will make it difficult for the US to maintain backing for Saigon. For the moment, Hanoi appears more interested in probing the position of your administration than in mounting an all-out military offensive to topple the Thieu government.

--Following the resignation of President Nixon, Vietnamese Communist propaganda has taken on a distinctly more militant cast.

--This change in tone comes against a backdrop of increased Communist attacks. Most reporting points toward more fighting on at least the present scale. The Communists have made some gains and could be in a better position to carry out large military operations next year.



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It is possible that Hanoi is preparing to return to the strategy it followed in the mid-1960s, which combined a high level of military activity in the countryside with widespread shellings and terrorism in urban areas. The Communists were then attempting to inflict as much damage as possible on the South Vietnamese army, to erode public confidence in the Saigon government, and to drive the war home to the American public. Their objectives this time would be similar. More specifically, the Communists may hope that a turning of the screws in the South will lead to a new round of talks between Hanoi and Washington.

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

The Communists remain prepared to achieve their long-term objectives through major military action. We have seen no sign, however, that Hanoi has decided on a military confrontation along the lines of the offensive of 1972. We continue to believe that such a move is unlikely at least until early next year, when favorable weather prevails in most of the country. Before it occurs, we would expect to see, and have so far not seen, certain indicators. Specifically:

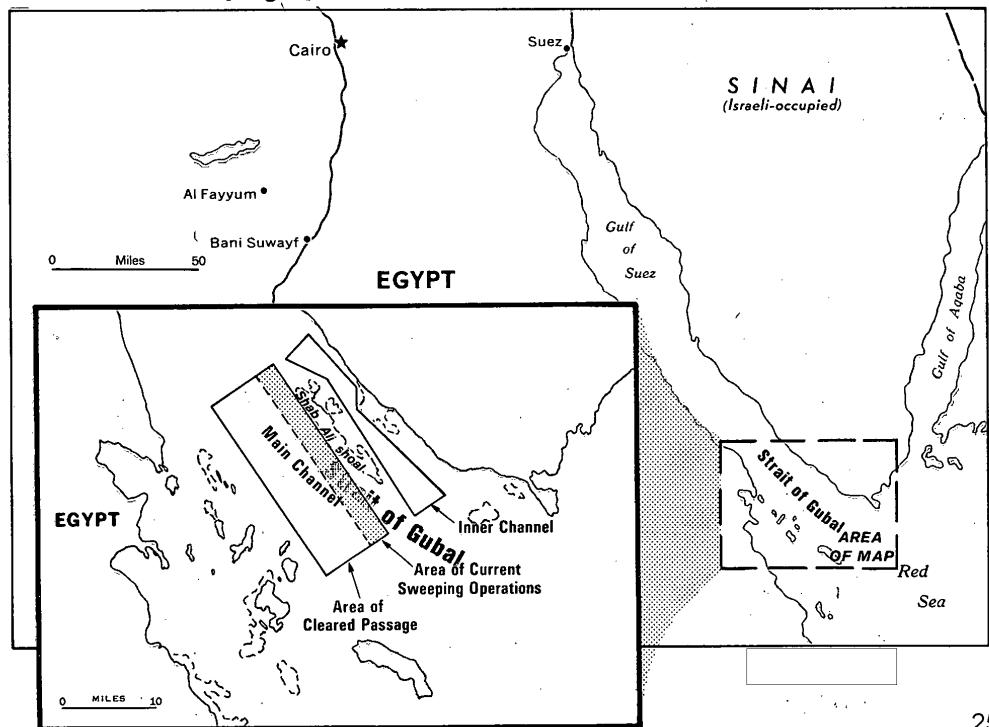
--The Communists have not infiltrated the large numbers of forces that would be needed to sustain such an effort.

--Hanoi's large strategic reserve, which would almost certainly see action if Hanoi were going to start a major offensive, still shows no sign of movement.

Even without an all-out offensive, however, it is clear that the South Vietnamese government will come under increasing pressure over the next few months.

