

The President's Daily Brief

January 2, 1976

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~~Top Secret~~

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Exempt from general
declassification schedule of E.O. 11652
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the Director of Central Intelligence

January 2, 1976

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FOR THE PRESIDENT ONLY

USSR

Pravda on New Year's Day published an authoritative statement on strategic arms limitations that reaffirms Soviet interest in a new agreement. The article was signed "Observer," indicating Kremlin endorsement.

None of the issues currently under discussion is addressed. Instead, the article lashes out by name against US citizens who have charged the USSR with failure to comply with existing strategic arms limitations agreements. It accuses such people of trying to frustrate US-Soviet detente for "various selfish political aims." It labels as "concoctions" allegations that the USSR has exceeded limits on ballistic-missile launchers or is seeking to interfere with technical means of verification. The article cites statements by President Ford, secretaries Kissinger and Rumsfeld, and former secretary Schlesinger to the effect that Moscow is not in violation of existing agreements.

Pravda does acknowledge that "certain questions" may arise regarding fulfillment of strategic arms limitations and states that such issues must be resolved by the standing consultative commission. To show that not all ambiguities concerning adherence are of Soviet making, the article notes some of the USSR's questions regarding US compliance with strategic arms limitations agreements have not been "fully eliminated." It does not, however, accuse the US of violating any agreement.

The discussion of compliance is unusual and appears intended to channel complaints into established forums. It is also a sign that such complaints will not interfere with the business of negotiating a new agreement. The article puts the Soviets on record as being ready for a new accord, but it gives no hint whether Moscow will modify its negotiating positions in order to bring about another agreement.

CUBA

The political composition of Cuba's leadership remains basically unchanged following the Communist Party Congress last week. Fidel Castro clearly still looks to his former guerrilla comrades as his primary source of support. Castro concluded the final congress session by voicing strong support for the Popular Movement for the Liberation of Angola and warned against US intervention.

Although 13 members of the Central Committee were removed and 35 others added, more than two thirds of the group still comes from the "guerrilla elite"--those among the leadership who fought under Castro during the revolution in the late 1950s or joined forces with him shortly thereafter. Most have a military background; some are currently in the military or security services and others have retired from the military establishment to assume high political or administrative posts.

Castro justified support for the Popular Movement as a reaction to attempts by "the imperialists" and South Africa to "devour" Angola. Responding to foreign criticism, Castro emphasized that Cuba defends Angola "as a result of our principles, our ideology, our convictions, and our blood." He tried to discourage US intervention in the war by saying that it would be a mistake for the US to associate itself with the South Africans. He argued that the Popular Movement has guaranteed the security of US citizens and petroleum installations.

Cuba's involvement in Angola has drawn a mixed reaction in Latin America. Leftist governments are giving mild support to the Popular Movement. Some moderate governments, like those of Colombia and Venezuela, which have recently normalized relations with Cuba, have found the Cuban actions somewhat embarrassing. Right-wing governments, like those in Chile and Uruguay, have responded with predictable denunciations of Havana.

(continued)

The Venezuelan government is following the Angola situation closely. Officials in Caracas are said to feel that US prestige requires a firm stand to prevent the fall of Angola into the Soviet camp. Elsewhere, the Brazilian Foreign Ministry has been under strong attack in the press for its quick recognition of the Popular Movement. The ministry has been forced to deny that President Geisel was displeased over the handling of Angolan policy.

The departure of the Brazilian special representative from Luanda--officially for reasons of health--has fueled speculation, however, that Geisel is reconsidering Brazil's position on Angola. The press continues to intimate that Foreign Minister Silveira is in trouble with the President over Angola, and there are signs that influential military conservatives also are displeased.

Guyana seems inclined to recognize the Popular Movement, but may wait to follow the lead of the Organization of African Unity. Two Cuban airlift flights have transited Guyana, but Prime Minister Burnham's government apparently has not made a firm decision on whether to allow the flights to continue. The Prime Minister now appears to be wavering, however, under pressure from the Cubans and representatives of the Popular Movement who were recently in Georgetown.

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Cuba will soon call up 3,000 military reservists for 18 months to replace troops now in Angola, [redacted] The length of the call-up underscores that Havana is prepared for a long-term involvement in Angola.

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ITALY

Socialist Party leader De Martino has threatened to withdraw Socialist parliamentary support from the Moro government next week--a move that would lead to the collapse of the government and possibly to early parliamentary elections. A final decision may be made at the Socialist directorate meeting next Wednesday.

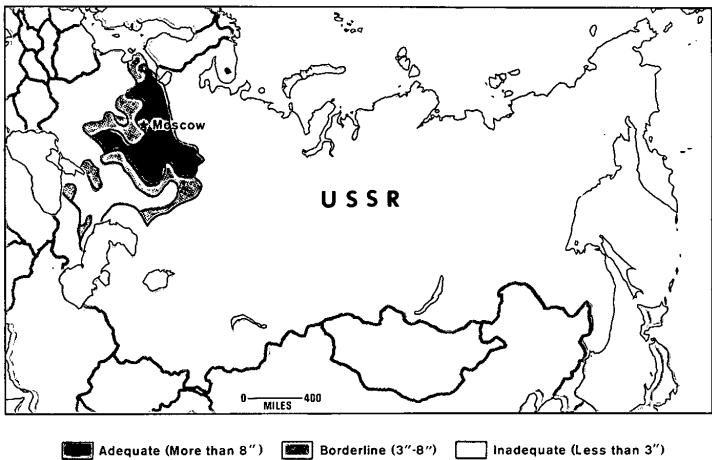
De Martino's position until now had been that no decision should be made on continued support for Moro until after the Socialist Party congress in February. Several factors, however, probably encouraged him to take a harder line. His rivals in the party maintain that continued support for Moro limits the Socialists' ability to compete with the Communists in the next elections. This view seems to be gaining support and this worries De Martino. The Socialists have found themselves increasingly isolated in parliament on issues important to their constituency, such as the medium-term economic plan and legalized abortion.

If the Socialists follow through on their threat, the ensuing government crisis is likely to be one of the most difficult and protracted of the postwar period. The Christian Democrats cannot form a workable non-Communist government without Socialist cooperation. The Socialists, however, are not likely to cooperate unless some formula can be found that increases Socialist influence in the government substantially, or associates the Communists with the government in some way short of actual participation in the cabinet. The Socialists believe that they cannot compete with the Communists at the polls unless the latter are forced to take some responsibility for government actions.

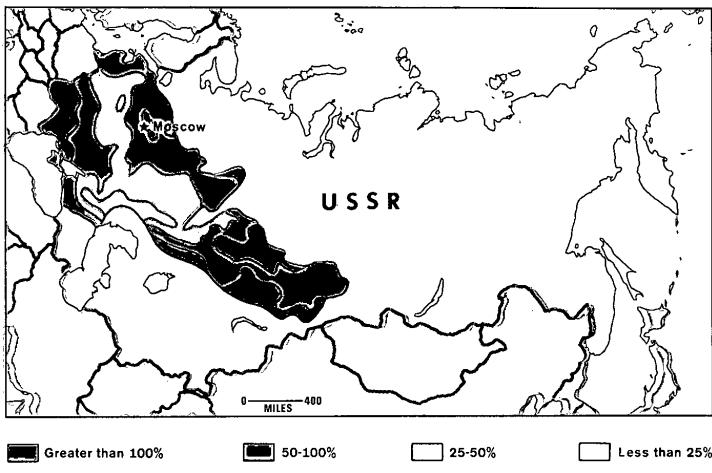
Such a formula would likely prove elusive because the Christian Democrats, who are preparing for a party congress in March, remain deeply divided over how to respond to Socialist demands. The collapse of the Moro government in present circumstances would, thus, increase the possibility of the parties resorting to early parliamentary elections in an effort to break the deadlock. Some Socialist leaders favor that alternative since they feel their party stands to gain more if the elections are held next spring instead of in May 1977, as now scheduled.

USSR

**Snow Cover Protection Against Winterkill,
Mid-December 1975**



**Percentage of Normal Soil Moisture,
1 December 1975**



NOTES

Below-normal temperatures and inadequate snow cover are seriously jeopardizing the USSR's fall-sown grain crops. The prospect of extensive winterkill is heightened because the seedlings entered winter dormancy weakened by drought.

If heavy snowfalls do not occur soon, cold temperatures could kill up to one third of the crop. The low levels of soil moisture also will inhibit the growth of spring grains planted to replace winter-killed plants. Moreover, similarly low soil-moisture reserves in several major spring grain areas are a harbinger of poor sowing conditions this May. The scars of this year's drought have not healed in the Urals and surrounding regions, and considerable above-normal precipitation will be essential for average or better yields.

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Soviets	25X1
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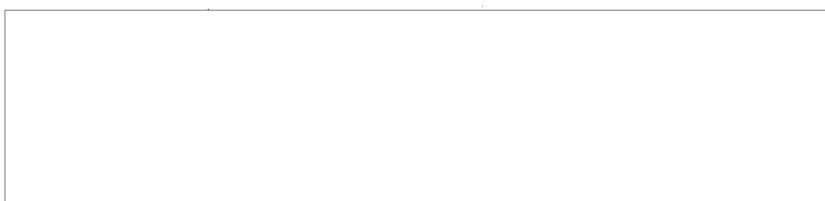
Continued large hard-currency trade deficits are causing the Soviets to rely more heavily on Western government-backed credits. In recent weeks they have approached the French, Italians, and Canadians for further credits, even though the major share of the \$4.2 billion in general-purpose credit lines already granted by these countries remains unused.

Moscow has warned US officials, however, that the lack of Eximbank credits is causing the US to lose a substantial amount of Soviet business. The Soviets have said that, despite their preference for US equipment, the lack of these credits will force them to divert purchases to foreign subsidiaries of US firms or West European and Japanese companies. While these statements are designed to highlight the adverse effects of a lack of Eximbank financing, the USSR's shortage of hard currency and growing debt service will force it to secure the best credit terms available at the expense of US purchases.

* * *

The USSR is embarked on a diplomatic and propaganda campaign to influence next week's emergency summit meeting of the Organization of African Unity to adopt positions favorable to the Popular Movement for the Liberation of Angola.

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The Soviets also are throwing cold water on the notion of a unity government in Luanda. A recent *Izvestia* article labeled such proposals as "senseless," saying that the Popular Movement cannot align itself with groups that rely on South African support.

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Palestine Liberation Organization

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Thailand

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The President's Daily Brief

January 3, 1976

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January 3, 1976

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Lebanon: Leaders of the two main Christian parties are blocking implementation of the Franjiyah-Asad understanding. (Page 1)

China-USSR: [redacted]

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[redacted]
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Italy: The degree of Socialist success in a current parliamentary debate may determine whether the party brings down the Moro government next week. (Page 3)

India: Mrs. Gandhi's recent charges of Western interference reflect her personal bias and her use of foreign scapegoats to justify controversial political moves at home. (Page 5)

Guyana-Angola: A token unit may be sent to support the Popular Movement in Angola. (Page 6)

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FOR THE PRESIDENT ONLY

LEBANON

Leaders of Lebanon's two large Christian political parties, the Phalanges and the National Liberal, have so far refused to approve the political concessions necessary to implement the general understanding reached by President Franjiyah and Syrian President Asad. Should the impasse in negotiations continue, serious fighting could resume.

Maronite political and religious leaders decided on Wednesday to reject the two principal reforms proposed by Syria: equal representation of Christians and Muslims in parliament, and election of the prime minister by parliament. The Maronites are holding out for unspecified Muslim guarantees of Christian rights, and particularly, for assurances that the Palestinians will live up to their past commitments to Beirut.

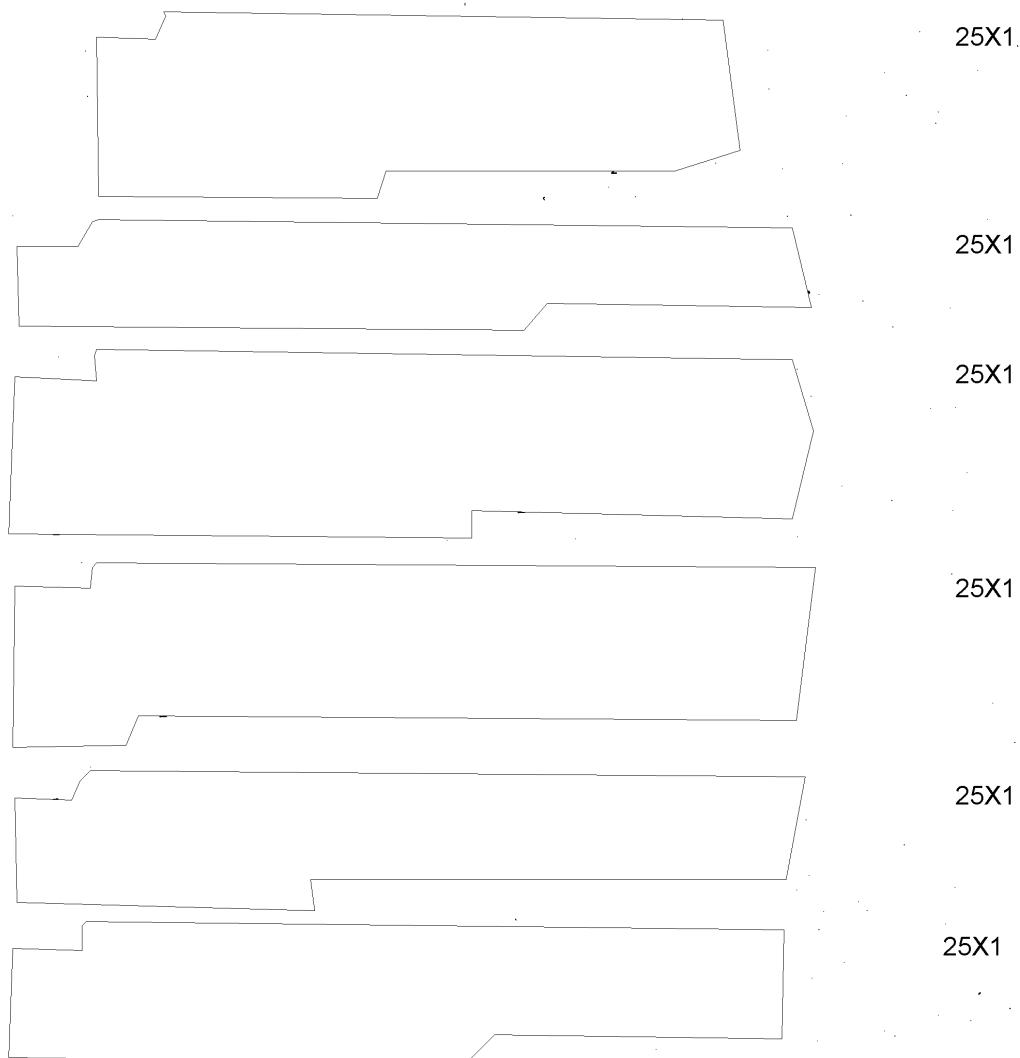
The Christians now credit the principal Syrian and Palestinian leaders with a serious desire to end the fighting, but believe they do not intend to force the fedayeen back into the refugee camps or to enforce restrictions on the type of arms they possess, as required by earlier agreements.

The Phalanges Party newspaper reported this week that the party will soon offer its own reform plan, apparently to keep the dialogue going and prevent new fighting. Neither this initiative nor the Christians' willingness to permit economic and social reforms, however, will be seen by the Muslims as adequate substitutes for Christian acceptance of Damascus' proposals on political reform.

A Phalangist official this week expressed fear that if the current Syrian initiative fails, Damascus probably will despair of negotiations and decide that Franjiyah must resign or be driven from office. Such a decision by Syria would lead to renewed fighting.

The Christians are also stalling in the hope that the continuing division in Muslim and leftist ranks will ultimately prompt their less-radical opponents to make concessions or at least settle for less.

CHINA-US\$R



ITALY

Prime Minister Moro's government will probably try hard to placate the Socialist Party during parliamentary debate on a key portion of the government's medium-term economic plan.

Earlier this week Socialist leader De Martino cited the government's failure to consult the Socialists adequately on the economic plan as a major reason for his threat to withdraw Socialist parliamentary support from Moro's coalition.

De Martino complains that the government gave the Communist opposition more advance notice of the economic package than it did the Socialists.

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The Socialists are also concerned that support for the bill as it stands would put them out of step with their supporters in organized labor. The bulk of labor is sharply critical of the government's proposals.

All of this has made it increasingly difficult for De Martino to maintain control of his badly divided party as it prepares for a national congress in February. Rival Socialists are scoring points by arguing that the party gains nothing politically by continuing to support Moro.

Earlier, De Martino had been inclined to avoid challenging Moro, at least until after the congress. De Martino is not likely to return to that position unless the Socialists receive major concessions on the economic plan or some other issue before the party directorate meets on Wednesday. The directorate is slated to make a final decision on whether to end Socialist support.

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Moro's Christian Democrats adopted a conciliatory tone in their initial comments urging De Martino to abandon his threat, perhaps foreshadowing some concessions. The Communist press is also arguing that now is not the time for a change of government.

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[redacted] 25X1

INDIA

Prime Minister Indira Gandhi's recent charges of Western, and particularly US, interference in the internal affairs of India reflect both her long-standing personal bias and her frequent use of foreign scapegoats when trying to justify controversial political moves at home.

It is unclear whether Gandhi's blasts mean that, as far as she is concerned, the period of slowly improving India-US relations is over. Her statements, delivered at a just-concluded national conference of her Congress Party, were largely extemporaneous and may have been influenced by the responsiveness of her audience to such rhetoric.

Gandhi used the conference to obtain party approval for an indefinite extension of India's state of emergency and for a one-year postponement of national elections. She also announced her intention to seek constitutional revisions--probably in the parliamentary session beginning on Monday--intended to make permanent the powers she now exercises on an emergency basis.

Although there appears to be little opposition to these moves within the Congress Party, Gandhi remains highly sensitive to criticism, particularly from the West, about her authoritarian rule.

Her attacks probably were also aimed at appealing leftists in the Congress Party and the pro-Soviet Communist Party of India, which is allied with her party. Indian leftists, and probably Moscow, are displeased over what is widely seen as an Indian "lurch to the right" since the emergency was imposed six months ago.

Such a "lurch" is reflected in the increasing prominence of Gandhi's son Sanjay, in the new, more moderate leadership of the Congress Party's youth wing, in the choice of new central cabinet members, and in the government's focus on pragmatic rather than ideologically based economic policies. At the conference, Gandhi emphatically denied any rightward trend and reaffirmed her government's commitment to socialist goals.

GUYANA-ANGOLA

*Prime Minister Burnham may decide
to send a token unit from the Guyanese
defense force to Angola.*



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Formal recognition seems sure to come soon. During his speech celebrating the nationalization of Reynolds aluminum mines, Burnham announced full support for the Popular Movement and said that the "freedom fighters" in Angola are waging "a war that is ours."

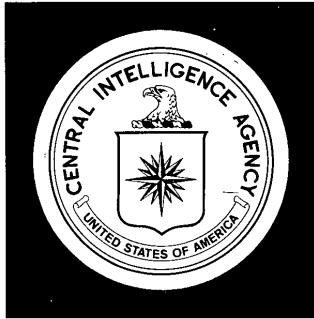
NOTE

A threatened general strike in Thailand failed to materialize yesterday, but labor leaders in Bangkok claim that workers will begin walking off their jobs today to protest an increase in the price of rice.

The increase was to go into effect on Thursday, but Prime Minister Khukrit postponed it for two weeks; labor leaders have probably interpreted this as a sign of government weakness. Khukrit's critics, such as Defense Minister Praman and former army commander General Krit, would likely try to exploit serious labor disorders for their own political gain. Krit has already let it be known that he is dissatisfied with Khukrit's indecisiveness

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January 5, 1976

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January 5, 1976

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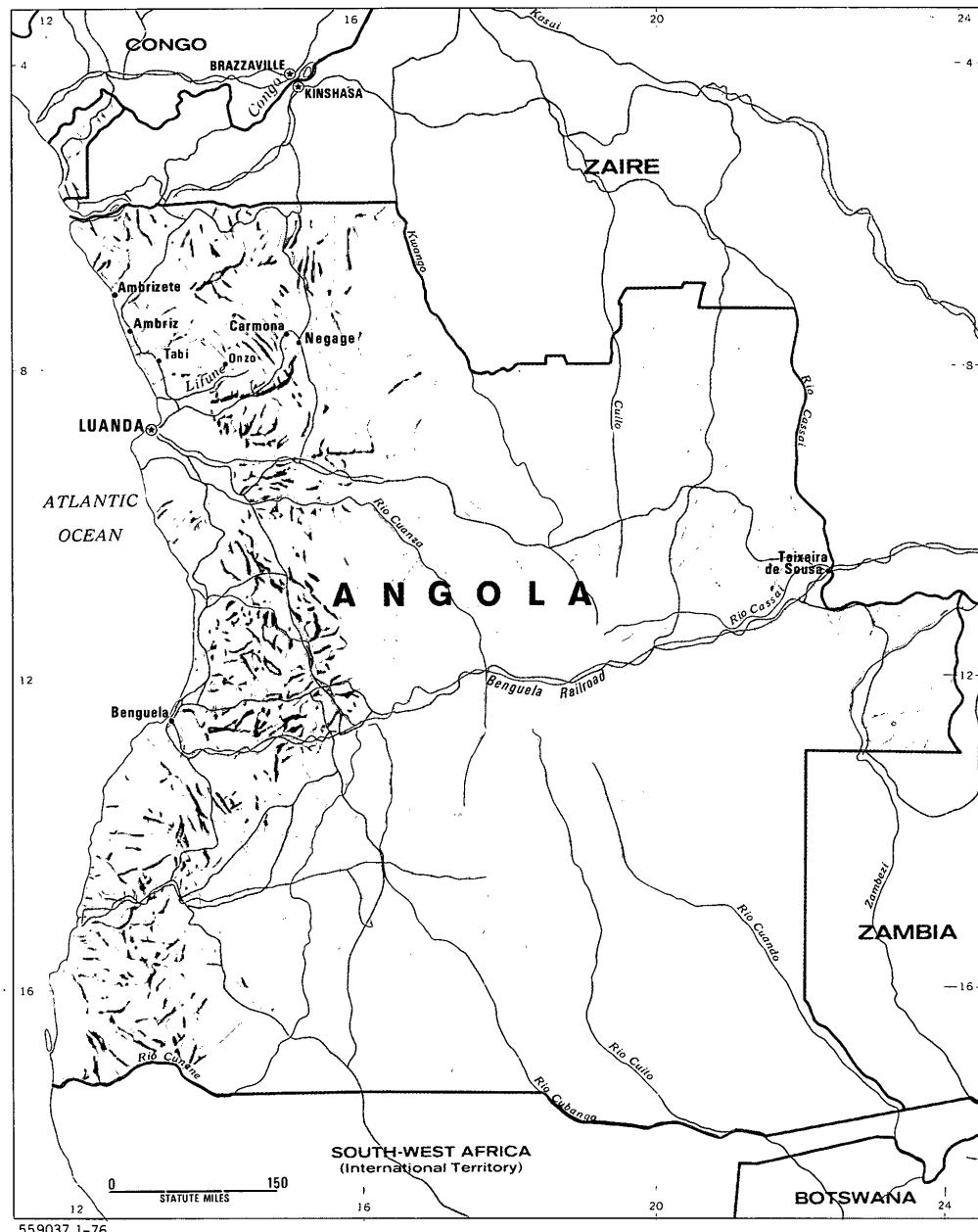
Angola: Popular Movement forces scored significant military gains against the National Front over the weekend. (Page 1)

Thailand: The strike by workers protesting price increases in rice and sugar has begun to pick up momentum, but has not become the general strike predicted by labor leaders. (Page 2)

Note: USSR (Page 3)

FOR THE PRESIDENT ONLY

ANGOLA



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ANGOLA

Popular Movement forces scored significant military gains against the National Front over the weekend.

Carmona, the National Front's second largest operational base in northern Angola, reportedly was captured on Saturday by the Popular Movement. Earlier in the day, Movement troops backed by T-34 tanks and multiple rocket launchers had captured Negage, the key outpost in Carmona's southern defense perimeter.

Popular Movement forces also are making steady progress toward Ambriz. During the weekend they pushed National Front forces from two outer defense positions at Onzo and Tabi.

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No new developments have been reported from the eastern front, where heavy fighting between the Popular Movement and the National Union was taking place late last week near Teixeira de Sousa.

The Front has suffered a serious military and psychological blow from the fall of Carmona. The Front now can be expected to try to recapture the base before the beginning of the Organization of African Unity's emergency summit on Thursday. Any further erosion of the Front's military position will strengthen the Popular Movement's claim that the Front cannot exercise effective military and political control in its own tribal region, and therefore is not entitled to be recognized by the OAU or any of its members as a legitimate nationalist organization.

* * *

The Soviet Kotlin-class destroyer that arrived in Conakry, Guinea, on December 29 left there on Friday and is moving south. The ship presumably is heading toward the vicinity of Angola and could arrive before mid-week. Meanwhile, the last of the Soviet heavy transports that flew to West Africa in the past ten days has returned to the USSR.

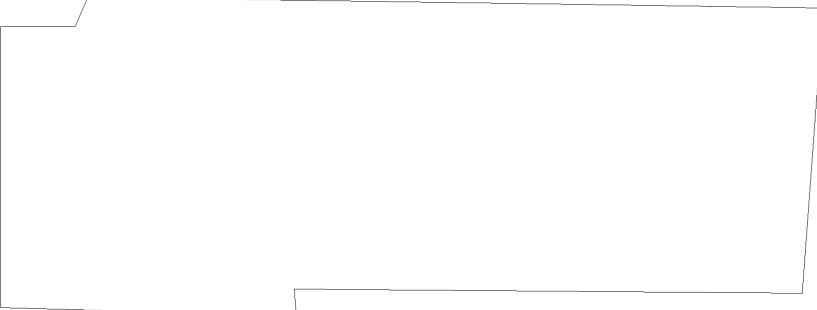
THAILAND

A strike by workers protesting price increases in rice and sugar has begun to pick up momentum, but has not become the general strike predicted by labor leaders. Its success may be determined today, the first full working day since the New Year holidays.

Labor leaders are demanding that the government freeze prices at current levels. The government's agreement to postpone the price increases until January 15 will likely harden the resolve of labor leaders to continue the work stoppage. They already have threatened unspecified "stronger" action if the government declares a state of emergency or dismisses the workers.

We have some evidence that Prime Minister Kukrit's political opponents have seized upon the price issue to undermine his government. They claim they have enough votes to bring down the government when the National Assembly convenes in special session sometime this week.

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NOTE

The USSR, in an apparent effort to show compliance with the provisions of the European security conference accord, yesterday announced plans to hold a military exercise near the Turkish border from January 25 to February 6.

This is the first Soviet notification of an exercise under the terms of the "confidence-building measures" called for in the CSCE document and carefully follows the conference guidelines on the subject. Still apparently undecided in Moscow, however, is whether to invite observers from the CSCE signatory states.

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January 6, 1976

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January 6, 1976

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Lebanon: Leftists are likely to start a new round of fighting in response to Prime Minister Karami's call yesterday for indefinite postponement of parliamentary elections. (Page 1) 25X1

Cuba-Angola: [redacted] 25X1

USSR: [redacted] 25X1

Notes: USSR-Morocco-Algeria; Syria; Thailand; Nigeria (Pages 5 and 6)

FOR THE PRESIDENT ONLY

LEBANON

Lebanese Prime Minister Karami's call yesterday for indefinite postponement of parliamentary elections is likely to prompt Lebanese leftists to start a new round of fighting. The far left stands to win a number of seats in parliament if elections are held on schedule between February and April.

Beirut is relatively calm. Renewed clashes could easily be triggered, however, by the numerous kidnappings and efforts by the Christian militias to search trucks bringing food to the Palestinian refugee camps.

The timing of elections can be changed by the president, prime minister, and parliament. Each has an interest in delaying a vote because of the continuing civil unrest and the growth of leftist political power in Lebanon.

Karami's call may reflect a private understanding between old-line Muslim and Christian leaders. Such Muslims as Karami and former prime minister Saib Salam fear the loss of their seats to radical leftists if elections are held soon.

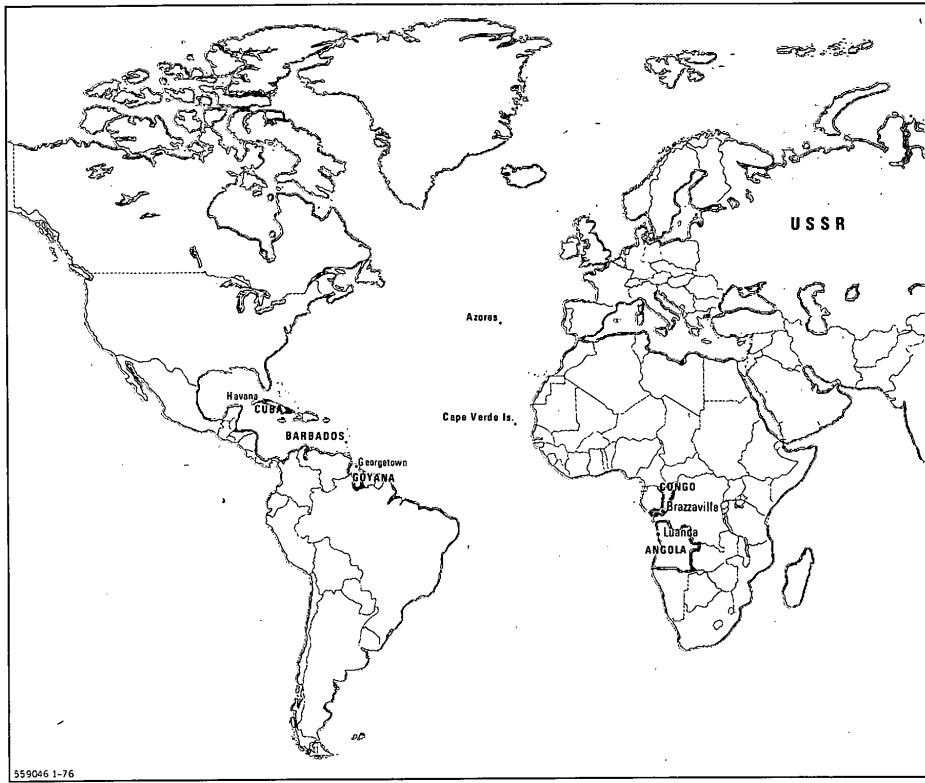
The Christians fear that election of a more radical and assertive parliament would jeopardize the subsequent election by parliament of an acceptably conservative successor to President Franjiyah. His term expires in September, and a presidential election--unlike that of parliament--cannot be constitutionally postponed.

The Christians may also calculate that extension of the tenure of the existing parliament would allow them to delay concessions providing for equal Christian and Muslim representation in that body. Christians now have a six to five majority in the 99-member legislature.

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Muslim and Palestinian leaders have reacted so far with restraint to the Christians' rejection last week of the Syrian-sponsored political reforms proposed last month. The Muslims issued a low-key statement condemning the Maronites but repeated their own willingness to negotiate a settlement.

Muslim restraint probably results partly from efforts of the Christian Phalanges Party to disassociate itself from calls by ultraconservative Christians for the partition of Lebanon into Christian and Muslim states.



CUBA-ANGOLA

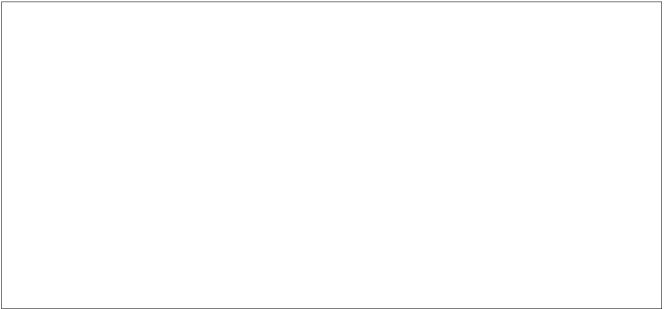
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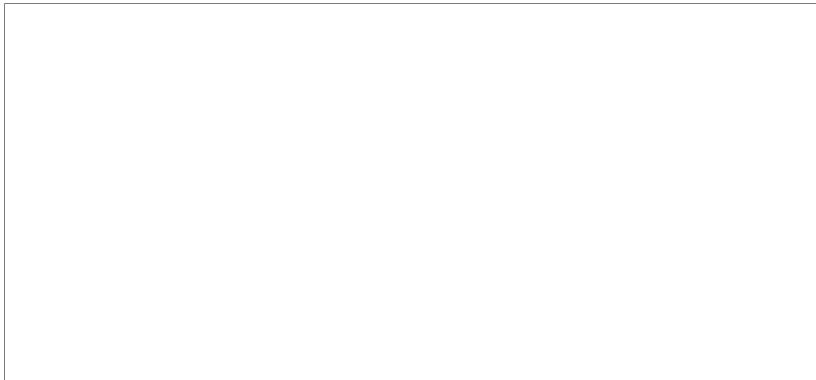
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Libya on Sunday became the 18th member of the Organization of African Unity formally recognizing the government established by the Angolan Popular Movement. The Qadhafi regime related its decision to South African assistance to the Popular Movement's rivals.

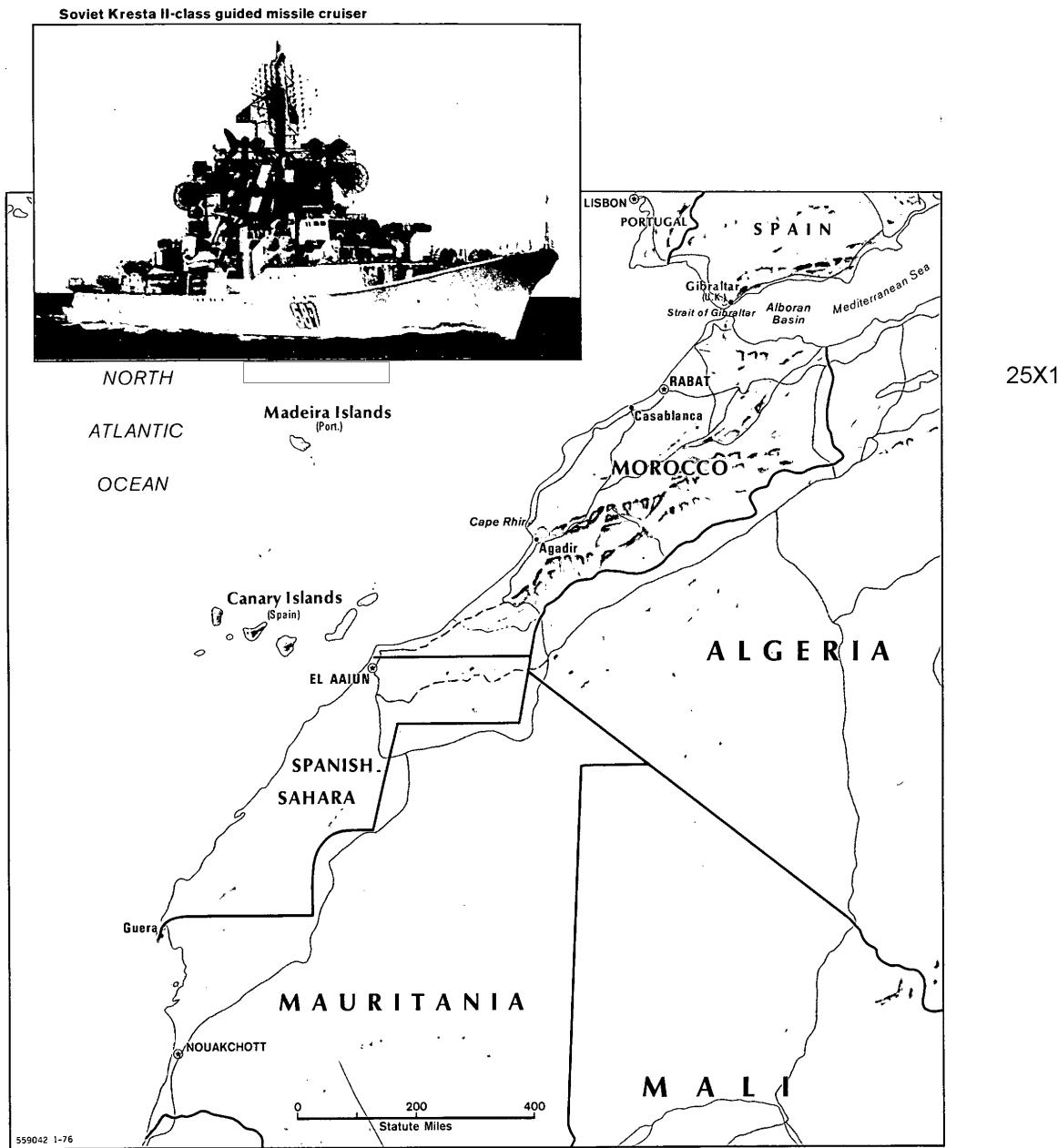
USSR



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NOTES

A Soviet guided-missile cruiser has left the Mediterranean for the Atlantic, apparently in response to Morocco's seizure of a Soviet ship.

Rabat has announced that a Soviet ship was intercepted off the coast of Spanish Sahara on Saturday and subsequently escorted to the port of Agadir. Three Algerian officers and a quantity of arms reportedly were found aboard. The Moroccan news agency asserted that the ship was bound for Spanish Sahara to deliver arms to the Algerian-backed Polisario Front.

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[redacted]
The report may in fact refer to a Soviet fishing trawler that was escorted to Agadir on December 30.

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Syria, hoping to obtain the broadest possible backing, apparently is planning to support the adoption of a low-key resolution when the UN Security Council debates the Middle East problem next week.

[redacted] the Palestine Liberation Organization may push for a resolution on the Palestinian question much like those approved by the General Assembly in 1974 and 1975. Although both the Syrians and the PLO probably expect a US veto, they hope that couching their demands in temperate language will cause the US some embarrassment and create further strains between Washington and Tel Aviv.

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The Thai government's announcement yesterday that it would freeze rice prices "for the time being" defuses, at least temporarily, one potentially serious political problem for the Khukrit cabinet.

Proposed increases in rice and sugar prices had prompted a labor protest rally that reportedly attracted some 10,000 persons. The prospect of larger turnouts may have forced the government to retreat from its decision to raise the prices on January 15.

* * *

Nigeria's price hike of its high-quality oil could add \$130 million annually to the US oil import bill.

On December 30, Lagos informed foreign oil companies that as of January 1 the average cost of Nigerian oil would increase by 40 cents per barrel. This increase is in addition to the \$1.20 raise enacted in October as part of the 10-percent hike decreed by OPEC. Lagos felt the hike was justified for high-quality crudes because OPEC--at its December 20 meeting--had not adequately reduced prices on lower quality oil, for which demand has fallen.

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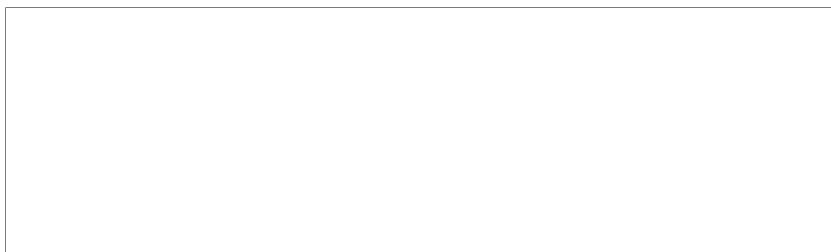
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<u>Angola:</u> In response to strong appeals from Zairian President Mobutu, South Africa has decided to delay withdrawal of its troops from Angola, at least until after the Organization of African Unity summit. (Page 1)	25X1
<u>Lebanon:</u> [Redacted]	25X1
<u>Israel:</u> Prime Minister Rabin has narrowly restricted Foreign Minister Allon's mandate for his talks in Washington this week to a discussion of tactics for the debate in the UN Security Council on the Middle East problem. (Page 5)	
<u>Italy:</u> The Socialist Party directorate is meeting today and tomorrow to decide whether to bring down the Moro government by withdrawing the party's crucial parliamentary support. (Page 7)	
<u>Notes:</u> Morocco-USSR; Japan-USSR; Thailand (Page 8)	

FOR THE PRESIDENT ONLY

ANGOLA

In response to strong appeals from Zairian President Mobutu, South Africa has decided to delay the withdrawal of its troops from Angola, at least until after the Organization of African Unity summit.



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A South African military official [redacted]

[redacted] stated yesterday that South African troops would remain until Pretoria can "determine the outcome" of the summit. After that, the official stated, Pretoria will withdraw unless it receives African or West European support in Angola. He also said that South Africa plans to ask within the next few days for Zairian air force support for the National Front in northern Angola.

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Mobutu apparently has some hope that a future South African pull-out can be traded off for a Cuban and Soviet withdrawal. Most African nations, however, do not equate the South African and Cuban-Soviet roles. At least some OAU members--perhaps enough to give the Popular Movement majority support--may regard the idea as blackmail and react by recognizing the Popular Movement.

Although Pretoria apparently is willing to go along with Mobutu for a few days, South African officials are sensitive to the political damage their assistance is doing to the National Union and National Front to maintain their legitimacy in the eyes of the other African nations. The South Africans believe that, in the long run, loss of that legitimacy could be more damaging to Pretoria's interests in Angola than a military withdrawal now.

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FOR THE PRESIDENT ONLY

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The presence of high-level Cuban diplomatic missions in Africa just before the meeting of the Organization of African Unity on January 10 indicates that Havana is making a major effort on behalf of the Popular Movement and in defense of its own military involvement in Angola.

A delegation headed by Osmani Cienfuegos, the Communist Party's top official concerned with Africa and the Middle East, met President Ngouabi of Congo on January 1. The same mission has visited Nigeria and is likely to go on to other African countries. Another mission, led by Cuba's UN ambassador, was scheduled to arrive in Ethiopia on January 3. The Nigerian visit evidently was successful; Lagos yesterday issued a strongly worded pro-Cuban, pro-Soviet, and anti-US statement.

* * *

China recently has registered disappointment with some Third World supporters of the Soviet-backed Popular Movement in Angola, but apparently has not attempted to bring any major diplomatic pressure to bear on them.

Despite Peking's continued public stance of neutrality, most Third World countries recognize that Chinese sympathies lie with the National Front and National Union. China realizes that any heavy-handed efforts on its part to affect developments in Angola would not only antagonize individual governments but would facilitate Moscow's efforts to depict Peking as colluding with the US and South Africans. A representative of the official Chinese news agency recently said that Peking had concluded that Angola was more vital to Western interests than to China and that there was little it could do to change the situation there.

