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The President's Daily Brief

1 October 1973

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THE PRESIDENT'S DAILY BRIEF

1 October 1973

PRINCIPAL DEVELOPMENTS

[redacted] Israel [redacted] 25X1
[redacted] 25X1
[redacted] Jordan [redacted] 25X1
[redacted] Syria [redacted] 25X1
[redacted] *(Page 1)* 25X1

There is a chance that the Austrian Government will reverse its decision to end group transports of Soviet emigrants to Israel and close transit facilities maintained for that purpose. *(Page 2)*

An underground anti-regime movement may be developing in Iraq. *(Page 3)*

Notes on USSR-Iraq and China appear on *Page 4*.

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SYRIA-ISRAEL-JORDAN

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FEDAYEEN-ISRAEL-AUSTRIA

There is a chance that the Austrian Government will reverse its decision to end group transports of Soviet emigrants to Israel and close transit facilities maintained for that purpose.

Chancellor Kreisky has already said that he would not ban the passage of individual Soviet Jews to Israel, and Austrian officials have indicated that the Schoenau transit camp, which has been a way-station for 60,000 Soviet Jews in the last two years, could not be closed without permission of the Jewish agency that runs it. Yesterday, Kreisky added that "we shall have to think very carefully about closing down Schoenau."

The Austrians run the risk of provoking more Arab terrorism on their territory if they should renege on the deal made last week with fedayeen kidnapers of some emigrating Soviet Jews. Palestinian sources have publicly hailed the kidnaping as a major success and have said it is part of a larger plan to bring to a halt emigration of Soviet Jews to Israel.

On the other hand, Austria will also be under strong pressure from Israel. Prime Minister Meir, who is attending today's meeting of the Council of Europe, is expected to seek support for an appeal urging the Austrians to reconsider.

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IRAQ

An underground anti-regime movement may be developing. American representatives in Baghdad recently received a copy of a tract signed by the "Secret Committee of the 30 June Uprising" which sharply attacked the regime, in particular Saddam Husayn Tikriti, number two man in the ruling Baath hierarchy. The tract, which threatened assassination of "traitors" if the direction of the Iraqi revolution and the party were not corrected, may have been the work of remnants of the group led by former security chief Nazim Kazzar which was responsible for the abortive coup last June.

The government believes this group is responsible for a rash of brutal murders recently, including those of the family of a former police chief and the father of the chief prosecutor in the trial that led to the execution of Kazzar and at least 35 others. 25X1

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NOTES

USSR-Iraq: Seven TU-22 medium bombers were [redacted] at Habbaniyah Airfield, some 40 miles west of Baghdad. The aircraft arrived in Iraq on September 20. Another seven TU-22s apparently were delivered four days later. [redacted] 25X1

25X1

25X1

China: An editorial published in all leading newspapers honoring the founding of the People's Republic asks for "new victories" to greet the National People's Congress, but does not indicate when the congress, China's rubber-stamp legislature, will meet. Such mention of the congress suggests that it has not yet been held and that it may convene soon. The meeting will be the occasion for forming a new government, revising the constitution, and perhaps for setting out more clearly policy guidelines alluded to in published reports on the recent Tenth Party Congress.

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The President's Daily Brief

2 October 1973

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THE PRESIDENT'S DAILY BRIEF

2 October 1973

PRINCIPAL DEVELOPMENTS

Israel and Jordan

25X1

(Page 1)

France is developing a flexible doctrine for use of its tactical nuclear weapons that could be in harmony with NATO strategy. *(Page 2)*

The installation of a civilian government in Greece marks a further stage in the consolidation of President Papadopoulos' power, but in the long run it could bring him new problems. *(Page 3)*

For the first time, Abu Dhabi has sent troops to Oman to aid in the war against leftist guerrillas in Dhofar Province. *(Page 4)*

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SYRIA-ISRAEL-JORDAN

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FRANCE

The Quai's director of disarmament affairs has told US diplomats that the French no longer hold that they should automatically respond to a Soviet attack in Europe with strategic weapons, but rather that such a response should be withheld until it is determined that a major assault was occurring. If such a determination is made, the French might consider a demonstration use of strategic weapons or the use of tactical nuclear weapons as a first step in what could become a ladder of nuclear escalation. The official added, however, that France would not associate itself officially with NATO's planning for flexible response.

This is the clearest indication that the French are trying to put together a doctrine for use of their newly developed tactical nuclear weapons, and an example of progress in technology forcing changes in policy. Ex-defense minister Debré had little interest in formulating a tactical doctrine, and in fact contended that uncertainty in this matter enhanced the credibility of the deterrent.

Now it appears that the French are evolving a flexible response of their own, one less in contrast with that of NATO and the US. The French doctrine probably will develop as separate--though not necessarily divergent--from NATO's, based on the assumption that France must maintain absolute control over its nuclear forces.

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GREECE

The designation of Spyros Markezinis as prime minister and the installation of an all-civilian cabinet within a week may in the long run increase President Papadopoulos' political problems.

Markezinis is a career politician who will add an authoritative voice to pressure for political liberalization. Despite Papadopoulos' determination to retain full control of the government, Markezinis will eventually try to enlarge his freedom for maneuver.

This is bound to frighten those former military colleagues of the President who strongly oppose measures toward moderation, which in their view endanger the gains for which they revolted six years ago. Some of these have their doubts about Papadopoulos himself. They resent his growing personal power and fear that he is moving away from the goals of the military coup.

Papadopoulos intends the removal of the military from the cabinet as a major step toward the normalcy he has promised. So far he has succeeded in outmaneuvering his opponents. His latest moves, however, will tax his ability to contend with disgruntlement from both left and right.

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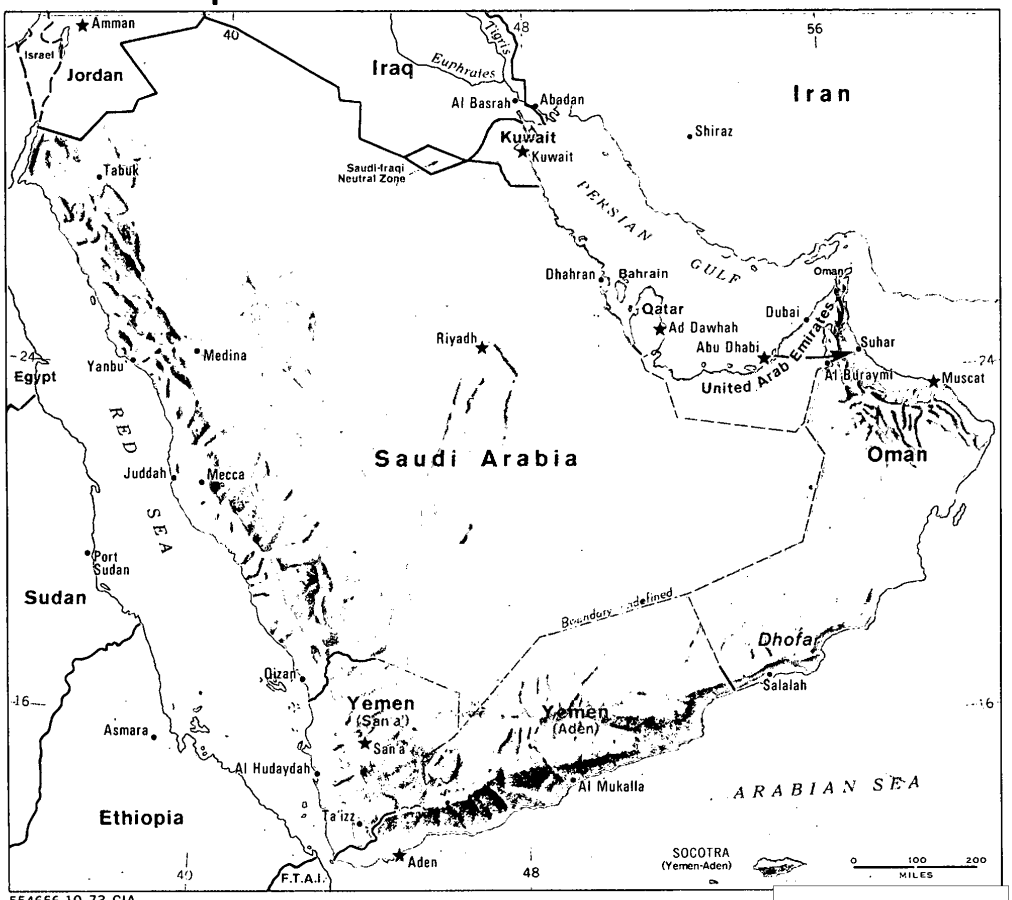
Abu Dhabi Troops to Northern Oman