FOR THE PRESIDENT ONLY

Soviet Minesweeping Operations in the Strait of Gubal



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FOR THE PRESIDENT ONLY

USSR-ISRAEL

For the past four days, Israeli patrol boats have been intercepting Soviet minesweepers which have entered waters near Sinai that have been under Israeli control since June 1967. The Israelis claim a six-mile limit in the area and have shadowed the Soviet vessels to about three miles offshore before signaling them to turn around. Two minesweepers sprayed the Israeli boats with water hoses on August 27, but there have been no serious incidents.

The Soviets have stated that they are willing to clear the Israeli-claimed channel, but to date they have not formally approached Israel through the UN, as they reportedly intend to do. Israel has indicated it would permit the Soviets to sweep the area if the operation were coordinated with Israeli defense authorities. This may be an attempt by Israel to gain de facto recognition that it controls the inner channel.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

Egypt-Israel: Egyptian military forces appear to be returning to a peacetime posture reflecting Cairo's awareness of the conclusion of Israel's mobilization exercise. [redacted]

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[redacted]
that at least four of the pontoon bridges across the Suez Canal have been removed.

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USSR: The Soyuz 15 spacecraft was brought down yesterday evening after only two days in orbit. The Soviets cut short the mission following two unsuccessful efforts on Tuesday to dock with the Salyut 3 space station. [redacted]

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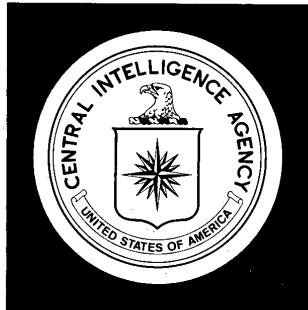
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Laos: Communist Deputy Prime Minister Phoumi Vongvichit and his non-communist counterpart, Leuam Insisiengmay, are jointly heading the coalition government during Prime Minister Souvanna's absence from Laos. Souvanna counseled Phoumi and Leuam before his departure to concentrate on routine government business and to avoid controversial issues that could disrupt the fragile coalition. Souvanna had earlier designated only Phoumi as "acting prime minister." He subsequently decided on a dual arrangement as the best way to maintain political equilibrium during his absence.

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The President's Daily Brief

August 31, 1974

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THE PRESIDENT'S DAILY BRIEF

August 31, 1974

PRINCIPAL DEVELOPMENTS

The attempted assassination of a leftist confidant of Archbishop Makarios will further complicate acting Cypriot President Clerides' efforts to control extremist factions while he tries to build a political base. (Page 1)

Moscow appears to have resumed arms deliveries to Cairo after a suspension of more than four months. (Page 2)

The Communist Party chief in Leningrad has made a strong pitch for you to meet soon with General Secretary Brezhnev. (Page 4)

Egypt

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French West Ger-
many. (Page 6)

A note on a Saudi Arabian loan to Japan is on Page 7.

At Annex we discuss the Transfer of Technology From the US to the USSR.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

CYPRUS-GREECE

The attempted assassination yesterday of maverick leftist leader Vassos Lyssaridis will further complicate acting Cypriot President Clerides' efforts to control extremist factions while he tries to build a political base.

Lyssaridis, a confidant of Archbishop Markarios, has accused the right-wing EOKA-B organization of trying to kill him. He has appealed to his followers not to seek revenge, but the attack could spark further violence between extremist groups on Cyprus.

The attack may also have been a warning to Clerides, who has removed many officials associated with the short-lived, right-wing Sampson regime. Clerides has appointed personal friends and individuals associated with Makarios to key government posts.

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Greek Activities

Greek Foreign Minister Mavros is to begin a tour of European capitals next week with visits to Paris, Brussels, and Bonn. He will then travel to New York for the UN General Assembly meeting. Mavros will seek support for the Greek position on Cyprus, and he is likely to discuss bilateral relations, Greek relations with the European Communities, and Athens' withdrawal from the NATO integrated military command.

The French are continuing their efforts to strengthen relations with Athens.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR-EGYPT

Moscow appears to have resumed arms deliveries to Cairo after a suspension of more than four months. Two Soviet ships were unloading military cargoes at Alexandria within a week of each other toward the end of August.