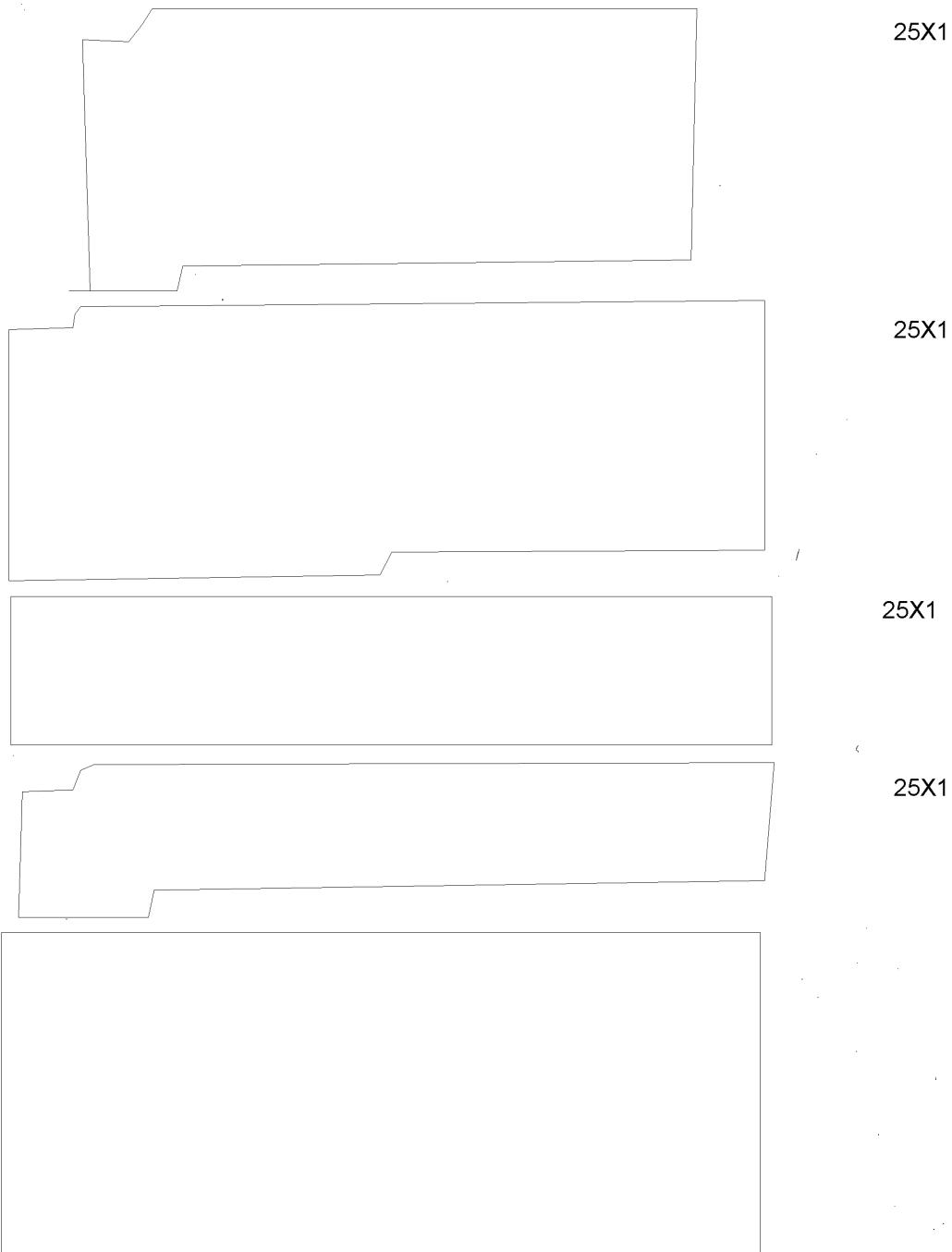


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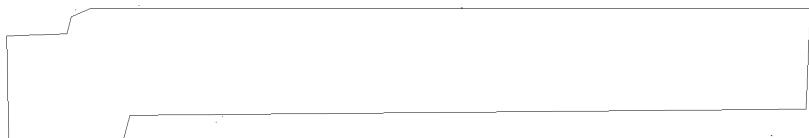
LEBANON

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ISRAEL

Prime Minister Rabin has narrowly restricted Foreign Minister Allon's mandate for his talks in Washington this week to a discussion of tactics for the debate in the UN Security Council on the Middle East problem, according to our embassy in Tel Aviv. Despite Allon's desire to broach other topics, Rabin has made it clear that he is reserving the broader foreign policy issues for his own visit to the US later this month.

Israel's prime concern is to forestall any action by the council that would enhance the status of the Palestinians as potential participants in future peace talks. The Israelis take it for granted that the US would veto any effort to change the essentials of Security Council Resolutions 242 and 338, which Israel maintains are the sole basis for Arab-Israeli peace negotiations.

The Israelis are much less confident that Washington would block an attempt by the Arabs to pass a moderately worded council resolution calling for consideration of the rights of the Palestinians. The Israelis contend that such a statement would significantly modify resolutions 242 and 338, which explicitly treat the Palestinian issue as a refugee problem. They fear that it might open a door allowing the Palestine Liberation Organization to be brought into Arab-Israeli negotiating at some later date. The Israelis insist the Palestinian issue can only be dealt with in peace negotiations with Jordan.

Allon, in his talks here, can be expected to press hard for assurances that Washington also will oppose any such Arab maneuver. The Israeli minister will suggest that the US support Israel's recent call for a resumption of the Geneva conference to consider the Palestinian and other issues. The Palestine Liberation Organization, with which Tel Aviv refuses to negotiate, is not a party to the conference.

(continued)

FOR THE PRESIDENT ONLY

Rabin probably has some misgivings about sending Allon to Washington to argue Israel's hard-line position, particularly on the Palestinian question. Allon considers this issue to be central in peace negotiations with the Arabs and makes no secret of his advocacy of a more flexible approach. In recent weeks this attitude has openly put him at odds with Rabin, who insists that this is not the time to alter Israel's long-held position. Along with most Israeli leaders, Rabin considers the Arabs' refusal to recognize the existence of Israel as the root cause of the Middle East conflict.

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[redacted] Allon, however, is not able to initiate major foreign policy shifts. In the cabinet he ranks below Rabin and Defense Minister Peres in influence. In the key areas of US-Israeli relations and Arab-Israeli negotiations, Prime Minister Rabin is in reality his own foreign minister.

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Allon is clearly frustrated by his limited influence and by the Prime Minister's penchant for personally handling the most important aspects of Israeli foreign relations. A major but not dominant national leader, he remains a team player who is not prepared to carry his differences with Rabin to the point of precipitating a government crisis.

ITALY

The Socialist Party directorate is meeting today and tomorrow to decide whether to bring down the Moro government by withdrawing the party's crucial parliamentary support.

While a compromise to avoid a government collapse is still possible, most evidence suggests that the Socialists will follow through on their threat to topple Moro. If their resolve holds, the Socialists will have to reconcile internal differences over how best to profit from the ensuing search for a new government.

Some--they appear to be a minority at this stage--want to push for early elections, on the theory that only the Christian Democrats and Communists will benefit if the legislature stays its full term into 1977. Others seem inclined to press for a new caretaker government--an all-Christian Democratic cabinet for example--that would be pledged to give more weight to Socialist views. The Socialists are likely to insist also that any new government consult more openly with the Communist Party in order to limit the latter's ability to profit electorally from its opposition status.

NOTES

The Moroccans continue to hold a Soviet fishing trawler at the port of Agadir.

A Moroccan patrol boat is moored alongside, and armed guards reportedly have cordoned off the area to prevent anyone from boarding. The cargo and the crew are still on board, and the Soviet captain has refused to allow his ship to be inspected until authorized by the Soviet embassy. The Soviets thus far have made no public announcement of the seizure, and both sides appear to be minimizing the incident. The Kresta II class cruiser that left the Mediterranean on Sunday in apparent reaction to the seizure evidently will not become involved. It was located early today about 400 miles southwest of Agadir.

* * *

Japan and the Soviet Union probably view Foreign Minister Gromyko's five-day trip to Tokyo, which begins on Friday, as a holding action, with no real improvement in relations likely.

Gromyko's visit is one of a series of periodic consultations with Japan and has been planned for some time. It was apparently delayed by Soviet concern that Tokyo would accept Peking's terms for signing a peace treaty with China. The Soviets now seem satisfied that agreement on the treaty is not imminent, and both Moscow and Tokyo consider it in their interest to maintain the semblance of a dialogue.

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Thai	

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January 8, 1976

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January 8, 1976

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Lebanon: Heavy fighting in Beirut's suburbs threatens to draw large Palestinian forces into the battle.
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Angola: The National Front is preparing for an attack by the Popular Front on a key road junction east of Ambriz; Cuba may be using Georgetown, Guyana, as a secret shuttle stop for its military airlift to Angola. (Page 3)

Italy: An early election may be the only way out of Italy's political muddle. (Page 5)

Notes: USSR-Angola; USSR-Morocco; Venezuela
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FOR THE PRESIDENT ONLY

LEBANON

Heavy fighting erupted yesterday in almost all Beirut suburbs following the collapse of negotiations to end the Christian blockade of two Palestinian refugee camps. If the Christian blockade continues, Fatah and Saiqa fedayeen units may for the first time be drawn into the fighting in force. These groups could, within days, commit as many as 5,000 troops to the fighting in Beirut. The introduction of such numbers would upset the rough balance of strength between Muslims and Christians that has prevailed over the past several months.

The Palestinian response thus far has been to shell Christian areas from the Tall Za'tar refugee camp and to attack the predominantly Christian Horsh Thabet district. Less intense clashes occurred yesterday throughout the Christian and Muslim neighborhoods on the east side of the Beirut River.

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(continued)

[redacted] 25X1
Prime Minister Karami has been unable to secure Muslim backing for reforms he had promised Franjiyah, [redacted] Damascus is refusing to accept a Christian proposal that any comprehensive agreement be guaranteed by an international police force to include Saudis, Kuwaitis, and Syrians.

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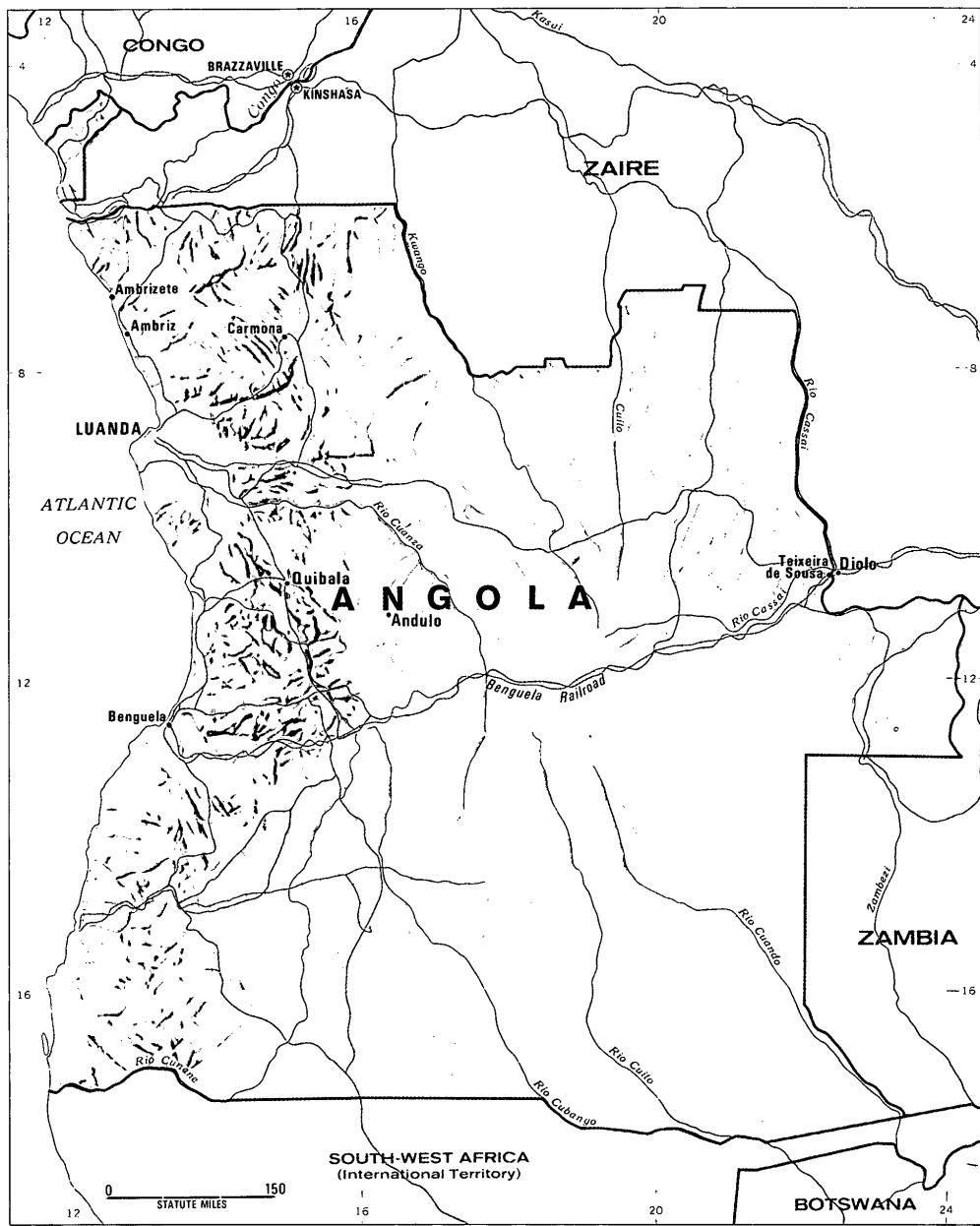
On Tuesday, Syrian Prime Minister Khaddam reacted to ultra-conservative Lebanese demands for the partition of Lebanon with the threat that Syria would annex the country if such an attempt were made.

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[redacted]
Such warnings are intended by Syria to intimidate Lebanese Christians into making political concessions rather than as firm declarations of intent. Syria wants to avoid giving Israel a pretext for moving into southern Lebanon.

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ANGOLA



ANGOLA

The National Front is preparing for
an expected Popular Front attack on a key
road junction east of Ambriz.

25X1

morale at Ambriz is plummeting and some
heavy weapons have been moved to Ambrizete
to keep them from falling into enemy hands.

Front hopes to begin an effort to recapture Carmona,
which it lost to the Popular Movement last weekend.
The loss of Carmona, a district capital in the area
inhabited by the Front's Bakongo tribal supporters,
was a severe political as well as military setback
for the Front. The Popular Movement is heralding
the capture as a major blow against National Front
"oppression" in the north, and it will probably play
heavily on that theme at the Organization of African
Unity meetings opening today in Addis Ababa.

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In central Angola, the Popular Movement has
broken the National Front - National Union siege of
Quibala and has begun a strong drive to the south-
east. The objective of the drive is the city of
Andulo, a gateway to the heavily populated central
highlands, where the National Union draws its tri-
bal support.

In the east, no territory is known to have
changed hands in recent days, but fighting is
taking place between Popular Movement and Zairian
forces at Teixeira de Sousa. Movement forces ap-
parently destroyed a bridge linking Teixeira de
Sousa with Diolo on the Zairian side of the border
in a move to forestall a possible attack from Zaire.

* * *

The Soviet guided-missile cruiser that left
the Mediterranean Sunday is moving south, probably
en route to Conakry, Guinea, which it could reach
by the end of the week. We had earlier assumed
that the ship's movement was in reaction to the
Moroccan seizure of a Soviet fishing trawler. It
is too early to determine whether the cruiser will
remain at Conakry or join the Soviet destroyer and
landing ship that are now in Angolan waters.

(continued)

* * *

Cuba may be using Georgetown, Guyana, as a secret shuttle stop for its military airlift to Angola.

A local civil air official has told our embassy in Georgetown that logs at Georgetown's Timehri airport show a total of five Cuban flights to Africa since December 21. Most if not all of the flights involved IL-18s rather than the Bristol Britannias we have been observing on other legs of the Cuban airlift.

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ITALY

The resignation of the Italian government yesterday presents the country's party leaders with basic political choices. Another shuffling of cabinet portfolios would provide politicians only a temporary respite. An early parliamentary election may be the only way out.

The Socialist Party brought about Prime Minister Moro's resignation by withdrawing its support in parliament. The Socialist decision came after months of analysis led Socialist leaders to conclude that their party must take the initiative or eventually risk its survival as a separate political party.

The Socialists concluded that any new partnership with the Christian Democrats must be based on two conditions:

--That the Christian Democrats agree to programs that would appeal to the leftist voters the Socialists want to capture.

--That any new government consult more openly and formally with the Communists so that they cannot use their opposition status so effectively in electoral competition with the Socialists.

The latter condition--aimed as much against the Christian Democrats as the Communists--is likely to be the major stumbling block to any new agreement. Had the Socialists waited until after the Christian Democratic congress is held in March, the latter might have found a way to compromise on the issue.

As of now, however, the Christian Democrats are deeply divided over the wisdom of openly qualifying their opposition to the Communists. A majority of Christian Democrats appear to feel that dealing with the Communists more openly runs the risk of sliding into broader and irreversible collaboration with them.

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FOR THE PRESIDENT ONLY

For their part, the Communists do not relish the prospect of a free-for-all at this time among the governing parties. The Communists saw their interests served best by Moro's continuation in office. That gave them the opportunity to work discreetly in parliament to further Communist leader Berlinguer's aim of an eventual rapprochement with the Christian Democrats, while maintaining Communist credentials as an opposition party.

President Leone has the option of refusing to accept Moro's resignation or of insisting on a parliamentary debate followed by a vote of confidence. The President refused to accept former prime minister Rumor's resignation in 1974, because Leone thought the political and economic situation too precarious to permit a government collapse. Rumor eventually succeeded in patching up the feud. Leone has a similar view of the current situation, but he will probably conclude that the differences that led the Socialists to abandon the government are deeper in this instance.

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All of the parties are publicly opposed to an early election, although some Socialists and Christian Democrats are privately urging their parties to push the situation in that direction.

NOTES

The Soviet Union seems to be trying to end speculation that an unsigned commentary published in Pravda on January 3 signaled a major change in Moscow's policy toward Angola.

A front-page editorial that appeared in *Izvestia* on Tuesday reiterated Moscow's view that there is no contradiction between Soviet support for the Popular Movement and detente. The editorial states that detente and the "struggle against racism and apartheid"--an obvious reference to South African involvement in Angola--are compatible. *Izvestia* described the National Front and National Union as "tools of imperialism," and reasserted the "right" of the USSR--and, by implication, Cuba--to intervene in Angola. Although the editorial does not exclude the possibility of an eventual coalition regime in Angola or the cessation of Soviet (and Cuban) intervention, it offers no encouragement along these lines.

* * *

The Soviet fishing ship now being held in Agadir, Morocco, is likely to be released in the next few days.

The Moroccans have satisfied themselves that the trawler carried neither arms nor Algerian officers as Rabat had publicly claimed. A Soviet press statement yesterday, refuting reports that the trawler carried arms or Algerians, included no belligerent language. This suggests that the USSR is ready to write off the incident, if the vessel is released.

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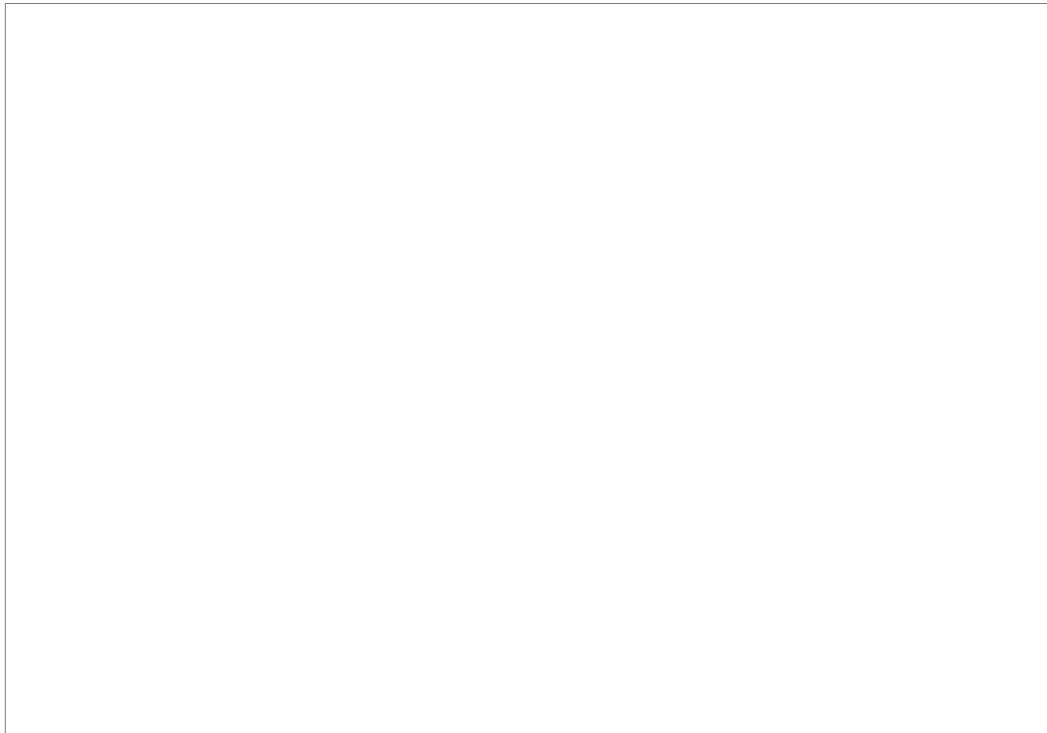
Venezuela

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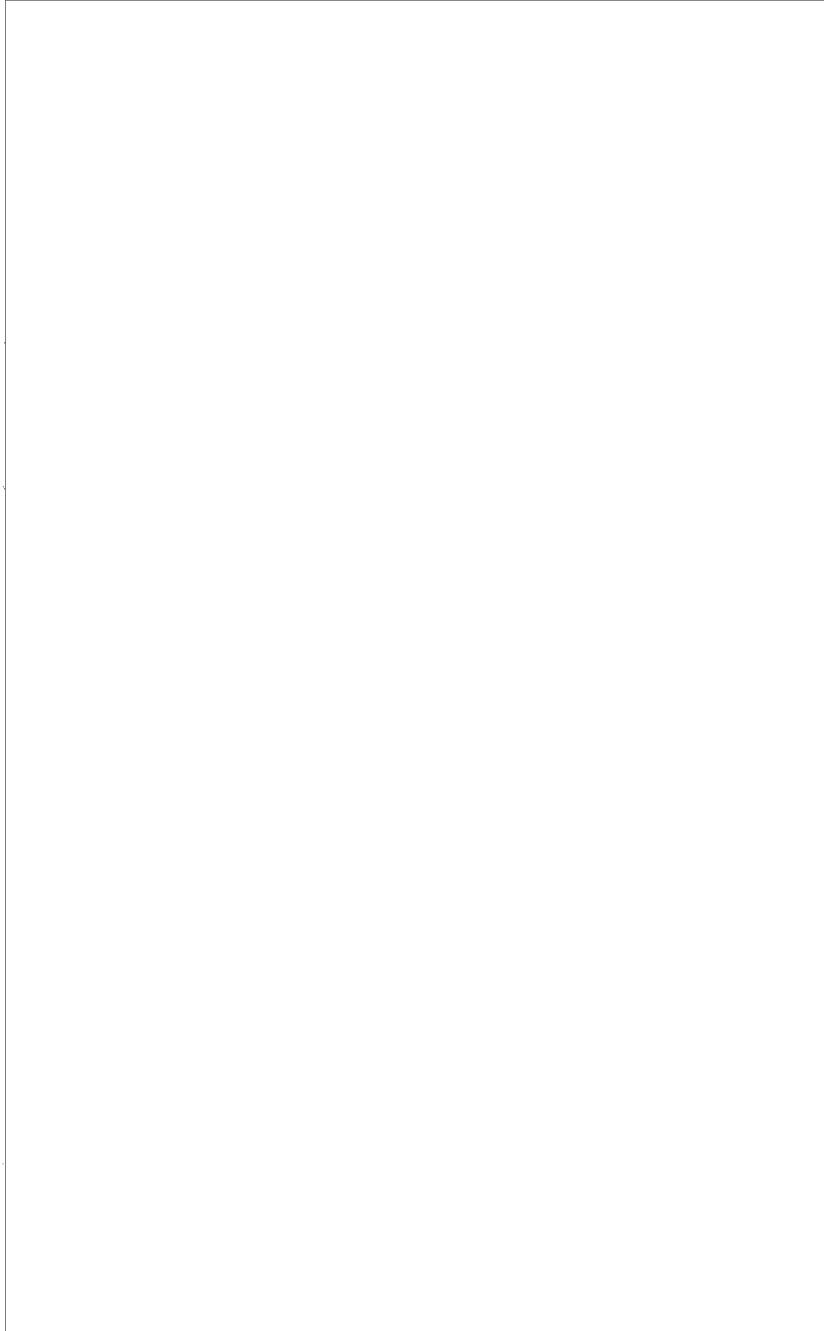
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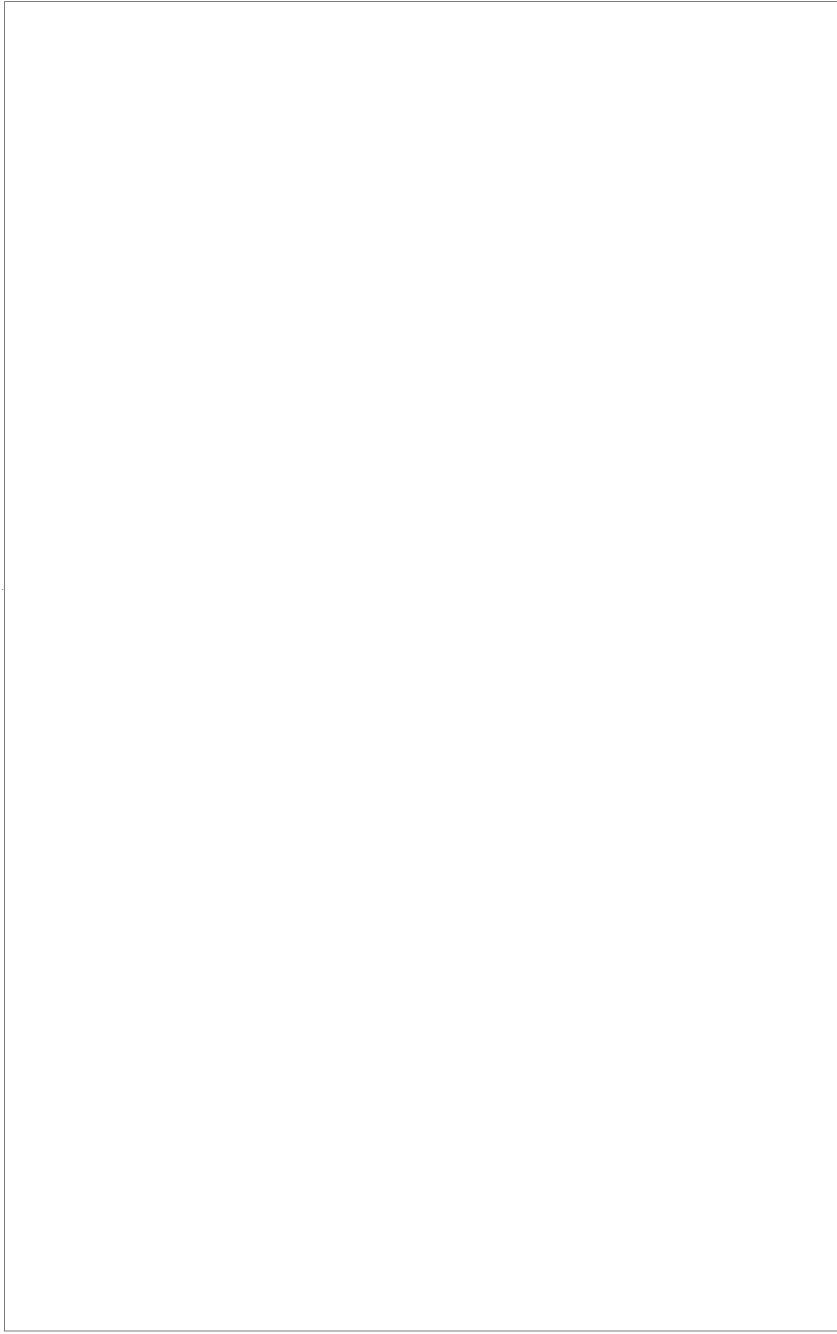


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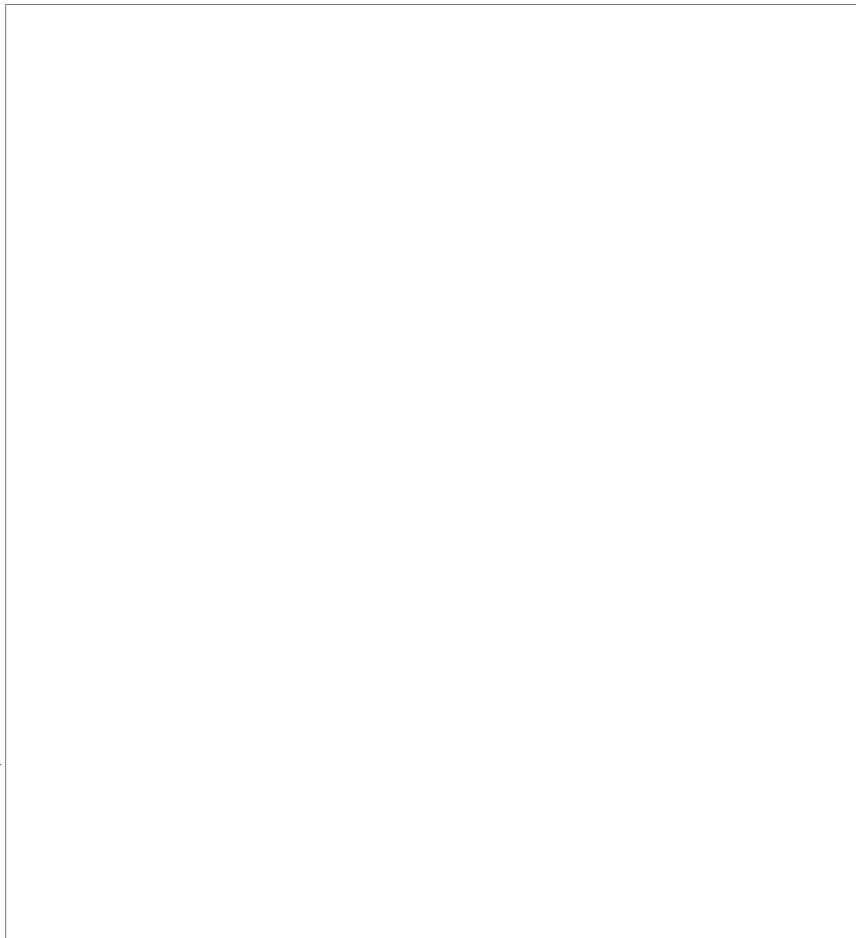
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[redacted]

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FOR THE PRESIDENT ONLY

CHINA

The official announcement of the death of Chinese Premier Chou En-lai yesterday morning appears to have been received calmly. Chou's long illness and gradual withdrawal from affairs of state had prepared the Chinese public for his death. He will be succeeded as premier by Teng Hsiao-ping, now China's first vice premier, who has been fulfilling most of Chou's former duties for well over a year.

Chou's physical decline apparently began in 1972. The 10th party congress, which met in August 1973, probably was convened partly to work out arrangements for his eventual replacement. Some indications of his illness were publicized two years ago; Chou entered a hospital in June of 1974, emerging briefly on only two occasions. He probably entered the terminal phase of his illness--now officially confirmed to have been cancer--in September 1975, when he ceased to receive visitors even in his hospital suite.

The formal transition to the post-Chou era should be relatively painless. No immediate policy changes as a result of the premier's demise are likely. Indeed, the Chinese can probably count as one of their major successes of the past year and a half their management of the transition.

In addition to carrying out his formal duties as Chou's stand-in, Teng Hsiao-ping has, over the past year, moved vigorously to consolidate his authority over the state, party and army bureaucracies. Teng, however, lacks the overwhelming prestige and even affection accorded Chou by the Chinese public and by many officials of the regime.

As one of the most prominent victims of the Cultural Revolution, Teng's past record is at least somewhat vulnerable. His gradual assumption of power over the past three years has undoubtedly been resented by party members closely associated

(continued)

with the policies of the Cultural Revolution. This resentment is unlikely to abate fully any time soon. Teng appears to retain the confidence of Mao Tse-tung, who a year ago was reported to have called the vice premier a man of extraordinary political insight.

Teng almost certainly lacks the broad vision as well as the depth of varied experience possessed by Chou, who had remained uninterrupted at the highest levels of the Chinese Communist Party since its founding in 1921--a record that even surpasses that of Mao himself. Although Teng has a well-deserved reputation as an efficient administrator, he does not seem to possess to the same degree Chou's talents for conciliation and compromise.

Chou undoubtedly played an important advisory role in the decision-making process until the terminal phase of his illness incapacitated him last autumn. The absence of his advice and experience are likely to have a subtle effect, over the long term, on the shape and flexibility of Chinese policies, both domestic and foreign. Although Teng Hsiao-ping appears to accept fully the rationale that led to Peking's partial rapprochement with Washington, Chou was one of the two men who initiated the policy and whose prestige was deeply bound up with its success.

Chou's demise emphasizes the age and uncertain health of other top leaders of the Chinese regime, particularly that of Mao himself, who turned 82 two weeks ago and who is obviously frail. Chou is the second party vice chairman to die in less than a month and the third member of the Politburo standing committee to die in less than a year.

Chou's death also highlights the fact that China has now moved well into the transition toward a new generation of leaders. Peking may soon find it necessary to reconstitute the party's top leadership by moving up several second-rank figures.

USSR-CUBA-ANGOLA

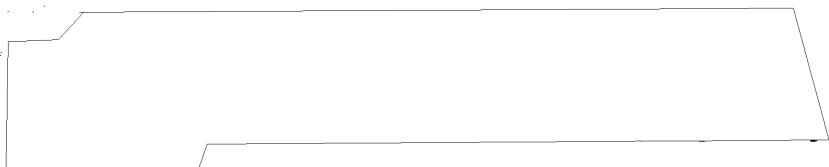


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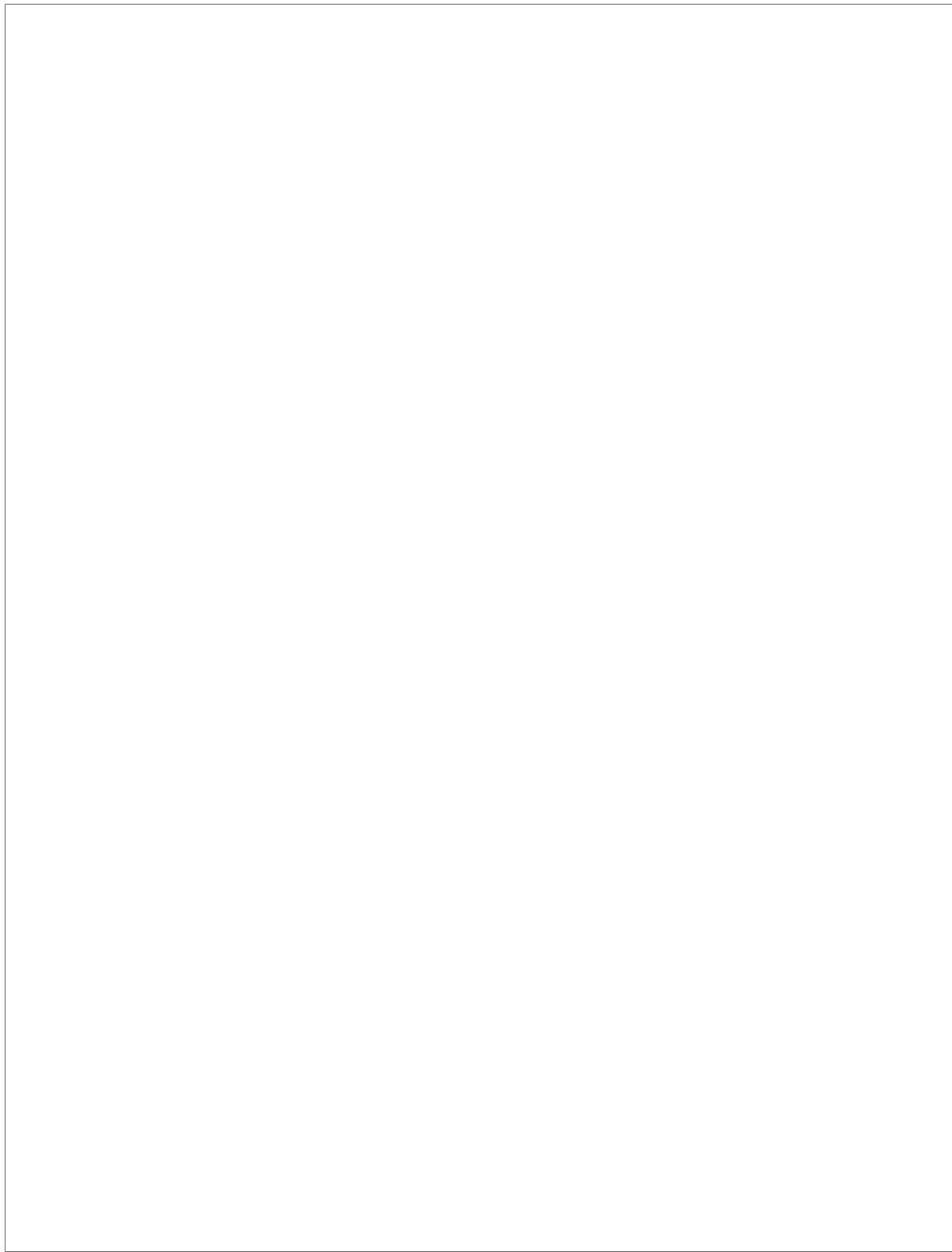


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*The National Front, which has been
losing ground in the northern battle
zone to the Popular Movement, has begun
evacuating its troops from Ambriz* [redacted]

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Some troops have been airlifted to Ambrizete,

[redacted] Before evacuation began, there was a total
of some 1,700 troops at Ambriz.

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In the west central sector, where the South
Africans and mercenaries have been supporting
forces of the National Front and the National Union,
heavy fighting is taking place around Quibala,
Gabela, and Mussende, according to South African
press reports. Action along this front has picked
up within the past few days as Popular Movement
troops have moved out from their stronghold at Qui-
bala after fending off an attack by the allied
group.

Clashes between elements of the National Front
forces and their "allies," National Union troops,
have intensified in central and southern Angola

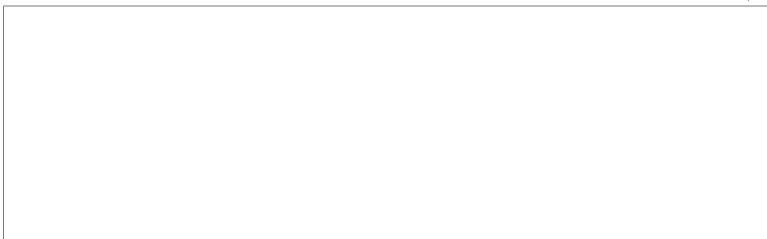
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LEBANON

No progress is being made in efforts to negotiate an end to the heavy fighting in Beirut. The cabinet and parliament have been unable to meet this week, and the Palestinians and Lebanese Muslims are boycotting meetings of the "higher coordination committee" to protest the Christian blockade of two Palestinian refugee camps.

An unofficial meeting of the coordination committee--the extra-governmental body that has regularly brought leaders of the warring factions together--was held late Wednesday night, but failed to act on cease-fire proposals put forward by a liberal Christian cabinet member. Neither the right-wing Christians nor the Palestinians showed any signs of willingness to compromise.



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In fact, some units of the government's internal security force and the Lebanese army have been drawn into the fighting, partly against their will.



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Christians in the government are pushing for greater use of the army, but as usual this is being resisted by Karami. Even if the army were brought in, it could not redress the imbalance being created by the growing Palestinian involvement. According to press reports, the Palestinian news agency has for the first time acknowledged that a "broad spectrum" of Palestinian forces is involved in the fighting.

(continued)

Our embassy reports that on Wednesday a force of some 1,200 Palestinians and leftists was attempting to open a road into two refugee camps by attacking nearby Christian areas. The embassy believes that the large Palestinian units were still being held back at that time.

Lebanese army and security forces suffered casualties in one of the clashes, but appear to be attempting only to keep the private militias apart. We cannot confirm Palestinian charges that government forces are fighting on the side of the Christians. The Christians admit to losing some ground, however, and government units may have attempted to stand in the way of the Palestinian advance.

NOTES

Iceland yesterday demanded a special NATO meeting to consider its grievances against the UK because of another ramming incident.

The government announced that the Director General of the Icelandic Foreign Ministry will visit all NATO capitals to present Reykjavik's case. Icelandic ambassadors to the US, Canada, and the UN are to be called home for consultations. The government also intends to invite NATO Secretary General Luns to Reykjavik for discussions. Meanwhile, former Icelandic prime minister Johannesson has said he wants to meet with the US ambassador in Reykjavik shortly to discuss possible contingency plans to retain the US-manned NATO base at Keflavik if Iceland should withdraw from the alliance.

* * *

Thai Prime Minister Khukrit announced the formation of a new cabinet yesterday.

Two parties crucial to the coalition's survival were given additional cabinet seats, and the opposition Social Agrarian Party was brought into the coalition. While the new cabinet expands the role of the conservative parties, it will not end Khukrit's problems with the political right.

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[redacted] The opposition may try to introduce a motion of no-confidence next week, although few of them believe such a move would have much of a chance of success at this time.

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January 10, 1976

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Nigeria-US-Angola: The Nigerian military regime's emotional commitment to the withdrawal of South African forces from Angola is reflected in its denunciation of your letter. (Page 3)

Portugal-Angola: Portugal's neutrality toward the warring factions in Angola is again a contentious issue in top military circles. (Page 4)

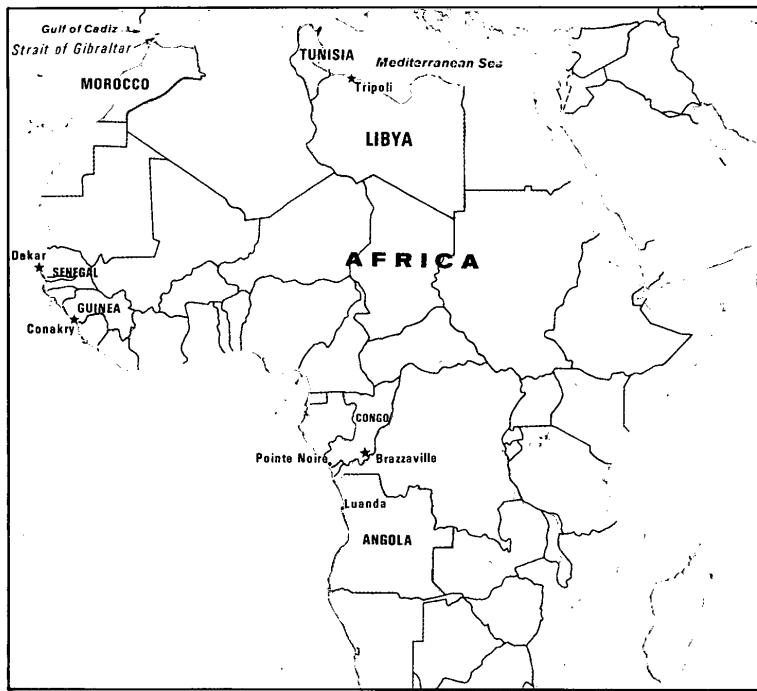
Portugal: Prime Minister Azevedo professes to be optimistic about the political situation, although he is concerned about the threat from political extremists. (Page 6)

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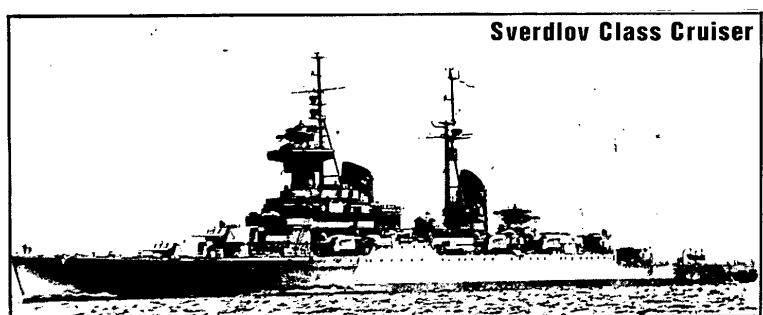
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USSR

The actions of a Sverdlov-class cruiser in the Mediterranean suggest that it too may be en route to Atlantic waters off Africa.

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The Kresta II-class cruiser that left the Mediterranean last Sunday was detected early this morning 300 miles northwest of Conakry, Guinea. It could arrive there today or tomorrow.

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We have no further information on the Soviet intelligence collection ship that left the Gulf of Cadiz on Thursday and which may be heading for Angolan waters.

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NIGERIA-US-ANGOLA

Nigeria's blunt denunciation of your letter on Angola reflects the depth of the military regime's emotional commitment to the withdrawal of South African forces from Angola and the ruling majority's insecurity about its internal position.

The official reaction has been accompanied by shrill anti-US blasts in the controlled Nigerian press and small-scale student demonstrations at the US consulates in Kaduna and Ibadan on Thursday and Friday. A demonstration is planned today in Lagos against our embassy.

The regime of Brigadier Murtala Muhammed, which came to power last July, recognized the "government" of the Popular Movement in November, mainly in reaction to South African involvement in Angola. It has since given the Movement \$20 million in aid and reportedly has considered sending a token military contingent to help combat the South Africans.

Having staked so much on all-out support for the Popular Movement, Muhammed and his closest supporters seem to view any argument for a government of national unity in Angola and the withdrawal of all foreign forces as undermining their own position in Nigeria. A minority within the ruling 22-man Supreme Military Council apparently has been arguing that Soviet and Cuban involvement in Angola presents a greater danger to Africa than the small South African presence.