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NOTE

Abu Dhabi - Oman: About 300 members of the Abu Dhabi Defense Force will take up garrison duties in northern Oman in early October, relieving Omani gendarmerie units for service against the rebels in Dhofar Province. The Omani Army--only 7,500 strong--is stretched thin by the protracted guerrilla war being waged by the leftist Popular Front for the Liberation of Oman and the Arab Gulf with the backing of Yemen (Aden). That conflict will probably intensify in the coming weeks as the monsoon season comes to an end.

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3 October 1973

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THE PRESIDENT'S DAILY BRIEF

3 October 1973

PRINCIPAL DEVELOPMENTS

The West European allies are upset at congressional moves in favor of unilateral US force reduction overseas, and may try harder to come up with ways to reduce the cost of stationing troops in Europe. There have been some positive signs in the deliberations of the NATO study group dealing with this problem, but a satisfactory solution still seems a long way off. *(Page 1)*

The Soviets have begun to build two more new silos at the Pervomaysk ICBM complex. The positioning of the silos suggests they will have a function related to command and control. *(Page 2)*

The South Vietnamese are taking the offensive in the central highlands, in part to avenge the capture last week of the Plei Djerang Ranger camp--the largest outpost to fall to the Communists since the January cease-fire. *(Page 3)*

London's decision to withdraw its warships from disputed waters around Iceland has prevented a break in relations with Reykjavik. Iceland quickly accepted a British proposal for further negotiation. *(Page 4)*

Notes on Soviet ICBM testing and on preparations for a nuclear test in China appear on *Page 5*. There are also brief items dealing with recent developments in Chile and East Germany.

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NATO

Actions by the US Senate favoring unilateral force reduction overseas have put new pressure on US allies to come up with multilateral ways to reduce the cost of stationing troops in Europe. Bonn was shocked by the Senate's action, and both Foreign Office officials and Bundestag members are wondering whether the US will cut troop levels unilaterally.

> *As yet, however, the West Germans show no sign of being more willing to participate in any multilateral scheme. They have so far tried hard to prove that Bonn is already doing its fair share in bilateral arrangements.*

There have been some positive signs in the recent deliberations of the NATO study group dealing with the problem. There is wide support for separating the US military deficit from other balance-of-payments figures, so that the deficit can be treated on a priority basis. In addition, the UK has not been pressing its own claim for balance-of-payments assistance lately.

> *The burden-sharing study group will probably send an initial report to the North Atlantic Council by the middle of the month, but this will be largely concerned with a precise definition of the balance-of-payments damage suffered by the US. There has been little discussion of solutions so far.*

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USSR

[redacted] the USSR has begun to build two more new silos at the Pervomaysk ICBM complex. Both are located at SS-11 launch-control sites. 25X1

New silos have now been identified at ten SS-11 launch-control sites--five at Pervomaysk, and five at the Derazhnya ICBM complex. The positioning of the silos suggests that they will have a function related to command and control. Thus far, however, they remain indistinguishable from silos from which ICBMs are launched.

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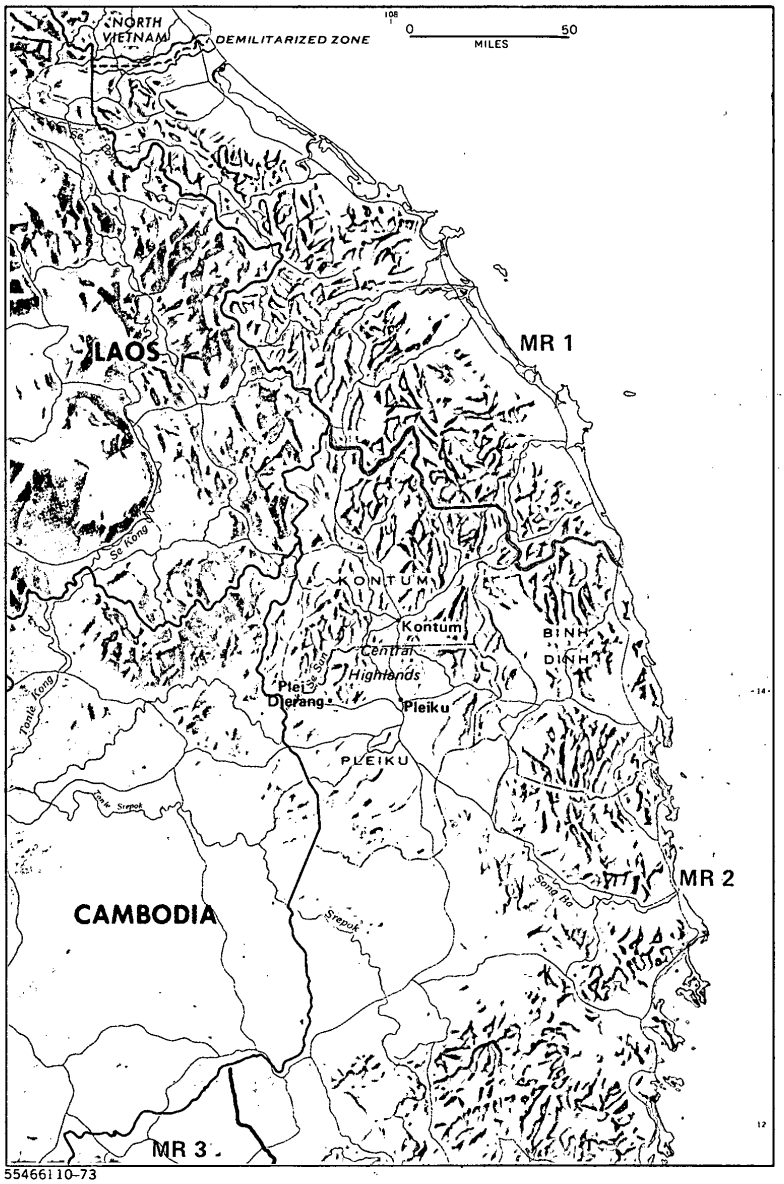
SOUTH VIETNAM



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SOUTH VIETNAM

South Vietnamese leaders are saying that an attack last week on the Plei Djerang Ranger camp presages a new enemy offensive, but there is little to suggest that the Communists plan a major campaign in the highlands at this time. The two North Vietnamese divisions in the area are understrength and ill-prepared to sustain large-scale fighting. Rather it is the South Vietnamese who seem bent on taking the offensive, in part to avenge the capture of the Ranger camp--the largest outpost to fall to the Communists since the cease-fire last January.