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Resumption of Soviet arms deliveries is probably intended by Moscow to demonstrate its interest in maintaining good relations with Cairo. The deliveries reciprocate President Sadat's recent statements that have been somewhat more favorable to the USSR.

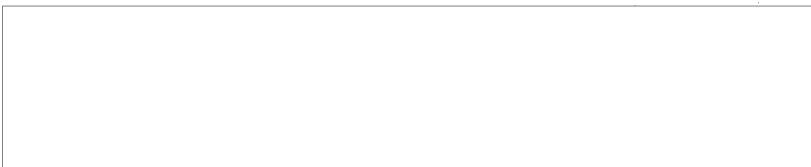
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The Soviets may also be concerned over Cairo's efforts to find other sources of arms. Resumption of deliveries does not mean, however, that Moscow will no longer use arms supply as a pressure point against Sadat.

FOR THE PRESIDENT ONLY

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USSR-LIBYA



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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

USSR

The Communist Party chief of Leningrad has made a strong pitch for you to meet soon with General Secretary Brezhnev. The official, G. V. Romanov, is a candidate member of the Politburo and a young comer who appears to have developed good political ties with Brezhnev. We assume Romanov's remarks reflect Brezhnev's thinking, although we doubt they were directly checked out with the General Secretary.

Romanov told departing US Consul General Gley- steen that the personal contact between former president Nixon and Brezhnev was essential to the ending of the "cold war atmosphere." He said it was vital that you establish a similar personal relationship, implying that it was particularly important to progress in negotiations on arms limitations. Romanov expressed concern that you would concentrate on domestic problems. Soviet media commentaries have given this theme considerable play.

Romanov's emphasis on the importance of personal relationships reinforces our belief that Brezhnev is concerned about the impact on Soviet foreign policy of the departure from office of Brandt, Pompidou, and President Nixon. Moreover, Brezhnev's own pre- eminence in the leadership was based in part on the personal rapport he had developed with these men.

Romanov also said the Soviets attach consider- able importance to a trade bill and are growing im- patient with the delays. He argued that the require- ments of long-range economic planning may force Mos- cow to make some decisions about the development of Siberia without US participation.

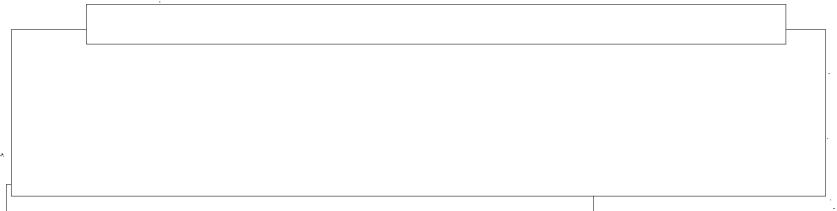
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EGYPT-ISRAEL-SYRIA

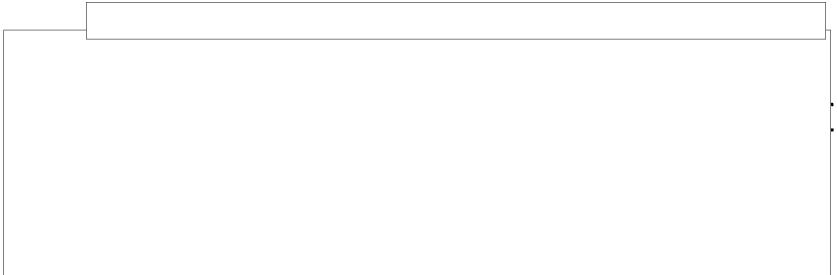


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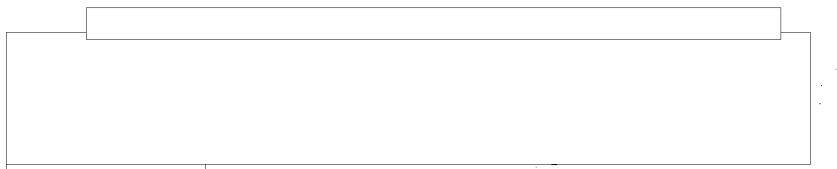