PORUGAL-ANGOLA

Portugal's neutrality toward the warring factions in Angola is again a contentious issue in top military circles.

Military leaders are split over recognition of the Soviet-backed Popular Movement for the Liberation of Angola [redacted]

25X1

[redacted]. The group favoring early recognition--which reportedly includes Foreign Minister Antunes and members of his "political" faction-- argues that this might prevent the Popular Movement from becoming too dependent upon Soviet financial and technical assistance. They also believe the US and South Africa are about to withdraw their support from the two opposing factions, and that this will assure the victory of the Popular Movement. Unless Lisbon recognizes the Popular Movement soon, they reportedly reason, Portugal's future relations and influence with Angola and its other former African territories will be seriously undermined, and the considerable Portuguese financial interests in Angola will be jeopardized.

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The opposing group in the council, led by Prime Minister Azevedo and the apolitical "professional" officers, argues that recognition of the Popular Movement now would split the Portuguese armed forces, enrage the recently returned Angolan refugees, and possibly plunge the country into civil war. Azevedo claims his group now has a majority in the council on this question, but he is not sure how long this view will prevail in the face of mounting pressure against it.

In recent meetings with Senator McGovern and Ambassador Carlucci, Azevedo averred that Lisbon is anxious to pursue an Angola policy which is in harmony with that of the US.

He also responded favorably to the US demarche on the refueling in the Azores of Cuban military flights to Angola, repeating earlier assurances from a presidential aide that transit facilities for such flights would be terminated. The Foreign Ministry, however, continues to assert that the Portuguese government "has no proof" that the

(continued)

FOR THE PRESIDENT ONLY

Cuban flights are military in nature, despite Azorean press reports that five aircraft carrying military personnel and equipment transited the islands in late December.

Azevedo also expressed a willingness to intercede with the Cape Verde government, which has extended the Cubans similar transit facilities. The close ties recently cultivated by Havana with the former Portuguese territory suggest that such an intercession is unlikely to be successful.

PORtUGAL

Prime Minister Azevedo presented an essentially optimistic review of the Portuguese political situation in a recent tour d'horizon with Ambassador Carlucci, although he expressed concern over the threat from political extremists, particularly on the far right.

Azevedo claimed that only minor jurisdictional disputes between the Socialists and the centrist Popular Democrats over sub-cabinet posts are delaying a final announcement on the government reorganization.

The Prime Minister confirmed that elections for a legislative assembly have been set, but expressed concern that the Communists and the far right would try to polarize the country in the period leading up to the April vote. He fears that rightist agitation may play into the Communists' hands.

Azevedo was especially worried about rightist efforts to mobilize peasants in the north and referred to a planned rally by disaffected farmers this Sunday in the northern city of Braga as an occasion ripe for exploitation by followers of former president Spinola. The farmers are gathering to protest the agrarian reform program and to demand higher prices for farm produce, but the rally could degenerate into an anti-Communist forum. The government apparently fears that this could trigger strong Communist reaction at several leftist rallies scheduled for next week in Lisbon.

In a more positive vein, Azevedo expressed confidence in his government's ability to solve the Azores problem. An Azorean delegation hopes to meet with Azevedo today and with the Council of Ministers on Tuesday in an effort to obtain significant changes in the decree law issued last month that fell far short of Azorean expectations of greater autonomy. If the talks fail, the issue will likely trigger a strong protest in the Azores.

USSR-CHINA

Moscow probably anticipates no early change in China's policy toward the Soviet Union as a result of Premier Chou En-lai's death.

The Soviets respected Chou's skills in promoting China's interests in the international arena, frequently at the expense of the USSR, but they also saw him as a force for moderation in China's dealings with Moscow. In this sense, his death is a setback to the prospect of less hostile Sino-Soviet relations.

The Soviets do not think well of Chou's successor, Teng Hsiao-ping. They well remember that it was he who violently attacked Khrushchev at the international Communist conference in 1960, who oversaw the bitter polemics between the two sides in the early 1960s, and who traded nasty words with Brezhnev at the Romanian party congress in 1965. The Soviets are also aware that one of the factors that allegedly persuaded Mao to rehabilitate Teng in 1973 was his negative attitude toward the USSR. They have consistently deprecated Teng's capacities as a leader over the past year and have, to foreigners as well as among themselves, portrayed him as a transitional figure.

Despite their misgivings about Teng and the oft-expressed belief that there will be no fundamental change in China's policy toward the USSR until well after Mao is dead, Moscow will want to make fresh soundings about the possibility of change in the wake of Chou's death. This is especially true since the release of the Soviet helicopter crew may cause uncertainty in Moscow about where China now stands vis-a-vis the USSR.

WORLD GRAIN

World grain supplies, excluding rice, will remain tight in 1975/76. Instead of a 3-percent increase in global production, we now expect no change. At the same time, demand for imported wheat will be up an estimated 11 percent from 1974/75, while demand for feedgrain will jump 18 percent.

Total world wheat production is estimated at 342.8 million tons, some 8 million tons below last year (marketing year July 1974-June 1975). The decline reflects a Soviet harvest that was worse than expected, and which is only partially offset by improved prospects in Argentina, Australia, and Canada. Total world production of feedgrain in 1975/76 is forecast at 594.2 million tons. This is 8 million tons above 1974/75.

World trade in grain probably will reach a record 141 million tons in the 1975/76 marketing year because of large Soviet imports. Foreign demand for US wheat and flour is likely to reach a record 34.9 million tons and for US corn 37.3 million tons. Despite these projected exports, a small buildup of US stocks is likely. Stocks elsewhere probably will decline.

Grain prices have drifted downward since late summer owing to the harvesting of record US crops, the temporary end of the Soviet buying spree, and the favorable outlook for wheat harvests in the southern hemisphere. For the time being, prices seem to have settled within a narrow trading range.

Developments that could force a price increase are:

- Southern hemisphere crops, especially the key Argentine corn crop harvested early this year, could fall below current expectations.
- The outlook for winter wheat crops in the USSR and US may continue to deteriorate.
- Additional Soviet grain purchases for delivery by October 1 might exceed the 3 to 5 million tons now projected.
- India and other developing countries may increase imports to support stockbuilding policies.

Beirut, Lebanon



NOTES

Heavy fighting continued undiminished in the Beirut suburbs around the Tall Zatar refugee camp and spread to the hotel district early this morning. Both sides seem to see the battle as a major test of strength and show little inclination to negotiate a cease-fire.

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Each warring faction claims to have made major gains, but [redacted] the fighting is stalemated. The Palestinians thus far have refrained from attacking the Christian quarters in central Beirut and are concentrating their efforts on lifting the blockade of Tall Zatar. They reportedly are insisting that the siege be lifted unconditionally before agreeing to a cease-fire.

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The only hopeful sign is a report that President Franjiyah sent a special emissary to Damascus on Thursday, apparently to seek Syrian President Asad's help in ending the fighting.

* * *

[redacted] Israel [redacted]

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The Soviet Union's unclassified earth resources satellite program apparently is being slowed by a lack of proper data processing equipment.

According to the Soviets, their current program is based mainly on photography from Salyut spacecraft. This photography is not suitable for some uses because its coverage is limited and it is not timely; the film must be returned to earth physically in contrast to the US Landsat system. The Soviets have been trying unsuccessfully for several years to buy data processing equipment comparable to that associated with Landsat. They have also inquired about the purchase of earth resources satellite sensors such as multispectral scanners and cameras.

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Rhodesia

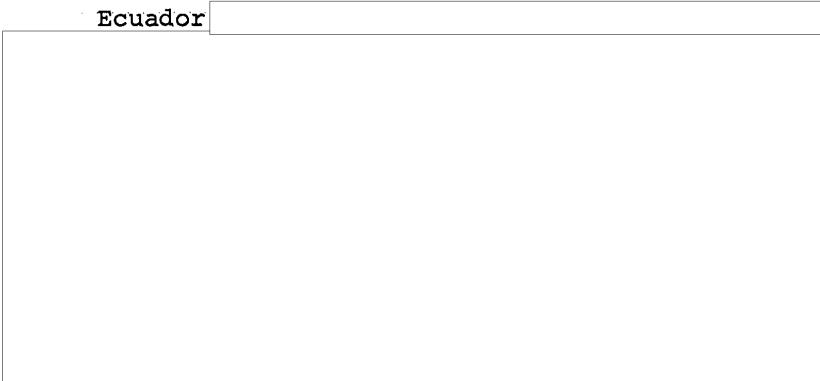
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Ecuador

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UN - Middle East - USSR: Saudi Foreign Minister Prince Saud says Saudi Arabia has coordinated with Syria, Egypt, and the PLO a constructive resolution for the Security Council debate.
(Page 1)

Lebanon: Fighting spread to nearly all sectors of Beirut during the weekend. (Page 4)

Cuba-Angola:

[Redacted]

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(Page 5)

USSR-Angola: The Soviet Kresta II class cruiser off west Africa is en route to the Gulf of Guinea.
[Redacted]

25X1
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(Page 7)

Italy: Major parties begin talks with President Leone today on how to replace the Moro government. (Page 9)

Notes: Ecuador; Spain (Page 11)

FOR THE PRESIDENT ONLY

UN - MIDDLE EAST - USSR

Saudi Foreign Minister Prince Saud informed the US embassy Saturday that Saudi Arabia has coordinated with Syria, Egypt, and the Palestine Liberation Organization a unified, "constructive" resolution for the UN Security Council debate on the Middle East that begins today. There are other indications, however, that some Syrians and Palestinians may be pressing for a more strident resolution.

According to Prince Saud, agreement was reached on a three-part resolution that would include provision for:

--Israeli withdrawal from occupied territories, without employing the controversial term "the territories" that the Arabs usually use to imply a total withdrawal.

--The rights of the Palestinians, apparently without specifying that these include "national" rights or the right to a homeland or state.

--Guarantee of security for the states of the area.

Syrian President Asad and most senior Syrian officials are widely reported as wanting to obtain passage of a resolution that is temperately worded and to avoid a US veto. It is not clear, however, that Syria's idea of temperate language accords with US thinking. There is also considerable question whether the Arabs have watered down their demands to the extent Prince Saud implies.

While there seems little doubt that President Asad will strive to avoid a US veto, his room for maneuver is somewhat limited. Having pressed for the Security Council debate in order to emphasize Syrian frustration at the lack of progress in peace negotiations and to press for PLO participation in

(continued)

negotiations, Syria cannot end the debate with less than recognition--at least in general terms--of the need for further Israeli withdrawal and the principle of Palestinian rights.

How far the Syrians will press these issues will depend in large measure on how they perceive the US reaction. Encouraged by the US statement last November underscoring the importance of the Palestinian problem, Syria tends to believe that the idea of PLO participation in negotiations is gaining greater acceptance within the US government. If the Syrians believe the US position at the UN still gives reason for encouragement, they might accept a vaguely worded resolution that avoided spelling out the extent of Israeli withdrawals or the specifics of Palestinian rights.

Indeed, the position outlined by Saudi Prince Saud may constitute the Syrians' and Palestinians' minimum position--one they could accept if they believe the US had adopted an accommodating position. There have been indications that the PLO too wants to avoid a sterile polemical debate, and it might be receptive to a compromise formula on Palestinian rights.

Egypt has not played an influential role in the formulation of Arab strategy. In contacts with PLO leaders, Egyptian officials have urged that the PLO take an accommodating approach. Egyptian media have repeatedly advocated Arab flexibility as the best means of calling Israel's bluff.

Egyptian influence is so limited at this point, however, that its calls for moderation will have little impact with the PLO unless that organization itself decides, in conjunction with Syria, that this is a wise course. Egypt has had no contact with Syria at all on the issue.

Israel is maintaining its vigorous opposition to the Security Council debate and particularly to the expected participation of the PLO. The Israelis are looking to Washington to hold the line against possible Arab attempts to push through a resolution that could provide an opening for the inclusion of the Palestinians as separate participants in negotiations.

(continued)

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The USSR is unenthusiastic about the Security Council discussions. A statement issued Friday reflects Moscow's concern that the debate will hamper efforts to reconvene the Geneva conference--where the USSR enjoys a role co-equal with the US--and suggests disapproval of any Syrian effort to alter substantially the basic Security Council resolutions regarding the Middle East.

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LEBANON

Fighting spread to nearly all sectors of Beirut, including the central hotel district, during the weekend. In the eastern suburbs, leftist and Palestinian forces continue efforts to break the Christian blockade of two Palestinian refugee camps.

Following a meeting on Saturday between Prime Minister Karami and other Muslim leaders at which Karami denounced the Christian blockade, the Lebanese army announced that it would escort a convoy of food and water supplies to the camps. Continued fighting, however, has prevented the convoy from moving.

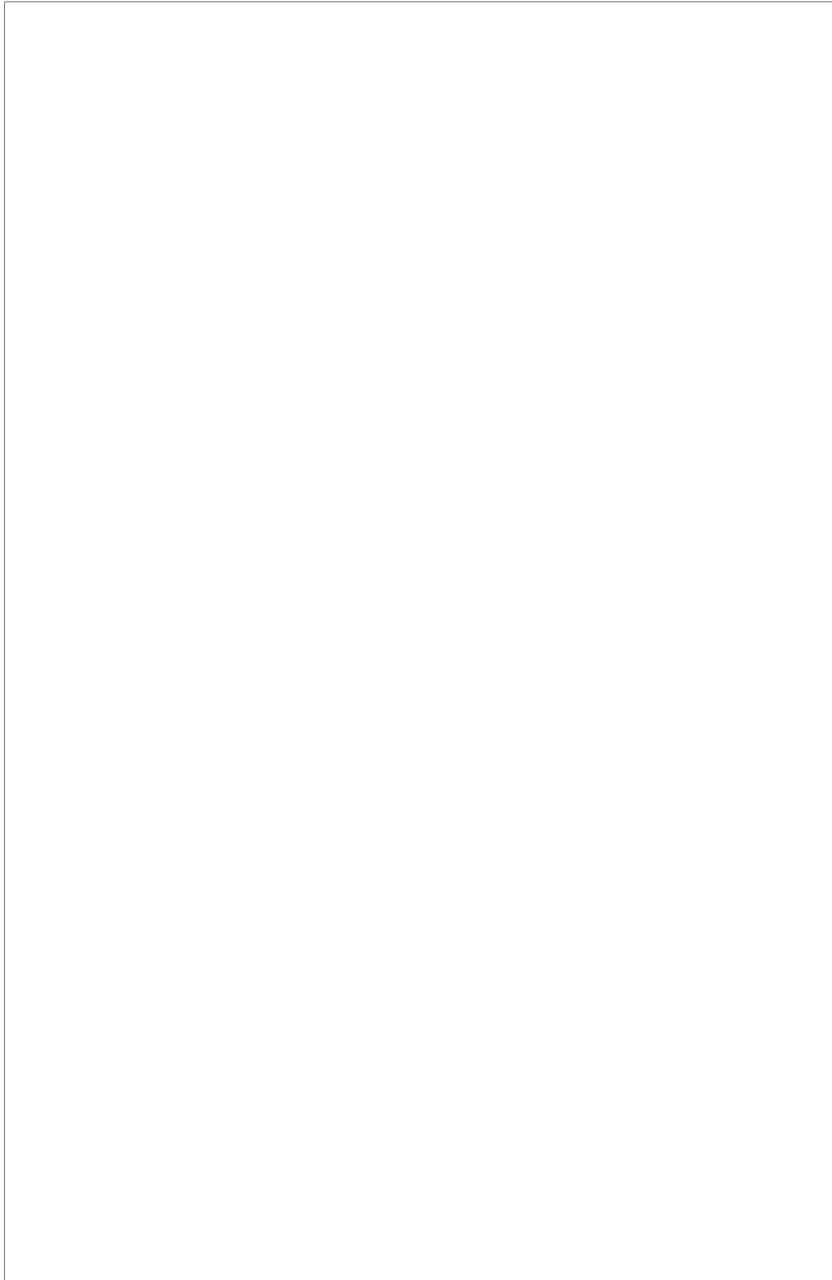
Passage of the convoy--if it seemed to signal Christian intent to compromise--might induce the Palestinians to end their involvement in the fighting. They would still probably insist on a guarantee of free access to the camps. Continuation of the blockade has induced more Palestinian activity elsewhere in the city.

The Palestine Liberation Organization has played a generally constructive role in attempting to rein in Muslim leftist forces.

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CUBA-ANGOLA

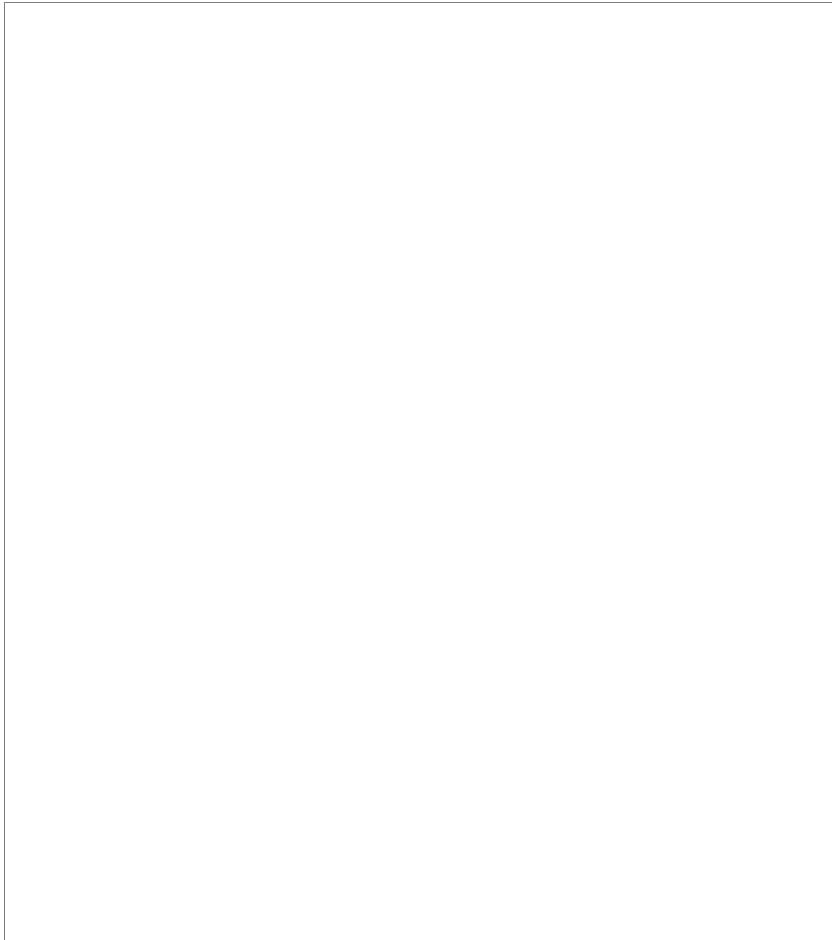
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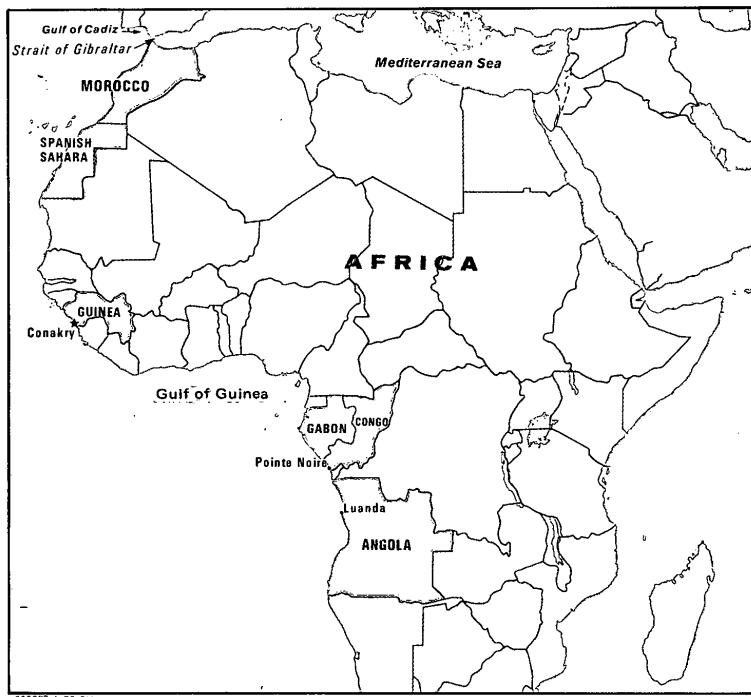
FOR THE PRESIDENT ONLY

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FOR THE PRESIDENT ONLY



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USSR-ANGOLA

The Soviet Kresta II class cruiser off west Africa is en route to the Gulf of Guinea after pausing yesterday near Conakry, Guinea, probably to take on fuel from a Soviet tanker. The cruiser presumably will rendezvous later this week with the Kotlin class destroyer now in the Gulf of Guinea. We have confirmed the presence of a second tanker in the Gulf of Guinea.

The destroyer is scheduled to call at Pointe Noire, Congo, from January 18 to 25. A Soviet landing ship that had been at Pointe Noire left either Friday or Saturday and was last located off the coast of Gabon.

The Sverdlov class cruiser that recently entered the Mediterranean is still heading west; yesterday, it was northwest of Algiers. We believe it will rendezvous near the Strait of Gibraltar today with a Kresta I class cruiser and a Kashin class destroyer that have been off the coast of southern Portugal.

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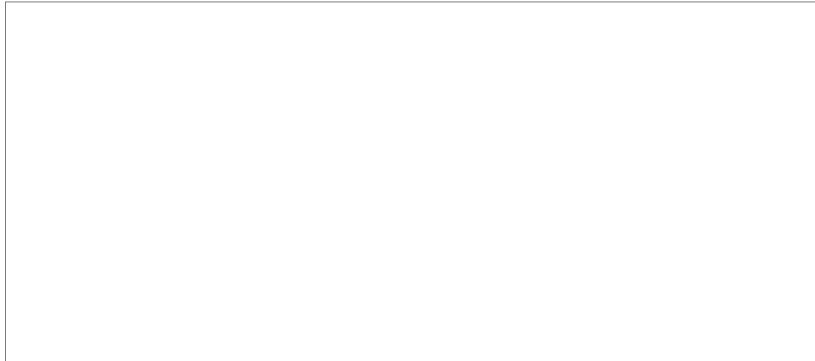
The Soviet intelligence collection ship that left its normal patrol station in the Gulf of Cadiz last week was detected on Saturday near the border of Morocco and Spanish Sahara. It is presumably en route to the Angolan coast to expand Soviet military communications there.

* * *

[redacted]

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ITALY

Italy's major parties begin talks with President Leone today on how to replace the Moro government. The major point of dispute among the parties remains the question of whether the Communist opposition should be consulted more openly and formally by the next government as demanded last week by the Socialist Party.

The Christian Democrats implied in strategy talks with other parties over the weekend that they are prepared to give the Socialists a substantially larger and more influential cabinet role to lure them back into a coalition. The Christian Democrats have ruled out any arrangement, however, that would establish a formal consultative relationship between the government and the Communists.

The Socialists are feeling increasingly isolated. All of their potential supporters--most important organized labor--have criticized the Socialists for toppling the Moro government and forcing the Communist issue to the forefront. This criticism probably accounts in part for the greater flexibility shown by Socialist leader De Martino since the fall of the cabinet.

Instead of arguing that Communist "support" should be sought by any new government--as he did last week--De Martino now talks in terms of a Communist "contribution." He insists that his critics are wrong in seeing the Socialist position as a choice between an opening to the Communists and an early parliamentary election.

The Communists continue to emphasize their opposition to an early parliamentary election and to criticize the Socialists for precipitating a confrontation in the midst of efforts in parliament to deal with the country's severe economic problems. Nevertheless, Communist insistence that the next government will not be effective unless it gives more weight to Communist views may indicate a willingness to enter some arrangement

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along lines being proposed by the Socialists. Although the party has agreed to an informal role in some of the regional governments it does not control, it has so far discouraged attempts to try the idea at the national level.

President Leone and the man he nominates as prime minister will be searching for a formula to reconcile the competing views of the Christian Democrats and Socialists on the Communist issue.

Leone reportedly still leans toward Moro as his choice for prime minister. Budget Minister Andreotti is being mentioned more frequently than heretofore because of his close relations with one of the Socialist leaders.

NOTES

Ecuadorean President Rodriguez' resignation yesterday in favor of a three-man junta is unlikely to affect foreign and domestic policies; neither will it affect growing dissatisfaction with military rule.

The junta, composed of the three armed service chiefs, has announced that it will turn the country over to civilian rule by the end of 1977--a timetable that will not appease critics who were demanding that Rodriguez hold an election reasonably soon. The reported difficulty with which the three service chiefs arrived at the present arrangement and their serious personality conflicts do not augur well for the new leaders' success in solving the economic and social problems that plagued Rodriguez.

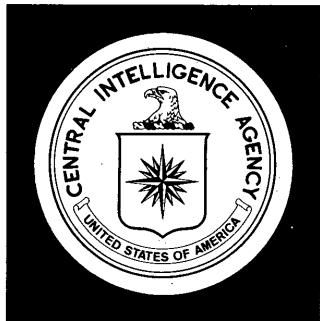
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Labor tension persists in Spain despite the end of the Madrid subway strike yesterday.

Under the temporary settlement, the workers have been granted a wage increase and promised no reprisals. Although the five-day strike was ended with relative ease, it has inspired other work stoppages. Some 75,000 workers throughout the country were on strike over the weekend for higher wages. In Madrid alone, strikes closed five large plants.

Yesterday, police used tear gas and arrested about a dozen persons who demonstrated for pay raises and political amnesty. Communist labor leader Marcelino Camacho, who was released in November under a partial amnesty decreed by the King, charged that the government is reverting to the methods of the Franco regime. He claimed that although the workers are fighting for justifiable wage increases and have no intention of political subversion, it is inevitable that economic grievances become linked to political demands.

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Angola: Popular Movement troops are continuing to push northward into the National Front's tribal area and are encountering little resistance. (Page 1)

USSR: Soviet naval activity associated with An-golan developments continues. (Page 3)

USSR: [redacted] 25X1

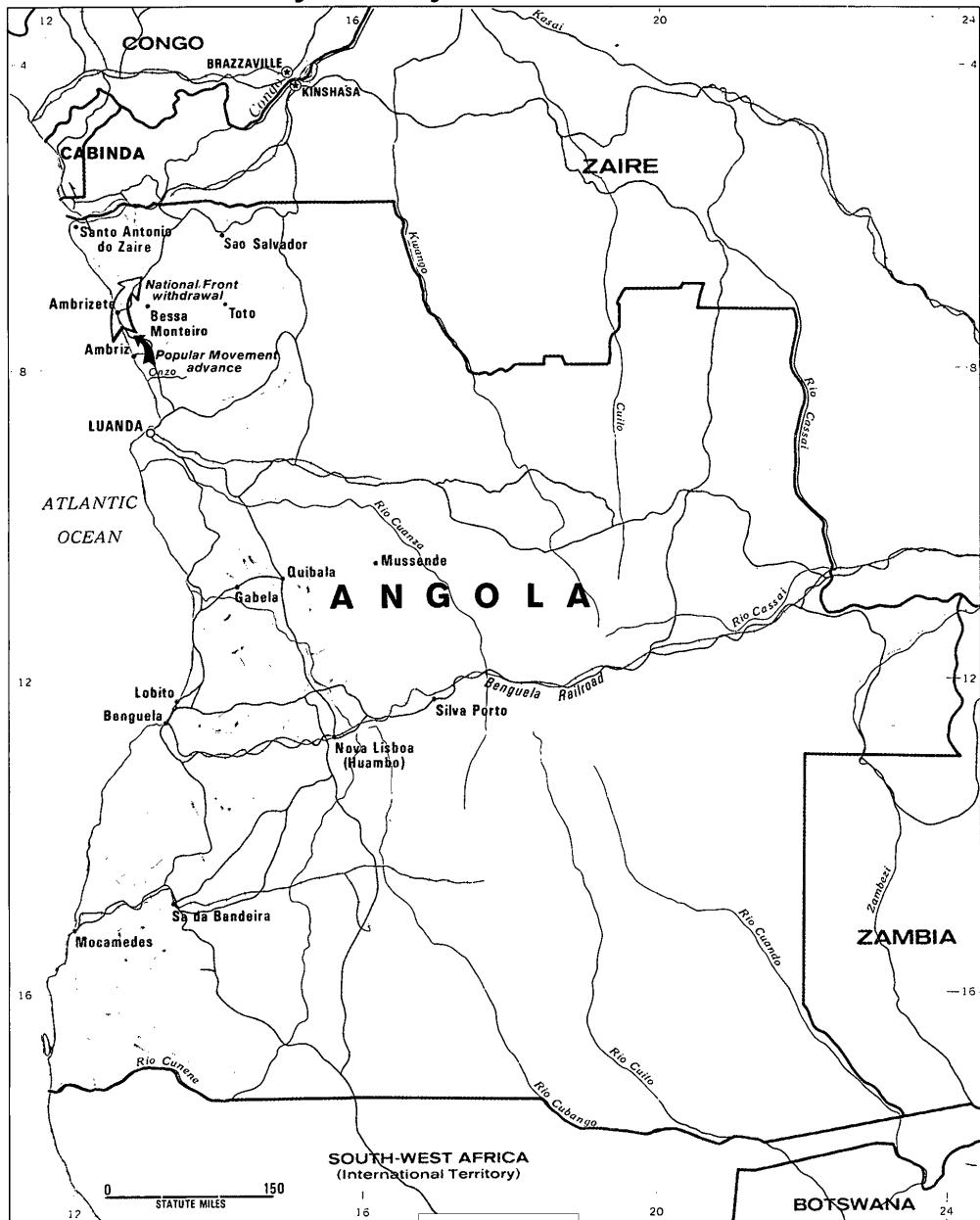
Lebanon: Christian forces yesterday blockaded a third Palestinian refugee camp [redacted] 25X1
(Page 7) 25X1

Thailand: King Phumiphon signed a royal decree yesterday dissolving the National Assembly.
(Page 8)

Notes: OAU-Angola; Iceland-NATO-UK; Indonesia-UN-Timor; Argentina (Pages 9 and 10)

FOR THE PRESIDENT ONLY

Current Military Activity



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ANGOLA

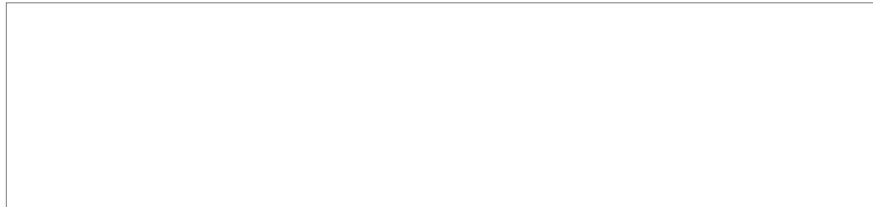
25X1

Popular Movement forces, heavily backed by Cuban troops, are continuing to push northward into the National Front's tribal area and are encountering little resistance from the Front's demoralized troops.

The Front's defenses in northern Angola have collapsed and it is highly unlikely it will be able to resist further advances by the Popular Movement.

Popular Movement forces on Sunday captured Toto and Bessa Monteiro, both key points on the Front's eastern flank from Ambrizete; Front forces are now evacuating Ambrizete.

The Front had withdrawn from its headquarters in Ambriz last week, and its forces were forced to withdraw from its last major base in the central part of northern Angola. The Front's only major fall-back position in the north is Santo Antonio do Zaire.



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Havana's Cubana Airlines has made two more flights to Africa via the Azores, presumably transporting Cuban troops to Angola.

The flights occurred over the weekend and carried an estimated 180 passengers. Our consul in the Azores reported that the aircraft were en route to Guinea-Bissau, the usual refueling point for Cuban flights to and from Brazzaville, Congo, and Luanda, Angola. The Cubana Airlines flights are in addition to those being made by Soviet Aeroflot IL-62s. Aeroflot has made daily Havana-Conakry-Luanda flights since January 7; the flights so far have taken an estimated 1,200 Cuban troops to Angola.

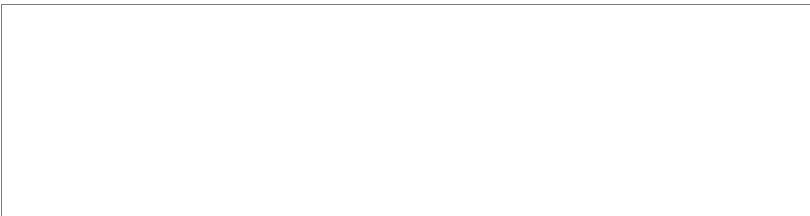
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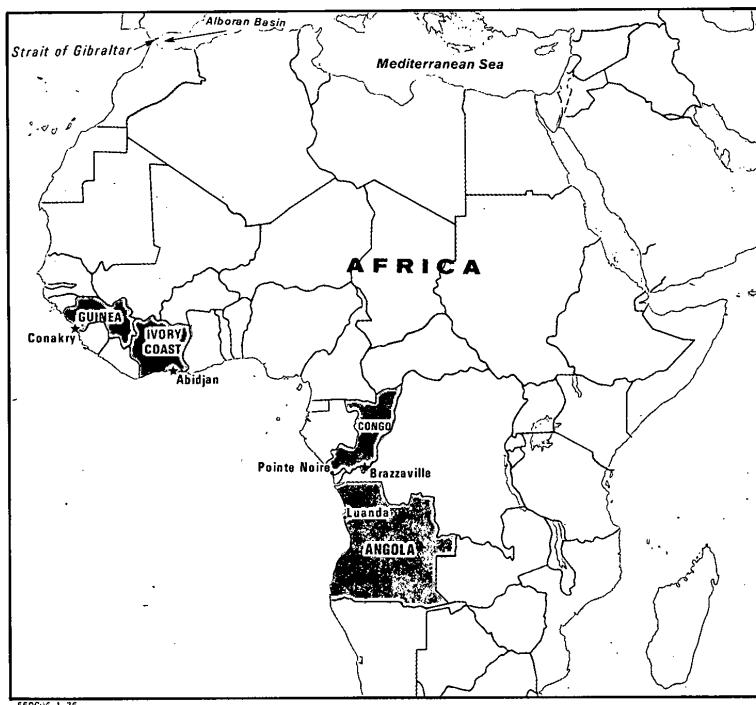
French



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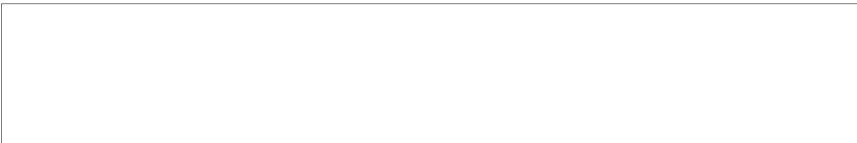
USSR

Soviet naval activity associated with Angolan developments continues. There are no indications as yet, however, that the three warships near the Strait of Gibraltar will move to West African waters.

A Sverdlov class cruiser has completed its transit of the Mediterranean and currently is in the Alboran Basin just inside the Strait of Gibraltar. It was joined yesterday by the Kresta-I class cruiser that left Northern Fleet waters on January 2. The Kashin class destroyer that accompanied the Kresta-I did not enter the Mediterranean, but is lingering in the approaches to the Strait.

Three other Soviet ships--a Kotlin class destroyer, a landing ship, and a tanker--are in the Gulf of Guinea and are operating in an area some 350 to 500 miles south of Abidjan, Ivory Coast. The destroyer is scheduled to make a port call at Pointe Noire, Congo, early next week. The Soviet Kresta-II class cruiser that arrived at Conakry, Guinea, over the weekend apparently is still there.

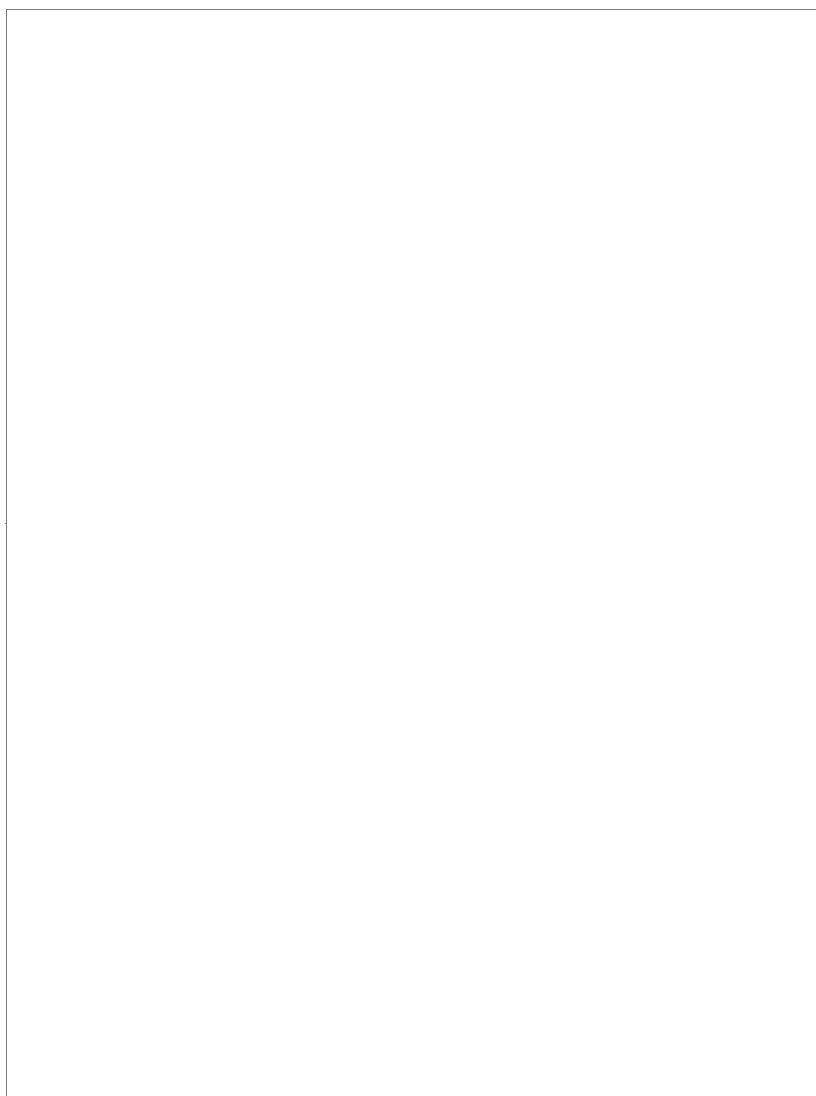
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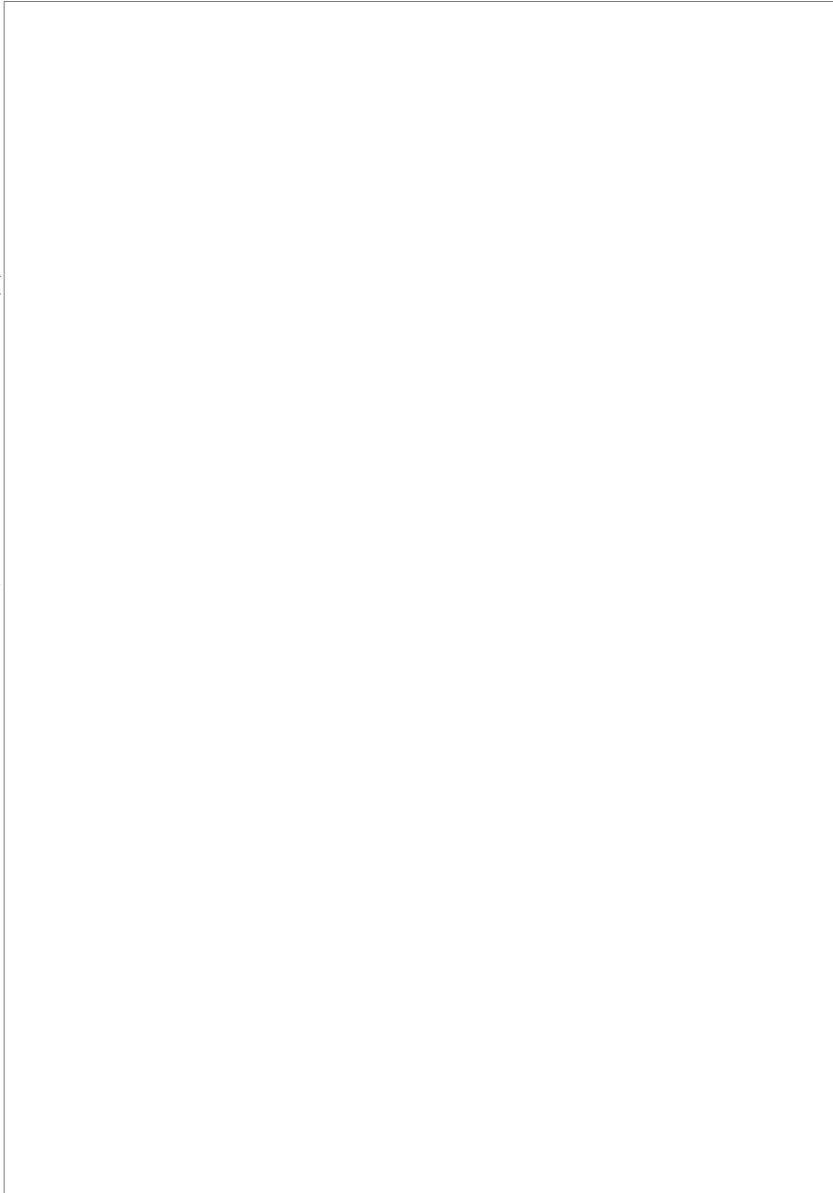
USSR



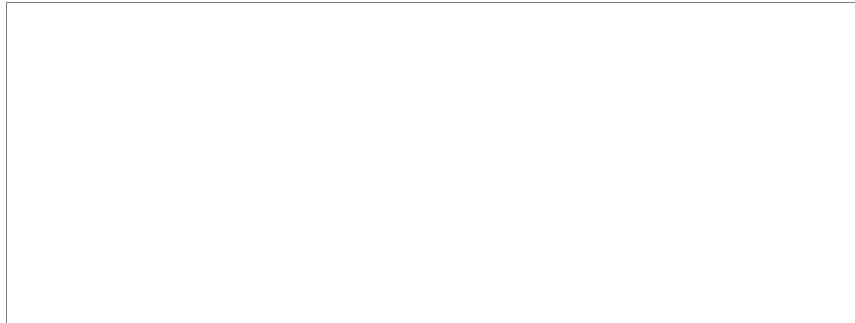
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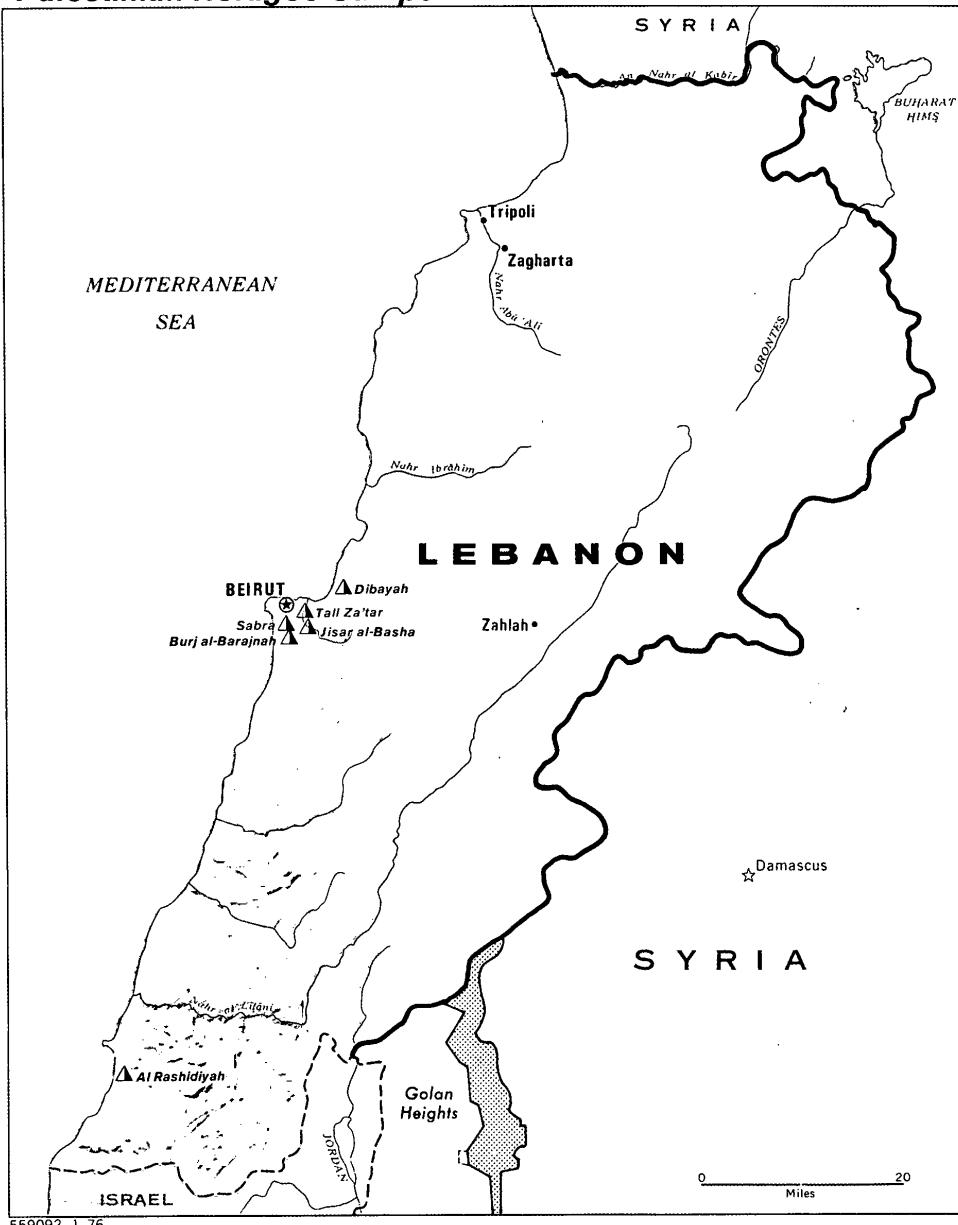


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Palestinian Refugee Camps

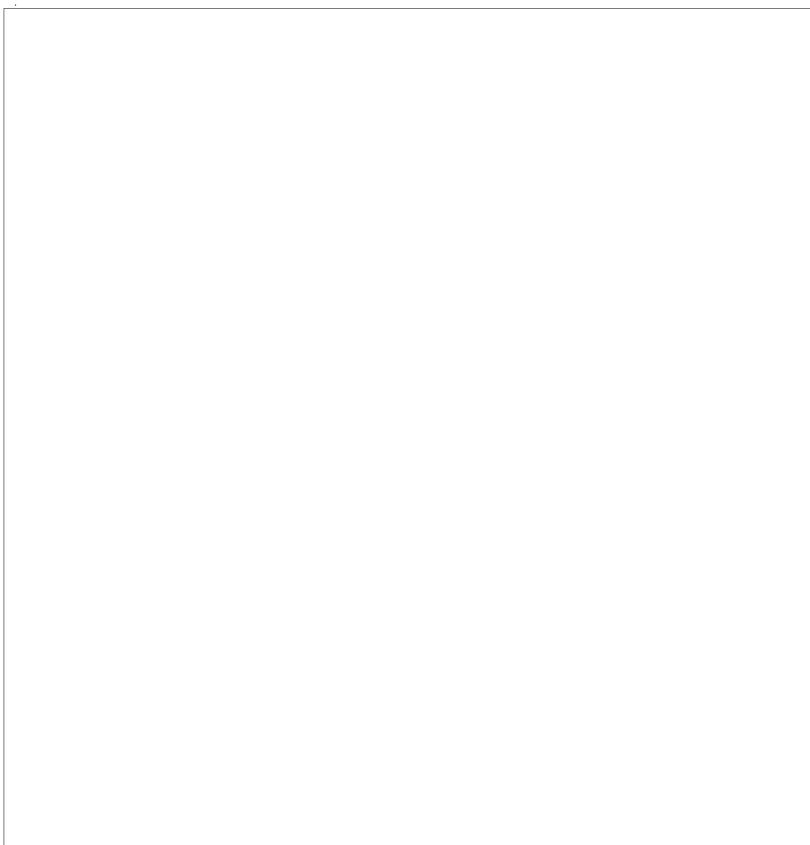


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LEBANON

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Christian forces yesterday blockaded a third Palestinian refugee camp, this one at Dibayah north of Beirut, and tightened their encirclement of two camps in the eastern suburbs, Tall Zatar and Jisar al-Basha.