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General Toan is said to believe that additional enemy moves will provide further justification for the government offensive.

There is a danger that Toan's forces may get bogged down in operations in the highlands. He will have to show some restraint in order to avoid committing them so deeply as to jeopardize security in adjacent Kontum and Binh Dinh provinces.

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UK-ICELAND

London announced yesterday that it was withdrawing its warships from disputed waters around Iceland on the assumption that Iceland would not harass British trawlers in the area. The ships are to remain just outside Iceland's declared 50-mile fishing limit, ready to re-enter if the harassment resumes. Iceland quickly accepted a proposal by Prime Minister Heath for further negotiation.

Reykjavik had threatened to break relations by midnight last night if the ships remained. Following a visit to London by NATO Secretary General Luns, however, the British in effect waived their demand for a formal prior Icelandic commitment not to harass the trawlers.

The British action should ease Icelandic hostility toward NATO for the moment, and improve the chances of a compromise on maintaining the US-manned NATO base at Keflavik. Foreign Minister Agustsson arrives in Washington today to begin negotiations on the issue. The shaky Icelandic Government will find it difficult to resist leftist agitation against British fishing, however, and unless the British make concessions, incidents at sea are likely to resume.

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NOTES

USSR: The Soviets successfully tested an SS-X-17 ICBM yesterday. [redacted] The last two SS-X-17 tests, in July, carried MIRVs. A flight test of another of the new Soviet ICBMs--the SS-X-16--apparently ended in failure on September 29.

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China: [redacted] preparations at the test site were almost complete. Three IL-28 jet light bombers have been observed next to the weapons loading pit at the airfield that supports Lop Nor; one of them probably will deliver the device.

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Chile: The junta continues to give top consideration to maintaining security. [redacted] The government has appointed military officers to undertake an ideological housecleaning of the universities, even though this will further disillusion the Christian Democratic Party. A military court now trying Communist chief Luis Corvalan for treason may sentence him to death, regardless of repercussions at home and abroad.

25X1

25X1

East Germany: A Central Committee meeting yesterday approved a few new appointments to high positions in the party. Following the example set by Moscow last spring, the East Germans made their Defense Minister, General Heinz Hoffmann, a Politburo member. Among five party officials elected to candidate membership on the Politburo were two district leaders, and another was chosen for a position in the party Secretariat. The district party officials in particular owe allegiance to party chief Honecker and their elevation will strengthen his control.

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THE PRESIDENT'S DAILY BRIEF

4 October 1973

PRINCIPAL DEVELOPMENTS

Austrian officials are searching for ways to preserve their country as an emigration route for Soviet Jews without reneging on their pledge to close the Schonau transit center. *(Page 1)*

Soviet Foreign Ministry official Kuznetsov has privately summarized Moscow's current position on the force reduction talks. *(Page 2)*

Kosygin's visit to Yugoslavia marked another step in the improvement in Soviet-Yugoslav relations, despite continuing differences on some big issues. *(Page 3)*

[redacted] 25X1

Chinese [redacted] 25X1
[redacted] Burma. *(Page 5)* 25X1

Peking is purchasing factories from the West at a much higher rate than ever before. *(Page 6)*

On *Page 7* we discuss the background of Bolivian President Banzer's decision not to visit Washington this month.

Notes on an easing of the price of gold, on Peron's call for a purge of Marxists, and on shifts of top figures in East Germany appear on *Page 8*.

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AUSTRIA - MIDDLE EAST

Austrian officials are searching for ways to preserve their country as an emigration route for Soviet Jews without reneging on their pledge to close the Schonau transit center. Chancellor Kreisky wants above all to prevent future terrorist incidents in Austria. The transit center had been the target of previous attacks, convincing Austrian officials that it was becoming an unacceptable security risk.

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25X1

Austrian officials argue that the closing of Schonau will have only minimal impact because most emigrants spend only two or three days there before departing for Israel. The lack of facilities will nevertheless create difficulties since the number of Soviet Jews passing through Austria is quite high, amounting to 678 last week.

Soviet media have given minimal coverage to the incident and have avoided noting that the terrorists' targets were Soviet emigrants.

This treatment reflects the broader dilemma Moscow faces in dealing with the problem of Jewish emigration--how to placate Western demands that restrictions be eased without further disturbing Soviet-Arab relations. The generally favorable reaction of Arab states to the terrorist incident makes the Soviet policy choice more difficult.

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USSR-MBFR

Soviet First Deputy Foreign Minister Kuznetsov told Under Secretary Casey on Tuesday that force reductions in Europe should apply to both stationed and indigenous forces. He did not state a preference between simultaneous reductions in both categories and the US approach of phased reductions starting with US and Soviet forces.

Kuznetsov said that detailed instructions for the Soviet delegation are still being prepared. He listed three other basic points that would go into the instructions: no harm should be done to the security interests of any state, stationed troops should return to their homeland with their armaments, and only the 11 "full" participants should make decisions at the talks. Each of them has been a staple of the Soviet position for some time.

Kuznetsov also made a strong pitch for continued US-Soviet consultation on force reduction questions, noting that "we" had worked out many problems during the preliminary talks and urging similar contacts when the substantive talks open in Vienna on October 30.

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USSR-YUGOSLAVIA

Premier Kosygin's week-long trip to Yugoslavia marked another step in the general improvement in relations since 1971, but left the two countries still at odds on some fundamental issues.

Kosygin stressed socialist cohesion while his hosts emphasized nonalignment and separate roads to socialism. The Yugoslavs persuaded the Soviets to insert favorable references to nonalignment and respect for the "existing characteristics" of the two countries into the final communiqué.

The two sides wrestled specifically with economic problems, presumably focusing on how Belgrade would use the $540-million credit extended by Moscow last year. The communiqué does not indicate what, if any, specific agreements were reached. Its references to long-term cooperation and planning are couched in purely bilateral terms, avoiding any reference to CEMA, where Yugoslavia holds observer status.

Kosygin traveled widely outside Belgrade, visiting four republics. The Yugoslavs interpreted his presence in Macedonia as support for their position in the age-old feud with Bulgaria. In a later speech, however, Kosygin offended some Yugoslavs by praising Soviet nationality policy while passing lightly over Yugoslavia's efforts in this field.

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CHINA-BURMA

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CHINA

Peking's purchase of a $300-million petrochemical complex from France last week raises China's plant purchases this year to about $900 million. The Chinese also are negotiating with both Japan and West Germany for a $375-million steel mill.

This year's contracts, mostly for the fertilizer and synthetic fabric industries, already total about nine times the previous high set in 1965. The purchase from France is the largest import contract China has ever signed with a Western country.

The sharp increase reflects Peking's decision to make much greater use of foreign equipment and technology in seeking to increase agricultural production and provide more consumer goods.

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BOLIVIA

President Banzer's decision not to visit the US on October 16 as scheduled may well have been motivated by a belief that the trip would not produce significant economic aid.

The Bolivians have officially explained that stern new economic measures and the anticipated negative public reaction will require Banzer's presence in La Paz. Such measures are probably necessary before the IMF will advance further funds, but they could have been put off. Previous discussion centered on delaying the measures until after elections next May, and Banzer had hoped that the US trip would open up new financial sources and make austerity--always politically dangerous--unnecessary.

Banzer considers the US response to his expressed "needs" to be niggardly, however, and apparently sees no reason to come to Washington unless he can return with substantial aid. By dramatically showing his displeasure in a last-minute "postponement," he may hope to elicit a more sympathetic response.