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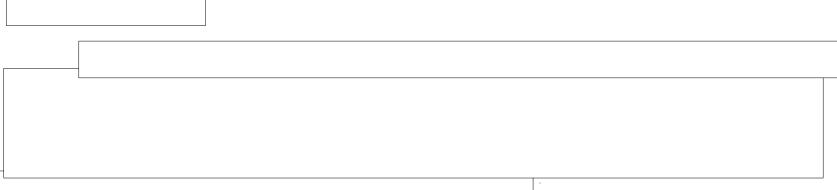


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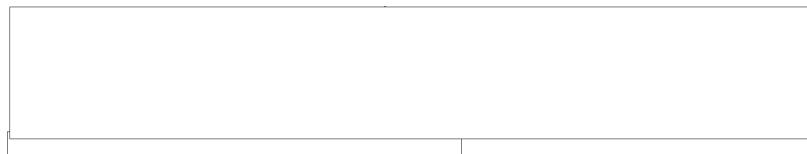


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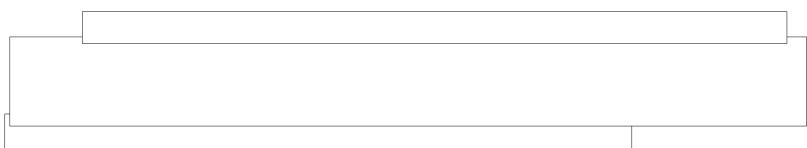
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FRANCE - WEST GERMANY



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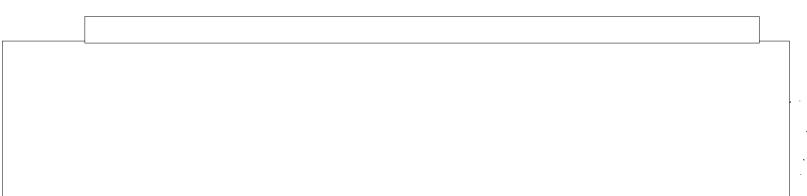
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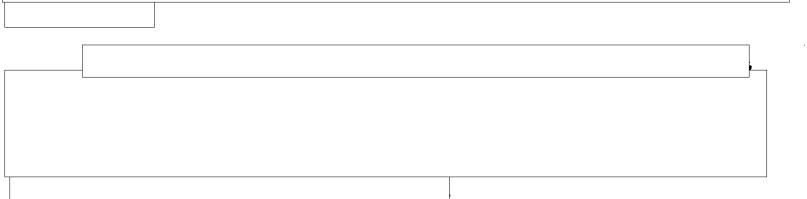
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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTE

Saudi Arabia - Japan: Saudi Arabia is lending the Bank of Tokyo \$1 billion. The loan, which is for four years at 10.5 percent, will be guaranteed by the Japanese Ministry of Finance. Japan needs financing to offset an anticipated \$3-billion balance-of-payments deficit, resulting chiefly from the increase in oil import bills during the second half of 1974.

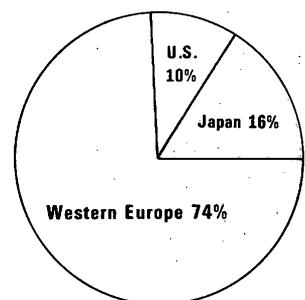
The
backing of the Japanese government should stimulate
an inflow of foreign capital.

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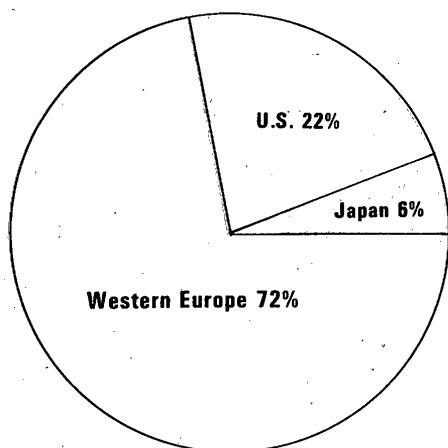
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Soviet Machinery and Equipment Orders From the West

1966-71 Average
\$660 million



1972-74* Average
\$2,300 million



*Based on data through August 1974.