THAILAND

King Phumiphon signed a royal decree yesterday dissolving the National Assembly. Prime Minister Khukrit will remain head of a caretaker administration until a general election is held on April 4.

Khukrit opted for a new election when he concluded that his effort to maintain his coalition by enlarging the cabinet was failing. Thailand will now be faced with at least three more months of weak and indecisive government. Khukrit probably will exploit his control over the government's election machinery to strengthen his own Social Action Party, but his resumption of the prime ministership following a new election is not a foregone conclusion.

Retired army commander Krit Siwara, who was instrumental in bringing down the coalition, is likely to run for a seat in the assembly in order to become eligible for a cabinet position or the prime ministership. If Krit does throw his hat in the ring, the military presumably will be content to remain in the background in the belief that Krit would protect their interests.

NOTES

The emergency session of the Organization of African Unity adjourned early this morning without reaching any new decisions on Angola.

An official OAU spokesman announced only that the summit had requested the interim standing committee of OAU heads of state to "continue to follow the Angolan problem closely." The outcome is something of a victory for the National Front and the National Union in that it denies OAU recognition to the Popular Movement. At the same time, it probably precludes any OAU effort to promote a coalition government in Angola. In effect, each OAU member now has a free hand on the recognition issue. So far, 21 African states have recognized the Movement's government; none has recognized the Front-Union coalition.

* * *

Iceland's disappointment with the results of yesterday's meeting of NATO ambassadors could lead Reykjavik to break relations with the UK and to withdraw from active participation in NATO.

The assembled NATO ambassadors merely urged Britain and Iceland to exercise restraint in the dispute and agreed to send Secretary General Luns, who helped mediate a settlement of the last cod war in 1973, to Reykjavik for talks with government leaders.

Despite this development and Prime Minister Hallgrimsson's efforts to avoid a break in relations with London, the Icelandic cabinet, which is awaiting the decision of a special maritime court on the ramming incident, appears ready to act. Reykjavik, in fact, has already requested Norway to monitor its interests in Britain when the break occurs. Meanwhile, Icelandic fishermen have abandoned their blockade of a NATO communications facility at Grindavik, but have threatened to return if their demands for US help against British "violence" are not met.

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Indonesia

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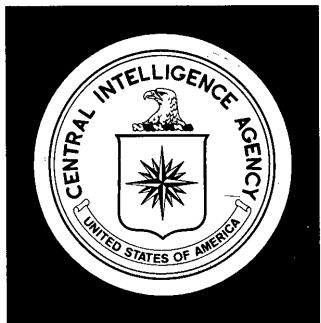
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Argentine

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USSR - Middle East: Soviet airborne forces increased their readiness status yesterday--one of several developments in the Soviet Union and the Middle East that may be related. (Page 1)

USSR: The Soviets may be withdrawing their three naval ships from the Gulf of Guinea.

[Redacted] 25X25X1

USSR-US: A deputy director of the USA Institute in Moscow says there is growing concern in the USSR that Soviet actions in Angola could prejudice chances for a SALT II agreement. (Page 6)

Portugal-Angola: Portuguese officials claim "legal" considerations have impeded efforts to block Cuban use of the Azores as a transit stop for flights to Africa, but say they are now prepared to make a "political" approach to the Cubans. (Page 7)

Notes: USSR-Morocco; Libya (Page 8)

FOR THE PRESIDENT ONLY

USSR - MIDDLE EAST

Soviet airborne forces increased their readiness status yesterday--one of several developments in the Soviet Union and the Middle East that may be related.

25X1

We are unable to explain this alert, and it could be no more than the initial step of an impending Soviet exercise. Conceivably it could be a response to what Moscow perceives to be a potential crisis, such as the situation in Lebanon, but we have no evidence pointing in this direction.

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As might be expected, the Soviets have shown some increased concern in recent days over the deteriorating situation in Lebanon. Several days ago a Tass correspondent in Beirut suggested that Washington and Moscow might exert strong pressure on the factions to end the fighting. He raised the possibility of limiting the flow of arms into Lebanon. Yesterday an *Izvestia* editorial said events in Lebanon arouse serious anxiety in view of alleged plans to divide the country along religious lines.

We have not noted any apprehension on the part of the Soviets that their own interests are at stake in Lebanon. There also have been no indications of Soviet concern about Israeli or Syrian military intervention in Lebanon--actions that might trigger a Soviet military response to the fighting.

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[redacted] Israel [redacted]

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In Lebanon, Christian militiamen appear to have gained the advantage over Palestinian forces trying to break the Christian blockade of Tall Zatar refugee camp in suburban Beirut.

Phalanges forces reportedly are holding a line encircling the camp, despite heavy fire from adjacent Muslim areas and a nearby Palestinian camp. The Christians say they will not lift the encirclement of Tall Zatar and other camps until Palestinian forces in the camps are disarmed and brought under control of the Lebanese army. The Palestinians have countered with threats to blockade Christian communities in predominantly Muslim areas of Beirut.

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(continued)

Clashes continued in nearly all areas of Beirut yesterday, and most roads leading into the capital had been cut as the fighting spread to surrounding villages. The fighting has also intensified in Zahlah and the Tripoli-Zagharta area, where the army has failed in its attempts to separate warring Christian and Muslim militiamen.

President Franjiyah met with leaders of the major Christian groups yesterday, presumably to work out a coordinated position before his expected meeting with Syrian President Asad on Saturday. Franjiyah almost certainly intends to use Christian military successes as his major bargaining point in negotiations with the Syrians.

* * *

Apparently in reaction to an appeal from Yasir Arafat for Arab action to relieve Beirut's embattled Palestinians, Egypt yesterday called for an Arab League initiative to end the "intolerable" Christian blockade.

President Sadat, declaring Egypt's concern to preserve the Palestinian presence in Lebanon, later denounced the recent turn of events there and added an injunction against Israeli intervention. Without elaborating, he said Egypt would "assume its responsibilities" if Israel intervened.

The Palestinians' current uncomfortable situation gives Egypt a new cause for concern that could alter the relatively detached position it has adopted thus far toward the Lebanese crisis. Involvement of the Palestinians on a large scale and a deterioration in their position would force Egypt to undertake a more vigorous effort at mediation in order to preserve its Arab credentials.

This is apparently all Sadat has in mind at present. He reiterated yesterday that Arab or other foreign intervention is not the way to resolve the crisis.



USSR

The Soviets may be withdrawing their three naval ships from the Gulf of Guinea.

Yesterday morning the destroyer, landing ship, and naval tanker were about 200 miles southwest of Abidjan, Ivory Coast, moving northwest. The ships are probably en route to Conakry, Guinea.

[redacted]
the destroyer would make a port call at Pointe Noire, Congo, from January 18 to 25;

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[redacted] 25X1

The Kresta-II-class cruiser that arrived at Conakry last Saturday is still there, and two naval oil tankers also are at Conakry. Although the Soviet intelligence collection ship has not been located since January 10, we believe that it, too, is en route to Guinea.

The movement of these Soviet naval units could have resulted from a decision in Moscow last week to quiet international speculation about Soviet activities having to do with Angola. On January 8 Tass issued a statement asserting that there were no Soviet warships "off Angolan shores." The following day, the Soviet LST at Pointe Noire--which had been scheduled to remain there until January 12--made preparations to put out to sea, and by January 10 it was already well out of port.

If an effort is indeed under way to appear to step back from the Angolan situation, the Soviets will probably have to send the destroyer and the cruiser back to the Mediterranean and end the IL-62 shuttle between Havana and Luanda.

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The Sverdlov-class cruiser and naval tanker remain in the Mediterranean near the Strait of Gibraltar. The Kresta-I-class cruiser that joined them on Monday is moving toward a Soviet anchorage off the coast of Tunisia.

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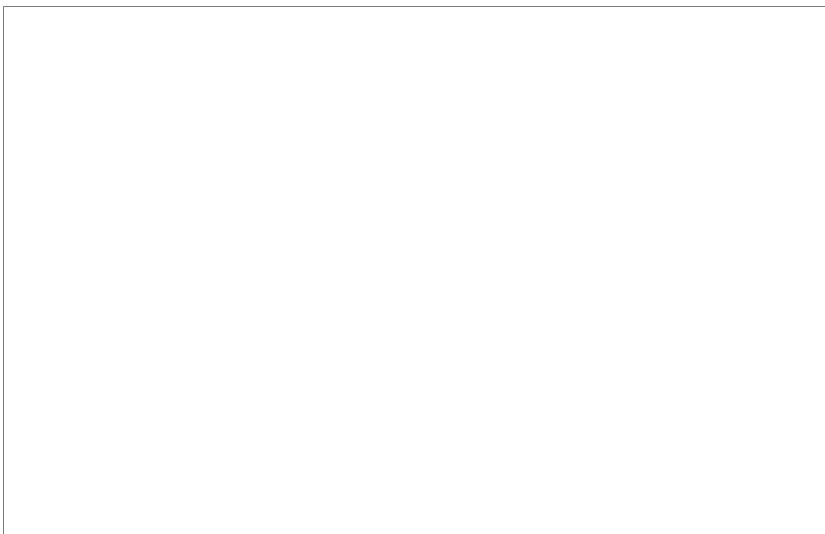
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FOR THE PRESIDENT ONLY

The Kashin-class destroyer that accompanied the Kresta-I from the Northern Fleet continues to linger in the Atlantic approaches to the Strait. It was refueled yesterday by a Soviet merchant tanker that has returned to the Mediterranean from Conakry. The fact that the destroyer did not enter the Mediterranean with the Kresta-I raises questions about its future operations.

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USSR-US

V.V. Zhurkin, a deputy director of
the USA Institute in Moscow, told [redacted]
[redacted] that there is growing con-
cern in the USSR that Soviet actions in
Angola could prejudice chances for a
SALT II agreement.

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Zhurkin's remarks offer one of the few signs
that some influential Soviets have begun to con-
sider seriously US warnings about the potential
ramifications of the Angolan situation. As a leader
of the USA Institute, however, Zhurkin is probably
particularly sensitive to the impact of Angola on
the US-Soviet relationship.

Zhurkin defended Soviet assistance to the Pop-
ular Movement, reiterating Moscow's position that
the USSR would not sacrifice its long-standing policy
of support to national liberation movements for the
sake of detente. He expressed confidence that de-
tente would continue despite periodic irritants and
debates within Western countries.

He acknowledged that Western public opinion
entailed an element of risk for Soviet policy, es-
pecially if that opinion jeopardized chances for US
Congressional ratification of a new SALT agreement.
He said progress toward strategic arms limitation
remains the linchpin of improved US-Soviet rela-
tions, both because of its intrinsic importance and
because a new agreement would give impetus to other
negotiations, such as the mutual force reduction
talks.

PORUGAL-ANGOLA

Portuguese officials claim "legal" considerations have impeded efforts to block Cuban use of the Azores as a transit stop for flights to Africa, but say they are now prepared to make a "political" approach to the Cubans on the matter.

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[redacted]

25X1

A Portuguese Foreign Ministry official said yesterday that Lisbon had felt constrained by the commercial air agreement between Portugal and Cuba. An official claimed publicly last week that there was no evidence that the Cuban planes in question were transporting military personnel or equipment.

25X1

Portuguese hesitation to come to grips with the Cuban airlift may result from disagreement within the ruling military over Lisbon's policy on Angola.

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A Foreign Ministry official told the US embassy yesterday that Portugal intends to be guided by an African consensus on recognition of the government set up by the Popular Movement. He did not indicate how many African countries would have to recognize the regime before Portuguese recognition would be forthcoming.

NOTES

The Soviet fishing trawler that was seized on December 30 by the Moroccan navy was released Saturday, according to the US defense attaché in Rabat.

The trawler had been stopped some 10 miles northwest of Agadir and was subsequently detained at that port. Rabat probably believed the ship was running arms to the Polisario Front, a Saharan independence movement backed by Algeria. Morocco alleged that the ship was inside its 70-mile economic zone. The Soviets claimed the vessel was in international waters.

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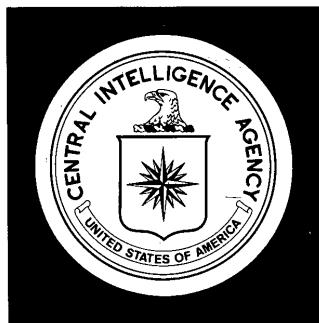
Clashes between Libyan university students and police last week resulted in at least ten deaths. The occupation of the embassy in Washington by about 60 Libyan students yesterday was in protest against the Libyan police action.

The trouble began on January 4 when students at the University of Benghazi demonstrated against government manipulation of the election of student representatives to the national congress of Libya's sole political party. According to several accounts, the students beat three policemen to death and were then fired upon.

Libyan students have become increasingly resentful of Qadhafi's dictatorial rule and his constant interference in their curricula. The incident at Benghazi is one of several indications of intensified tribal and regional frictions.

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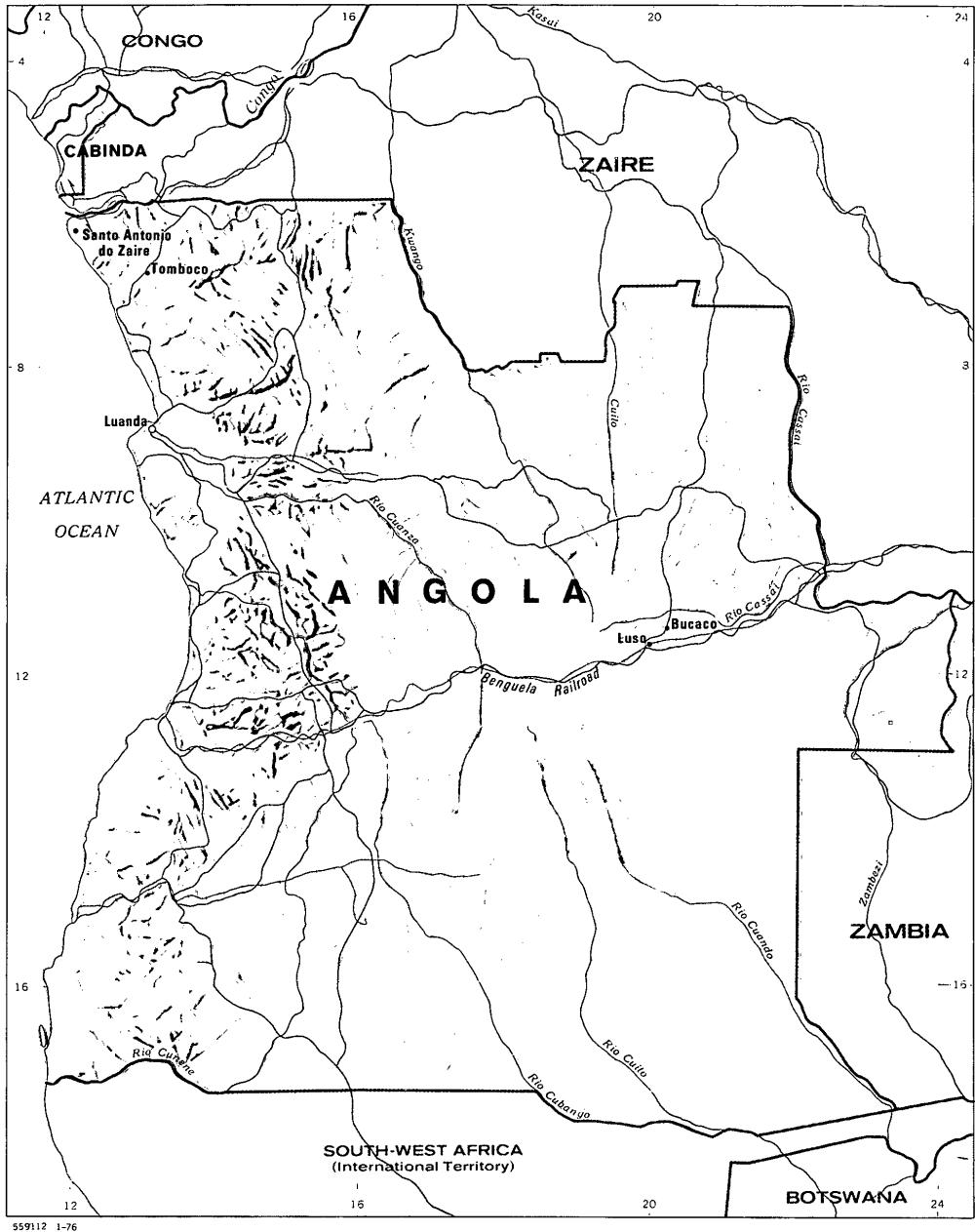
Angola: The National Front's military position continues to deteriorate in the north as Popular Movement forces, backed by Cubans, move up the coast. (Page 1)

Lebanon: Maronite Christian leaders reportedly have given President Franjiyah a free hand to negotiate further with Syrian President Asad. (Page 3)

25X1

Notes: China; Spain; Portugal (Pages 6 and 7)

FOR THE PRESIDENT ONLY



ANGOLA

The Popular Movement, aided by Cuban troops, is continuing its advance northward.

25X1

A Movement force spearheaded by a battalion of Cuban troops is moving on Tomboco [redacted] Another force is pushing toward Santo Antonio do Zaire, the National Front's last remaining stronghold in the north. Any further retreat by the Front will bring the Popular Movement to the Zairian border.

25X1

Morale among Front and Zairian troops in northern Angola is at an all-time low. [redacted] the Zairian troops are pillaging as they withdraw. The Front would like to see the Zairian troops go home, but Zairian President Mobutu apparently refuses to allow them to return,

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With the virtual collapse of the Front's defensive posture in the north, the Popular Movement may soon divert the bulk of its resources toward operations targeted southward from its present positions in central Angola.

25X1

In the east, where there has been little action for some time, a Popular Movement attack on Bucaco on Monday reportedly was repulsed by National Union forces based in Luso.

We have no information to indicate that South African troops have resumed their support for the National Union's operations. The South Africans stood down prior to the OAU summit on Angola and seemed to be on the verge of withdrawing. They escaped official condemnation at the OAU meeting when no resolutions were adopted.

(continued)

[redacted] small-scale fighting has flared up again in Cabinda, apparently involving a small detachment of Zairian troops and Cabindan separatists left behind after the abortive Zairian-led invasion of the enclave last November. The fighting apparently is not a prelude to another invasion, and can probably be put down rather easily by the several thousand Movement and Cuban troops there.

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* * *

The status of Soviet ships possibly associated with the situation in Angola has changed little since yesterday morning.

The most significant change has been the return of the Kotlin-class destroyer to Conakry, Guinea, from the Gulf of Guinea. The Soviet landing ship and a naval oiler, however, continue to linger about 200 miles southwest of Abidjan, Ivory Coast. The Kresta-II-class cruiser remains in Conakry, and the Sverdlov cruiser and Kashin-class destroyer are still near the Strait of Gibraltar.

The presence of the two Soviet warships near the Strait may reflect concern over the future movement of a US carrier group now en route to the Mediterranean. This group--led by the USS Saratoga--will soon relieve the carrier Kennedy and its accompanying ships. The Soviets may suspect that one or both groups will move to Angolan waters.

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[redacted]

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[redacted]

LEBANON

Maronite Christian leaders reportedly have given President Franjiyah a free hand to negotiate further with President Asad on the five-point peace program proposed by Syria last month. Asad and Franjiyah are expected to meet this weekend.

A communiqué issued by the Christians on Tuesday following a series of meetings with Franjiyah suggests the President will take a hard line on the Palestinian issue, but may be somewhat more flexible on Muslim political demands. The Christians are said to have decided that Palestinian interference in Lebanese affairs, not the Muslims' demands, is the central issue.

Any hint of flexibility on the part of the Christians, however, is almost certainly tactical. Their blockade of three Palestinian refugee camps has given them a temporary negotiating advantage which Franjiyah will press in his talks with Asad. Franjiyah probably will attempt to show some compromise on political reform in an attempt to dissuade Syria from allowing increased numbers of Palestinians to enter his country.

25X1

[redacted] a Saqiya company has been moved from Damascus to Beirut, and elements of another Saqiya battalion previously located in Syria have been noted operating in Lebanon. Some of these units apparently were headed toward the Dibayah refugee camp before it fell into Christian hands.

Palestinian chief Yasir Arafat claimed yesterday that the Lebanese army had aided the Christian militiamen in taking the camp. The Palestinians in the past have exaggerated the army's involvement in the fighting, but there is growing evidence that elements of the army are in fact siding with the Christians.

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FOR THE PRESIDENT ONLY

Fighting in the capital remains heavy, but
neither side has made any significant advances.

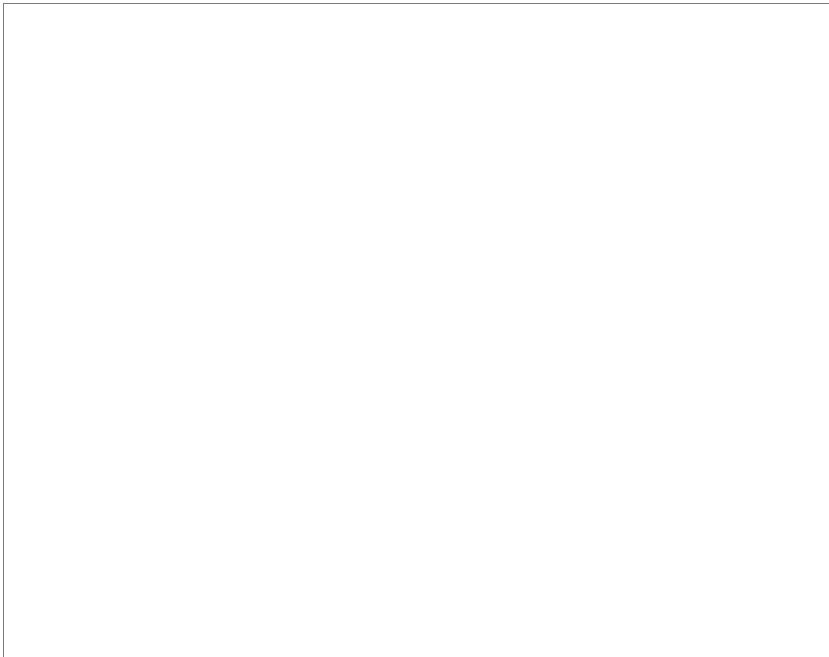
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USSR



NOTES

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The Spanish government is adopting sterner control measures against spreading strikes and labor violence.

More than 200,000 workers are now idle; work stoppages are concentrated in but not limited to Madrid. The strikes began over wage demands but have become politicized as demonstrators protest police tactics and demand amnesty for political prisoners.

The Interior and Justice ministers--both of whom have been leading proponents of reform--have publicly warned that subversion and politically motivated strikes will not be tolerated. Striking postal workers have been placed under military control, thereby making them liable to military discipline. Although more liberal strike regulations are reportedly being considered, the deteriorating labor situation makes it difficult for the government to resist rightist pressures against reform.

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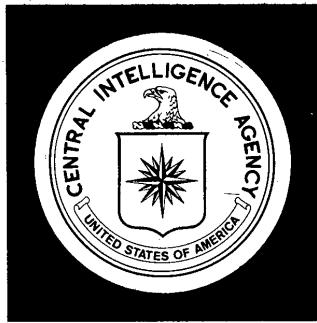
The Portuguese government has announced that it is setting up machinery for the national elections scheduled to be held no later than April 25, and that informal campaigning by the political parties can now begin.

The degree of civilian control of the future government and the timetable for ending the military's political domination are presently being negotiated by the Revolutionary Council and the political parties. Press reports from Lisbon yesterday and comments by the leader of the Social Democratic Center appeared to confirm that the Council is seeking to retain its position as the supreme ruling body.

The Social Democratic Center is opposed to a continued role for the military, and its view probably is shared not only by Popular Democratic leaders and some Socialists, but also by an influential group of "professional" officers on the Revolutionary Council itself. These differences may be worked out when the military officers and civilian politicians get down to face-to-face negotiations.

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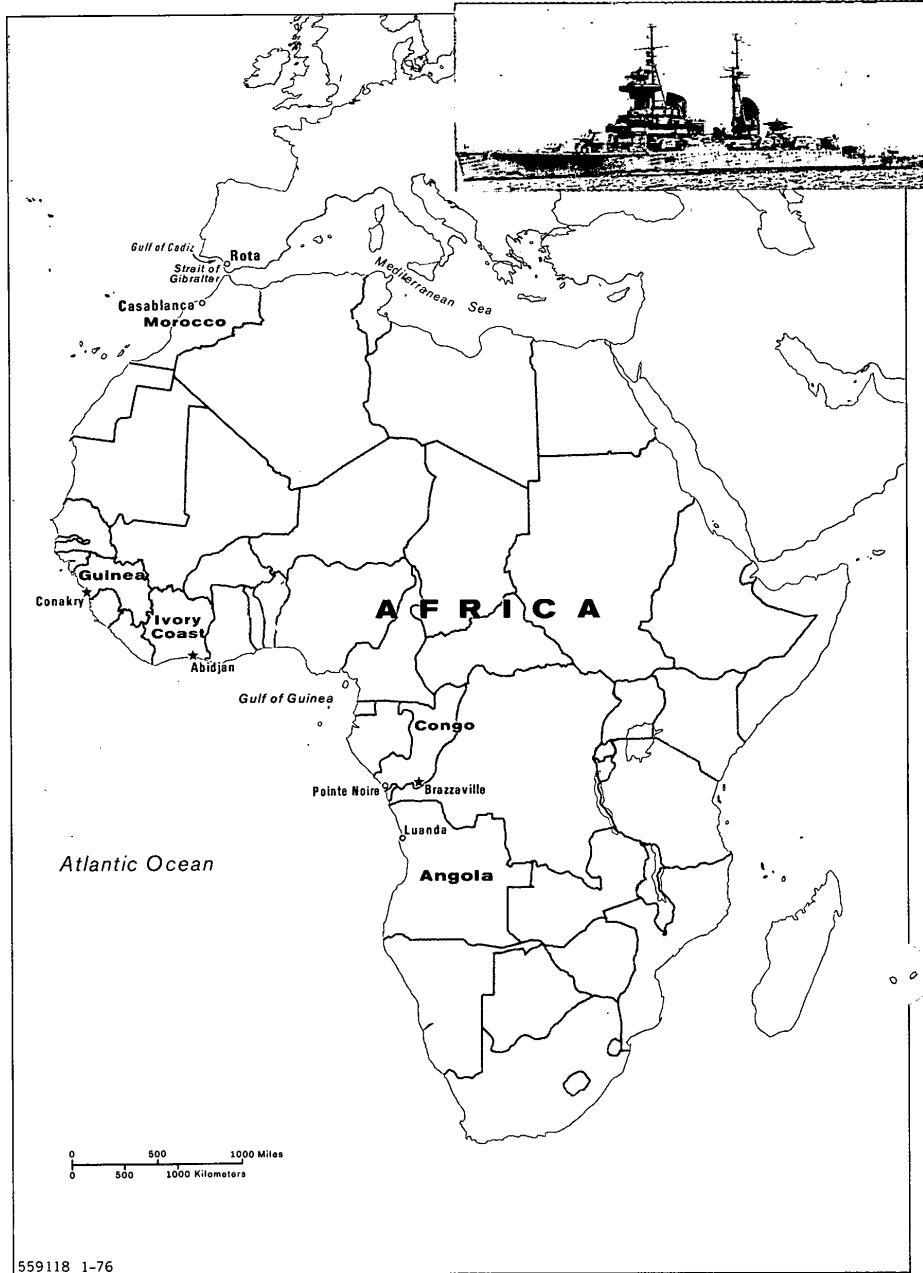
USSR: Further changes have been noted in the position of Soviet ships in the western Mediterranean and in African waters. (Page 1)

Lebanon: Christian Phalangists launched operations yesterday to take over the Palestinian refugee camps in east Beirut that have been blockaded by Christian militiamen since early January. (Page 2)

Notes: USSR; Argentina; Cuba (Pages 3 and 4)

25X1

FOR THE PRESIDENT ONLY



USSR

*Further changes have been noted in
the position of Soviet ships in the western
Mediterranean and in African waters.*

The Sverdlov-class cruiser left the Mediterranean yesterday afternoon in company with two F-class diesel-powered attack submarines. Some 14 hours later, the three ships returned to the Mediterranean.

25X1

The Kresta-II-class cruiser that was in Conakry, Guinea, left port yesterday morning and was moving north.

The Kotlin-class destroyer that arrived in the Conakry vicinity Wednesday night was not sighted in port, suggesting that the cruiser and destroyer made a rendezvous at sea and are currently operating together. The Soviet LST and oiler are still about 200 miles southwest of Abidjan, Ivory Coast, where they have been for the past three days.

25X1

Palestinian Refugee Camps



559119 1-76

LEBANON

Christian Phalangists launched operations yesterday to take over the Palestinian refugee camps in east Beirut--Tall Zatar and Jisar al-Basha--that have been blockaded by Christian militiamen since January 4.

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25X1

The Christians took over the Palestinian refugee camp at Dibayah on Tuesday. In retaliation, the Palestinians have surrounded the predominantly Christian villages of Damour and Jiyah south of Beirut.

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We have no new information on Palestinian involvement in the fighting.

Clashes in the north have been especially heavy around Tripoli and Zagharta.

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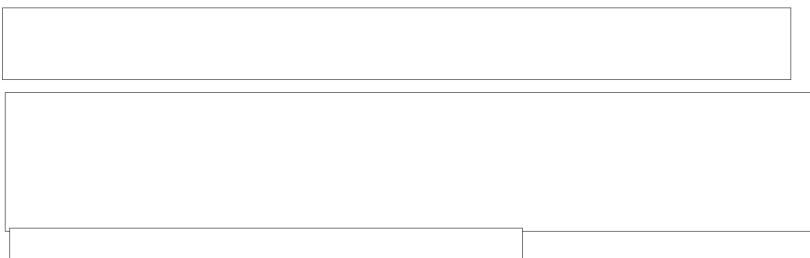
25X1

25X1

Beirut airport remains open, but British Airways has suspended operations, and several major international airlines have delayed plans to resume scheduling.

The severity of the fighting has prompted another call from the Secretary General of the Arab League for Arab action. Members of the League are unlikely to consider convening a summit until after President Franjiyah meets President Asad in Damascus this weekend to discuss Syria's peace proposals.

NOTES



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The first reports of local bread shortages have appeared in the Soviet press.

The Ministry of Agriculture's newspaper, *Rural Life*, has acknowledged receiving complaints of shortages from widely spread rural areas. The article made no mention of last year's harvest failure, blaming instead mismanagement by local supply organizations. We expect the overall bread supply will be adequate, but spot shortages will continue.

* * *

The Argentine cabinet shake-up adds to the instability of the political scene.

President Peron's appointment of politically inexperienced men to the portfolios of interior and justice and her failure to fill top jobs in the foreign and defense ministries have left the government even weaker than before. Peron's decision to remove those advisers [redacted]

25X1

[redacted] is widely interpreted in Buenos Aires as an act of defiance.

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The constraints against military action against the President continue to diminish, but one major element--the potentially disruptive role of Peronist labor--remains. [redacted]

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(continued)

* * *

Fidel Castro made a lackluster defense yesterday of Cuba's military role in Angola.

Speaking before foreign journalists, Castro acknowledged for the first time that Cuban "soldiers" were in Angola; previous regime spokesmen had claimed they were "volunteers." His use of this type of press conference rather than a public speech to get this point across is significant; he uses this technique when he wants to make foreign headlines but keep the information from the Cuban people. Castro's Angola policy is unpopular in Cuba.

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Lebanon: The Asad-Franjiyah meeting, originally set for today, has been put off until steps have been taken to halt the dangerous escalation in the fighting. (Page 1)

25X1

USSR: There has been little change in the status of Soviet ships in the western Mediterranean and African waters since yesterday. (Page 4)

Notes: USSR-China; Panama-Cuba; Iceland-UK 25X1
(Pages 5 and 6)

At Annex we present an assessment of the significance of the military collapse of the National Front for the Liberation of Angola.

FOR THE PRESIDENT ONLY

Palestinian Refugee Camps



559119 1-76

LEBANON

The Asad-Franjiyah meeting, originally set for today, has been put off until steps have been taken to halt the dangerous escalation in fighting. To underscore the Syrians' sense of urgency, President Asad sent his chief of staff to Beirut yesterday to bolster Prime Minister Karami's efforts to arrange another cease-fire.

The Christians are insisting on a reduction in the fighting before opening negotiations, but this may be only a tough negotiating tactic or an effort to delay serious negotiations while they seek to consolidate their military gains in the area of the refugee camps. The result of President Franjiyah's consultations with Maronite, Greek Orthodox, and Greek Catholic leaders clearly suggests that whenever he and Asad do meet, Franjiyah will insist first and foremost on discussing the Lebanese-Palestinian problem rather than the Muslims' demands for political and economic reforms.

Moderates on both sides as well as the Syrians, however, apparently recognize the urgent need to defuse the present situation because of the larger, more open involvement of both the Palestinians and Lebanese armed forces on opposing sides.

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25X1

Meanwhile, there was no let-up in the fighting in the north around Tripoli and Zaharta or east of Beirut around Zahlah. In the capital, Phalangist and other Christian positions in the commercial and hotel districts were becoming more precarious as a result of the combined leftist-Palestinian counter-attack to relieve the pressure on the two besieged refugee camps, Tall Zatar and Jisar al-Basha. The Palestinians claimed late yesterday that they had captured the headquarters of the Phalangists and National Liberals' militia in that area.

(continued)

PLO chief Yasir Arafat probably is under increasing pressure to commit more of his forces to avert a repetition of the Palestinian rout in Jordan in 1970. A large portion of the Palestinian forces in northern and central Lebanon probably is already involved in the fighting. Despite his reluctance to become more heavily involved during the UN Security Council debate, Arafat may commit more of his forces in southern Lebanon, as he did yesterday to reinforce Damour. He is likely, however, to resist uncovering the Palestinians' southern flank.

* * *

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25X1

There are no military indications of Egyptian preparations to intervene. Activity of the Egyptian armed forces appears to be normal. President Sadat and Foreign Minister Fahmi both have reiterated within recent days their view that neither Arab nor other foreign intervention would solve the Lebanese problem.

CUBA-ANGOLA

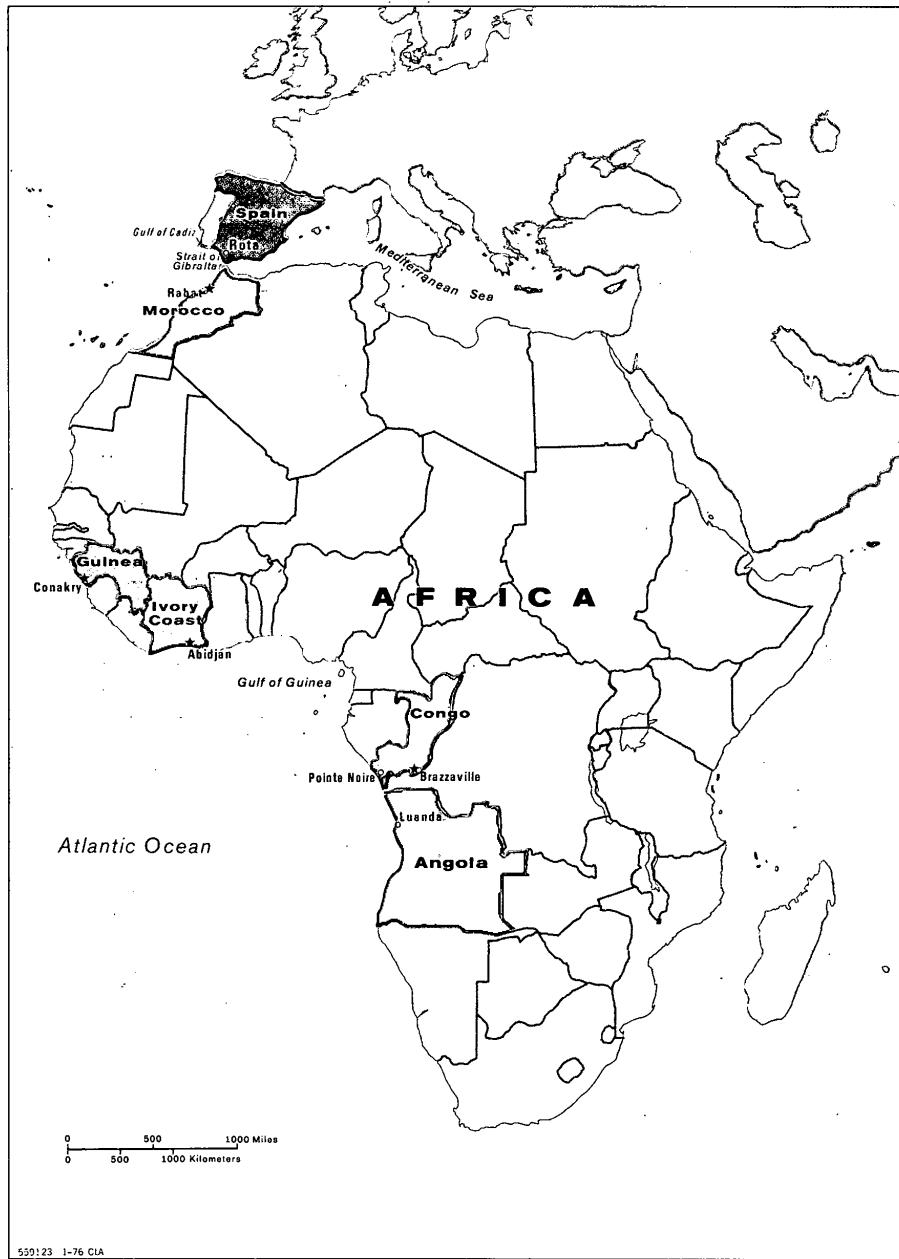
Havana's decision to continue its buildup in Angola beyond 1,000 troops may have been a Cuban initiative only belatedly accepted by the Soviets.

25X1

This is the first assertion we have seen that the Cubans took the initiative in expanding their combat force in Angola, or that the Soviets had qualms about the buildup. We have assumed--and still do--that substantial Cuban combat forces originally entered the conflict at Soviet behest. It would appear, however, that the heavy buildup that followed may have resulted from Cuba's assessment that more combat personnel were necessary to protect and capitalize on its initial investment of troops.

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We cannot confirm these casualty figures and suspect they are exaggerated. Nevertheless, Cuba's losses so far probably have been higher than Havana expected, which would explain the government's reluctance to provide the Cuban people with any details of the role Cuban troops are playing in the war.



539123 1-76 CIA

USSR

There has been little change in the status of Soviet ships in the western Mediterranean and West African waters since yesterday.

One change is impending--the movement of the Kresta-II-class cruiser from the vicinity of Conakry to a rendezvous with the landing ship currently south of Ivory Coast. We do not know when or where this will take place. The cruiser is probably off Conakry in company with the Kotlin-class destroyer that has been in the area for several days.

The Sverdlov cruiser has remained just inside the Strait of Gibraltar since yesterday. It is still being accompanied by two F-class submarines.

[] The cruiser's brief trip through the Strait of Gibraltar and back suggests that Moscow may have changed its original orders to the cruiser, whatever these were.

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Meanwhile, the Kashin-class destroyer which arrived in the Gulf of Cadiz on January 11 is still there. It has begun to shadow the US carrier group due to arrive in Rota later today.

NOTES

An article on China in Pravda yesterday--the most authoritative Soviet commentary on China since Chou En-lai's death and the release of the Soviet helicopter crew--took a very critical line on Mao and studiously avoided any conciliatory note.

The main theme, although not a new one, was that it is Mao and his "henchmen" who stand in the way of better relations between the two countries. The article, however, mentions that there are Chinese "patriots" who oppose Mao's policies--an unusually explicit reference to the possible existence of individuals or factions within China who advocate less hostile relations with the USSR.

A specific reference to several anti-Soviet articles that have appeared recently in the Chinese press may be a warning to the Soviet people not to jump to any conclusions that the release of the helicopter crew means China's policy toward the Soviet Union has changed. It may also have been intended to put the Chinese on notice that they will have to tone down their rhetoric before they can expect any reciprocal gesture from Moscow.