It is also possible that Banzer fears a plot. He is aware that the largest party in his coalition is not fully committed to his government and that younger military officers are restive. In recently cracking down on labor unions, he alleged a vast conspiracy involving Cuba and political exiles, but these charges appear to be without substance.

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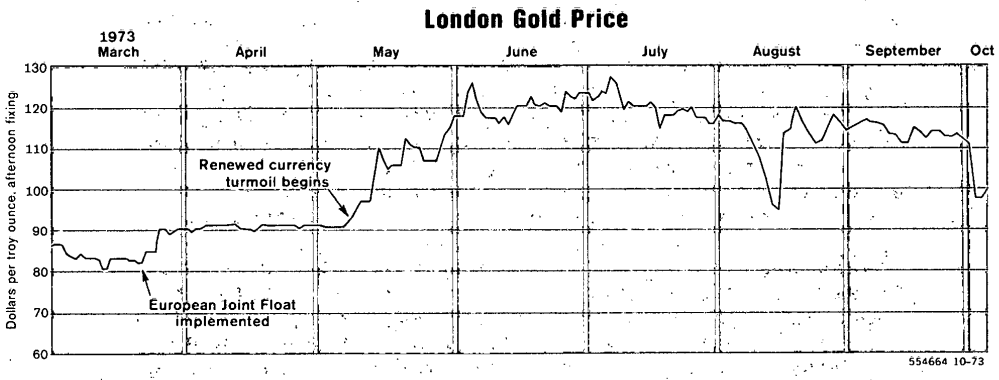

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NOTES

Gold: For the first time since May, the price of gold has now remained below $100 an ounce for three consecutive days. The IMF meetings in Nairobi produced no sign that an increase in the official gold price was in the offing, and this apparently helped reduce speculative demand. At the same time the principal gold suppliers, South Africa and the Soviet Union, have continued their relatively heavy sales. Two weeks ago Pretoria sold gold from reserves, as well as from new output, in order to pay for increased imports.

Argentina: Peron's call for a sweeping purge of all Marxist elements could stir up trouble with radical leftist youth and labor groups, and even with provincial governments. The potential for trouble is particularly strong within the labor movement, where a mass expulsion of leftists could lead to extensive violence. Suspicions that left-wing Peronists were responsible for the recent killing of a key labor leader may explain Peron's decision. It is also possible that the term "Marxist" will be applied indiscriminately to justify action against any opponent of the regime.

East Germany: With Premier Willi Stoph moving up to be chief of state, party leader Erich Honecker has promoted a protege, Horst Sindermann, to the premiership. Sinderman's new post gives him enhanced influence and enables Honecker to tighten his grip on the party and regime. Honecker now may seek to move further away from the collective leadership principle and toward personal dominance.

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The President's Daily Brief

5 October 1973

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25X1

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THE PRESIDENT'S DAILY BRIEF

5 October 1973

PRINCIPAL DEVELOPMENTS

President Qadhafi reportedly resigned soon after his failure to gain concessions on the merger from President Sadat, and this time he has gone further than usual in divesting himself of the trappings of office. *(Page 1)*

Tel Aviv will continue to press Vienna to reverse its decision to close the Schoenau transit center, but will almost certainly fail. The fedayeen, meanwhile, are hinting at operations against Soviet embassies if Jewish emigration is not halted altogether. *(Page 2)* 25X1

Military exercises now going on in Egypt are larger and more realistic than previous ones, but the Israelis are not nervous. *(Page 3)*

[redacted] has failed to turn up any evidence that the Soviets sent Scud missile equipment to Egypt or Syria. *(Page 4)* 25X1

The Cambodian High Political Council has not figured out how to renew its mandate when it expires later this month, and Prime Minister In Tam seems determined to resign. Lon Nol may be considering a restructuring of the government that would concentrate as much power as possible in his own hands. *(Page 5)* [redacted]

Tanzania [redacted] 25X1
[redacted] China. *(Page 6)* 25X1

Japan intends to establish two more textile plants in the US for a total of at least eight--part of a rapid expansion of its textile industry abroad. *(Page 7)*

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LIBYA

[redacted] 25X1
[redacted] President Qadhafi resigned 25X1
soon after his failure in late August to gain concessions on the merger from President Sadat. [redacted] 25X1
members of the Council were said to have protested Qadhafi's decision but were only able to persuade him to remain in office long enough--perhaps several months--to prepare for a smooth transfer of power.

The temperamental Libyan leader has "resigned" and come back a number of times before, but has been unusually subdued since his political defeat at the hands of the Egyptians. Since then, he has avoided public appearances and has taken measures to divest himself of some of the trappings of his office. Although he is still acting like a chief of state, several other Council members--particularly Prime Minister Jallud--are unusually busy with policies and programs that previously were Qadhafi's exclusive province.

Many factors could improve Qadhafi's spirits in the months ahead--not the least of which is his seemingly unshakeable belief in his own resourcefulness and in the inevitability of Arab unity. Nevertheless, the deepening estrangement between Sadat and Qadhafi seems to be wearing more heavily than usual on the Libyan leader.

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ISRAEL-AUSTRIA

Tel Aviv intends to keep up pressure on Vienna to reverse its decision to close the Schoenau transit center.

Between the end of 1968, when Moscow permitted the resumption of Jewish emigration, and the end of 1972, some 50,000 Soviet Jews entered Israel; in 1972 they formed close to 60 percent of all immigrants. The 1973 rate so far has been about 10 percent higher than last year's.

The pressure from Tel Aviv will almost certainly fail to move the Kreisky government, which had been thinking about closing down the transit center for some time before the terrorist incident. Recent visits to the camp by Prime Minister Meir and Foreign Minister Eban had generated unwanted publicity, and a bomb threat by Arab terrorists convinced some officials that Schoenau had become an unacceptable risk. In any event, all transit rights for Soviet Jews have not been eliminated, and the privately owned center--which is run by the Jewish Agency--has not yet closed.

Elated by the success of the Austrian operation, the fedayeen may now envisage the possibility of halting Soviet emigration to Israel entirely. Statements in the Arab press, ostensibly from the terrorists involved, have hinted at retaliation if Vienna reverses its stand and have suggested that operations will be directed against Soviet embassies and interests if emigration is not stopped. Radical fedayeen elements would not be deterred by the threat of severe Israeli retaliation or curtailment of indirect Soviet support to the moderate fedayeen groups.

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EGYPT

The military exercises under way in Egypt seem to be on a larger scale and are being conducted more realistically than previous ones, but they do not appear to be preparations for an offensive against Israel. [redacted]

[redacted] 25X1

25X1

Previous Egyptian maneuvers have been more paper-and-communications exercises than the current one, which evidently involves the mobilization of large numbers of personnel. Cairo may have put its air defense and air forces on alert as a precaution against an Israeli reaction to the initial phases of the exercise. The call-up of air force reservists is on a larger scale than that which occurred during a previous major exercise in March, but this may be necessary because of the length of the alert.

[redacted] 25X1

[redacted] 25X1

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USSR-EGYPT-SYRIA

[redacted] 25X1

no evidence that the Soviets have sent Scud ballistic missile equipment to the Middle East. No Scud equipment was seen in the Egyptian ports of Alexandria and Matruh, at the Tura Caves area south of Cairo, or at the Syrian ports of Latakia and Tartus. [redacted] 25X1

[redacted] the Soviet port of Nikolayev [redacted] 25X1

[redacted] shows the same number of Scud launchers in the same place on the dock as had been seen there on 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

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25X1

CAMBODIA

During the past few weeks, the members of the High Political Council have been reviewing the pros and cons of renewing the council's mandate when it expires later this month. Even though Lon Nol recently assented to the other three members' recommendation that the ruling body and its special powers be extended for another six months, thus far the council has not been able to agree on modalities for the move.