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TRANSFER OF TECHNOLOGY FROM THE US TO THE USSR

Detente has given the Soviet Union easier access to American technology and equipment in electronics, computers, chemicals, petroleum, and other key industries.

The principal channel for the transfer of US technology to the USSR is the private sale of advanced industrial equipment by leading US manufacturers. Transfer is generally most effective in the sale of complete plants when foreign firms contract to design the plant, supervise construction, install the equipment, and train Soviet personnel.

Government-to-government scientific and technical cooperation has also opened new avenues for exchanges of information and experience, particularly in fields of civilian research and development. Under 11 bilateral agreements, approximately 150 projects have been singled out for joint work. In addition, US private firms have signed about 30 agreements with the Soviet State Committee for Science and Technology.

The Soviets are also obtaining US technology through the acquisition of manufacturing licenses, solicitation of detailed technical proposals, visual inspection of US plants, attendance at international conferences, and exploitation of US technical literature on a broad scale.

US Role as Supplier

From 1966 to 1971, the US accounted for 10 percent of Soviet contracts for plants and equipment. During these past two years of detente, the US share has increased to 22 percent. US supply of technology is part of the expanded role of the West in meeting Soviet requests as Moscow has registered dissatisfaction with its own rate of technical progress.

In several of the fields in which the Soviet Union is interested, the US possesses the best technology or is the sole source.

--Only the US has developed computer hardware and software across the entire spectrum.

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--Only the US is in a position to supply the design and production technology for semiconductor devices across the board.

--In the petroleum field, the US can supply more effectively than other sources complete systems for onshore, offshore, and permafrost exploration and for production and building pipe for pipelines.

--In the automotive field, the US has the best automotive machine tools for high volume output.

--US civil aircraft production technology ranks with the best in the world, although it is uniquely superior in only a few areas.

In spite of these advantages, the US does not enjoy much leverage as a supplier. Other Western nations can also supply advanced technology and extend necessary credits. Moreover, Moscow's bargaining position has improved now that it has at its disposal increased revenues from sales of oil, gold, and armaments.

Impact on the Soviet Economy

US technology plays an important role in some industrial branches of the Soviet economy, but the US input is far too small to have an appreciable effect on overall growth. The US share of total foreign investment in the Soviet Union is less than 1 percent.

US and other Western technology is also slow to affect the Soviet economy because of Soviet difficulties in assimilation. The Soviet civilian industrial management system provides neither the organization nor the incentives to carry technical advances effectively through the development and testing stages into production. These characteristics of the Soviet system are reflected in the exploitation of advanced foreign technology, when assimilation demands extra flexibility in organization and broad-scale managerial approaches to innovation. The Soviet economy ultimately benefits--but not nearly as quickly and as thoroughly as might be expected. Nonetheless, US and other Western technology helps keep the USSR from falling further behind and helps build up the Soviet Union's scientific and technological base.

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Impact on Soviet Military Capabilities

So far, the trade, contacts, and technical agreements associated with two years of detente have not transferred discernible amounts of military technology to the USSR. In the short run, therefore, the effect of detente will be an increase in Soviet military capabilities only in the support and logistic areas. Because of US and Western aid, the USSR and the Soviet military forces will have better trucks, more reliable communications, and an improved network for petroleum supply, as well as other improvements that are embodied directly or indirectly in the equipment and technology delivered in normal trade.

What really matters in the overall military balance between the Soviet Union and the US is US superiority in particular high-technology fields-- especially in electronics and computers. Continuing Soviet acquisition of US and other Western technology might contribute to major improvements

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But before introducing foreign technology into the Soviet arsenal, Moscow would insist on complete mastery of the related production processes. This would require an exceptionally strong performance by its military industrial sector.

The success of the USSR in applying US technology in military areas depends in part on the care with which US firms, scientists, and engineers treat their growing contacts with Soviet counterparts. The guidelines set and administered by the US government will be influential in determining private attitudes and in limiting the transfer of military-related technology. The increasing flow of advanced technology to the USSR from other countries, however, will continue to erode the effectiveness of unilateral US controls.

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