* * *

Panamanian leader General Torrijos' behavior during his visit to Cuba from January 10 to 15 and the final, mildly worded communiqué demonstrated considerable concern for US sensitivities and the prospects for eventual ratification of a new canal treaty.

The communiqué skirted delicate topics with general statements supporting self-determination, territorial integrity, and anticolonialism. Torrijos did receive enthusiastic support from Castro for Panama's effort to reassert sovereignty over the canal. In speeches during the visit, however, both leaders stressed the need for Panama to negotiate calmly with the US, and both noted the differences between the Panamanian and Cuban experiences. Castro held his news conference--at which Angola and US relations were raised--after Torrijos' plane departed, possibly in deference to the Panamanian's concern about avoiding such sensitive subjects during his visit.

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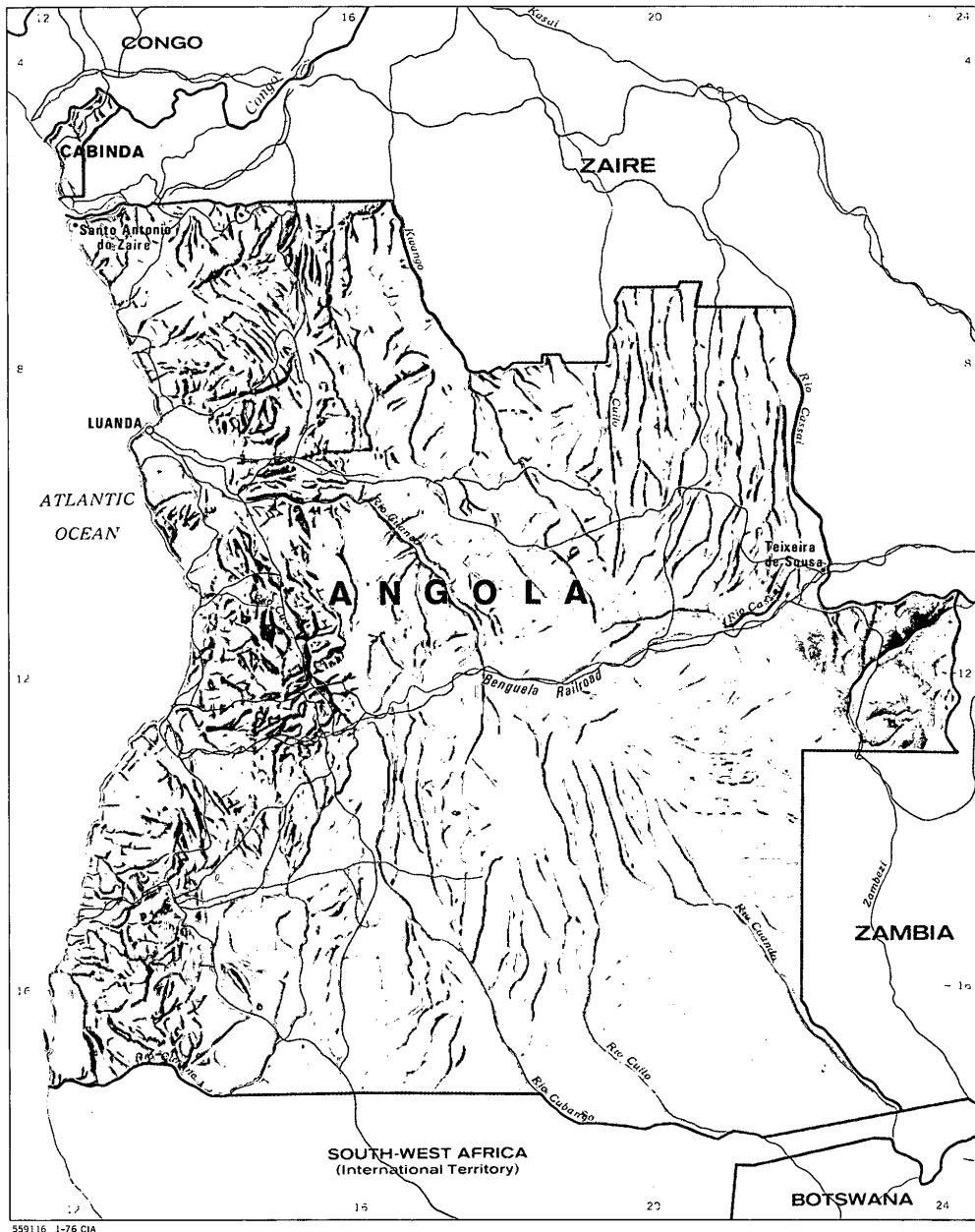
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Icelandic Prime Minister Hallgrimsson said yesterday that Reykjavik would postpone a break in relations with the UK for a week to allow Britain to withdraw its frigates from Icelandic waters.

The Icelandic delay is apparently a response to Foreign Secretary Callaghan's offer to withdraw all British vessels from Icelandic waters for one week in return for a pledge from Reykjavik to compromise on the size of the British annual catch. When talks broke off last November, Iceland refused to budge beyond 65,000 tons. London wanted a 110,000-ton figure but indicated a willingness to compromise. The breathing spell will give NATO Secretary General Luns an opportunity to confer with Callaghan next week.



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ANGOLA

The military collapse of the National Front is the first major turning point in the Angolan civil war since it began last summer. As such, it presents new options to the struggle's participants.

It is highly unlikely that the National Front will be able to regain its former military status in northern Angola as long as the Cubans continue to aid the Popular Movement. Given time to recuperate, however, the Front probably could maintain a low-level insurgency in the north as it did against the Portuguese.

Zaire

The National Front's collapse presents Zairian President Mobutu, the Front's major backer, with some hard choices of his own. He might be tempted to underwrite an insurgency in northern Angola, but he would have to give serious consideration to the consequences.

Zairian assistance to Front insurgent operations might invite retaliation in kind by the Popular Movement, possibly against Zaire's copper-producing region. The Movement has the allegiance of perhaps 4,000 exiled followers of the late Moise Tshombe's Katangan secessionist movement who have lived in Angola since the Katangan regime collapsed in 1963.

The Katangans have been fighting with the Popular Movement against the National Front. Even when the Portuguese controlled Angola, Mobutu viewed them as a potential threat, and a mere suggestion from the Popular Movement that they might be sent into Zaire may be enough for Mobutu to keep the National Front on a tight rein.

Moreover, Zaire's copper industry relies heavily on Angola's rail and port facilities, and Mobutu cannot jeopardize access to those facilities,

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FOR THE PRESIDENT ONLY

particularly since Zaire's economy is in desperate straits. For Mobutu, then, there is little return in escalating his support for the National Front, and he may eventually tell Front president Holden Roberto that nothing more can be done.

The most realistic option open to Mobutu--who is a realist--is to strengthen his ties with the National Union, through whose tribal territory the currently severed Benguela railroad passes, and to support a political coalition between the National Union and the Popular Movement.

At the moment, however, Mobutu's most immediate concern is that the Angolan civil war has reached Zaire's border in two places--at Santo Antonio do Zaire in northwestern Angola and at Teixeira de Sousa in eastern Angola. The 1,000 or so Zairian troops who fought in Angola have been routed and have fled back to Zaire. Mobutu must have serious misgivings about the effectiveness of his army and may not want to commit Zairian troops to further fighting at this time, despite belligerent statements from Kinshasa that recent clashes between Popular Movement and Zairian forces at Teixeira de Sousa could lead to war.

The National Union

The National Front's collapse will quickly put new pressure on its military and political ally, the National Union. The alliance was always tenuous at best and did not fulfill its tactical goal of forcing the Popular Movement into a political compromise by squeezing its forces on two fronts. In essence the National Union regarded the Front's military capabilities with skepticism from the very beginning and for the most part conducted its own operations as if there were no alliance.

Nevertheless, the National Front's opposition to the Popular Movement in the north, however weak, served the National Union by tying up a good part of the Popular Movement's resources. Those resources can now be shifted to central and southern Angola.

(continued)

South Africa

Any escalation of military operations in central and southern Angola will present serious problems for South Africa. Pretoria already is giving substantial assistance to the National Union and probably has the resources to increase significantly its present levels of support. Pretoria cannot, however, hope to match the levels of assistance available to the Popular Movement from Cuba and the Soviet Union.

Moreover, although Pretoria has probably been encouraged by the failure of the Organization of African Unity to condemn its involvement in Angola, any sudden and dramatic build-up of the South African presence would only bring forth new efforts to condemn Pretoria.

South Africa ordered its troops to withdraw from active combat zones prior to the OAU summit. These forces appear to be sitting tight in defensive positions and have not returned to the front, suggesting that Pretoria has not yet agreed to any future South African participation. There seems to be no marked increase in the level of fighting in central and southern Angola between the National Union and the Popular Movement, although the Movement may be getting ready to push south. The National Union appears to be holding its own in the fighting that is taking place.

Political Options

The main question raised by the new military situation is whether or not the withdrawal of the National Front--historically the Popular Movement's main adversary--opens new approaches for a political settlement between the Popular Movement and the National Union. The National Union is on record in favor of a political compromise and would not be held back by its political alliance with the Front.

Publicly, the Popular Movement is proclaiming that the collapse of the National Front changes nothing and that it will continue to fight. A number of Popular Movement officials have pointed out, however, that a coalition with the National Union is possible if South African forces withdraw from Angola and National Union president Jonas Savimbi resigns.

(continued)

The fragmentary information we have suggests the Popular Movement is not a monolithic organization. Although the military hardliners in the organization will be encouraged by the collapse of the National Front to advocate a military solution, the organization's politicians might be sensitive to political pressures.

It is quite possible that African leaders, including a number of those who support the Popular Movement, may conclude that the Movement can now afford to be more flexible. These leaders may attempt to use whatever influence they have to resolve the Angolan problem politically.

The USSR

Moscow may also be looking at the possibility of a political solution in Angola.

25X1

[redacted] the USSR is beginning to think seriously about the possibility of some sort of coalition in Angola. They made it clear that such a coalition should be weighted heavily in favor of the Popular Movement and be designed to enable the Movement to emerge eventually as the dominant force in Angola.

[redacted] moderate African states, which in the Soviet view are searching desperately for a way out of the Angolan impasse, might acquiesce in a virtual takeover by the Popular Movement in order to bring an end to the fighting.

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[redacted] some proposal for a coalition may be forthcoming after Moscow finishes its assessment of the OAU session. Soviet press commentary on the OAU has thus far given little hint that a coalition would be acceptable to the USSR at the present time.

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Admittedly, however, it is still too early to discern any trends emerging from recent developments. Moreover, it is difficult to judge how much external pressure, if it is applied at all, will be needed to convince so individualistic a person as Agostinho Neto to accept a political compromise.

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Angola: The Popular Movement apparently is shifting its military operation southward. (Page 3)

USSR: There was little change in the position of Soviet ships in the western Mediterranean and African waters over the weekend. (Page 4)

USSR-Egypt: [redacted] 25X1
[redacted] (Page 5) 25X1

Notes: USSR; Cyprus (Page 6) 25X1

FOR THE PRESIDENT ONLY



559129 1-76

LEBANON

Prime Minister Karami's statement yesterday that he intends to resign could cause the collapse of most remaining government authority and lead to an all out battle between the Lebanese army and the Palestinians. The cease-fire announced over the weekend never really went into effect; fighting continued in Beirut as well as to the south.

President Franjiyah will come under great pressure from Syria and moderate Lebanese politicians--both Christian and Muslim--to ask Karami to stay. Karami, a Muslim, has been the only effective brake on Interior Minister Shamun's strategy of unrestrained use of the army. In return for staying, Karami would probably demand that President Franjiyah promise to halt the growing use of the Lebanese armed forces and to force the Phalangists to end their attacks on Palestinian and leftist positions in Beirut and resume serious political negotiations.

Franjiyah has several alternatives to retaining Karami. He could appoint a weak Sunni Muslim prime minister, install a predominantly military cabinet or rule by presidential decree. The Syrians, Palestinians, and Lebanese leftists would oppose any of these moves, making it impossible for a government thus formed to negotiate an end to the crisis in Lebanon.

Heavy fighting continued in Beirut despite the cease-fire announced by Karami over the weekend. Christian militia forces attacked a Muslim district on the waterfront in an effort to establish a supply route across the Beirut River and Muslim militiamen tried to dislodge Phalangist forces in the downtown hotel district. The international airport remains closed.

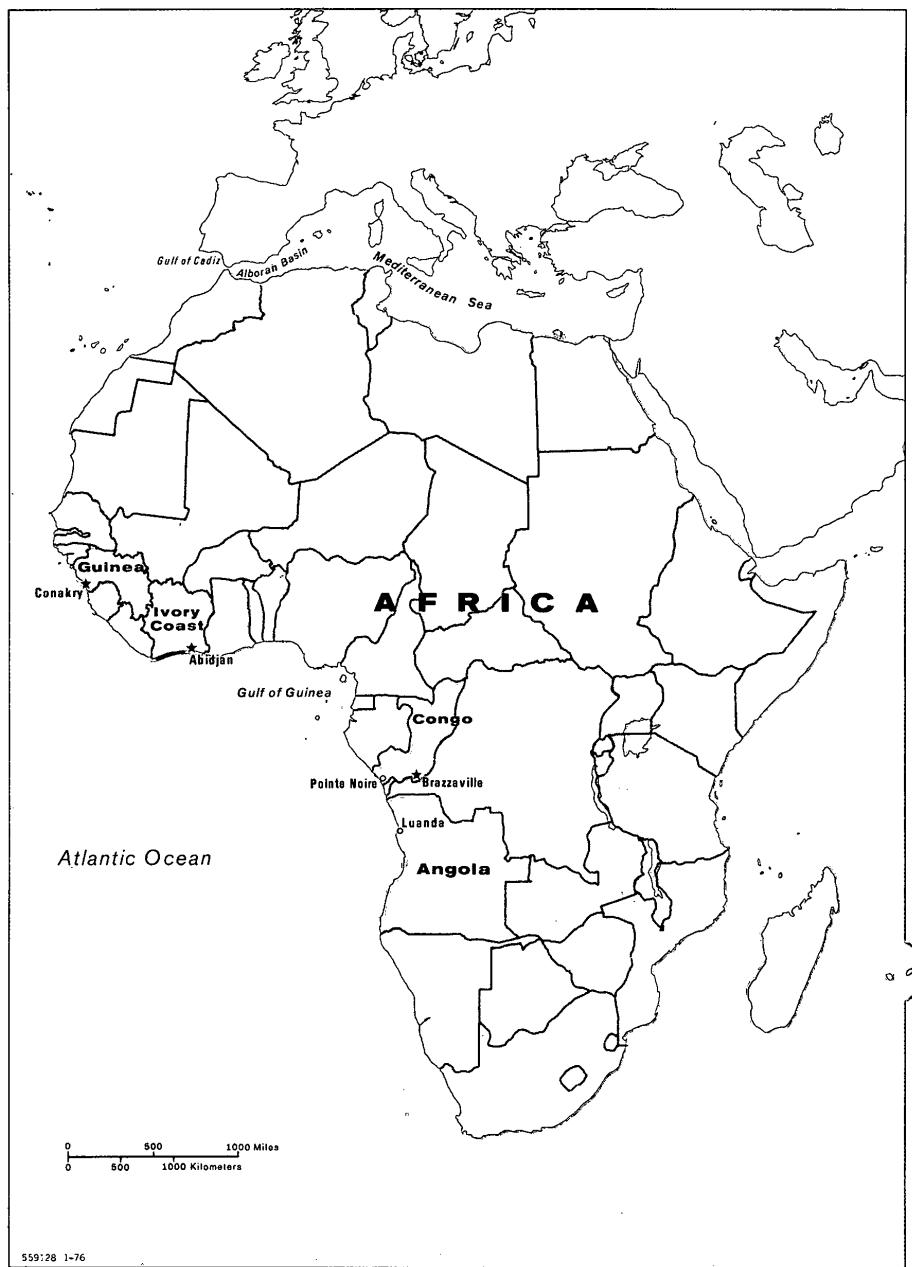
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Muslim leftists aided by Palestinians skirmished with rightist Christians aided by Lebanese army elements south of Beirut at Damour and several nearby Christian towns. Scattered fighting also occurred in the Tripoli-Zagharta area in the north and the Bekaa Valley to the east of Beirut.

A battalion and two antiaircraft companies of the Palestine Liberation Army crossed into northern Lebanon from Syria over the weekend,

25X1

25X1



ANGOLA

The Popular Movement for the Liberation of Angola apparently is shifting its military operations southward following the collapse of the National Front for the Liberation of Angola in the north.

25X1

Heavy fighting is taking place in central Angola between Popular Movement troops, supported by Cuban men and artillery, and the forces of the National Union for the Total Independence of Angola. The National Union has been weakened by the withdrawal of South African troops from combat areas.

USSR

There was little change in the position of Soviet ships in the western Mediterranean and African waters over the weekend.

25X1

The landing ship and oiler, which have been located southwest of Abidjan, Ivory Coast, for the past four days, began moving southeast over the weekend back toward an area off Pointe Noire.

The Kresta - II class cruiser and the Kotlin class destroyer remain at sea in the vicinity of Conakry. Two F-class submarines still are with the Sverdlov class cruiser in the Alboran Basin where they have been since Friday. A Soviet Kashin class destroyer monitored the rotation of US carrier groups in the Gulf of Cadiz on Saturday and has now entered the Mediterranean.

25X1

USSR-EGYPT

25X1
25X1



NOTES

Guarded Soviet optimism about Secretary Kissinger's coming trip to Moscow was evident in a Pravda article published yesterday.

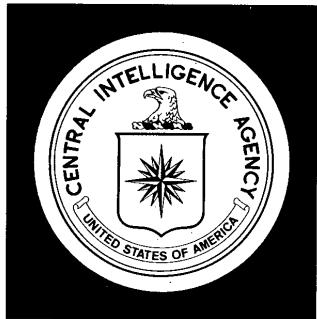
The article, by one of the paper's regular news analysts, said constructive action on strategic arms limitations negotiations is "the touchstone of the genuine intentions" of each side. It added that new progress is possible only on the basis of earlier agreements.

* * *

Apparently responding to "heavy pressure" from Athens, Greek Cypriot negotiator Clerides withdrew his resignation Saturday, thus removing one of the obstacles to a resumption of intercommunal talks in Vienna next month.

Clerides refused to spell out publicly his reasons for resigning in the first place. If the stalled talks are to resume as scheduled, there will have to be similar pressure from Ankara on Turkish Cypriot negotiator Denktash. UN Secretary General Waldheim is worried that the talks may be scuttled altogether if the Turks are backing away from their agreement with the Greeks last month to reopen the talks without preconditions.

Top Secret



The President's Daily Brief

January 20, 1976

2

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January 20, 1976

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Lebanon: Prime Minister Karami has agreed to reconsider his decision to resign. (Page 1)

USSR: There has been little change since yesterday in the position of Soviet naval units in the western Mediterranean and off the west coast of Africa. (Page 2)

USSR:

25X1

Spain: Spanish leftists will demonstrate in Madrid today in a bid to politicize labor unrest and test the government's willingness to tolerate dissent. (Page 4)

Notes: Arabs-UN; USSR (Page 5)

At Annex

[redacted] the deteriorating situation in Lebanon.

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FOR THE PRESIDENT ONLY



559137 1-76

LEBANON

Prime Minister Karami has agreed to reconsider his decision to resign as a result of a cease-fire arranged yesterday by President Franjiyah and Syrian President Asad. Franjiyah--presumably under heavy pressure from the Syrians--had refused to accept the Prime Minister's resignation.

Karami is now in a position to reassert himself in political negotiations that have recently been conducted almost exclusively between Franjiyah and the Syrians. Although Karami's announcement has eased concern--at least temporarily--that remaining government authority might collapse, there are as yet no signs that the warring factions have accepted the cease-fire. Franjiyah and Asad probably agreed to give each other considerable time to implement the accord, which apparently is only the broadest outline of a truce.

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25X1

Franjiyah's chances of gaining Christian acceptance of the accord are slim. Christian militias have gained considerable momentum over the last week, and apparently are preparing for new advances on Muslim areas in Beirut. Phalangist forces yesterday took over most of Quarantina, a Muslim slum near the port area. They also secured two bridges across the Beirut River which open up their supply lines to the north.

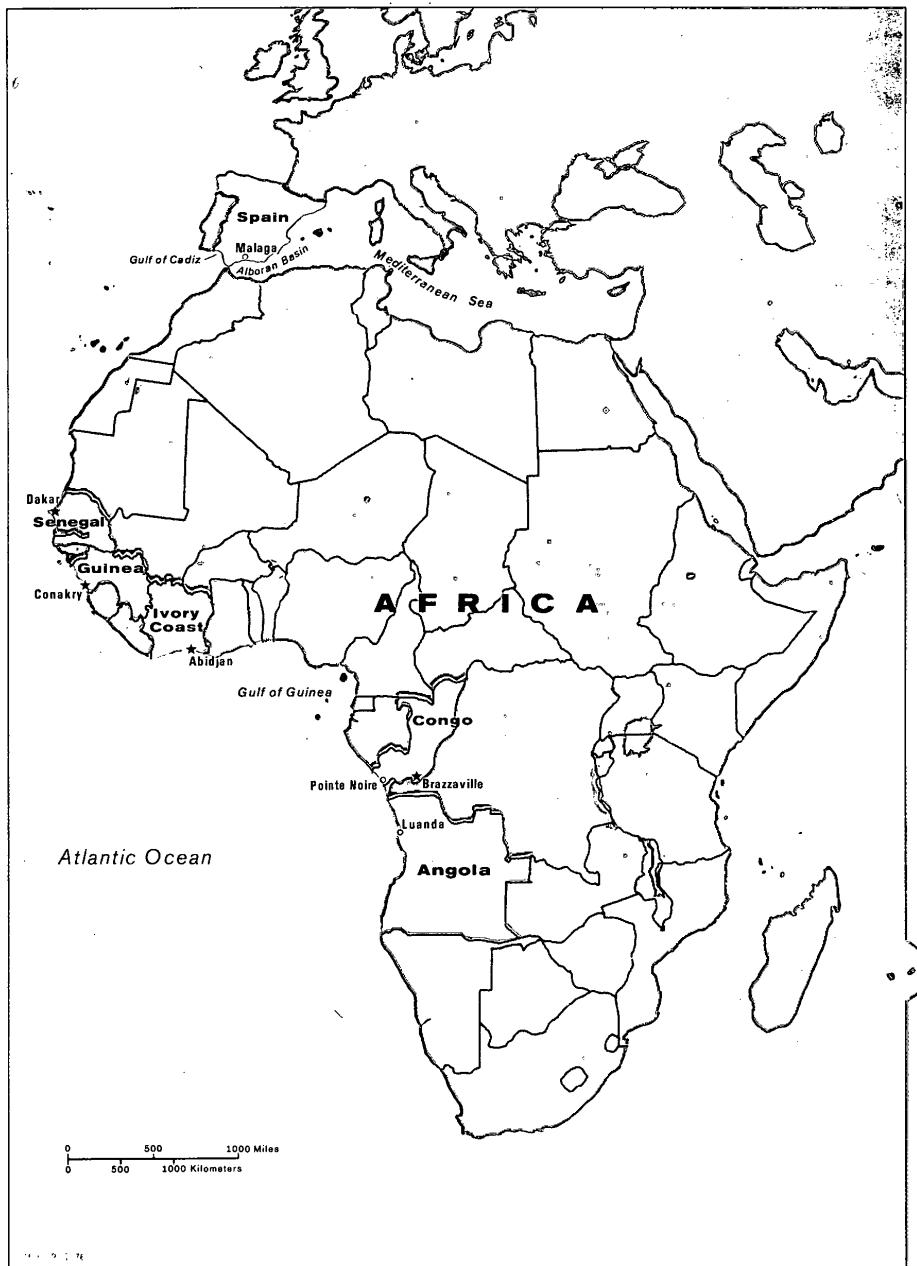
Fighting continued near Damour south of the capital, around Zahlah to the east, and in Tripoli, the northern provincial capital.

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We have no evidence, however, to substantiate widely publicized claims by Interior Minister Shamun that thousands of Palestinian troops crossed into Lebanon yesterday.

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USSR

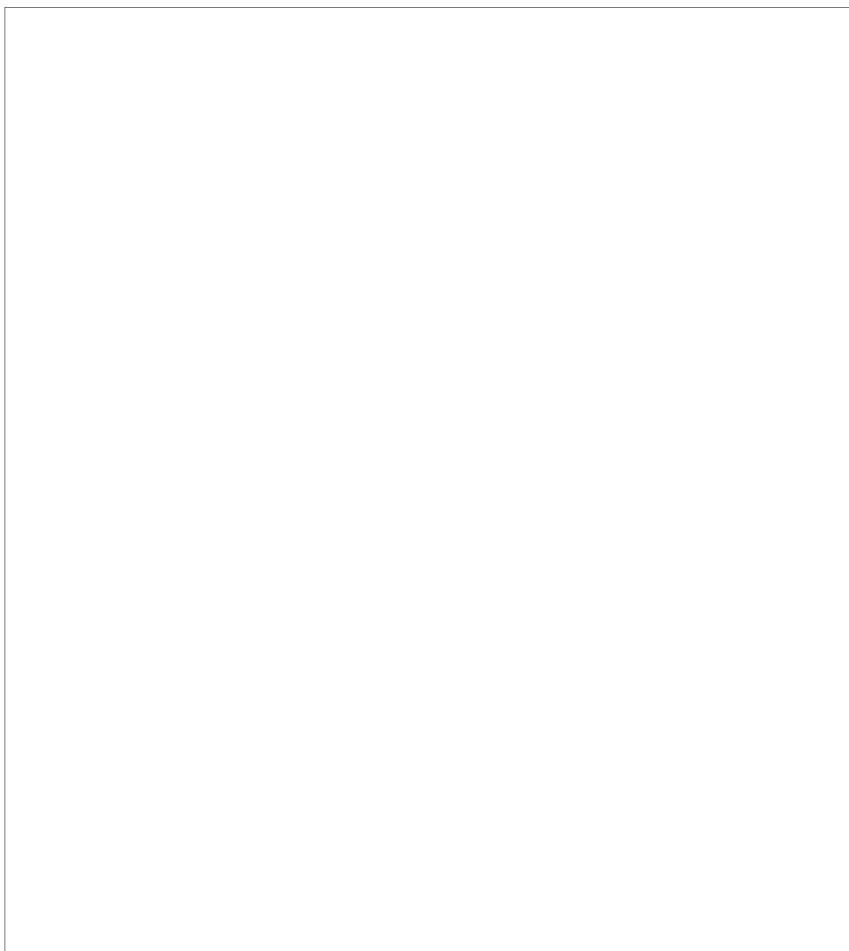
There has been little change since yesterday in the position of Soviet naval units in the western Mediterranean and off the west coast of Africa.

The Kashin-class destroyer that followed the USS Saratoga carrier group into the Mediterranean early on Monday is now located outside the Spanish port of Malaga, where the Saratoga is paying a port visit. The Sverdlov-class cruiser and two F-class submarines are still in the Alboran anchorage.

Off the African coast, an Alligator-class landing ship is still south of the Ivory Coast. The naval oiler that was accompanying the landing ship may now be heading back to Conakry.

The Kresta-II guided missile cruiser, Kotlin-class destroyer, and two oilers remain in or near Conakry.

USSR



25X1

SPAIN

Spanish leftists will demonstrate in Madrid today in a bid to politicize labor unrest and test the government's willingness to tolerate dissent.

The two major coalitions of the leftist opposition who called for the rally--the Communist-dominated Democratic Junta and the Socialist-led Platform of Democratic Convergence--apparently hope to join forces with those workers now on strike to press demands for:

- a national referendum on the country's form of government,
- amnesty for all political prisoners,
- return of political exiles, and
- recognition of the rights of ethnic groups such as the Basques and Catalans.

[redacted] 25X1

So far,
Fraga's security forces have relied primarily on tear gas and smoke bombs to disperse crowds.

25X1

Rail services in Spain quickly returned to normal yesterday after the government drafted all railway personnel, making them liable to military discipline if they refused to return to work.

[redacted] 25X1

NOTES

After considerable squabbling between Egypt and Syria, the Arabs have tentatively agreed on a draft resolution on the Palestinian question for consideration by the UN Security Council.

The text essentially calls on the Security Council to recognize: the inalienable rights of the Palestinians to self-determination, political independence and statehood in Palestine; the right of Palestine refugees to return to their former homes or obtain compensation for their property; and that Palestinian representatives must participate in any UN effort to establish peace in the region. By omitting any direct reference to the Palestine Liberation Organization, the Arabs, even though they do not believe they can avoid a US veto, are hoping to win the support of West European council members and isolate Washington.

* * *

The pace of the Soviet submarine construction program is such that 51 ICBM launchers must be fully dismantled by the end of February to meet requirements of the Interim Strategic Arms Limitation Agreement.



Photography shows that the Soviets had dismantled eight older ICBM launchers by early January, one more than required by that date. Currently 34 more above-ground SS-7s are being dismantled, and photography taken in December shows activity that is probably preliminary to the dismantling of at least nine additional SS-7 silos at three complexes in the eastern USSR.

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LEBANON

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The fighting in Lebanon has taken an ominous turn with the growing involvement in recent days of the Lebanese army and mainline Palestinian forces behind the Christian and Muslim Lebanese respectively. The escalation has occurred against the background of demographic shifts already leading towards de facto partition. The fighting will continue to escalate--albeit with temporary lulls--unless (a) there is a fundamental change in strategy by one of the factions, or (b) outsiders intervene politically to achieve a cease-fire and to force negotiations on a political settlement of the fundamental issues dividing the major factions.

In the absence of a durable cease-fire and with the continuation of heavy fighting, the situation is likely to develop in one of several ways.

Intensified Fighting and Fruitless Negotiating. Alternate periods of fighting and of guarded negotiating are almost certain to continue. This process is leading toward an all-out confrontation between the Lebanese armed forces and the Palestinians. This would differ from full-fledged civil war only in terms of the restraints that would continue to exist and in the political negotiating mechanisms that might still survive.

Full-fledged Civil War. The last vestiges of central authority would collapse, and the political leaders would abandon their feeble negotiating efforts. Civil war would lead to intense efforts by Damascus to force President Franjiyah to accept a settlement that would give political concessions to the Muslims and confirm Palestinian freedom of action in Lebanon. The Christians, however, would seek to accelerate partition of the country.

(continued)

A1

FOR THE PRESIDENT ONLY

New Christian Moves. Only if the Christians conclude that they face major setbacks as a result of military reverses or inability to secure arms, would they adjust their strategy in recognition of their weaknesses. This could include a new willingness to negotiate, the resignation of President Franjiyah, or a military coup.

Outside Mediation. To have any chance of success, outside mediation would have to feature Syria. Prospects even then would be poor. As long as the Christians believe, as they now seem to believe, that they can hold their own militarily, they would not be receptive to mediation efforts, except as a tactical maneuver.

We consider that Syria and Israel are both exercising deliberate caution in their approach to the Lebanese problem. Although there is a possibility of miscalculation, it is unlikely that Syria or Israel will misjudge one another's intentions in Lebanon and accidentally spark general hostilities in the Middle East. We believe that Syrian regular forces are unlikely to intervene short of a radical change in the situation, such as an imminent defeat of the Palestinians or an Israeli occupation of southern Lebanon. The Israelis might be willing to hold back if the Syrians announced a limited incursion into the Beirut area or northern Lebanon, but would react immediately if Syrian troops entered the south. There is a good chance that wider hostilities in the Middle East would grow out of any direct clash between Syrian and Israeli forces.

Egypt is expressing growing concern over developments in Lebanon, and may undertake some vigorous mediation efforts.

25X1

The Soviets are also showing concern over events in Lebanon. We consider that they would be likely to resupply the Palestinians through Syria if the fighting escalates, but would try to prevent the spread of fighting beyond Lebanon and to avoid direct intervention themselves.

A2

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The President's Daily Brief

January 21, 1976

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January 21, 1976

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Lebanon: The fighting continued undiminished yesterday in most areas of the country. (Page 1)

USSR:

25X1

(Page 3)

25X1

Angola - South Africa:

25X1

(Page 5)

Notes: Morocco - Algeria - Spanish Sahara; Spain;
USSR (Pages 7 and 8)

FOR THE PRESIDENT ONLY



559147 1-76

LEBANON

The fighting continued undiminished yesterday in most areas of the country, despite the cease-fire arranged by President Franjiyah and Syrian President Asad. Both leaders met yesterday with representatives of the warring factions.

Christian Interior Minister Shamun, whose private militia has been heavily involved in the blockade of Palestinian refugee camps, reportedly rejected the cease-fire. The plan called for lifting the blockade of the camps in exchange for an end to the siege of Damour and several other Christian cities south of Beirut. Late press reports indicate that Muslims and leftists have captured Damour.

The Palestinians and their Muslim and leftist allies also objected to halting the fighting in the face of new advances by the Christians on Muslim areas of Beirut.

Meanwhile, Prime Minister Karami has not pressed his threat to resign, despite the failure of the cease-fire to take hold. Prominent Sunni Muslims have made it clear they would refuse to participate in the government if Karami submitted a formal resignation that was accepted by President Franjiyah.

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[redacted]
President Asad talked with leftist leader Kamal Jumblatt in Damascus yesterday and is scheduled to meet other leftist and Muslim leaders later this week.

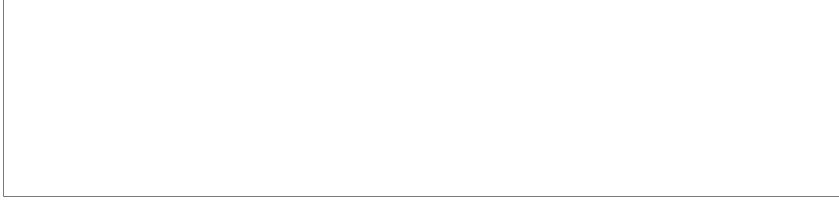
Syrian and Lebanese leaders, with the notable exception of Shamun, appear to have intentionally kept silent on political and military developments over the last several days. This silence and a breakdown in communications between Beirut and other areas of the country have prompted what appear to be exaggerated press accounts of sweeping attacks by Muslims and Palestinians in the north around Tripoli and in the Bekaa Valley region near Zahlah.

(continued)

Muslim and leftist forces have had the upper hand in the north for some time, and may have increased their pressure on the predominantly Christian communities in Zahlah. They also may have launched a countrywide campaign against government facilities and military installations. There is no evidence, however, that they have gained control of the northern and eastern regions.

Our defense attaché in Damascus was told by the commander of the Palestine Liberation Army that the Yarmuk Brigade--the military arm of Fatah--recently entered Lebanon and is now located south of Zahlah. The Yarmuk force may include as many as 2,500 troops. The PLA commander also said that five of the PLA's seven battalions are now in Lebanon. No mention was made of the total number of troops involved.

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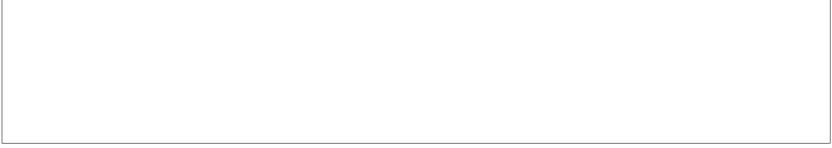
* * *

The Israelis are monitoring developments in Lebanon very closely, but are continuing to react in a low-key manner.

Defense Minister Peres is the only top Israeli official who has commented directly on the Lebanese situation in recent days. Speaking to graduating Israeli army officers last Monday, he explicitly directed his comments toward Syria, warning that if a "foreign army" intervened in Lebanon, Israel would be forced to take the "necessary defensive measures."

Other Israeli officials are emphasizing the moderation shown by Syria during the crisis. They are playing down the recent movement of Palestinian troops from Syria into Lebanon and are suggesting that President Asad may be using these forces to pressure the Lebanese factions into reaching a political compromise.

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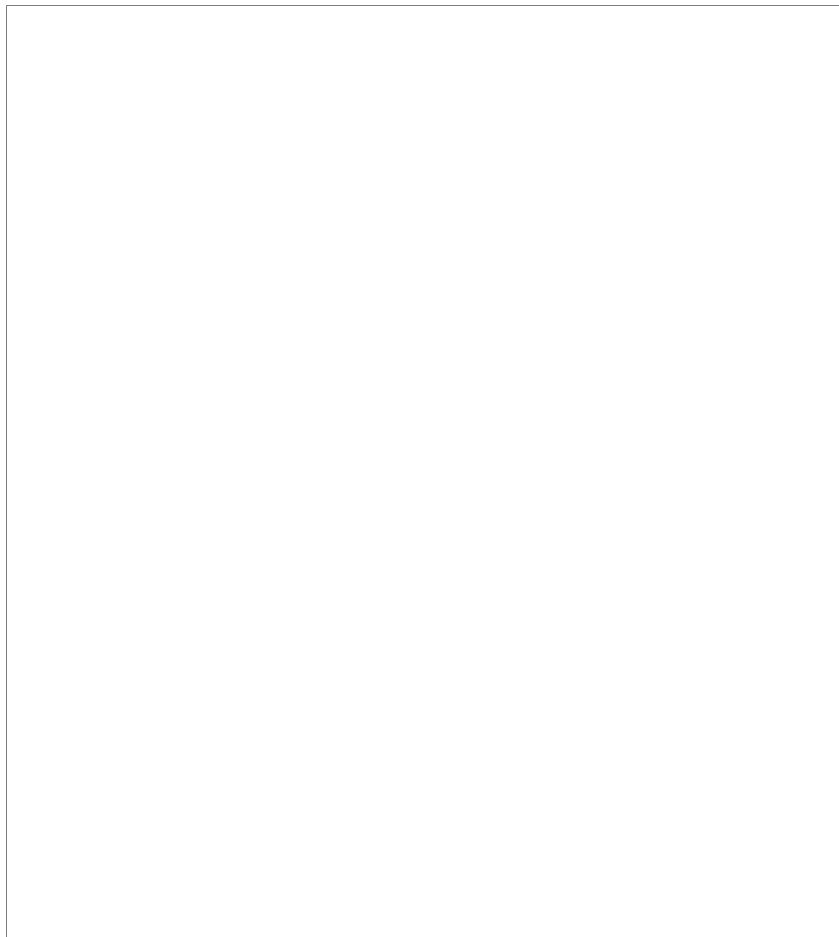


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USSR

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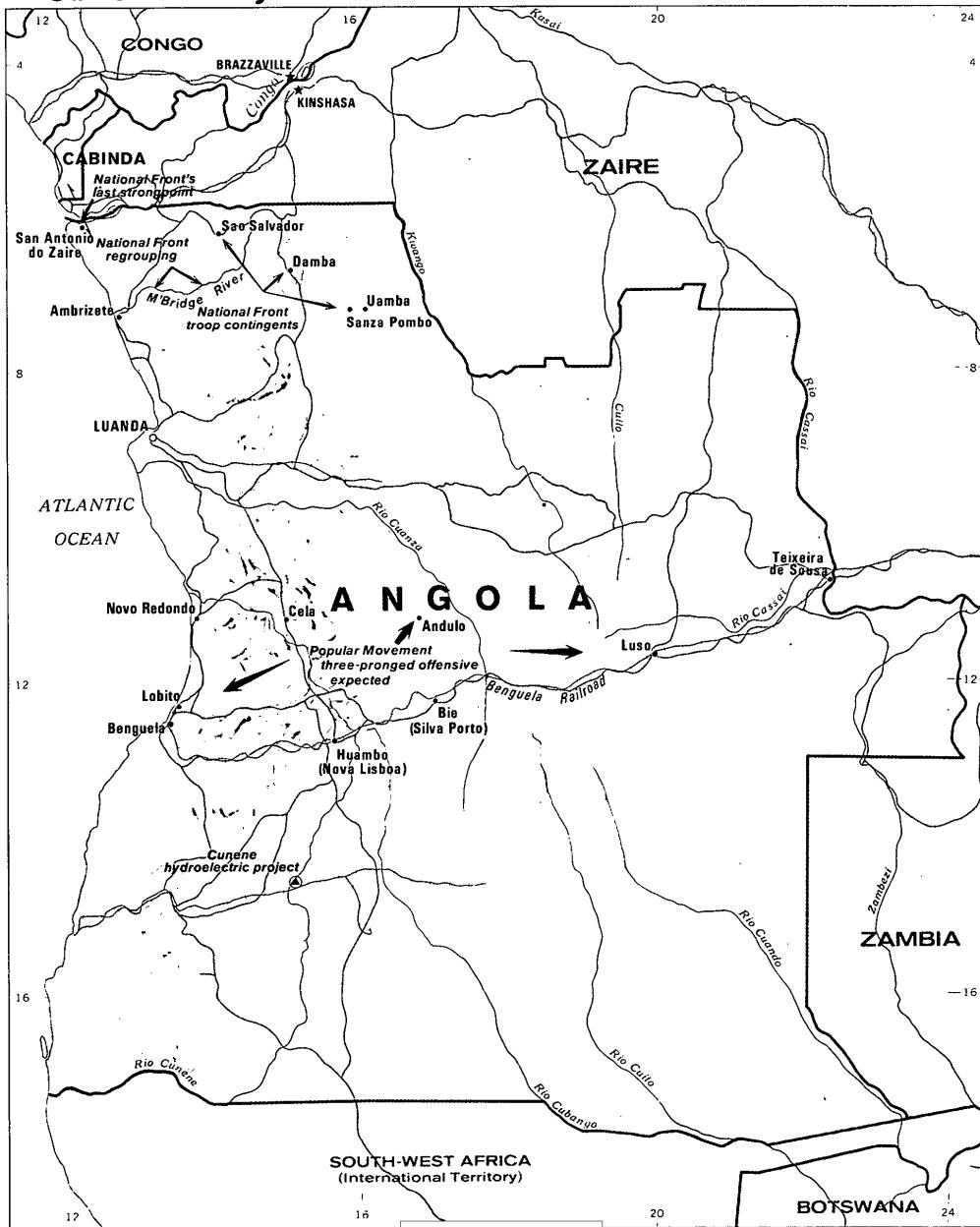


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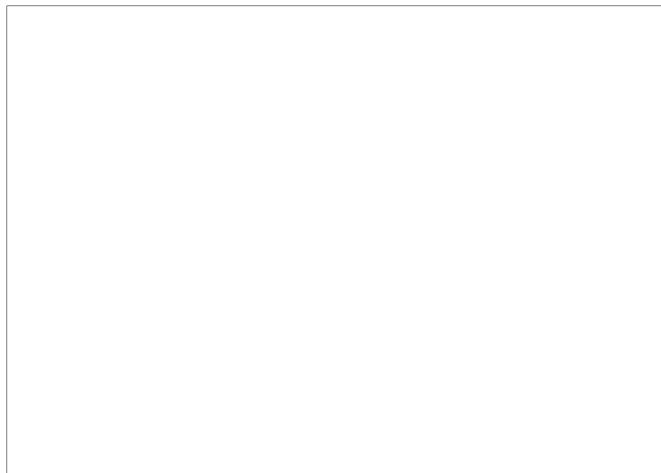
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Current Military Situation



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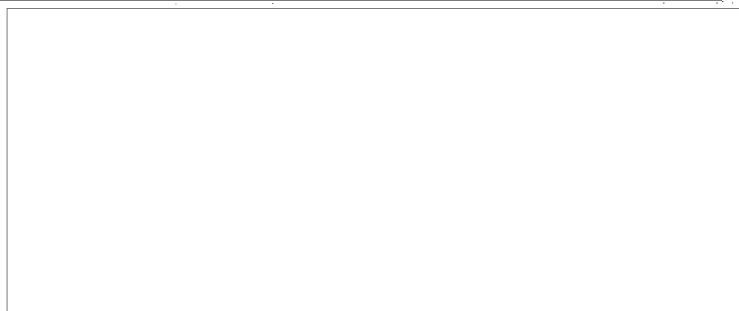
ANGOLA - SOUTH AFRICA



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(continued)

FOR THE PRESIDENT ONLY

* * *

The military situation in northern Angola, for the time being, is relatively quiet. The Popular Movement appears not to have advanced beyond Ambrizete.

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Intercepts indicate little activity around Santo Antonio do Zaire, the Front's last major strongpoint in the north. The Front also still has contingents at Sao Salvador--reported earlier to have been evacuated--and at Damba, Sanza Pombo, and Uamba.