Technically, the National Assembly--which placed itself in limbo when it agreed last April to give the council full control of governmental affairs--should be reconvened to approve the council's extension. Council member Sirik Matak, however, strongly opposes recalling the legislature because he fears it will not fully cooperate with the government. The assembly may yet return, but only in a consultative capacity.

Another issue complicating the deliberations is Prime Minister In Tam's apparent determination to step down, not only from that office but also as a member of the council. In Tam said on Tuesday that he would submit his resignation at the next council meeting.

Since taking office last May, the Prime Minister has frequently threatened to quit, complaining that he has been given no real authority by Lon Nol. In Tam's colleagues on the council would not be unduly disturbed to see him go. However, they have not agreed on a successor, and Lon Nol is now said to be considering a government structure that would, in effect, create three super-ministries and eliminate the post of prime minister. This scheme clearly reflects a rekindling of Lon Nol's determination to concentrate maximum power in his own hands.

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TANZANIA-CHINA

25X1

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NOTE

Japan-US: Japan plans to establish two more large textile plants in the US, bringing to at least eight the number of such plants here. Japan's textile industry is expanding rapidly overseas; the Japanese are seeking to shore up their position in foreign markets where they have been adversely affected by currency changes, and, in the case of the US market, to circumvent Japanese export controls. These controls were adopted earlier at US behest to protect American producers. The Japanese also plan to set up textile operations in Brazil, Indonesia, and Mexico, and have purchased a controlling interest in a large Canadian operation. The Mexican and Canadian ventures will produce goods for sale in the US.

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The President's Daily Brief

6 October 1973

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~~*Top Secret*~~ 25X1

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25X1

LATE ITEM

Israel-Syria-Egypt: Early this morning [redacted] 25X1

[redacted] Israel [redacted] information 25X1

from "good sources" that Egypt and Syria are planning a coordinated attack across the Suez Canal and the Golan Heights before nightfall today. He said that a partial mobilization of the Israeli Defense Force is under way. We have no information that would confirm the Israeli reports of an imminent attack.

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THE PRESIDENT'S DAILY BRIEF

6 October 1973

PRINCIPAL DEVELOPMENTS

Tension along Israel's borders with Egypt and Syria has been heightened by a Soviet airlift that is in its second day. Neither the Israelis nor the Arabs seem bent on starting hostilities, but in this atmosphere the risk of clashes is greater than usual. *(Page 1)*

[redacted] 25X1
[redacted] Syria [redacted] 25X1
[redacted] Jordan. *(Page 3)* 25X1

The dollar remained steady on money markets this week, but the European currency band is still vulnerable to a number of pressures. *(Page 4)*

Barring a weather disaster during the next three weeks, the Soviets are likely to harvest over 200 million tons of grain. *(Page 5)*

West Germany's insistence that it has the right to represent Berlin's institutions has caused a squabble within the ruling coalition. *(Page 6)*

The Khmer Communists now hold most of the defense line south of Phnom Penh. *(Page 7)*

There are notes on North Vietnamese inductions, Chinese road building in Laos, [redacted] 25X1
fedayeen [redacted], and Japanese moves to assure access to the world's oil and mineral resources. *(Page 8)* 25X1

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ISRAEL-EGYPT-SYRIA

Both the Israelis and the Arabs are becoming increasingly concerned about their adversaries' military activities, but neither side seems bent on starting hostilities.

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

Four more IL-18s and two AN-22s, the Soviets' heaviest military transport, flew to Damascus yesterday. In addition a Soviet jet transport normally used for VIPs made two round-trip flights to Cairo. The airlift continues today.

Most of these flights probably are being used to evacuate Soviet dependents from Egypt and Syria. [redacted] the Soviets began evacuating dependents of civilian technicians from Egypt on October 3, and by October 5 about 1,000 had left. [redacted] two reasons for the evacuation: fear of an outbreak of hostilities or a further deterioration of Soviet-Egyptian relations. [redacted] the Soviets might be using the excuse of rising tensions to reduce their presence without further annoying the Egyptians. [redacted] 25X1 25X1 25X1 25X1 25X1

[redacted] 25X1

(continued)

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Syrian air activity appears to be normal. A number of reports that Damascus is redeploying its forces in the Golan Heights area [redacted] 25X1

25X1

A military initiative at this time would make little sense for either Cairo or Damascus. Another round of hostilities would destroy Sadat's painstaking efforts to invigorate Egypt's economy and run counter to his attempts to bring the less militant, oil-rich states into a united Arab front. Syria's cautious President Asad appears braced for a possible second blow from Israel rather than seeking revenge for his recent loss of 13 MIGs to Israeli fighters. Damascus radiobroadcasts reflect Syrian fears.

The Israelis' attitude apparently has changed considerably since Monday when they, too, viewed the activity in Egypt as normal and that in Syria as defensive. [redacted] 25X1

25X1

Nevertheless, the Syrians' fears could lead to a mobilization of their defenses, which in turn could alarm and galvanize the Israelis. Such a cycle of action and reaction would increase the risk of military clashes which neither side originally intended.

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25X1

JORDAN-SYRIA

25X1

25X1

25X1

25X1

25X1

25X1

25X1

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar remained steady on foreign exchange markets this week, despite a fall in US interest rates and the US announcement of a small trade deficit in August. The European joint float also showed little evidence of strain.

A number of factors still threaten the European currency band and money market stability. The Bundesbank's determination to continue its tight money policy, for example, is a source of the mark's strength but at the same time leads to instability on European currency markets. Tight money conditions in the Netherlands have pushed the recently revalued guilder past the mark to the top of the fragile European currency band, and have had a similar effect on the market.

Both the Swiss and the Belgians this week removed charges on foreign-held deposits. The announcements had little immediate effect on the market, but in the long run speculation in their currencies could become more attractive. Meanwhile, Paris removed its recently imposed restrictions on franc borrowing by foreigners, thus making speculation against the franc easier.

One danger has subsided, however. At the meeting of Commonwealth finance ministers this week, member countries decided to maintain their sterling deposits in London. If these funds had been withdrawn, as threatened last month, the resulting flood of sterling on the market could easily have prompted another currency crisis.

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USSR

Soviet grain trading officials told Assistant Agriculture Secretary Brunthaver in Moscow on Tuesday that the most recent estimate of the Soviet grain crop was 192 million tons. Although this would be a record--the previous high was 186 million in 1970--they stressed that the quality would be low because of wet harvesting weather. Brunthaver later met with Agriculture Minister Polyanskiy and congratulated him on the grain harvest. When told that Brezhnev had termed it "massive," Polyanskiy appeared taken aback and said that he "would not say that; it is still too early." He too mentioned harvesting problems caused by rain and snow and said that "we need two or three weeks of very good weather to complete the harvest."

Harvesting is roughly on schedule; about 89 percent of the grain crop had been threshed by early this week. Because of the expansion in sown area this year, however, a larger than normal area remains to be harvested--mostly in the Urals, Kazakhstan, and West Siberia, where cold wet weather is causing some harvest and quality losses. Earlier, in the western USSR, rains also interrupted the harvest.

The weather during the growing season was generally favorable. Barring a disaster in the Urals and eastern areas, we estimate that the Soviets are likely to obtain over 200 million tons of grain, exceeding their plan goal of 197 million tons. The excessive moisture, however, will cause a larger than normal discount to be applied when calculating the net usable crop. Polyanskiy's main concern seems to be the quality, rather than the quantity, of the crop.

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WEST GERMANY

Herbert Wehner, parliamentary leader of West Germany's Social Democratic Party, last week surprised friend and foe alike with an interview in Moscow characterizing as wrong Bonn's policy on East-West issues centered on Berlin. He said that West Germany had "overdone things a bit" by insisting that Czechoslovakia, Hungary, and Bulgaria recognize Bonn's right to represent West Berlin institutions as well as residents. This issue has deadlocked the establishment of diplomatic relations with these governments, which have Soviet backing for their stand.

According to the US Embassy in Bonn, Wehner now says that his dramatic interview was intended to force Chancellor Brandt to exercise greater leadership as head of the Social Democratic Party. He objects to the fact that Brandt has given a greater influence over foreign policy to Foreign Minister Scheel, leader of the Free Democrats.

About all Wehner accomplished was to embarrass Brandt, who had to defend Wehner. The Federal Government and the Soviets have been working on a compromise over the Berlin issue, and it is doubtful that Wehner's statements will make any appreciable difference in the way it comes out.

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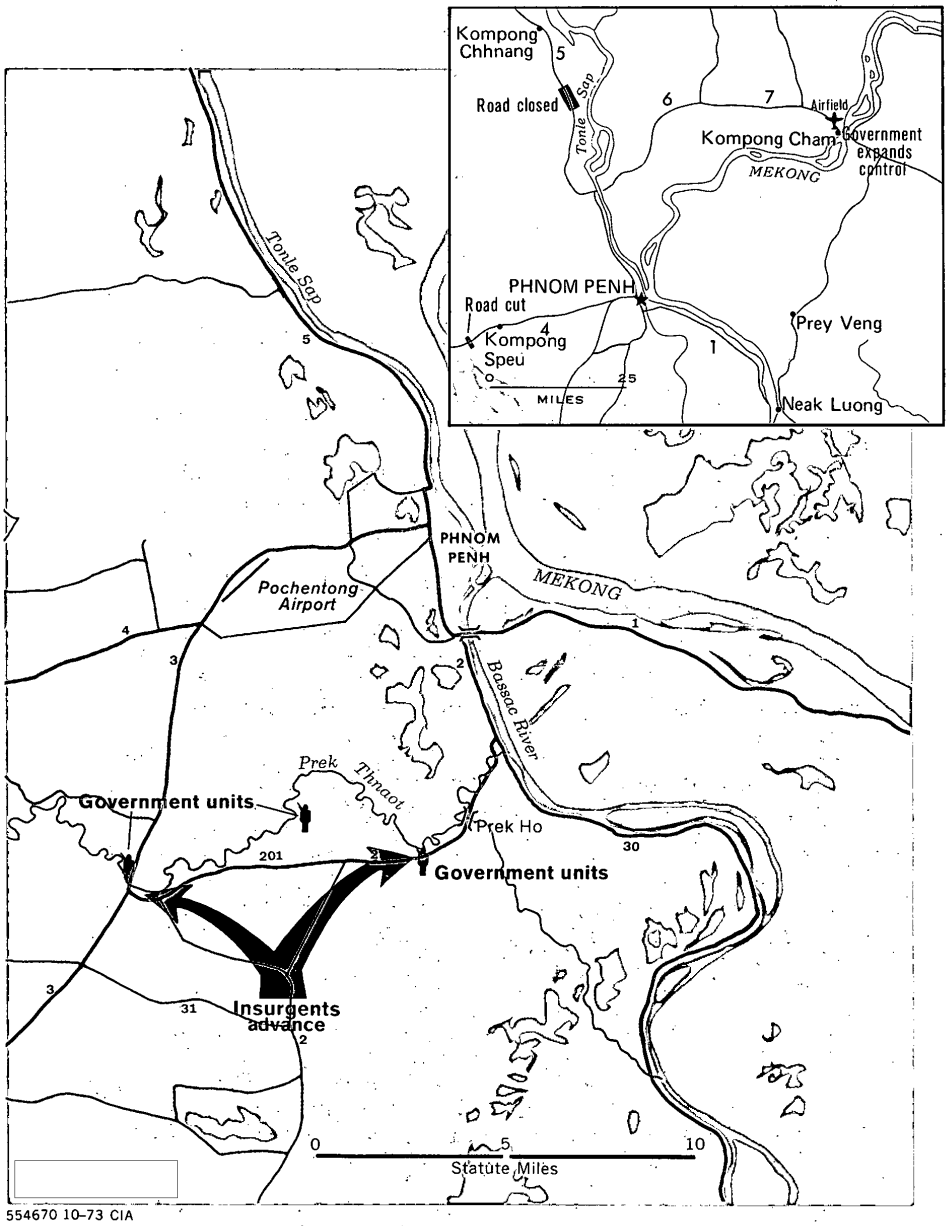

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CAMBODIA

During the past week Khmer Communist forces have forced the Cambodian Army out of the area between Routes 2 and 3 and now control most of the positions that made up the capital city's southern defense line. Elements of the Cambodian Army's 1st and 2nd Divisions still have a foothold in this sector south of the Prek Thnaot River. Thus far, they have made little progress in dislodging the insurgents from key highway embankments, the only dry ground in the area.

The Communists have not significantly increased their strength along the southern front. Intercepted messages indicate that the attacks are being carried out by elements of two regiments that have been in the area for some time. Even if these units are able to eliminate the remaining government positions along Route 2, swollen rivers and difficult terrain should deter a major Communist thrust across the Prek Thnaot. The Communists are in position to shell the southern parts of Phnom Penh, however.

Route 4 remains closed 40 miles west of Phnom Penh, and insurgent raids have kept road-bound government forces off balance. Government troops on Route 5 are still on the defensive but so far have managed to limit the insurgents to a seven-mile stretch of highway above the garrison town of Sala Lek Pram.

Government troops at Kompong Cham have broken through light resistance to relieve a small force that has been isolated for over a month at the city's nearby airfield. A recent intercepted message shows that insurgent morale is flagging and that the Communist commander in the Kompong Cham area wants to forego further large-scale operations against the city until the dry season.