In central Angola, heavy fighting is continuing around Cela, Luso, and Teixeira de Sousa but neither side has scored any gains. National Union leader Savimbi [redacted] is preparing to resist an expected three-pronged offensive [redacted] against Luso, Andulo, and Lobito-Benguela.

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25X1

[redacted] Press reports that the National Union will airlift several thousand troops to assist the National Front probably are without foundation. The National Union cannot spare troops for northern operations at this time.

25X1
25X1



NOTES

25X1

[redacted] Moroccan [redacted]	25X1
[redacted] Algerian-[redacted]	25X1
	25X1
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* * *

Spanish police used tear gas and clubs to prevent leftists from holding the rally they had planned in Madrid last night.

The would-be demonstrators, fewer than 8,000 of them, were diverted into side streets before they could begin their march. The government was apparently able to prevent the rally without using extreme measures that would have brought accusations that it was reverting to the repression of the Franco era.

(continued)

* * *

The Soviet landing ship and oiler that have been in the Gulf of Guinea have moved to the vicinity of Conakry and probably will arrive there sometime today.

Two Soviet naval oilers currently are in port at Conakry and the Kresta-II guided-missile cruiser and Kotlin-class destroyer are at sea nearby. The positions of other Soviet ships in the western Mediterranean have not changed since yesterday. The Kashin-class destroyer that followed the USS Saratoga into the Mediterranean remains near Malaga where the US ship is making a port call. Two F-class submarines and the Sverdlov-class cruiser have not left the Alboran Basin since they returned from their brief trip into the Atlantic last week.

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The President's Daily Brief

January 22, 1976



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January 22, 1976

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Lebanon: The President's office announced this morning that all sides have agreed on a Syrian-sponsored "comprehensive" settlement.
(Page 1)

Notes: USSR; Western Europe - Portugal; Italy;
Iran-Israel; South Korea *(Pages 2, 3, and 4)*

FOR THE PRESIDENT ONLY



559153 1-76

LEBANON

The office of Lebanese President Franjiyah announced early today that agreement has been reached by all parties involved in the civil war on a "comprehensive political settlement."

The agreement, worked out with Syrian mediation, calls for the formation of a military committee composed of Lebanese, Syrian, and Palestinian representatives to fix a date for a cease-fire. The committee is then to name a number of supervisory subcommittees to implement the cease-fire.

Few specifics were announced, suggesting that much needs to be done before any final agreement is reached or, indeed, even a cease-fire is established.

Syrian President Asad played a major role in working out this most recent proposal. A revised version of Asad's plan, presented to the Lebanese yesterday by Foreign Minister Khaddam, reportedly went some distance toward meeting Muslim demands for basic political changes that would reduce the political domination long exercised by the Lebanese Christians.

The proposal reportedly called for equal Christian and Muslim representation in parliament and the election of the prime minister by parliament. It would, however, allow the Christians to retain their predominant representation in top civil service and army posts.

Yesterday, President Franjiyah and Phalanges Party chief Jumayyil seemed inclined to accept the plan. Another top Christian leader, Interior Minister Shamun, was resisting.

It is too soon, of course, to know whether the apparent acceptance of the plan by top Christian leaders is anything but another effort to buy time. Some Christians are said to be alarmed by the losses their forces suffered in several parts of the country this week. The Christian Phalangists made military gains in Beirut early in the week, but suffered serious losses around Zagharta in the north and Shtawrah in the east.

NOTES

There has been little change in the disposition of Soviet naval units off the West African coast.

The Kresta II guided-missile cruiser, Kotlin-class destroyer, and several oilers in the Conakry area have now been joined by an Alligator-class landing ship and an oiler that had been in the Gulf of Guinea.

25X1

this suggests that the naval force will remain in West African waters awaiting further developments in Angola.

* * *

West Europeans are planning additional financial and economic aid to Portugal.

The EC Council this week approved the renegotiation of the 1973 trade agreement with Portugal that included a provision permitting Lisbon to borrow from the European Investment Bank. Last year, \$175 million was committed to finance specific projects, and these funds may begin flowing in March. The seven members of the European Free Trade Association are planning an industrial development fund totaling \$100 million for Portugal. Several West European governments are considering continued bilateral assistance to Portugal this year. West Germany is negotiating a loan of up to \$250 million that should help ease Lisbon's balance-of-payments difficulties.

(continued)

* * *

Italy suspended foreign exchange intervention and official quotations on the lira yesterday in the face of heavy selling pressure precipitated mainly by the fall of the Moro government two weeks ago.

[redacted] 25X1

Italy closed the exchanges in an effort to cool off the situation and to buy time for arranging financing to support further intervention. Italian officials have not decided when they will resume making official quotations on the lira. They will probably wait until they are certain of substantial additional financing from the IMF and Washington.

On the political side, the move could give the Christian Democrats more leverage in their efforts to get the Socialists to agree on a new government. The Socialists were widely criticized for bringing down the government and thereby interrupting Rome's efforts to deal with the country's worst post-war recession.

* * *

[redacted]
[redacted]
[redacted]
[redacted]

[redacted] Iran [redacted]

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[redacted]

(continued)

* * *

The leader of South Korea's main opposition party, Kim Yong-sam, was indicted yesterday for violating a government emergency measure that bans almost all public criticism of the regime.

The action is the latest evidence of President Pak Chong-hui's determination to silence his political opponents. The government recently has prosecuted a number of its student and Christian critics. Pak issued the emergency decree last spring in the wake of the communist victories in Indochina, citing the need for strong discipline because of the threat from North Korea. Kim Yong-sam and other opposition forces are probably not in a position to organize any effective protest over the latest government action.

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The President's Daily Brief

January 23, 1976



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~~Top Secret~~ 25X1

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Lebanon: Fighting has diminished since the newly created Syrian-Lebanese-Palestinian "peace commission" called yesterday for a cease-fire.
(Page 1)

Angola: The Popular Movement has captured three towns in central Angola. (Page 2)

USSR-Africa: [redacted] (Page 3) 25X1

Notes: Morocco - Spanish Sahara; Iceland-UK; Panama; Italy (Pages 4 and 5) 25X1

FOR THE PRESIDENT ONLY

LEBANON

Fighting has diminished in most parts of the country since the newly created Syrian-Lebanese-Palestinian "peace commission" called yesterday for a cease-fire.

Fedayeen forces have been ordered to halt all attacks on government troops and installations. A Christian spokesman said the large Phalanges Party militia would respect the truce.

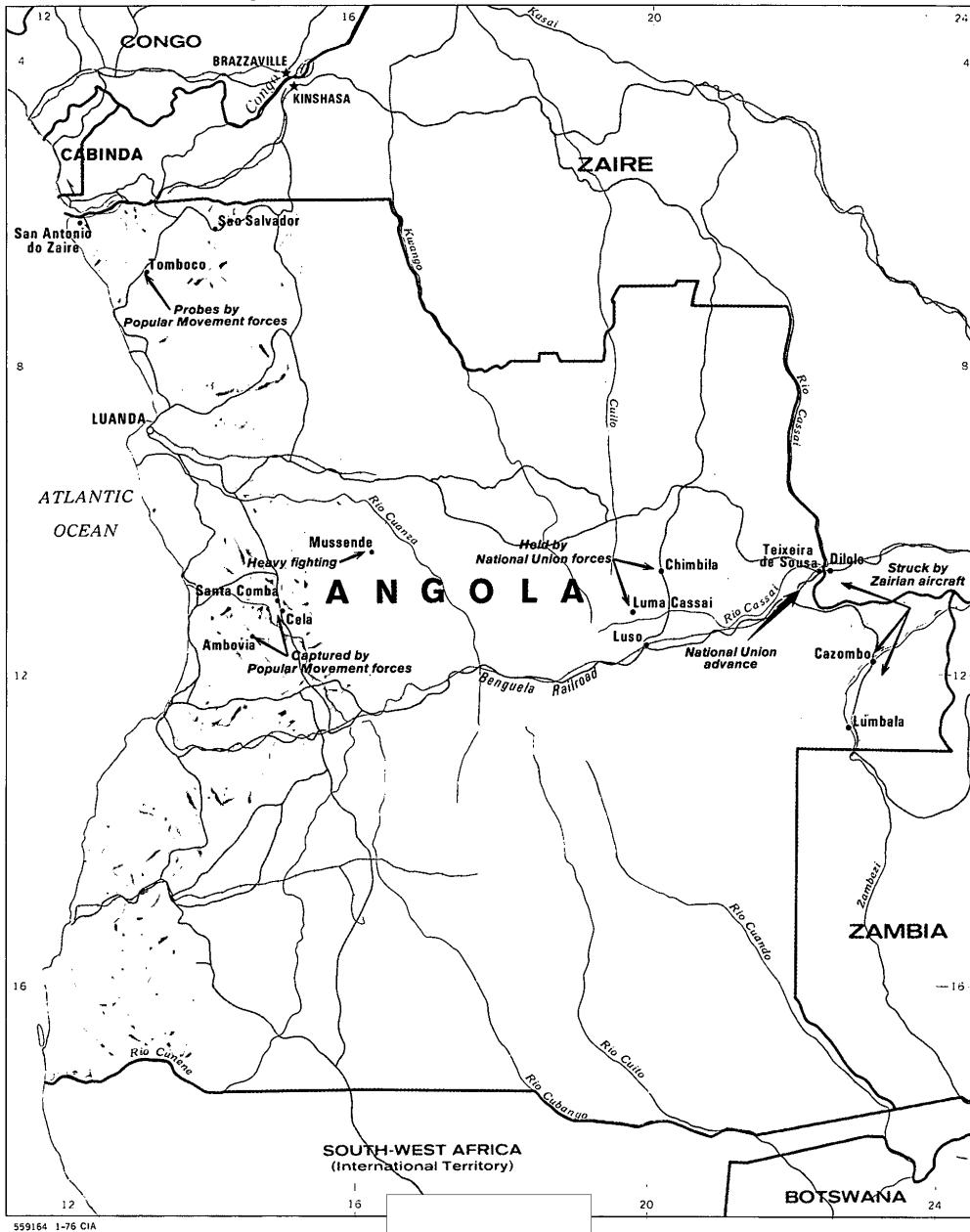
Leaders of the warring parties reportedly have agreed to separate their forces and take down barricades over the next four to seven days while political negotiations proceed. The aim is to avoid this time another sterile debate between Christians insisting peace come before political reforms, and Muslims demanding reforms come before peace.

President Franjiyah is still trying to elicit wide Christian backing for a comprehensive political settlement. He could easily slip back into a less conciliatory position. For now, Franjiyah apparently is convinced that, by making modest concessions, the Christians can forestall a more serious erosion of their power later.

The US embassy reports that Christian leaders are negotiating seriously for the first time, but doubts that Franjiyah can bring around the two main Christian political leaders--Interior Minister Shamun and Pierre Jumayyil.

25X1

Current Military Situation



25X1

ANGOLA

The Popular Movement has captured three towns in central Angola--Santa Comba, Amboiva, and Cela--according to intercepts. Heavy fighting is also taking place around Mussende.

National Union forces [redacted] in counter actions are moving northward from Luso in an effort to distract Popular Movement forces from an advance by the National Union on Teixeira de Sousa. [redacted]

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Zairian jet fighters attacked Popular Movement forces twice in the past week. They hit the military camps at Lumbala and Cazombo and carried out a series of strikes around Teixeira de Sousa, reportedly destroying the runway and a missile-launching emplacement.

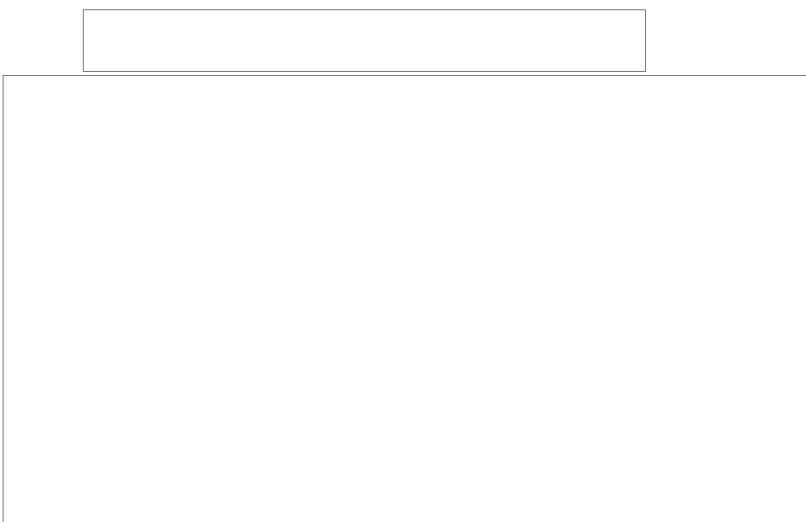
Ground forces of the Popular Movement have exchanged fire across the border with Zairian troops on several occasions this month. Tensions have been steadily rising on both sides of the border since the Popular Movement destroyed the bridge linking Teixeira de Sousa with Dilolo on the Zairian side of the Cassai River early this month.

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Many foreign observers [redacted] no longer regard the National Front as an effective nationalist group. African leaders will probably view its collapse as an opportunity to revive pressures for a coalition between the Popular Movement and the National Union.

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USSR-AFRICA



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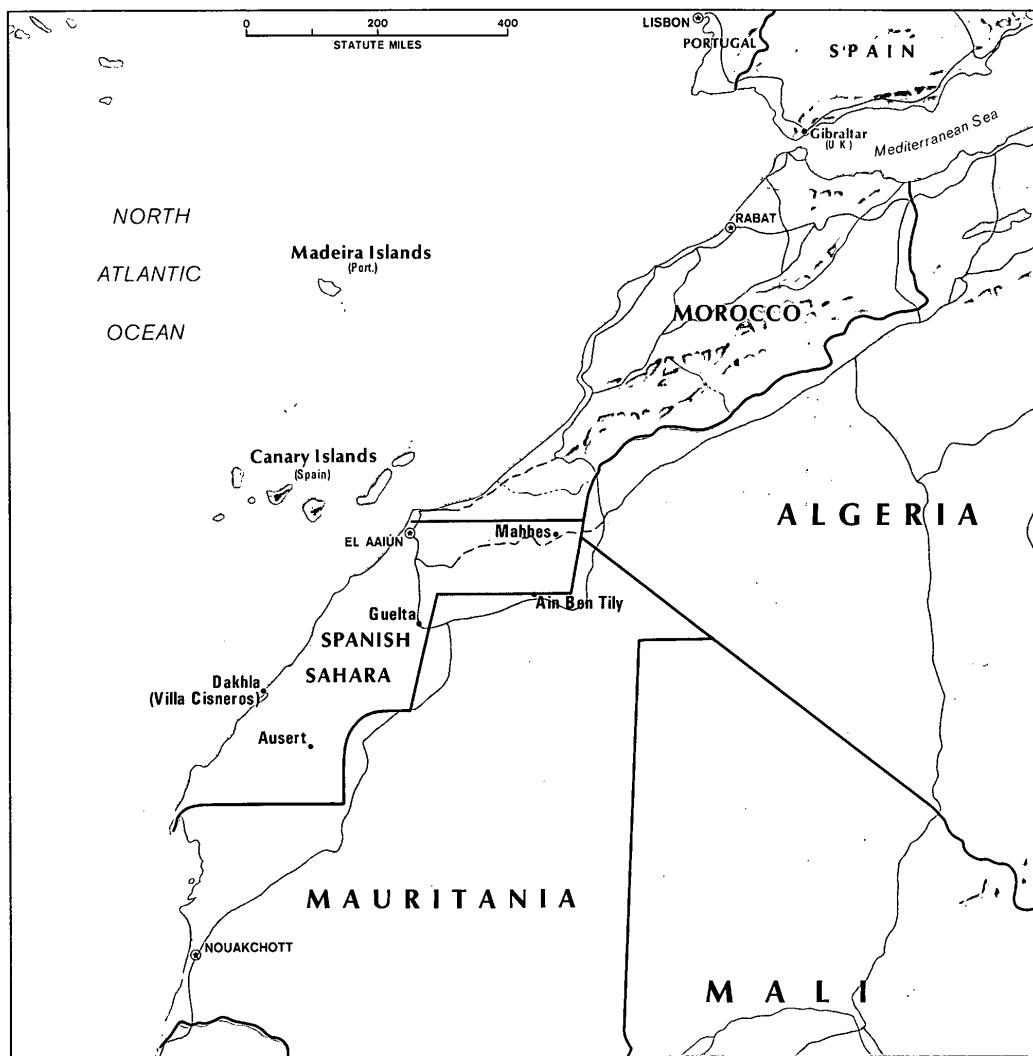
25X1

Meanwhile, it is now apparent that the Soviet landing ship operating in West African waters did not leave the Gulf of Guinea for Conakry as we had believed.

[the LST remained in the Gulf of Guinea and currently is about 500 miles to the west of Pointe Noire. There are five Soviet ships at Conakry--a cruiser, a destroyer, and three oilers.]

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The status of Soviet ships in the Mediterranean remains unchanged.



NOTES

25X1

Moroccan

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* * *

Icelandic Prime Minister Hallgrimsson arrives in London Sunday for two days of talks with British Prime Minister Wilson.

Despite the resumption of talks, Icelandic harassment of British trawlers remains a threat and could force London to order its frigates back into the disputed zone. London withdrew the frigates earlier this week on the assumption that Reykjavik would not harass the trawlers. Hallgrimsson has told newsmen that Iceland will continue to enforce its laws

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(continued)

* * *

The Panama government's widespread crackdown on opponents is an effort to stifle domestic criticism and allow President Torrijos to negotiate a canal treaty without political harassment.

As many as 140 people may have been arrested, and at least ten prominent individuals were exiled. The government probably moved [redacted]

[redacted] because of extreme sensitivity to public criticism of its economic policies and its negotiating stance on a canal treaty. Unless the opposition gets a martyr or a groundswell of labor support develops, the right will not be able to threaten Torrijos seriously.

25X1

* * *

Italy's Aldo Moro reportedly will ask the Socialist Party today to join his Christian Democrats in forming a coalition government.

If the two parties fail to reach an agreement, an early parliamentary election will be more likely than at any time since Moro began his search for a new government early this month. Most other options have been ruled out. There are major obstacles, however, to a Christian Democratic - Socialist coalition. The Christian Democrats reportedly are ready to accept most of the Socialist demands on economic policy, but they still cannot accept the other Socialist condition--more open consultations between the government and the Communists.

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January 24, 1976

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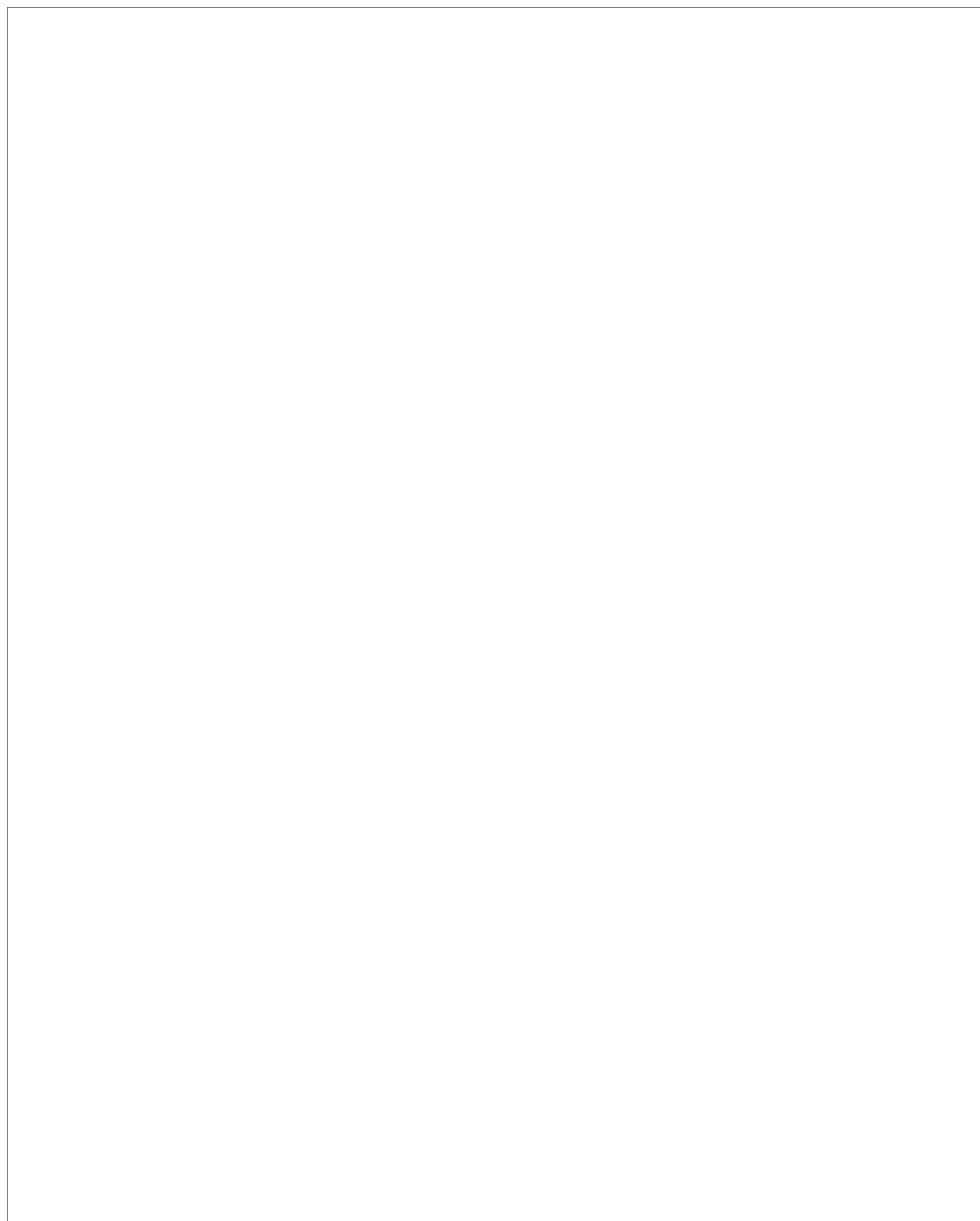
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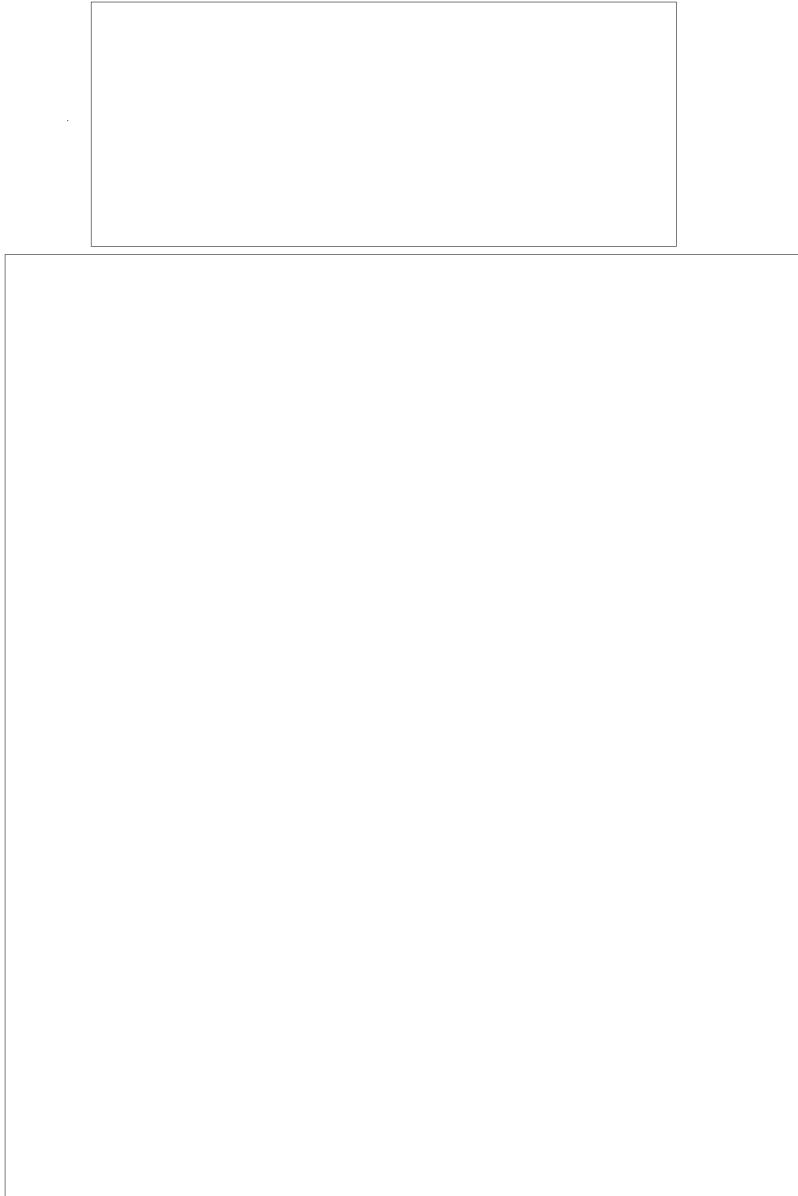
<u>Lebanon:</u> [redacted]	25X1
[redacted]	25X1
<u>USSR-Lebanon:</u> The Soviets probably welcome the latest moves toward resolution of the Lebanese crisis. (Page 2)	25X1
<u>Angola:</u> [redacted]	25X1
[redacted]	
<u>Portugal:</u> Direct negotiations began this week on a new political pact between the Portuguese military and political parties over the role each will play in a revised government. (Page 5)	
<u>Notes:</u> Spain; Iraq; North Yemen - USSR; India; EC-Yugoslavia; Cuba-Jamaica (Pages 6, 7, and 8)	

FOR THE PRESIDENT ONLY

25X1



LEBANON



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FOR THE PRESIDENT ONLY

USSR-LEBANON

The Soviets probably welcome the latest moves toward resolution of the Lebanese crisis.

Although *Pravda* alluded yesterday to the "intrigues" of "reactionary imperialist forces" against Lebanon and warned against Israeli plans to intervene, there are no solid indications that Moscow is seriously concerned about foreign intervention at this time. [redacted]

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25X1

[redacted]
[redacted]
25X1

A settlement of the crisis along the lines worked out by President Franjiyah and Syrian President Asad would be to Moscow's liking. The Soviets would approve of the strengthening of the Lebanese left and the increased prestige accruing to the Palestinians and the Syrians. They would applaud the fact that Egyptian President Sadat has largely been isolated from involvement in reaching a settlement.

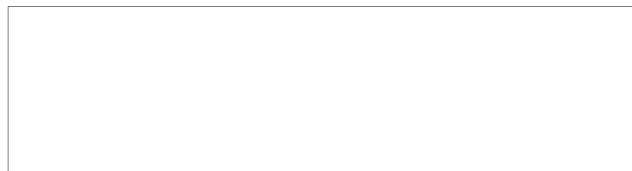
Moscow has already sought to link the Lebanese turmoil to a need for a Middle East settlement via the Geneva conference. *Pravda* yesterday went a step further when it implied that creation of a Palestinian state would enable "hundreds of thousands" of Palestinians to leave Lebanon.

ANGOLA



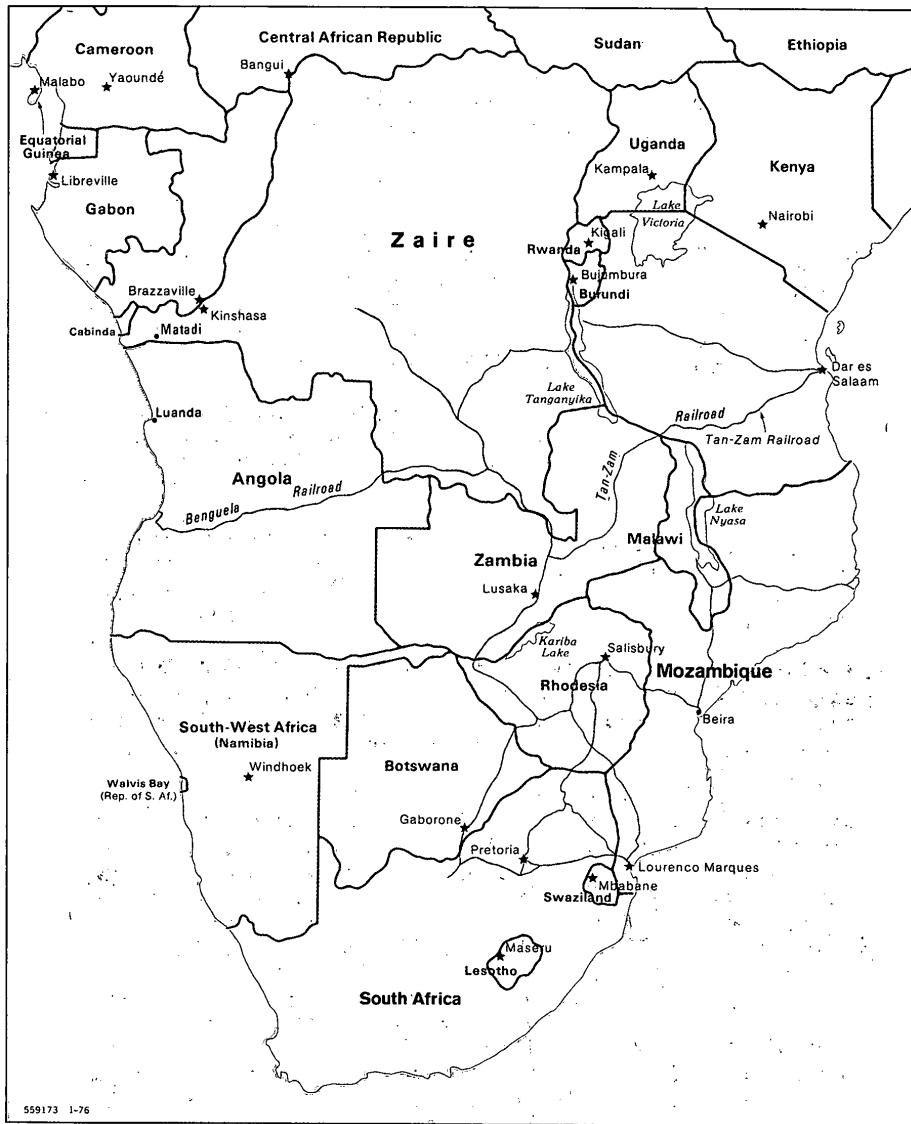
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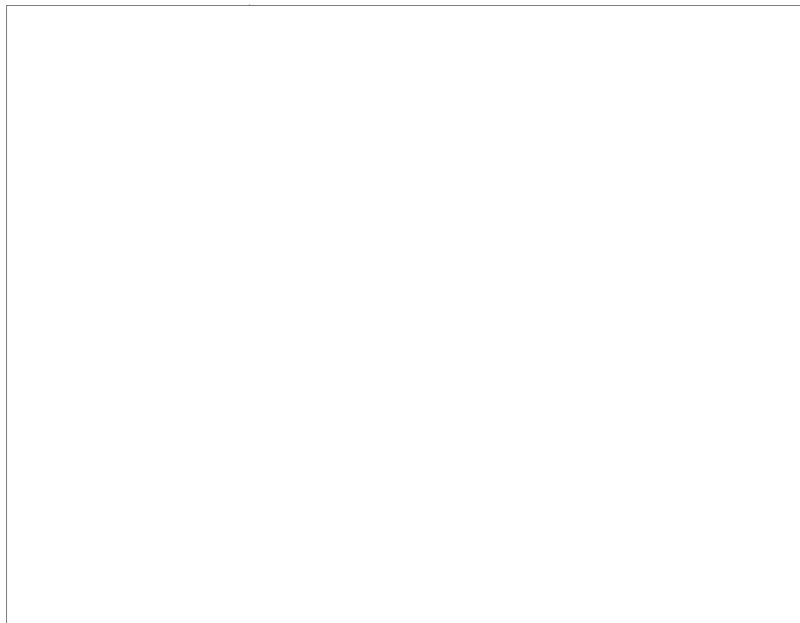
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PORUGAL

Direct negotiations began this week on a new political pact between the Portuguese military and political parties over the role each will play in a revised government. The draft agreement presented by the military has already been sharply criticized by democratic party leaders who believe it keeps too much power in the hands of the all-military Revolutionary Council.

Although the military proposal appears unacceptable to the parties in its present form, it is less restrictive than the agreement signed last April that assured the military virtual control of Portuguese politics for three to five years. The Socialist, Popular Democratic, and Social Democratic Center parties nevertheless hope to restrict the council to an advisory role.

The Communists and their allies, on the other hand, want the armed forces to retain the upper hand in the Lisbon government in the belief that Communist influence continues to be greater in the armed forces than among the civilian population.

The pace of negotiations will have to pick up if elections are to be held as scheduled on April 25.

In the Azores, recent concessions by the Portuguese government on autonomy have strengthened local leaders who favor autonomy over independence and have relaxed political tensions in the islands.

NOTES

Spanish Prime Minister Arias' plan to reform the political system encountered obstacles yesterday when the rightist-dominated Council of the Realm voted against the proposal to postpone parliamentary elections for one year; elections are now scheduled for March 1.

The Cabinet had proposed the delay to allow time for changes that would make the Parliament more representative. The Council is scheduled to meet again Monday, apparently to take another vote, and King Juan Carlos and his ministers may try for a postponement of at least a few months rather than a year.

If the Council should refuse to compromise, the King and the Cabinet might decide to issue the decree anyway, on the grounds that the Council's role is vaguely defined in the constitution. Such a move would provide an early test of strength between the reform-minded Cabinet and establishment rightists.

* * *

Satellite photography of mid-December indicates that Iraq has at least 700 tank transporters, almost twice our previous estimate of the Iraqi inventory.

In the October 1973 war, Iraqi forces were hampered in their movement to the Golan Heights by a lack of transporters for armored vehicles. With the new transporters, Iraq can move a larger force to the Golan Heights, and can complete the move in less time than we had thought. The transporters are enough to move the tanks of two armored divisions and a mechanized infantry division--approximately the force we estimate Baghdad would send to Syria in the event of another war with Israel.

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North Yemen

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India

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The EC decided this week to give Yugoslavia access to European Investment Bank funds.

Concerned that Soviet influence in Yugoslavia will increase after President Tito's death, some members are anxious to take steps now to broaden Belgrade's relations with the West. The EC Council has authorized an initial \$60 million to construct a trans-Yugoslavian highway that will link Italy and Greece. This is the first time a Communist country has been given access to credits from the investment bank.

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Cuban	
Jamaica	

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FOR THE PRESIDENT ONLY

LEBANON

The cease-fire was marred only by minor skirmishes over the weekend that were easily contained by the Syrian-Lebanese-Palestinian peace commission. Syria's role in the truce agreement has drawn sharp accusations from the Egyptian media that almost certainly reflect Cairo's suspicion of Damascus' motives.

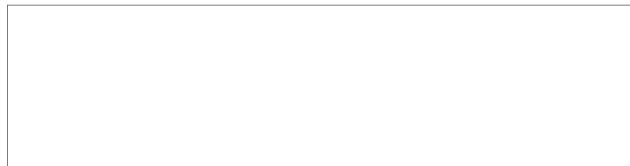
The commission was granted policing authority on Saturday as a result of an agreement between Muslim and Christian leaders worked out by Syrian Foreign Minister Khaddam. Subcommittees of the commission, which are to be established throughout the country, will include a Syrian and a Lebanese officer and either a Palestinian or Christian representative, depending on the dominant faction in each subcommittee's jurisdiction.

In an apparent effort to ease Christian concern that this arrangement could favor the Muslims, half of the 60 Syrian officers sent to serve on the subcommittees are Christians.

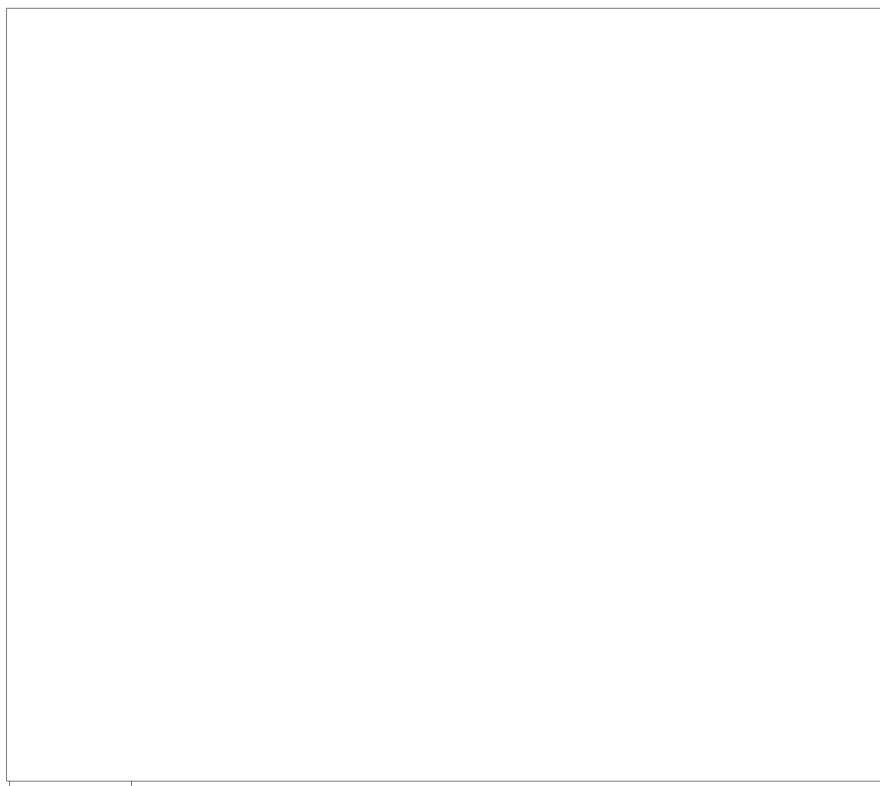
The most explicit expression of Egypt's unease over Syria's role in Lebanon appeared in the authoritative newspaper *Al-Ahram*, which charged that Damascus, prodded by the Soviets, had prolonged the Lebanese crisis in order to gain greater control over both Lebanon and the Palestine Liberation Organization. Syria's quick success in gaining a settlement that only recently seemed nearly impossible clearly nettles Egypt.

Suspicion of Damascus' role apparently figured in Cairo's recent decision to send a battalion of the Ain Jallut brigade--a contingent of the Palestine Liberation Army normally based in Egypt--to Lebanon. Yasir Arafat reportedly plans to use the battalion as a counterweight to Syrian-controlled PLA units in Lebanon.

USSR-ANGOLA

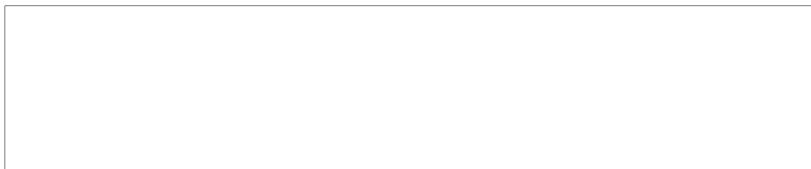


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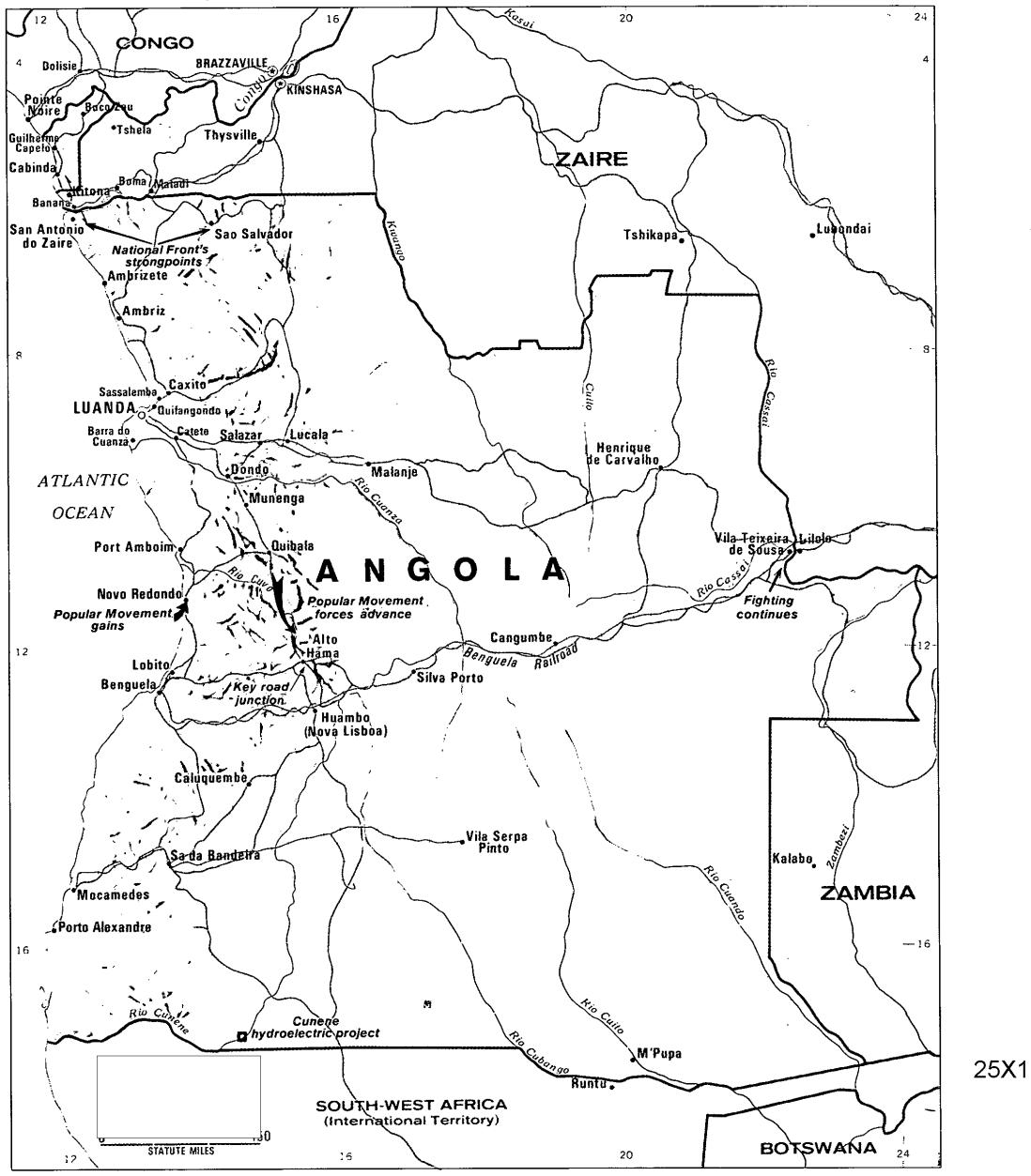


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FOR THE PRESIDENT ONLY

Current Military Situation



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Kenyan President Kenyatta tried twice last year to bring Angola's rival groups together. Whatever his response, there are no indications that Agostinho Neto, president of the Popular Movement, would be receptive to an approach from Savimbi.

Savimbi requested Kenya's mediation the day after he met Zairian President Mobutu in Kinshasa.

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On the military front, Cuban-led Popular Movement forces have reportedly driven the National Union out of the port of Novo Redondo, some 100 miles north of the National Union's key rail and port complex at Lobito. The Popular Movement also claims its forces have crossed the Cuvo River and are moving toward Alto Hama, an important road junction some 50 miles from Huambo.

Fighting continued over the weekend around the eastern city of Teixeira de Sousa, with neither the National Union nor the Popular Movement making significant gains. In northern Angola, the Popular Movement still has not begun a determined drive on the National Front's remaining strongpoints at San Antonio do Zaire and Sao Salvador.

USSR-CUBA-ANGOLA

We present the key points of an Inter-Agency Intelligence Memorandum--"Soviet and Cuban Aid to the Popular Movement for the Liberation of Angola from March through December 1975"--issued on January 24.

The intelligence community estimates that the Soviet Union, Eastern Europe, and Cuba shipped about 20,000 tons of military equipment to the Popular Movement for the Liberation of Angola from March through December 1975.

--Soviet and East European sea shipments totaled some 12,500 tons, and a Soviet airlift added another 2,000 tons.

--Cuban merchant ships delivered about 5,500 tons of military equipment.

Cuba also sent to Angola in this period some 7,500 Cuban military personnel, and the USSR sent about 400 military advisers.

(A Soviet-Cuban airlift has continued to move Cuban troops into Angola since the end of 1975. As of January 22, 1976, a total of about 11,000 Cuban military personnel had been sent to Angola. On that date, this troop airlift came to an end, at least temporarily, although additional Cuban troops may still be moving into Angola by ship.)

Valued in equivalent US prices, this Soviet and Cuban support from March through December 1975 would be on the order of \$200 million. With the evidence available to us, we can calculate an estimate of \$179 million. Since this figure has been deliberately based on conservative judgments, however, and taking into account some evidence which cannot yet be quantified, we believe that this may understate the total by some \$20 million.

(Since January 1, 1976, the Soviet and Cuban sealift/airlift in support of the Popular Movement has continued. Between January 1 and 22, the cut-off date of this report, there have been two voyages by Soviet ships carrying military equipment to the Angolan region; two additional Soviet arms carriers are probably en route.

(continued)

(There have also been four voyages by Cuban-owned or controlled ships carrying Cuban troops and/or military equipment, and six additional ships with similar cargo mixes are probably en route to the Angolan region.

(In addition, three Cubana Bristol Britannia aircraft flights have been made to West Africa with Cuban troops, and 14 Soviet-piloted long-range IL-62 flights have ferried Cuban troops to the Angolan region.

(There were no Soviet flights originating in the USSR to the Angola region between January 1 and 20, but several flights to Angola left the USSR on January 21-22. We cannot estimate the monetary value of these additional deliveries until further information becomes available.)

--Military equipment delivered to Angola from March through December 1975 accounts for \$144 million of the estimated \$179 million.

--The cost (wages, maintenance, etc.) of Soviet and Cuban personnel in Angola accounts for \$22 million.

--The cost of transporting Soviet and Cuban equipment and personnel to Angola accounts for \$13 million.

(Some reports indicate that the Popular Movement may have MIG-type jets. We have no confirmation of this. If the Soviets have sent MIGs to Angola, however, they would probably be either MIG-17 or MIG-21s. The US equivalent price for a single MIG-17 is \$750,000, and the US equivalent price for a single MIG-21 is \$1.7 million.

(In addition, we believe that the Popular Movement possesses surface-to-air missiles, but we are unable to determine how many. Thus, we have not included them in our estimates on the value of the military equipment sent to Angola.

(Assuming that the Soviet missiles are roughly comparable to the US Redeye missile, each Soviet surface-to-air missile sent to Angola would raise the total by about \$14,300 in equivalent US prices.)

(continued)

With this Soviet and Cuban assistance--both materiel and trained manpower--the Popular Movement has become by far the best equipped and militarily the strongest of the contending factions in Angola. The equipment provided to the Popular Movement has included:

- T-34 medium tanks and PT-76 light tanks.
- BRDM armored cars and armored personnel carriers.
- 122-mm. long-range rockets and truck-mounted rocket launchers.
- Antiaircraft guns.
- Sagger antitank missiles.
- Recoilless rifles.

NOTE

The Soviet Kresta II guided-missile cruiser that has been stationed near Conakry since January 11 has left port and is moving south.

The cruiser probably will rendezvous with the landing ship now in the Gulf of Guinea and could arrive there by Tuesday or Wednesday. Four Soviet ships--a Kotlin-class destroyer and three oilers--apparently remain at Conakry.

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Israel: We offer our analysis of Israel's economic performance, in light of its pending aid requests and Prime Minister Rabin's visit. (Page 3)

Lebanon: Ultraconservative Christian groups have joined the major Christian parties in approving in principle the Syrian peace initiative. (Page 5)

Notes: USSR-Angola; Cuba-Guyana; USSR (media); USSR (emigration); Panama; Jordan-USSR (Pages 7, 8, and 9)

FOR THE PRESIDENT ONLY

ANGOLA

Following is our analysis of the present military situation in Angola.

The Popular Movement for the Liberation of Angola (MPLA), reinforced by about 11,000 Cuban troops and a continuing flow of Soviet military equipment, now holds a clear superiority of military power in Angola. The MPLA's military leaders are convinced that they can win a conventional military victory over their opponents in the very near future, perhaps within the next several weeks. We believe that this outcome is likely, although it will fall short of a total victory, in that at least small-scale guerrilla and insurgent activity will probably continue.

MPLA and Cuban forces have already destroyed the National Front for the Liberation of Angola (FNLA) in the north; the Front is not likely to pose a significant conventional military threat to the MPLA in the near future, though it may fight on as a guerrilla movement.

The MPLA side is confident that it can win a similar victory over the National Union for the Total Independence of Angola (UNITA) in central and southern Angola, and the MPLA and Cubans are now regrouping their forces for a concerted offensive against UNITA. This judgment of the MPLA is almost certainly correct. Although UNITA can be expected to put up stiff resistance, it does not have--without the combat participation and heavy weapons of South African forces--the ability to withstand the combined Cuban and MPLA forces.

UNITA's military position has been seriously undermined by the withdrawal of more than 1,000 South African troops and advisers.

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Given the present situation, the remaining forces in Angola opposing the MPLA cannot expect to receive any significant increase in aid--either materiel or manpower--from Zaire, Zambia, South Africa, or other nations. These nations are all in the process of rethinking their policies toward Angola and related questions. They are in every case more likely to make an accommodation to what they see as an emerging new situation in southern Africa than they are to expand their support to the UNITA and FNLA in an effort to preserve what they now think is unpreservable.

In sum, as the situation now stands, there is little to prevent the MPLA side from winning a conventional military victory, and in fairly short order. There is every indication that Soviet and Cuban aid will continue to arrive in Angola in amounts regarded by Moscow and Havana as necessary to finish the job quickly.

While the MPLA over the short term probably cannot totally eliminate guerrilla activity by its rivals, the MPLA and Cubans will be able to consolidate their military position throughout Angola. They will also succeed in tightening their administrative grip on Angola's major urban and economic centers and gaining control over the Benguela railroad. They will, at least initially, leave the rural population to fend for itself, as the Portuguese did before. Finally, they will probably avoid a direct military confrontation with South Africa by not challenging, with conventional forces, the South African forces in the far south of Angola around the Cunene hydroelectric project.

ISRAEL

We offer below our analysis of Israel's economic performance, in light of its pending aid requests and Prime Minister Rabin's visit.

Israel claims that it will suffer a balance-of-payments deficit of roughly \$600 million this year, even with continued austerity in the civilian sector, government budget restraint, and no cut in the aid package before Congress.

We believe that, following the large deficits of the past two years, Israel will be on the road to financial recovery in 1976. Certainly the need for austerity will remain, but the latest Israeli figures paint an overly pessimistic picture. Indeed, if all of the \$2.3-billion aid package is approved and import controls are not relaxed, a balance-of-payments surplus of about \$200 million will be within reach. Tel Aviv will probably ease import restrictions if a surplus seems likely.

For the rest of the decade and barring another war, the balance-of-payments situation should gradually improve, widening the options available to Israel to deal with its economic problems. While the availability of foreign exchange will remain a problem, the stabilization of military imports and the acceleration of export growth should allow Israel to loosen its import restrictions and still narrow its current-account deficit.

Israel's current economic difficulties have resulted primarily from sharp increases in the defense burden following the October 1973 war, and slowing export growth. Defense spending has more than doubled to an annual rate of \$4 billion, and arms imports have tripled over pre-war levels to more than \$2 billion. To deal with these problems, the government instituted an austerity program squeezing the civilian sector.

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Despite the austerity program, Israel's current-account deficit continued to mount and peaked at a record \$4.1 billion in 1975. Exports, hindered by sluggish US and European demand, were well below the 15-20 percent growth rate hoped for at the beginning of the year. Capital movement into the country rose, however, and with substantially higher US aid and short-term borrowing, the current-account deficit was covered without lowering foreign exchange reserves.

In 1976 the current-account deficit probably will improve by \$300 million. With exports increasing as a result of recent trade agreements with the EC and the US, and with the recovery in luxury exports as the world economy picks up, the trade gap should narrow. The estimated increases in assistance from world Jewry, US aid, and other capital inflows should more than cover the current-account deficit.

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LEBANON

Spokesmen for the major Christian political parties have now been joined by leaders of Lebanon's small, ultraconservative Christian groups in approving, in principle, the Syrian peace initiative. None of the Christian leaders, however, has yet accepted the detailed political reforms proposed by Syria.

Continued progress in political negotiations appears to result primarily from the assurances of Syrian Foreign Minister Khaddam that forces of the Palestine Liberation Army now in Lebanon will be returned to Syria as soon as a settlement is reached. According to press reports, Khaddam has said some PLA troops could be returned within ten days.

Prime Minister Karami, by formally withdrawing his resignation, has demonstrated confidence that negotiations will succeed. In addition, he is again talking about forming an expanded and more representative cabinet that would include members of Pierre Jumayyil's Christian Phalanges Party and Kamal Jumblatt's Progressive Socialist Party.

Today is the deadline for the withdrawal of all private militiamen from the streets of Beirut. The separation of forces so far has proceeded on schedule, but the two most difficult areas--the hotel district and the encircled Palestinian refugee camps--have been left until last, and trouble could still develop over them.

The government has appealed to civil servants in all public security departments to return to work today. The internal security force, which ultimately will be responsible for maintaining civil order, virtually disappeared during the heavy fighting last week.

The security force in Beirut would now have great difficulty performing even normal police functions if the Palestine Liberation Army were withdrawn.

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The Israelis have greeted the cease-fire and the Syrian peace initiative with mixed emotions. There is general relief that the tensions over Lebanon have decreased and that the bloodshed has at least temporarily ended.

On the other hand, there is concern that Syria has appreciably strengthened its influence in Lebanon and may eventually turn Lebanon into another Arab confrontation state against Israel.

NOTES

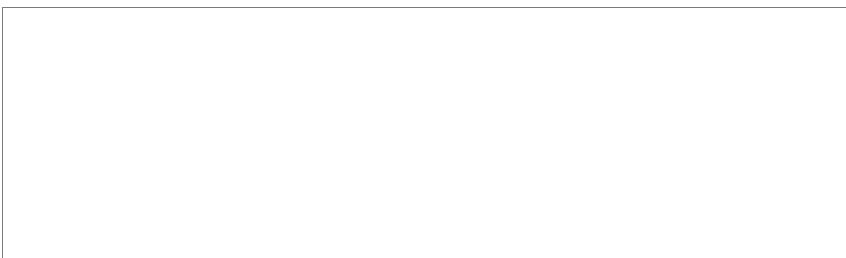
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SovietAngola

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The Soviet Kresta-II - class cruiser that left Conakry Saturday is continuing south along the African coast. It probably will rendezvous with the landing ship in the Gulf of Guinea sometime today or tomorrow.

* * *

Cuba is installing fuel storage tanks at an airport near Georgetown, Guyana, to facilitate the airlift to Africa.

Texaco, which has had the only refueling facilities at the airport, has refused to supply Cuban aircraft involved in the airlift. The Cubans have been prohibited from refueling in Barbados, the Azores, and Canada.

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The Soviets are expressing public satisfaction with Secretary Kissinger's visit to Moscow last week, an event well covered by their media.

Although Soviet media have reported that the discussions covered a wide range of problems, these accounts have focused exclusively on the strategic arms issue. Moscow's positive coverage of the visit has been tempered by frequent reminders that "certain US circles" are increasing their resistance to improved relations with the USSR. *Pravda* mentioned, for example, that the draft US budget contains a substantial increase in military spending. The Soviets have also resumed the highly critical press treatment of US affairs that has been typical in recent months. During the Secretary's visit, negative material, although not eliminated, was sharply reduced.

* * *

The Soviet Union has taken measures since late December to project an image of compliance with the CSCE accord, especially in the area of emigration.

These moves, which include the sudden permission to emigrate granted to several prominent Jewish dissidents, go hand-in-hand with a tougher official posture toward dissident activity. The most important changes in the emigration procedures are a reduction in fees and the cutting of some red tape. Jewish activists in Moscow have already expressed skepticism that the changes--almost wholly unpublicized within the USSR--will actually lead to freer emigration.

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The government of Panama is promoting press stories of a major breakthrough in the canal treaty negotiations to divert attention from anti-government protests.

Panamanian newspapers are headlining reports that the US has agreed to transfer the canal back to Panama in 1995, to reduce the size of the Canal Zone up to 90 percent, and to agree to inter-American arbitration of future disputes. The press implies that final agreement is near partly because of Torrijos' warning to US Ambassador Bunker late last year not to return to Panama for further negotiations without specific proposals. The government's media campaign is part of an effort to draw the heat from public protests against the widespread arrest and exiling of prominent administration critics.

* * *

A Jordanian air force delegation was scheduled to begin a visit to the USSR yesterday to evaluate Soviet military equipment for possible purchase.

The visit reportedly grew out of a recent Soviet offer to sell 12 MI-6s, the world's largest operational helicopters, at one third the price of comparable equipment. The delegation also hopes to see MIG-23 and MIG-25 jet aircraft and the SA-9 tactical surface-to-air missile system. During a recent visit to Syria, King Husayn is said to have been impressed with Soviet armament, particularly MIG-23 aircraft.

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Angola: Popular Movement and Cuban forces have resumed their advance against the National Front's remaining positions in northern Angola.
(Page 1)

Morocco-Algeria: Tensions between the two countries sharply increased yesterday when the Algerian press service accused Moroccan troops of attacking an Algerian army unit in the Sahara.
(Page 2)

Spain: Prime Minister Arias is expected to confront the establishment with some hard choices on the extent of changes to be introduced into the Spanish political system when he presents his program to parliament today. (Page 4)

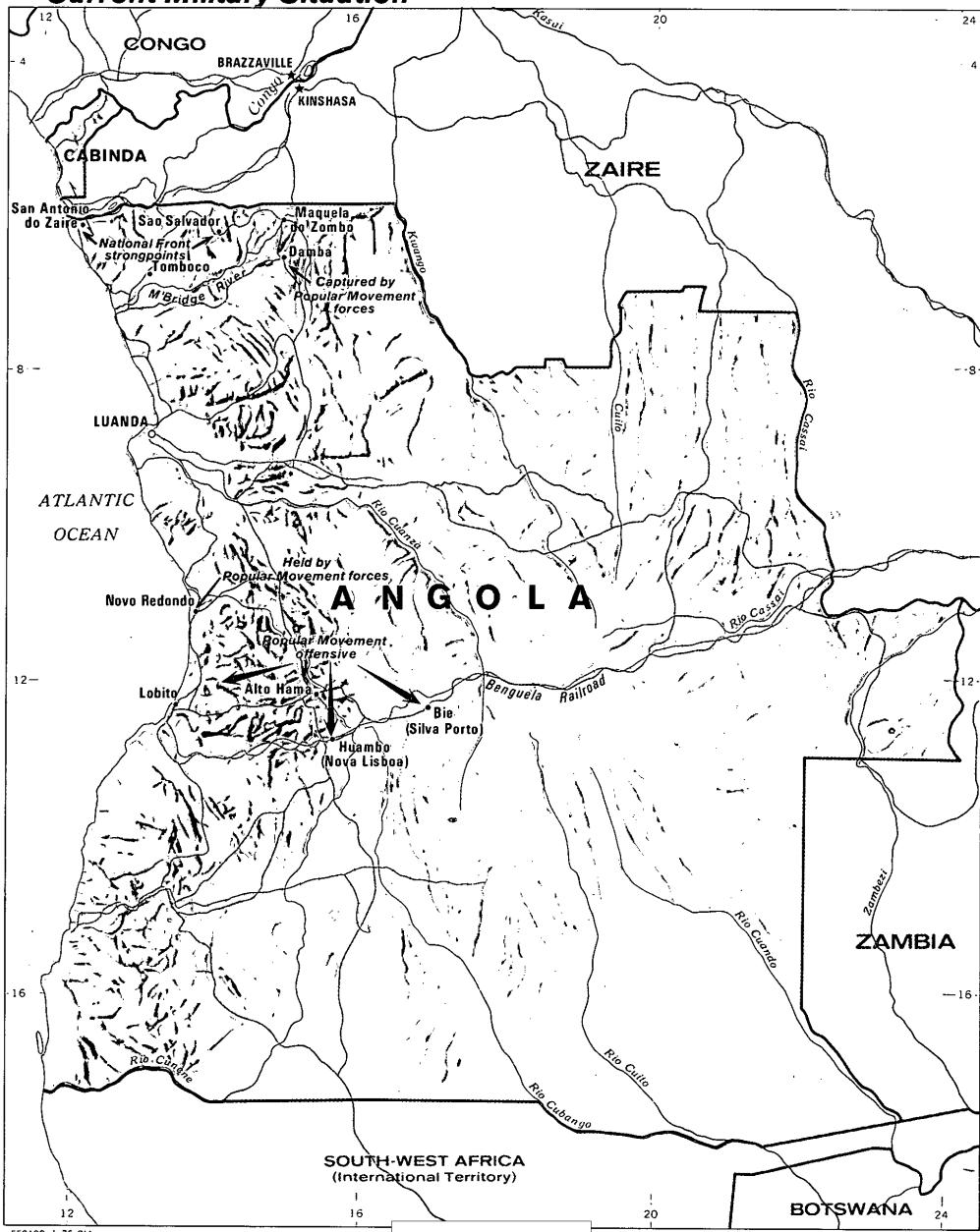
Lebanon: The cease-fire is now in effect in almost all areas of Beirut. (Page 7)

Note: USSR-China (Page 8)

At Annex we present a memorandum on the Prospects for Angola.

FOR THE PRESIDENT ONLY

Current Military Situation



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ANGOLA

Popular Movement and Cuban forces have resumed their advance against the National Front's remaining positions in northern Angola.

Late last week they drove Front troops out of Damba and occupied it. Popular Movement forces are now expected to move against the Front's last two major strongpoints in the north--Sao Salvador and Santo Antonio do Zaire.

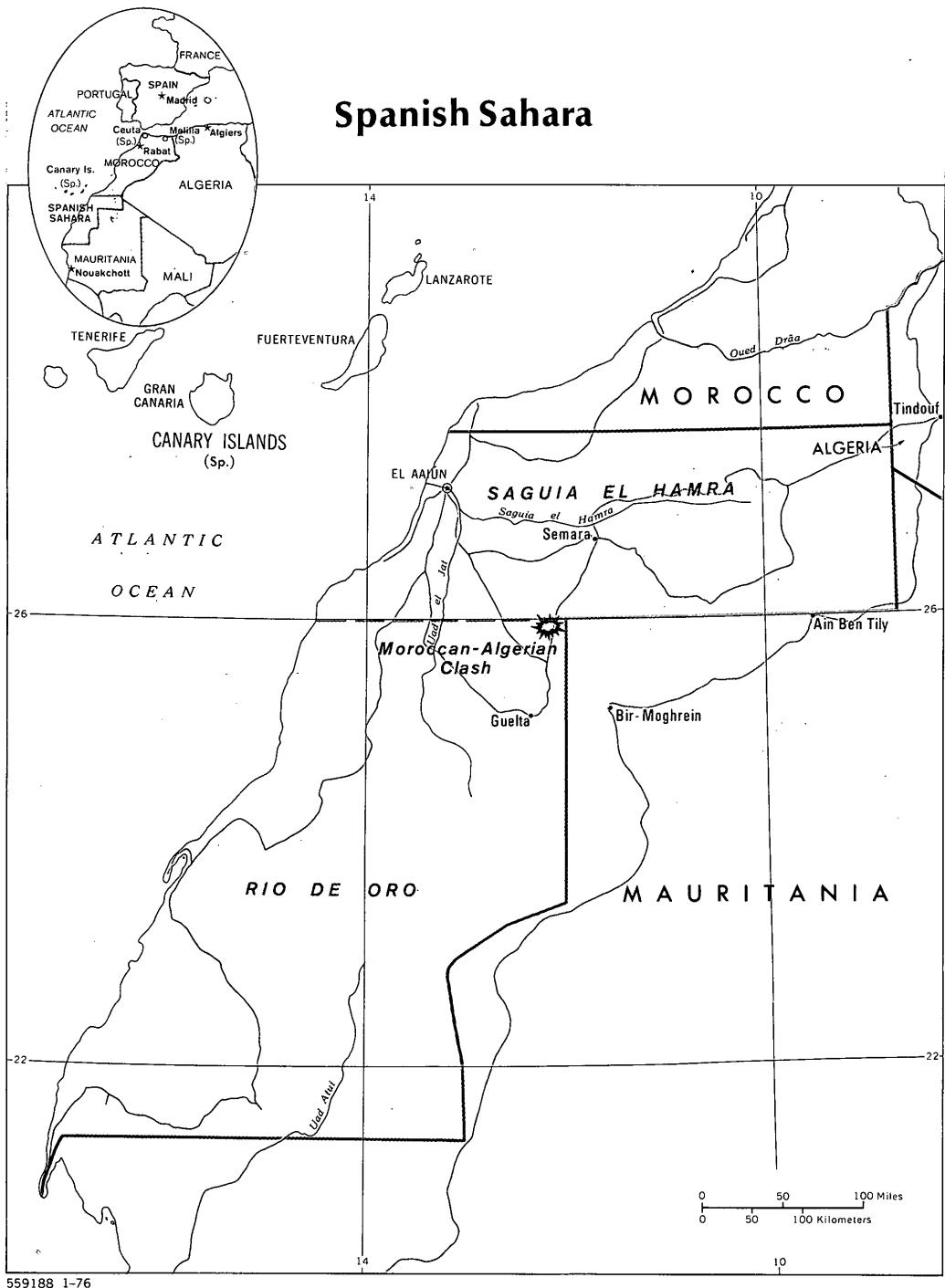
The Popular Movement is also pressing ahead in central Angola, where it is advancing on Huambo (Nova Lisboa), Bie (Silva Porto), and Lobito. The Movement probably will try to take Huambo before making a serious move on Bie. Forces targeted against Lobito already have advanced as far as Novo Redondo.

National Union President Savimbi reportedly sees this week and next as "critical" for his group. In anticipation of heavy fighting for Huambo, he is moving his political headquarters from there to Bie, the Union's major military base. Huambo also has served as the seat of the nominal joint government proclaimed last November by the National Front and National Union.

* * *

The Soviet military airlift to Angola continues unabated.

Since January 21, eight AN-22 heavy transports have flown to Luanda, and two more aircraft arrived in Conakry from Moscow yesterday. They are expected to fly on to Luanda sometime today. The Soviet Kresta II cruiser that left Conakry last Saturday is in the Gulf of Guinea and should rendezvous with the landing ship there today. The LST has been operating some 300 to 500 miles west of Pointe Noire for over two weeks. The Kotlin destroyer and three naval oilers remain at Conakry.



MOROCCO-ALGERIA

Tension between Morocco and Algeria sharply increased yesterday after Algerian media accused the Moroccans of attacking Algerian army troops assigned to transport food and medicine to Saharans north of the town of Guelta in Spanish Sahara.

This is the first confirmed encounter between troops of the two countries since the trouble over Spanish Sahara started; it is also the first open acknowledgment by Algiers that its forces are inside the territory.

President Boumediene yesterday convened an emergency joint session of the Revolutionary Council and the Council of Ministers to discuss the incident. A communiqué issued afterward charged that the Moroccan attack was "extremely serious" and warned that the situation could get out of hand if such incidents continued. The communiqué said further that the government has decided to take measures. According to an intercepted message, all Algerian army combat veterans have been ordered to report to the nearest gendarmerie station today.

Algeria quickly contacted other Arab states about the incident. [redacted]

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Further agitation of the incident by the Algerians--especially if they repeat the charge that Algerian troops were attacked--could presage a strong response. If Algiers has reached such a decision, it might opt for an attack by aircraft based at Tindouf, rather than a ground operation. Such action could, nevertheless, lead to additional clashes with Moroccan forces.

(continued)

Rabat is continuing to strengthen its forces in
the Sahara and in southeastern Morocco. [redacted]

[redacted] three infantry bat-
talions, totaling over 2,500 men, are to be moved
into those areas this week. Two of the battalions
will be stations at Semara and the third will be
positioned near the Algerian border. Rabat also
has ordered a "maximum number" of F-5 fighter air-
craft to move to El Aaiun as soon as possible.

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The additional Moroccan forces going to the
Sahara may have been assigned a role in a reported
joint Moroccan-Mauritanian offensive aimed at sweep-
ing the guerrillas from the Sahara. Algeria prob-
ably has learned of the planned drive and may have
sent in a supply column to aid the Polisario forces.
Any such drive against the guerrillas is likely to
have only limited success at best.

SPAIN

When Prime Minister Arias presents his program to the Cortes (parliament) today, he is expected to confront the establishment with some hard choices on the extent of changes to be introduced into the Spanish political system.

Arias is expected to propose measures that will permit political parties, with the exception of the Communists and various extremist groups, to participate legally in the electoral process. [redacted]

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[redacted]
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Arias is also expected to call for the establishment of a commission to find ways to provide greater autonomy for the Basque and Catalan minorities, and to announce economic measures designed to improve the lot of the middle class. He wants to schedule a constitutional referendum later this year to cover a number of the reforms he is proposing.

Most members of parliament and the conservative 17-man Council of the Realm will regard the government's program as a direct attack on the stability of the Franco era and the privileged position they have enjoyed. The current constitution is vague as to whether these two bodies can prevent the cabinet from redistributing political power. Whatever the case, the present cabinet would prefer to have their cooperation and will work for a compromise solution.

Rightist Challenge

The government has already faced one rightist challenge. Last Friday the Council of the Realm voted against postponing parliamentary elections (now scheduled for March) for one year. The government wants the additional time to implement reforms that will make the new parliament more representative. The Council later reversed its vote but in effect served notice that the far right would oppose the government's liberalization plan.

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The far right is strongly represented in the security forces, and there still is strong conservative sentiment in the upper ranks of the military. By all accounts, however, the military is determined to keep out of politics unless liberalization seems to be proceeding at an unhealthy pace or there is a general breakdown of public order. The government's success in quelling recent demonstrations and strikes will have reassured the military on these points.

Rightist extremists have apparently been lying low since police in Barcelona arrested ten of their number--a move unprecedented under Franco. They may attempt to spark a confrontation at future leftist demonstrations, or they could opt for mass rallies of their own. So far there has been no sign of this, and it may be that they fear poor turnouts from a population that, on the whole, seems to desire change.

View from the Left

The left, already highly vocal under the new government, will not be satisfied by Arias' program either. It will continue to clamor for complete amnesty for all political prisoners, legalization of all political parties including the Communists, free trade unions, and unlimited rights of assembly, speech, petition, and strike.

The left is split over how fast certain changes should be implemented and how much pressure should be exerted on the government. The most radical groups, led by the Communists, want an immediate "rupture" with the Franco system and are willing to exert whatever pressure is necessary--including a general strike that would cripple the country economically--to achieve it. The more moderate elements, mainly Christian Democrats, are inclined to try to work through the system to speed up the pace of change.

Tension within the left will probably increase if the government follows through with its intention to legalize the non-Communist parties. To prevent the government from isolating their party from the rest of the leftist opposition, the Communists have sought to strengthen ties with other leftists. But there still is enough residual distrust of the Communists among Socialists and Christian Democrats to make a united opposition unlikely.

(continued)

FOR THE PRESIDENT ONLY

The Socialist Workers' Party appears to be the only viable alternative to the Communists with potential appeal to the workers. Reaching an agreement with them could, therefore, be the government's key to coming to terms with the workers and the left in general.

In sum, Arias' program is likely to draw flak from the right and the left. Both sides are aware of the other's capacity to create trouble, however, and the spirit of compromise that has prevailed since Franco's death should continue. The Council of the Realm's last minute approval of the election postponement was one sign of this. Arias probably won that round, however, at the cost of toning down the reform package he unveils today.

LEBANON

The cease-fire is now in effect in almost all areas of Beirut. Christian and Muslim militiamen withdrew from their positions in the hotel district late Monday, and the Christians lifted their blockade of Palestinian refugee camps yesterday.

Opposing militia forces have not yet withdrawn from one troublespot in the southern part of the city; isolated clashes continue outside the capital in eastern Lebanon. These are not likely to upset the cease-fire as long as the political talks continue to progress.

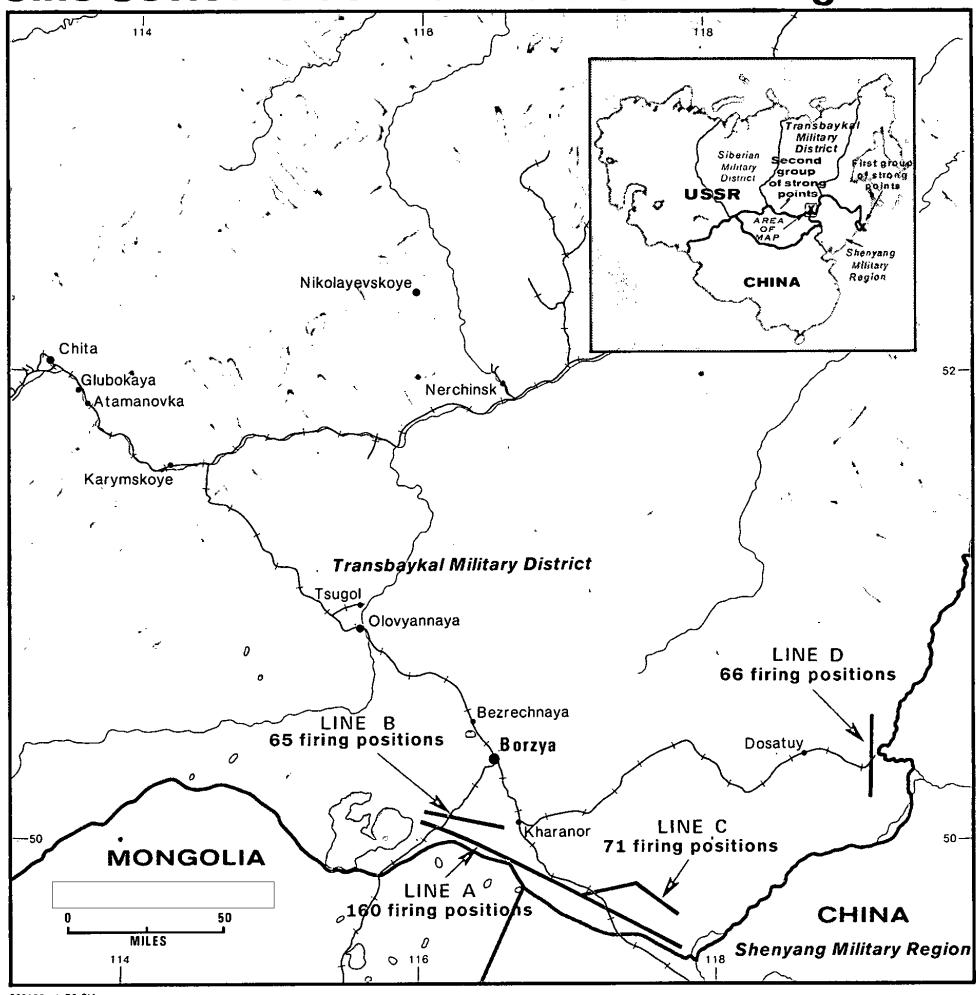
Limited commercial activity has resumed in Beirut. Basic foodstuffs and heating oil have been distributed to most areas of the city, and shortages are no longer acute.

Representatives of the various Lebanese factions reportedly are near agreement on concrete political reforms. The cabinet is scheduled to meet today, presumably to approve the tentative agreement so that it can be presented to parliament. Neither group is likely to delay endorsement of any compromise already approved by leaders of the principal Christian and Muslim factions.

The politicians reportedly are negotiating now more for form than substance. Their commitment to the projected accord is still so tenuous that either the Christians or Muslims might raise objections serious enough to derail the talks. Ultra-conservative Christians are resisting concessions by their leadership. Elements within both the Christian and conservative Muslim communities are complaining about the Syrian and Palestinian "occupation" of Lebanon.

Syrian Foreign Minister Khaddam returned to Damascus yesterday, telling reporters he would be back in Beirut today. He is expected to make arrangements for President Franjiyah's long-awaited trip to Syria for consultations with President Asad.

Sino-Soviet Border: New Defensive Strong Points



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NOTE

Recent satellite photography shows that the Soviets are constructing another series of defensive strong points along their border with China.

This is the second static defense area we have seen opposite northeastern China, which has been a target of a fairly intensive Soviet reconnaissance program over the past year. To increase their capability to respond to developments in the eastern USSR, the Soviets also recently moved a heavy-lift regiment from Moscow to the Siberian Military District. This regiment, with some 250 transporters, will substantially improve the mobility of Soviet armored forces in the area, enabling them to deploy their armored vehicles quickly.

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PROSPECTS FOR ANGOLA

Once the conventional military battles in Angola have come to an end, the Popular Movement for the Liberation of Angola--which holds a clear superiority of power--is likely as time passes to change its no-compromise posture and attempt at least a token reconciliation with its two rivals, the National Union for the Total Independence of Angola and the National Front for the Liberation of Angola. Neither FNLA President Holden Roberto nor UNITA President Jonas Savimbi, however, is likely to be offered a role in any such reconciliation.

Such an approach is the only practical one from the MPLA's standpoint. The Movement professes to be multi-racial and multi-tribal, but it is basically urban-based and relies heavily on mulattos and the Kimbundu tribe for support. Its links to the Bakongo and Ovimbundu, who provide the basic support for the FNLA and UNITA respectively, are virtually non-existent.

Angola's economic prospects are heavily dependent upon the interrelationship of the territory's three major tribal areas. Angola's once-thriving coffee plantations, in the Bakongo north, have traditionally been cultivated by Ovimbundu from the south. The major port capable of handling coffee shipments is Lobito, which is in Ovimbundu territory.

Exploitation of Cabinda's oil production should present no major problems for the MPLA, although technical difficulties would delay full-scale resumption of production for several months. The MPLA has gained effective military control over the enclave, and opposition from the minuscule Front for the Liberation of Cabinda will become less significant as time passes. Continued oil production will require foreign technical assistance, but that can be obtained from the Soviet Union or other Communist states.

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FOR THE PRESIDENT ONLY

Implications for Angola's Neighbors

Zaire. The MPLA is likely to be in a strong position to curtail extensive external support to any FNLA or UNITA guerrilla operations. Now that the FNLA has collapsed, there are indications that Zairian President Mobutu, who has supported the Front for a decade, is having serious doubts about continuing his backing. Any effort by Mobutu to underwrite guerrilla operations by either the FNLA or UNITA would draw immediate retaliation in kind from the Popular Movement against Zaire's copper-producing Shaba (formerly Katanga) region. In addition, Zaire has pressing economic problems. Reviving the economy rests in considerable part on regaining access to the Benguela railroad and the port of Lobito as the most economically efficient means of moving Zaire's exports and imports.

Mobutu probably will give no more than small-scale assistance to the National Front--enough to keep it alive as an exile organization.

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Mobutu's immediate chances of improving his relations with the MPLA are not good, but if he cuts his support of the Front, the Popular Movement probably will allow him access to the Benguela railroad, and thereby to the sea.

Zambia. Zambian President Kaunda will also be forced by economic necessity and his need to get the Benguela railroad reopened to seek an accommodation with the Popular Movement. Kaunda is on much firmer ground than Mobutu. Despite his personal dislike for Neto, Kaunda has not publicly attacked either the man or his organization directly. He has openly criticized the Soviet and Cuban presence in Angola, but his remarks have been moderate, emphasizing the need for withdrawal of all foreign forces from Angola and an African solution to the Angolan problem--a position that is not likely to be held against him. Zambia's support for the National Union for the Total Independence of Angola was modest.

(continued)

A2

FOR THE PRESIDENT ONLY

South Africa. A decisive MPLA victory is not likely to cause South African leaders to reverse their decision to withdraw the South African forces that had been supporting FNLA/UNITA operations in northern and central Angola. Pretoria decided to keep troops in southern Angola along the Angola-Namibia border and to protect the major Cunene hydroelectric complex--originally a joint Portuguese-South African project--that is already providing power and water for Namibia.

Pretoria's future moves in Angola presumably will be shaped by debates in Parliament during the next few weeks, by the unfolding of the MPLA's strategy toward Namibia as its forces approach the border, and by international reactions to South Africa's strengthened but defensive military posture along the Angola-Namibia border.

Whatever South Africa decides, an MPLA victory in Angola will give new heart to the various insurgent movements targeted against South Africa. We believe that the MPLA, as well as Cuba, will find it expedient to encourage such groups and to provide them both sanctuary and support. The South West African Peoples Organization, the Namibian nationalist organization that has maintained a small guerrilla force in Zambia, is apparently in contact with the MPLA.

Increased insurgent activity, most likely in Namibia, could provoke Pretoria to launch pre-emptive strikes beyond the presently contemplated defensive perimeter. This is a course of action Prime Minister Vorster hopes to avoid. Any military venture outside South Africa is a politically sensitive matter for Vorster because the South African Defense Force is comprised largely of youthful white conscripts. The Angolan intervention has already necessitated an extension of the one-year terms for those who were sent to Angola and a call-up of at least 8,000 white reservists.

Implications for Cuba

A substantial Cuban presence in Angola is likely even after an MPLA military victory. The size of this presence will largely be determined by:

(continued)

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FOR THE PRESIDENT ONLY

--the MPLA's ability to secure and administer the country;

--the MPLA's need for technical assistance in the political, administrative, and economic fields;

--the cost to Havana of maintaining a large contingent there.

The Cubans have been unfavorably impressed with the MPLA's organizational weaknesses and its questionable behavior in combat. They are therefore aware of the impact an abrupt withdrawal would have. Thus, the Cuban military force that remains will be strong enough to enable the MPLA to overcome any military threat that might arise either internally or externally; it will also be large enough to assist the MPLA in policing the entire country and in organizing, training, and developing Angola's national security forces.

In addition to combat troops, the remaining Cuban military contingent will probably include military advisers for organizing and training air, naval, and ground forces; militia training teams; Interior Ministry advisers for the creation of a national police force and a secret political police force; and technical personnel to maintain--and train Angolans to maintain--weapons and materiel. The Cubans must also maintain their own supply system until the MPLA can carry out this function satisfactorily.

The Cubans will almost certainly try to fill at least part of the economic vacuum created by the departure of the managerial, supervisory, and technical personnel of the colonial era. For this, Havana may send to Angola Cuban technical experts and economic advisers now in other African countries.

To help the MPLA broaden its political base, the Cubans will probably send political cadre and experts in the formation of mass organizations. Havana will probably also send technicians and advisers to create a system of mass communications.

(continued)

A4

FOR THE PRESIDENT ONLY

Cuban resources are limited, and Havana will look to Moscow for relief from a large part of the bill for Angolan assistance.

In Africa, Havana will continue to support politically, militarily, and technically those governments and those movements it believes to have adequate revolutionary potential. The Cuban presence in Angola will almost certainly include elements responsible for liaison with the South West African Peoples Organization (SWAPO) and other such organizations. It is difficult to imagine Havana's passing up the opportunity to channel aid to SWAPO or other rebel groups across Angola's borders. The Cubans may also conduct subversive operations against the governments of South Africa and Zaire.

The Cubans will be quick to make political capital out of an MPLA victory. Cuban media will be full of claims of a US defeat and, although the Cuban role may be downplayed somewhat out of respect for Cuban domestic sensitivities, will describe the MPLA victory as further evidence that the balance of forces in the world has shifted in favor of the socialist countries. Havana will attempt to link the US with South Africa in an effort to drive a wedge between the US and the rest of black Africa. Cuba will also cite its participation in the Angolan civil war as proof of its continued commitment to revolutionary principles and may use it to demand a greater voice in a leadership role among the countries of the third world.

Implications for the Soviet Union

Moscow's investment in Angola has grown considerably over the past six months. Because of the great international attention and concern and because of Moscow's substantial and undeniable role in bringing the MPLA to power, Angola is likely to be seen in Africa and the third world as a test of the USSR's effectiveness as a patron--particularly when it faced pressures from the US to desist in the name of detente.

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The Soviets almost certainly have mixed feelings about the Angolan venture. There would be disgruntlement in Moscow about this use of the Soviet Union's resources. The Soviets are also well aware that ventures in the third world have a way of not paying off: how can they be certain that Neto will stay in power, or even if he does, that he will not prove to be an ingrate?

Such reservations are likely to be subordinated to other calculations. The Soviets will congratulate themselves on having pushed the MPLA over the top to the instruction of other struggling "liberation" movements in southern Africa and elsewhere. Leaders in the third world are likely to be more respectful of the Soviet Union's power and less concerned at being sacrificed at some point to the USSR's larger interests.

The Soviets will probably come quickly to the aid of the Angolan economy and almost certainly will try to get the oil flowing again from Cabinda. If a market is needed, the Soviets will provide it. The Soviets will provide technical assistance and the wherewithal to get the Benguela railroad operating, and to repair the damage that has been done to important roads, bridges, and factories. The Soviets, or perhaps the Cubans, will help out with the coffee plantations.

On the administrative side, the Soviets will help out with training funds, and advice. Programs that are already underway to strengthen the technical capability of the MPLA's armed forces and security service will go forward.

There is, of course, a potential for competition between the Soviets and the Cubans. Our guess is that Neto will try to play the two socialist allies against each other and, to some degree, he may succeed. The Cubans will have the advantage of having shed blood on behalf of the socialist cause; the Soviets have controlled the resources and paid the bills. The essential coincidence of view between Havana and Moscow seems likely to continue in Angola, at least for the near future. The Soviets will send greater numbers of their own technical personnel, but will see no compelling reason to displace the Cubans.

(continued)

A6

FOR THE PRESIDENT ONLY

Moscow's advice to Neto is likely to emphasize the need to fashion an organization that can bring all of Angola firmly under the MPLA's control.

[redacted] the Soviets are likely to advise Neto to co-opt as many former adversaries as he can in the interest of extending his writ over the badly fragmented country. The Soviets are also likely to believe benefits are to be gained both for Neto and themselves by a non-belligerent attitude toward Zaire and Zambia. If Neto proves unwilling or unable to go this course, Moscow would back a less conciliatory policy.

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The Soviets would like to use their position in Angola to gain new influence in Zaire, Zambia, and Mozambique. The Soviets will present themselves to Mobutu and Kaunda as the potential friend in Neto's court. But this cannot work if Neto proves intransigent in dealing with his neighbors. The connection is somewhat different in Mozambique. The Moscow hope that its support for Neto, in contrast to China's opposition to him, and Neto's own good words to his long-time ally Machel will move Mozambique away from China and toward the USSR.

Moscow will also attempt to use its MPLA connection to strengthen contacts with such African revolutionary movements as SWAPO, and with such nationalist figures as Nkomo and Sithole in Rhodesia. The latter, who heretofore has been associated with the Chinese, evidently will soon go to the Soviet Union. Although Moscow will turn a benign face to Mobutu and Kaunda, the Soviets will also make use of their position in Angola, and their new prestige, to support leftist elements working against both men.

As for the US, Moscow will expect that Washington will gradually accustom itself to the consolidation of the MPLA's position in Angola, and that, in the process, Angola will recede as an irritant to bilateral relations.

Implications for African Attitudes Toward US

In addition to encouraging nations like Zaire and Zambia toward accommodation with the MPLA, the collapse of the UNITA/FNLA position could encourage

(continued)

anti-American sentiments in these and other black African states. In Africa as elsewhere there is truth to the adage that nothing succeeds like success. Both Mobutu and Kaunda will feel that they have been let down by the US, and as a result they will feel it increasingly necessary to demonstrate their "African" loyalties. The attitudes of other black African governments toward the US will be affected in varying degrees. In general, there will be increased skepticism over US resolve and reliability. The Nigerian military government, for example, which has tended to blow hot and cold in its relations with the US, will undoubtedly be pushed a few more degrees toward the cold end of the spectrum. Ethiopia's basically neutral attitude toward the US is likely to veer toward the negative.

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January 29, 1976

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Morocco-Algeria: New clashes took place yesterday and today in Spanish Sahara, according to press reports from Algiers and Rabat. (Page 1)

China-Zaire-Angola: Peking apparently is attempting to stiffen Zairian resolve on Angola.
(Page 2)

25X1

Cuba-Angola: [redacted]

25X1

Lebanon: Christian leaders remain suspicious of Syria's intentions. (Page 5)

Notes: Cuba-Somalia; Angola; Indonesia-UN-Timor; Yugoslavia; USSR (Pages 6 and 7)

FOR THE PRESIDENT ONLY

MOROCCO-ALGERIA

New clashes took place yesterday and today in Spanish Sahara, according to press reports from Algiers and Rabat. A Moroccan communiqué said the fighting was a continuation of Tuesday's battle between Moroccan forces and Algerian troops supporting the Polisario guerrillas.