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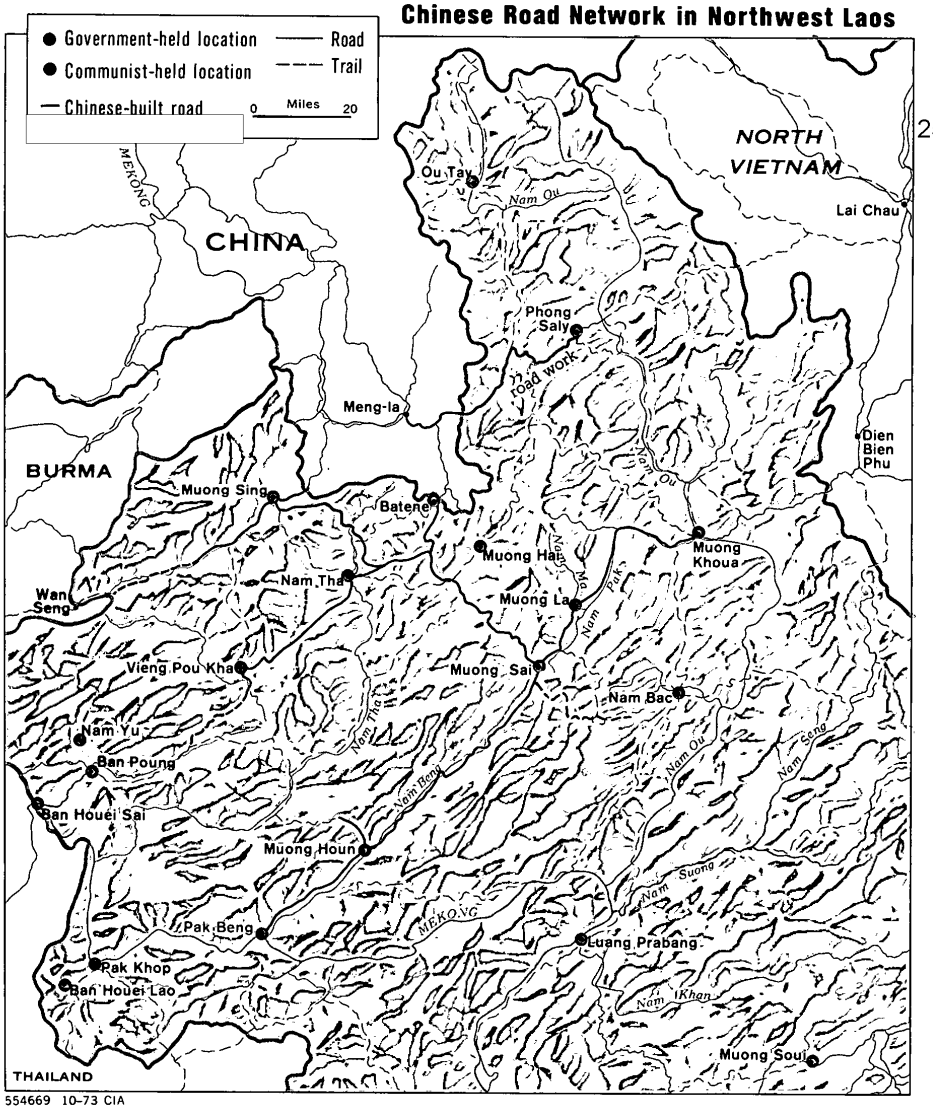
Chinese Road Network in Northwest Laos



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NOTES

North Vietnam: The number of induction-related messages in North Vietnamese civil communications dropped sharply in September, according to a preliminary NSA tally. The September total is 19, compared with 106 in August. The drop tends to substantiate indications in the North Vietnamese media that the conscription drive which began in August tapered off before the end of September.

China-Laos: A recent intercept indicated that repair work on the Chinese-built road in the Phong Saly area would begin on October 1. This is the first reference to repair work since the recent end of the monsoon, which caused unusually severe damage to the roads this year. [redacted] 25X1

[redacted] 25X1

Fedayeen: [redacted] 25X1

[redacted] 25X1

Japan: The Japanese Export-Import Bank is planning to double the funding of overseas petroleum development and mineral resources in the fiscal year beginning next April. About $1.1 billion--nearly a third of the bank's budget--is earmarked for overseas resource development, according to US Embassy sources. At the same time the Japanese Foreign Ministry is planning to station "oil attachés" in major oil producing and consuming countries next year to gather data on energy resources. It will also send fact-finding missions to eight oil producing nations, including the Persian Gulf countries, to identify areas where Japan can assist in economic development.

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The President's Daily Brief

8 October 1973

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THE PRESIDENT'S DAILY BRIEF

8 October 1973

PRINCIPAL DEVELOPMENTS

25X1

Both Syrian and Egyptian forces have made significant gains against the Israelis in two days of fighting. The Israelis are counterattacking [redacted] *(Page 1)* 25X1

In Cambodia, President Lon Nol has told the High Political Council he has decided to extend the council's special powers for another six months. *(Page 3)*

[redacted] Brezhnev-Tanaka meetings [redacted] start today, [redacted] *(Page 4)* 25X1

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ARAB STATES - ISRAEL

In two days of heavy fighting Syrian forces have advanced several miles in the Golan Heights and Egyptian troops have occupied most of the east bank of the Suez Canal. Major Israeli counterattacks can be expected as soon as Israeli mobilization is completed.

Yesterday Syrian forces, making heavy use of armor, breached Israeli lines at two points, and captured the town of Qunaytirah. By nightfall, Israeli radio claimed to have regained most of the places lost, but admitted that the Syrians still held territory at Hushniyeh in the central sector. During the day the Israelis concentrated on suppressing Syrian SAMs, and claim to have put 80 percent of the SAM sites out of action. Casualties on both sides were described as heavy.

Fighting on the Egyptian front has been less intense. An official Israeli spokesman admits that the Egyptians succeeded in moving 400 to 500 tanks east of the canal by last evening. The full extent of Egyptian movements across the canal is not yet clear, however. The Egyptian armored forces have not yet organized a coordinated drive into the Sinai. 25X1

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The Israeli forces may have launched a series of attacks last night in an attempt to hold ground pending full mobilization. An Israeli news broadcast claimed that such air and ground attacks were undertaken at midnight local time. In addition, Israeli naval forces mounted an attack near Port Said on the Mediterranean. On the previous night Egyptian naval units raided several Israeli positions on the north coast of the Sinai. 25X1

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The mood of Israeli leaders is described as grim as it becomes increasingly apparent that they will have to pay a high price to beat back the invading forces. 25X1

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In contrast to the Israeli leaders, President Sadat seemed confident and relaxed yesterday. He told visitors that Egyptian forces would continue fighting until they reached the June 1967 boundaries, no matter how long it took. Civil defense precautions in Cairo were being much more widely observed last night than in the first night of the fighting, however, with the blackout about 75 percent effective.

Jordan evidently intends to stay out of the fighting, at least for the present. King Husayn is clearly concerned about the mounting pressure to commit his forces as hostilities continue, however. Last evening he said that it would be difficult not to become involved should Israel drive significantly beyond the earlier cease-fire lines or should there be a clear-cut Arab victory. [redacted] 25X1

[redacted] Jordan claims that a squadron of Israeli aircraft violated Jordanian territory this morning and that one plane was shot down. Any further incident would make it more difficult to remain neutral.

Other Arab states are rallying with promises of support to Cairo and Damascus. According to radio statements from both Algiers and Cairo, Algerian air units have arrived in Egypt. Morocco's King Hassan is quoted in the press as saying that his armed forces are waiting for Cairo's signal to move to the Egyptian front; [redacted] 25X1

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Moscow continues to maintain a low profile on the fighting. Yesterday it issued a relatively bland statement on the crisis, blaming Israel for starting the fighting, but limiting the Soviet Union's role to political support for the Arabs. Ambassador Vinogradov met with Sadat yesterday.

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[redacted]

Most Soviet naval units in the eastern Mediterranean have kept well clear of the area of conflict.

[redacted]

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CAMBODIA

On Saturday President Lon Nol told the High Political Council he had decided to extend the council's special powers for another six months. The council's first six-month mandate would have expired later this month. There was no mention of the National Assembly, which technically has the sole authority to continue the council's full control of governmental affairs.

25X1

At the same meeting, Prime Minister In Tam tendered his resignation, both from the council and the prime ministership, as had been anticipated. Lon Nol agreed to "study" In Tam's request, but made it clear that this did not mean he was accepting it. He may, however, be inclined this time to allow In Tam to depart in view of the President's plans for restructuring the government to concentrate power in his own hands.

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JAPAN-USSR

The Brezhnev-Tanaka summit begins today, and is unlikely to produce any dramatic results. 25X1

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THE PRESIDENT'S DAILY BRIEF

9 October 1973

PRINCIPAL DEVELOPMENTS

A fully mobilized Israel counterattacked on both fronts yesterday. Tel Aviv claims to have regained all but one enclave in the Golan Heights, and to have pushed the Egyptians south of Qantara into a thin strip along the canal. The situation in the northern portion of the canal is still unclear. *(Page 1)*

A note on the formation of an all-civilian cabinet in Greece appears on *Page 3*.