Rabat and Algiers so far have carefully measured their response to the fighting, but both sides have expressed concern that the situation could get out of control.

Following Algerian President Boumediene's contacts with several Arab leaders, Egypt, Syria, and Iraq have begun preliminary mediation efforts with Moroccan King Hassan and the Algerian President.

Morocco, for its part, called in the ambassadors of the five permanent members of the UN Security Council today to stress the gravity of the situation. Moroccan Minister of State for Foreign Affairs Laraki emphasized Morocco's determination to remain calm and not respond to provocations. Laraki said Morocco was not planning to call for a Security Council meeting at the present time, but he was clearly laying the groundwork for such a move if the situation grows worse.

Laraki claimed Moroccan forces on Tuesday had encountered an Algerian "garrison," not a supply convoy carrying medicine and food as the Algerian press had reported. He said the Moroccans had captured 29 Algerian soldiers.

CHINA-ZAIRE-ANGOLA

Peking is apparently attempting to stiffen Zairian resolve on Angola.

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The Chinese enjoy close relations with President Mobutu and are undoubtedly dismayed by indications that he might seek an early accommodation with the Soviet-backed Angolan Popular Movement. The Chinese appear resigned to a Soviet success in Angola, but Peking probably wants Moscow to pay the price of enmity from some African governments as long as possible. In this sense, Peking's exhortations about the Soviet threat and Chinese offers of assistance to Zaire are probably designed to heighten Mobutu's fears about the implications of a Popular Movement victory and to signal China's willingness to help ease Zaire's economic problems.

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The Chinese were the target of a diatribe in the Cuban press on Tuesday, which suggests that Havana is determined to play a more aggressive role to undermine Chinese influence in the Third World.

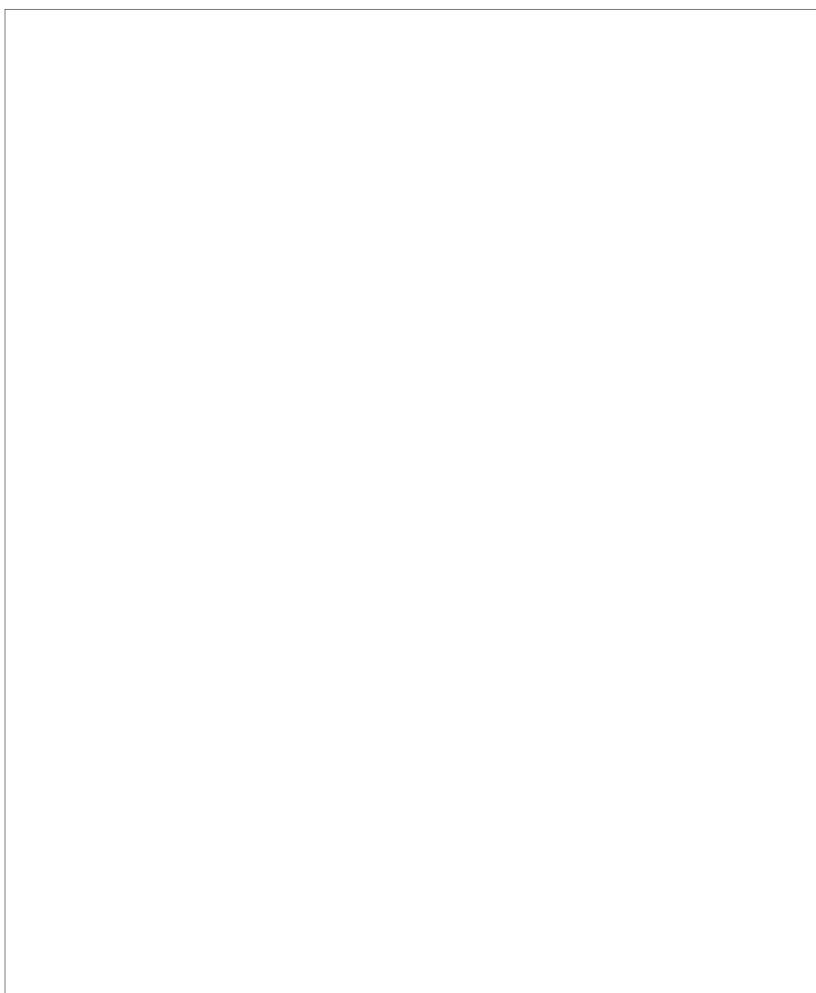
Although the attack is in line with recent Soviet propaganda, it is the most strident anti-Chinese message from Havana since 1966. It now seems likely that Havana's efforts to extend its and Moscow's influence in the Third World will be carried out more energetically and in a spirit of acknowledged confrontation with Peking.

CUBA-ANGOLA

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LEBANON

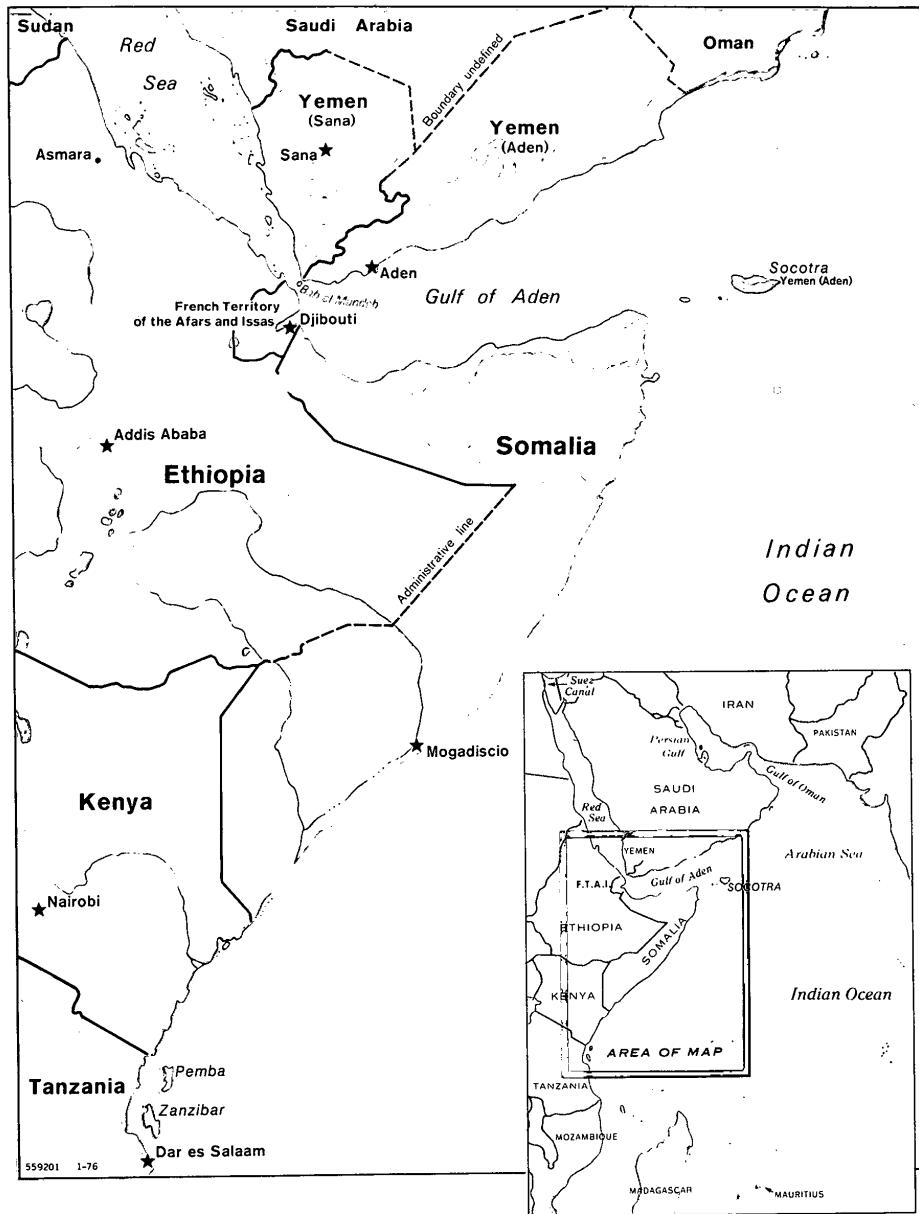
Lebanon's Christian leaders remain suspicious of Syria's intentions, despite repeated assurances from Foreign Minister Khaddam that Palestinian troops will be withdrawn to Syria as soon as order is restored.

Heavy concentrations of Syrian-controlled Palestinian forces in the Bekaa Valley in eastern Lebanon and recent attacks on a group of small Christian villages in the area are apparently the immediate cause for Christian concern. The official Lebanese news service admitted yesterday that a Christian town has been under attack for several days, but carefully avoided assigning blame for the trouble.

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Interior Minister Shamun referred to the trouble in eastern Lebanon in an interview yesterday, and implied that he would withhold approval of a final settlement until Syria recalled the Palestinian troops. Although Shamun may be overstating his reaction to the Palestinian presence in order to buy time in political negotiations, talk of Syrian "occupation" coupled with persistent cease-fire violations may erode confidence that a settlement can be reached.

An ambush yesterday of a Lebanese army escort that had accompanied Foreign Minister Khaddam to Syria on Tuesday will heighten Christian apprehension. The ambush was carried out by a group of Lebanese army deserters--presumably Muslims--who apparently have joined the Palestinian rejectionists.



NOTES

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Cuban		25X1
	Somalia,	25X1
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Cuban and Popular Movement troops transported by helicopters reportedly carried out assaults against National Union positions in central Angola last Monday and Tuesday. The troop-carrying helicopters were supported by helicopter gunships.

This is the first reported use of helicopters in such roles since the civil war began last year. The new development points to an acceleration of the Popular Movement's drive to take the urban areas held by the National Union. The airborne operation apparently has jolted National Union President Savimbi

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* * *

The Indonesians appear to have successfully stage-managed the visit of a UN fact-finding mission to Timor.

Following his return to Jakarta on January 22, Secretary General Waldheim's personal representative said that he had detected no sign of Indonesian military forces. He was impressed that the pro-Indonesian Timorese in Dili had the civil administration functioning. The Timorese assured the representative that they are now in control, and that they did not want any referendum on the island's future because they had already decided to integrate with Indonesia. In fact, fighting is continuing near the south coast of the island where the Indonesians are preparing to attack Fretilin resupply and escape routes.

* * *

Yugoslav President Tito's illness is reportedly more serious than Belgrade has officially admitted.

A Yugoslav journalist who was to accompany the 83-year-old leader on a recently postponed tour of Latin America told the US ambassador that Tito is suffering from partial paralysis, and will need six to seven weeks to recover. Belgrade has said only that Tito is suffering from sciatica.

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	Soviet	Angola	25X1 ^{25X1}
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	The Soviet Kresta-II guided-missile cruiser has joined the landing ship in the Gulf of Guinea.		25X1

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January 30, 1976

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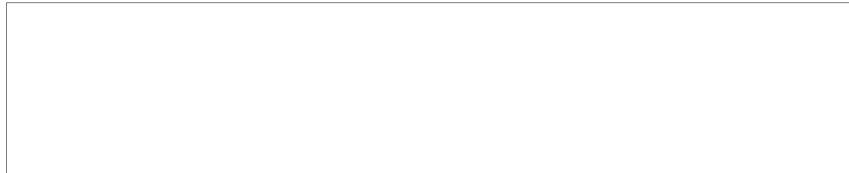
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25X1

Morocco-Algeria: Moroccan forces yesterday occupied the area where clashes occurred on Tuesday and Wednesday; fighting has apparently ended. (Page 2)

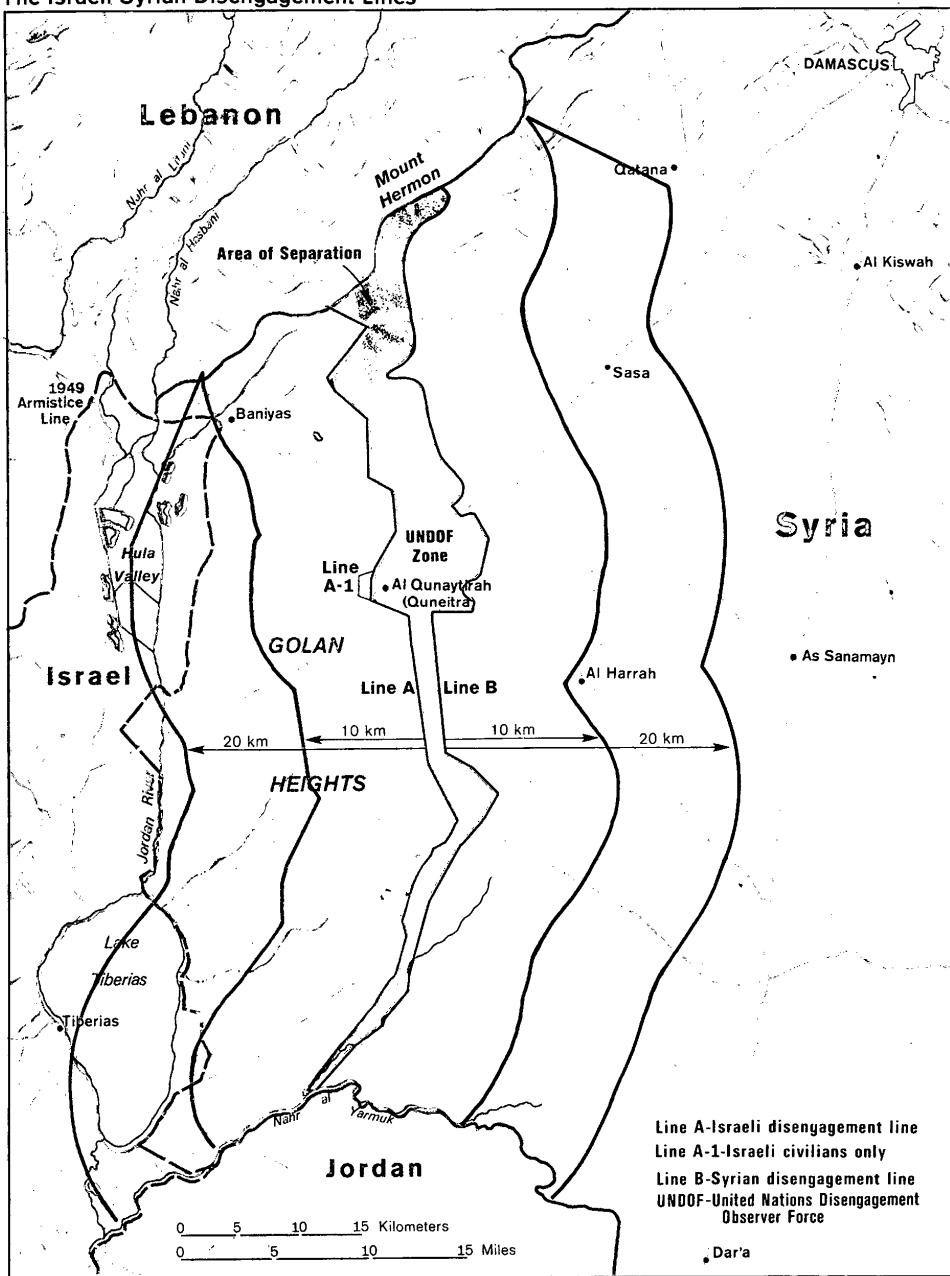
Lebanon: Lebanese leaders have turned their attention to the rehabilitation of the army and security forces. (Page 3)

Yugoslavia: President Tito's new illness again raises the question of how well he has prepared the men around him to assume the reins of power. (Page 5)

Notes: USSR; Sierra Leone - Angola; UK-Iceland
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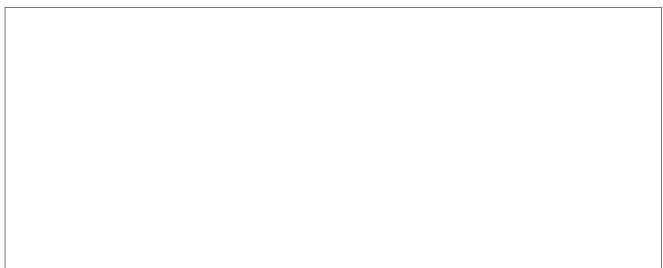
The Israeli-Syrian Disengagement Lines



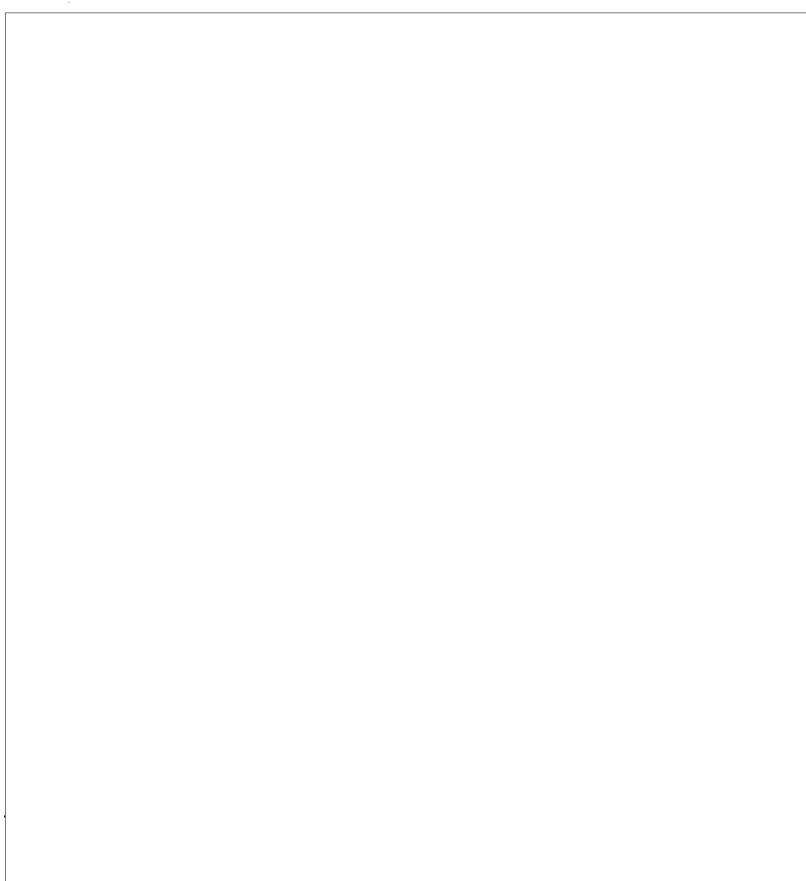
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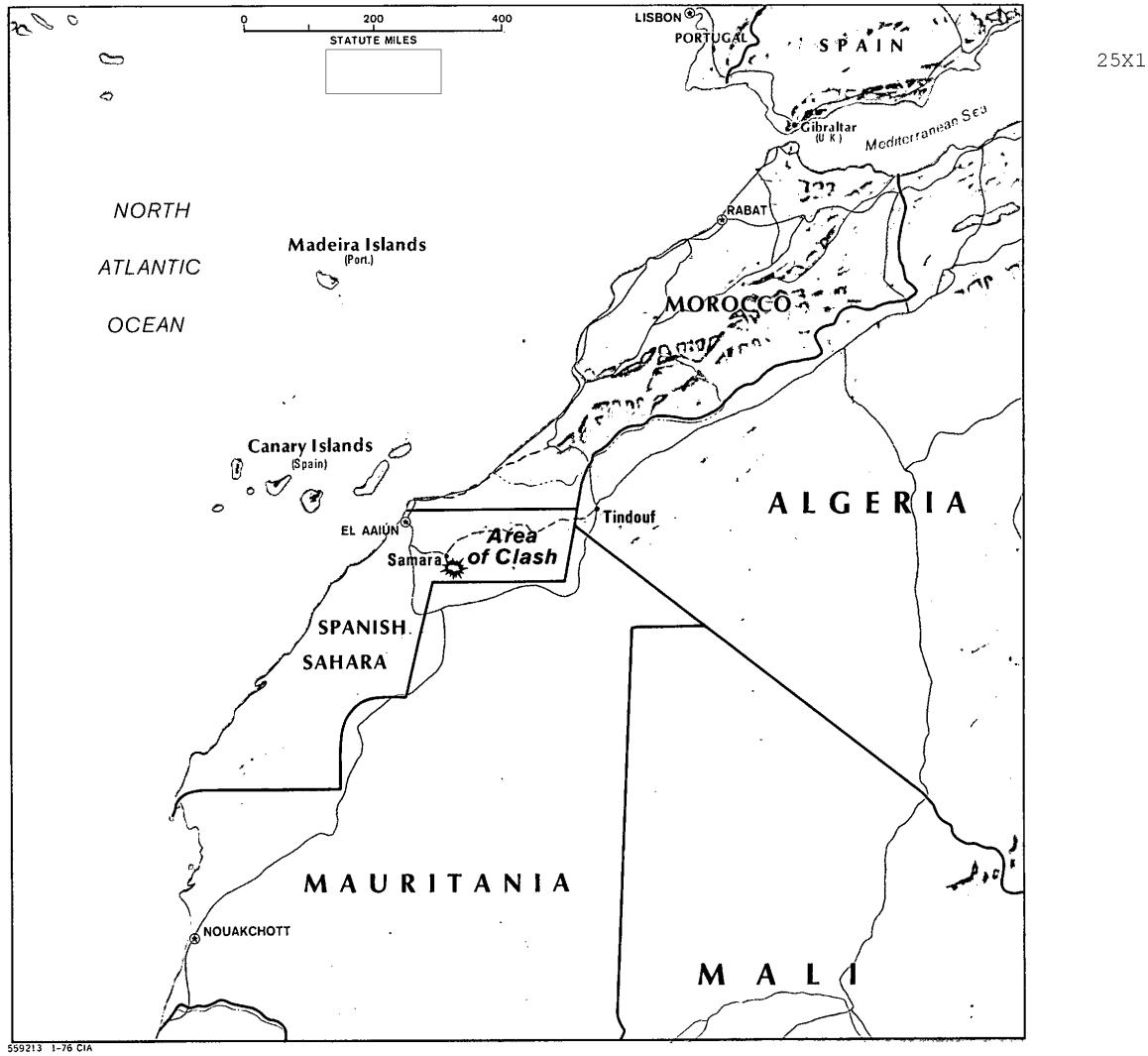
EGYPT-ISRAEL-SYRIA



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MOROCCO-ALGERIA

Moroccan forces yesterday occupied the oasis south of the Saharan town of Samara where clashes with Polisario guerrillas, supported by Algerian military personnel, occurred on Tuesday and Wednesday. Fighting has apparently ended.

A Moroccan communiqué said some 100 Algerian soldiers, dozens of Polisario guerrillas, artillery, and a large quantity of ground-to-air missiles were captured. Algiers admitted only that its "supply column" supporting the Saharans had withdrawn from the area after an all-day engagement on Wednesday with a much larger Moroccan force that had used aircraft and heavy weapons.

Algeria called in the ambassadors of the permanent members of the UN Security Council yesterday to explain its position in the dispute and its desire to avoid a war. Speaking on President Boumedienne's instructions, a senior Foreign Ministry official termed Morocco's presence in the disputed territory "totally illegitimate." He stressed that the only solution to the problem is a referendum on self-determination. Foreign Minister Bouteflika sent a similar message to UN Secretary General Waldheim yesterday.

The Algerian demarche, like that of Morocco on Wednesday, is almost certainly laying the groundwork for a call on the Security Council to discuss the matter as a threat to international security.

Algeria continues to increase its propaganda effort in behalf of the Polisario Front. In letters sent to all nations, Boumedienne urged support for the principle of self-determination and emphasized the determination of Saharans, led by the Front, to resist the Moroccan-Mauritanian take-over of the territory. Boumedienne will use his influence as self-proclaimed head of the nonaligned movement to develop support for the Front as a legitimate liberation movement.

LEBANON

After a week of relative calm, Lebanese leaders have turned their attention to the problem of rehabilitating the Lebanese army and security forces. Both suffered many defections during the height of the hostilities and, in effect, ceased to function as effective forces.

According to most accounts, the security forces--which are predominantly Muslim--divided along religious lines during the last days of the fighting. Posts that had been assigned to them were either abandoned or occupied by Muslim and Palestinian forces. Although these positions have been returned to the government, they have been stripped of most equipment, weapons, and vehicles.

The army is in better shape than the security forces, although it suffered heavy losses during the struggle to protect Christian territory south and east of Beirut.

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The Syrian-Lebanese-Palestinian peace commission set up to monitor the truce has assigned limited police duties to the army in Beirut's commercial district and apparently expects eventually to use the army in other key areas of the city. These duties are intended not only to boost the army's morale but also to lower the profile of Palestinian troops, whose presence in Beirut is generating resentment even among Lebanese Muslims.

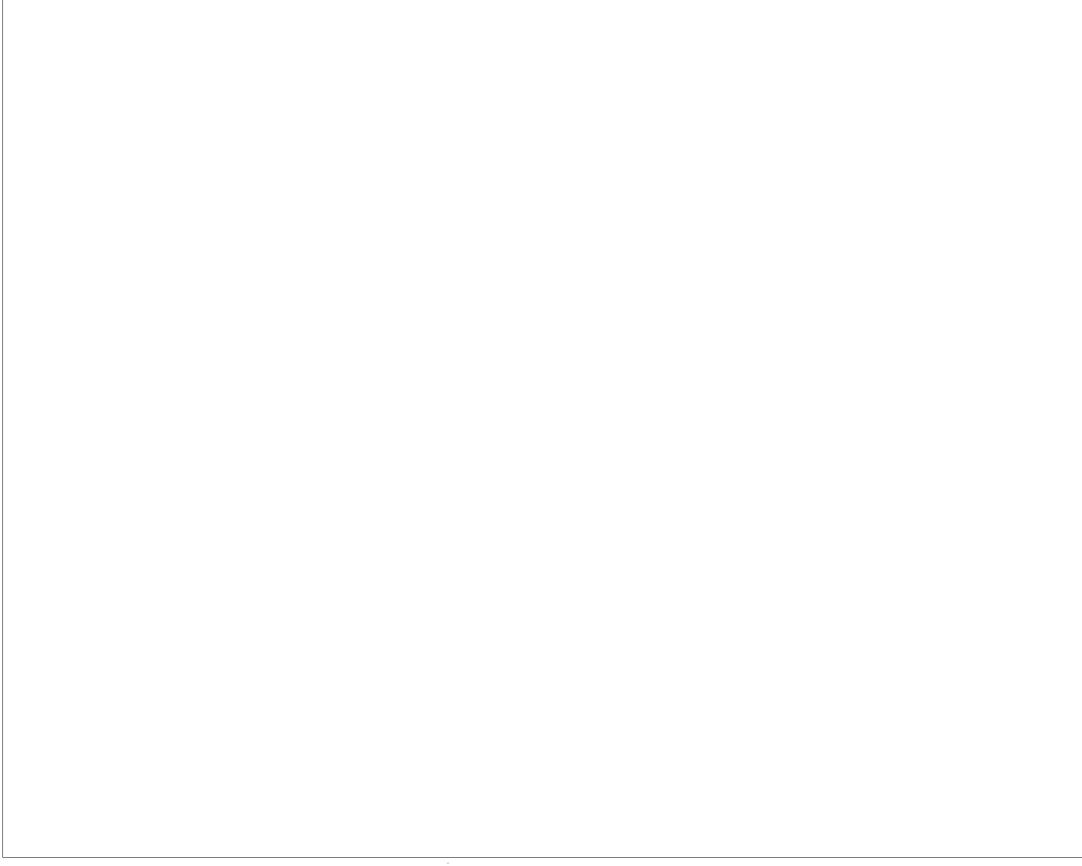
Prime Minister Karami, aware of the growing controversy over the role of Palestinian forces in Lebanon, expressed a sense of urgency yesterday over rebuilding a national armed force. A universal conscription law recently passed by parliament could eventually be used to strengthen the military and regulate its religious composition more carefully.

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Haggling continues over terms of the political settlement proposed by Syrian President Asad and is delaying President Franjiyah's trip to Damascus. Syrian Foreign Minister Khaddam returned to Beirut yesterday, presumably to speed up the negotiations.

One of the sticking points, according to the press, is Christian insistence that the office of president be held by a Maronite Christian. Some Muslims reportedly feel the presidency should be open to any Christian; other Muslims apparently are willing to give Maronites this exclusive right but object to putting the understanding in writing.

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YUGOSLAVIA

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(continued)

FOR THE PRESIDENT ONLY

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NOTES

The Soviets may be sending more warships to West African waters.

A Sverdlov-class cruiser, a Kashin-class destroyer, and two F-class torpedo attack submarines left the Mediterranean yesterday morning and began moving south along the Moroccan coast. Since mid-day yesterday, the group appears to have taken a position near the coast northwest of Rabat. The ships' initial course had suggested they might be en route to join other warships now at Conakry or farther south in the Gulf of Guinea. They could, of course, change course and go to Cuba or return to the Mediterranean.

* * *

Sierra Leone yesterday announced its official recognition of the Popular Movement as the sole legitimate government of Angola.

The Popular Movement now has the support of 24 of the 46 members of the Organization of African Unity. Togo and Upper Volta may be next to abandon a neutral position. If the OAU ministerial meeting set for March takes place, the Popular Movement probably will have little trouble in being seated as the government of Angola.

* * *

Britain has given Iceland until tomorrow to accept its terms for a new fishing agreement or face the return of British frigates to the disputed waters.

The British terms come close to meeting the demands Iceland made before the talks broke down in November, but Iceland's position has hardened in the meantime. Prime Minister Hallgrimsson faces the difficult task of trying to sell the compromise to an increasingly brittle coalition and to the Icelandic public, which now is inclined to favor total exclusion of foreign fishermen from offshore waters. If he fails and British frigates return, Hallgrimsson's coalition could fall, leading to renewed questioning of Iceland's participation in NATO.

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January 31, 1976

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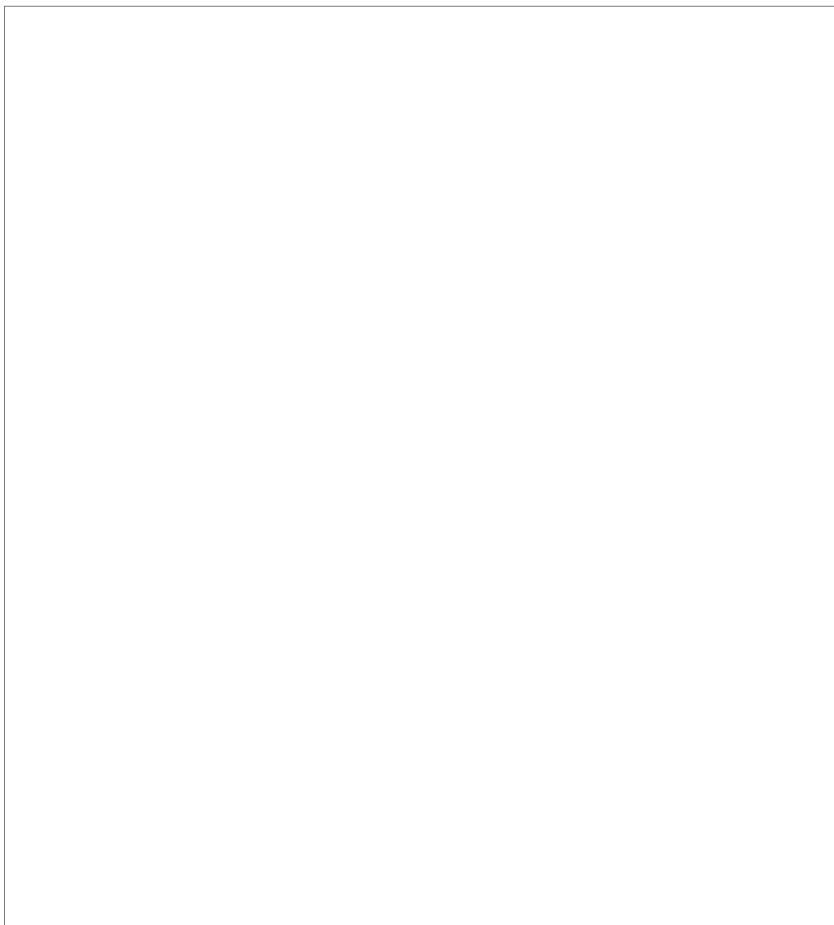
<u>Zaire-Angola:</u>	[redacted]	25X1
	[redacted]	25X1
<u>Lebanon:</u> Muslim and leftist leaders are growing increasingly impatient with Christian negotia- tors. (Page 2)		
<u>Notes:</u> Turkey; USSR; Warsaw Pact - NATO; Syria (Pages 3 and 4)		25X1
<u>At Annex</u>	[redacted] Saudi Arabia [redacted]	25X1
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FOR THE PRESIDENT ONLY



ZAIRE-ANGOLA

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1

FOR THE PRESIDENT ONLY

LEBANON

Muslim and leftist leaders are growing increasingly impatient with Christian negotiators who are continuing to haggle over the terms of a political settlement.

Following a meeting yesterday of Muslim leaders, leftist spokesman Kamal Jumblatt--a key figure in the negotiations--called for a quick settlement and implementation of a reform program within 40 days. Although generally more strident than his colleagues, Jumblatt seemed to be voicing general frustration with Christian footdragging.

An aide to President Franjiyah told US officials yesterday that the main problem at this point is the regulation of the Palestinians in the country. The Christians--led by Interior Minister Shamun--have been arguing that final agreement on political reforms must await resolution of the Palestinian issue.

Even if the Palestinian problem is resolved, the Christians may continue to insist on spelling out their exclusive control of the presidency--a point the Muslims have so far refused to include in a written agreement. A potentially more dangerous problem may arise over the timetable for implementing reforms.

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[redacted]
[redacted] the Christians believe they can block any basic changes until the presidential election in September.

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NOTES

The wave of terrorism, campus unrest, and street violence that has claimed more than 20 lives in Turkey since last fall may be taking on anti-US overtones.

Turkish police officials have told US embassy contacts that extreme leftist groups have formed roving bands and instructed them to attack US personnel and property. In Ankara earlier this week, a US government vehicle was bombed. The radical leftist Turkish People's Liberation Army--driven underground in the early 1970s and quiet since then--is thought to be connected with this incident.

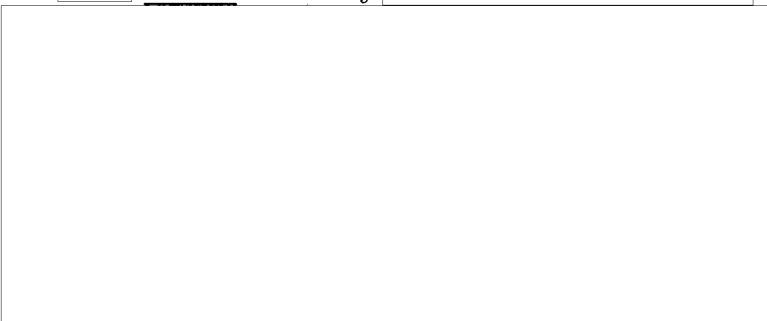
Until now, the domestic disorders have primarily involved fighting between left- and right-wing student groups. Recent changes in the tactics of the extreme left, however, could portend a return to the more widely focused violence that wracked the country in the late 1960s and early 1970s.

* * *



Soviet military

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The Soviet naval group that entered the Atlantic on Thursday morning and sailed south along the African coast, reversed course late in the day and returned to the Mediterranean. The Sverdlov-class cruiser, Kashin-class destroyer, and probably two F-class submarines passed through the Strait of Gibraltar yesterday morning.

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The Warsaw Pact has made its first official response to NATO's offer to reduce nuclear forces in Central Europe in return for the withdrawal of a Soviet tank army.

In the opening session of the eighth round of the force-reduction talks in Vienna, the Polish delegate criticized some aspects of the proposal but was careful not to reject it. Articles in *Izvestia* and other Soviet bloc papers have said the offer was merely a continuation of NATO efforts to obtain a unilateral advantage from the negotiations. The Soviets would, nevertheless, probably like to retain the central ingredient of the proposal--acknowledgment that nuclear forces should be reduced. This has been a cardinal tenet of the Warsaw Pact position since the beginning of the negotiations. A counterproposal, if there is one, may not come until after the Soviet party congress next month.

* * *

An article in yesterday's Washington Post about an influx of foreign military technicians and advisers into Syria over the past year appears to be a mixture of truth and rumor.

We estimate that there are about 3,000 Soviet military advisers and technicians in Syria. Although some Soviets advised Syrian air defense units during the 1973 war, none of them are known to have accompanied Syrian ground units into combat. There may also be as many as 100 North Korean advisers and technicians in Syria.

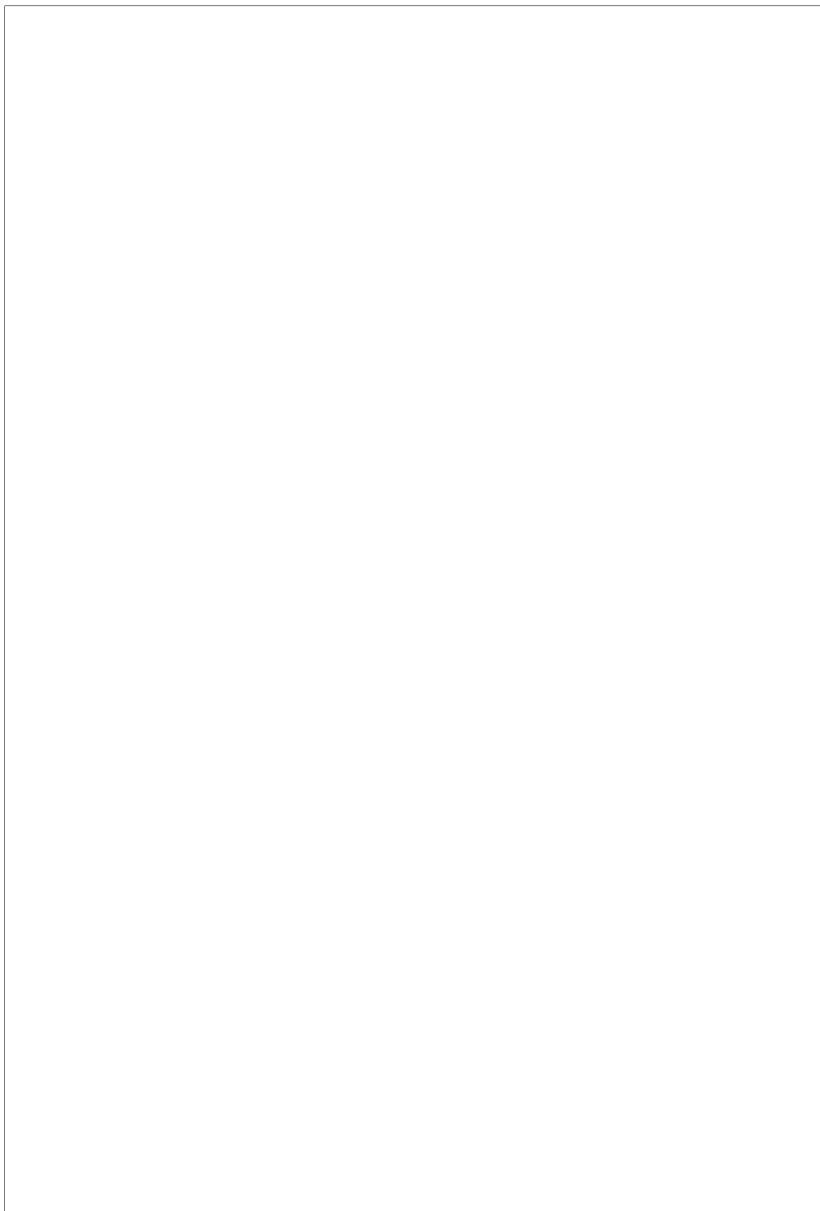
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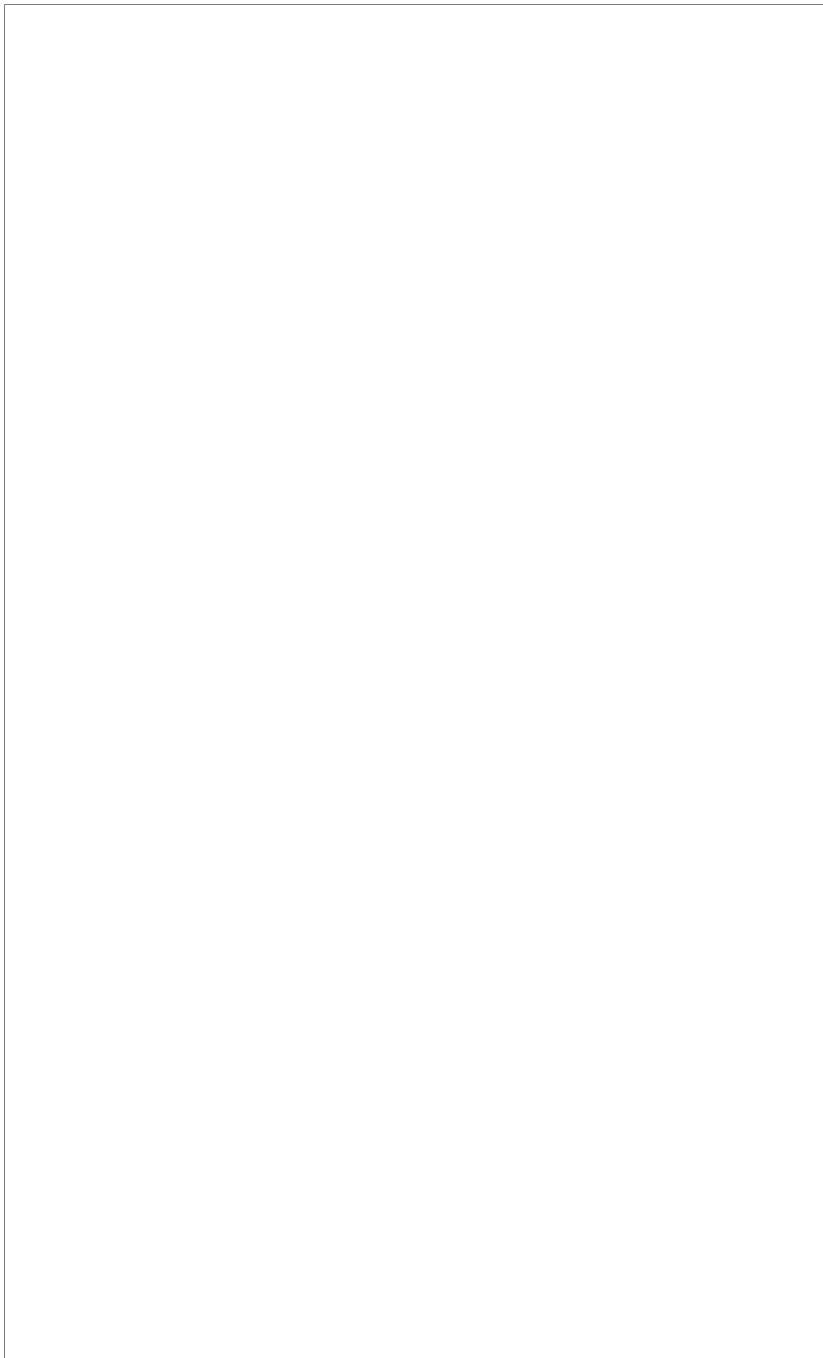
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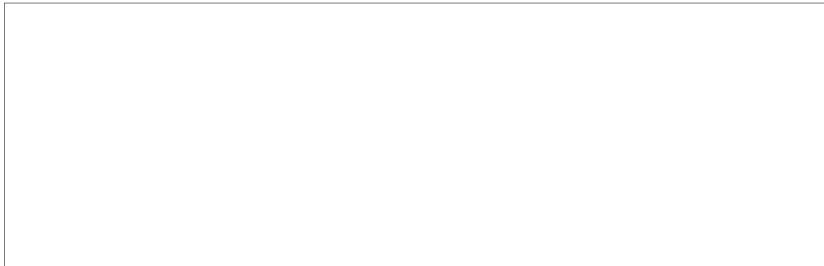
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Top Secret