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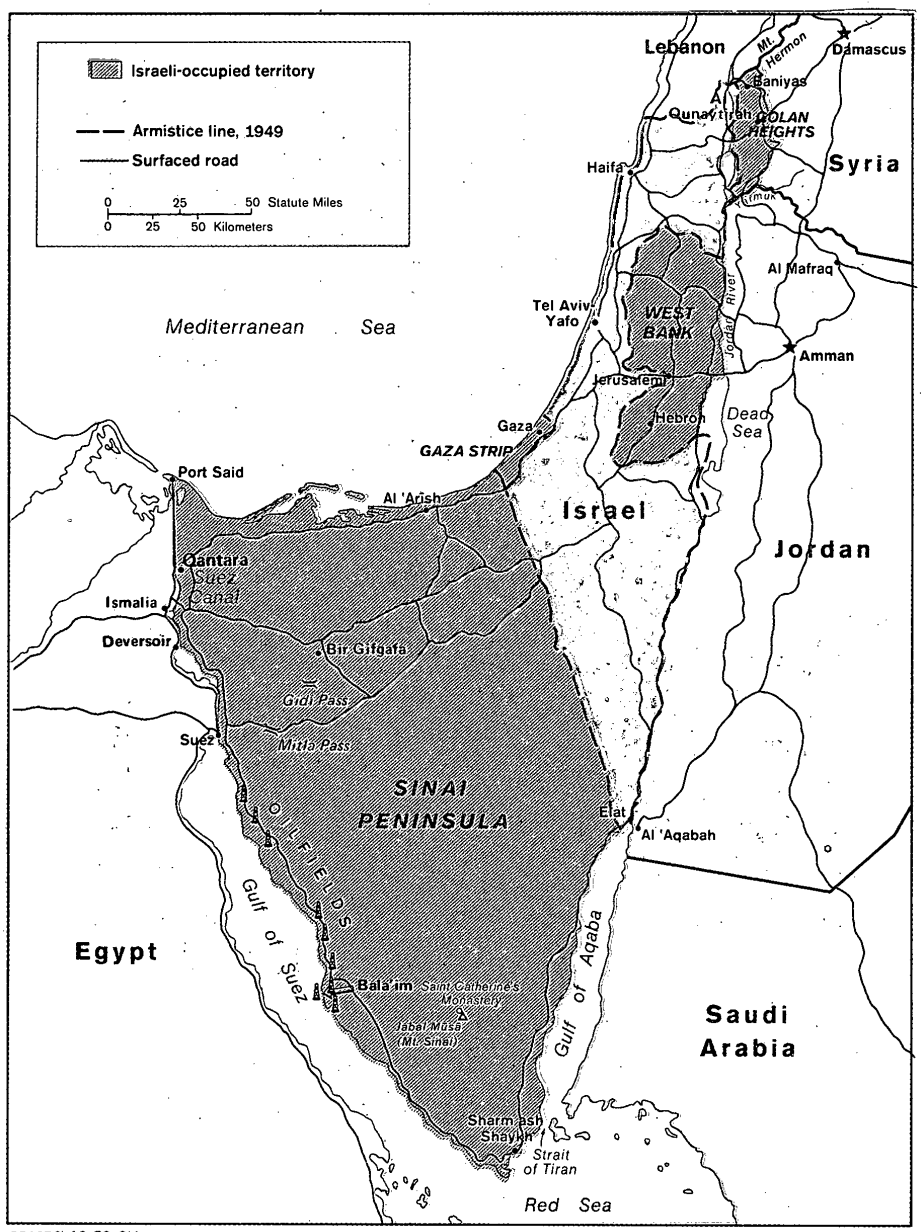

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ARAB STATES - ISRAEL

Israel, now fully mobilized, counterattacked on both fronts yesterday and claims to have regained the entire Golan Heights area, with the exception of an enclave near the front line which the Israelis say they have surrounded.

The Israelis apparently concentrated on the Syrian front, leading off with air attacks on five airfields near Damascus. Syrian aircraft, too, attacked Israeli positions on the Heights yesterday morning, but, according to the Israelis, achieved only minor successes. The Israelis have admitted the loss of one aircraft to a missile, but claimed to have hit 27 Syrian planes in the air and ten on the ground.

On the Egyptian front, the Israelis say they are "cautiously optimistic" about the situation in the area south of Qantara; they claim to have pushed all Egyptian forces in that portion of the Sinai back to within nine kilometers of the canal. The Israelis say that five complete Egyptian infantry divisions and 600 to 700 tanks are "hemmed in" along that narrow strip of the canal, but admit that this force is strongly supported by artillery and missiles on the other bank, with one armored division and elements of three other divisions in reserve.

Cairo apparently pulled off a raid on the al-Bala'im oil fields across the Gulf of Suez, setting some wells on fire and sinking an oil rig. Israel had been operating these Egyptian fields since 1967, with production at about 4 or 5 million tons a year. Such a move would have harassment value for the Egyptians, and suggests that Cairo does not expect to retake the fields.

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In a meeting with the US ambassador last night, King Husayn was much less optimistic than before about the performance and prospects of Syria's forces, which he now thinks are going to "get a pasting." He is afraid the Israelis will not stop at the old cease-fire lines, and believes that a large-scale invasion of Syria would leave him with little choice but to join in. Although he is already under considerable pressure from other Arab leaders to enter the battle, he thinks he can hang on "for a few days more." His army is continuing to strengthen its defensive position.

The Soviet Union has made no moves suggesting an intention to get involved in hostilities; the bulk of its Mediterranean Squadron has been grouped near Crete, well away from the combat area, and has not been reinforced. Brezhnev yesterday placed the blame for the fighting on Israel but offered only sympathy to the Arabs, and Soviet officials have stressed that the situation must not be allowed to jeopardize detente with the US.

The Arab press has been mild in its treatment of the US, although this could change should the mood of the public shift from pride to defeat. None of the oil-producing states has so far threatened to cut the flow of oil to the West, although Iraq on Saturday nationalized the Exxon and Mobil shares of the Basra Petroleum Company.

The Security Council meeting requested by the US adjourned yesterday without taking any decision on the US proposal for a cease-fire and return to the 1967 lines. At least for the present, both Egyptian and Israeli spokesmen are insisting that any settlement must leave their respective states in control of the disputed "occupied" territories.

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NOTE

Greece: Prime Minister Spyros Markezinis and an all-civilian cabinet were sworn in yesterday. The new government is to serve until parliamentary elections are held some time next year. Under the constitution, approved in a referendum last July, President George Papadopoulos designated the ministers of foreign affairs, defense, and public order.

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THE PRESIDENT'S DAILY BRIEF

10 October 1973

PRINCIPAL DEVELOPMENTS

There is bitter fighting on the Golan Heights and in Sinai, and no sign that hostilities might end soon. Instead, Arab rulers not yet directly involved in the fighting are sending arms and men or are making plans to do so. *(Page 1)*

Despite extravagant Soviet claims, livestock production in the USSR is down since last year. *(Page 3)*

Although Zaire's President Mobutu likes to pose as a leader of the so-called "nonaligned," he wishes to remain on good terms with the US. *(Page 4)*

It appears almost certain that a serious rice shortage will develop in South Vietnam, perhaps by next month, and last until late January. *(Page 5)*

Reconstruction of North Vietnam's economy is proceeding slowly, with most assistance coming from Communist governments. *(Page 6)*

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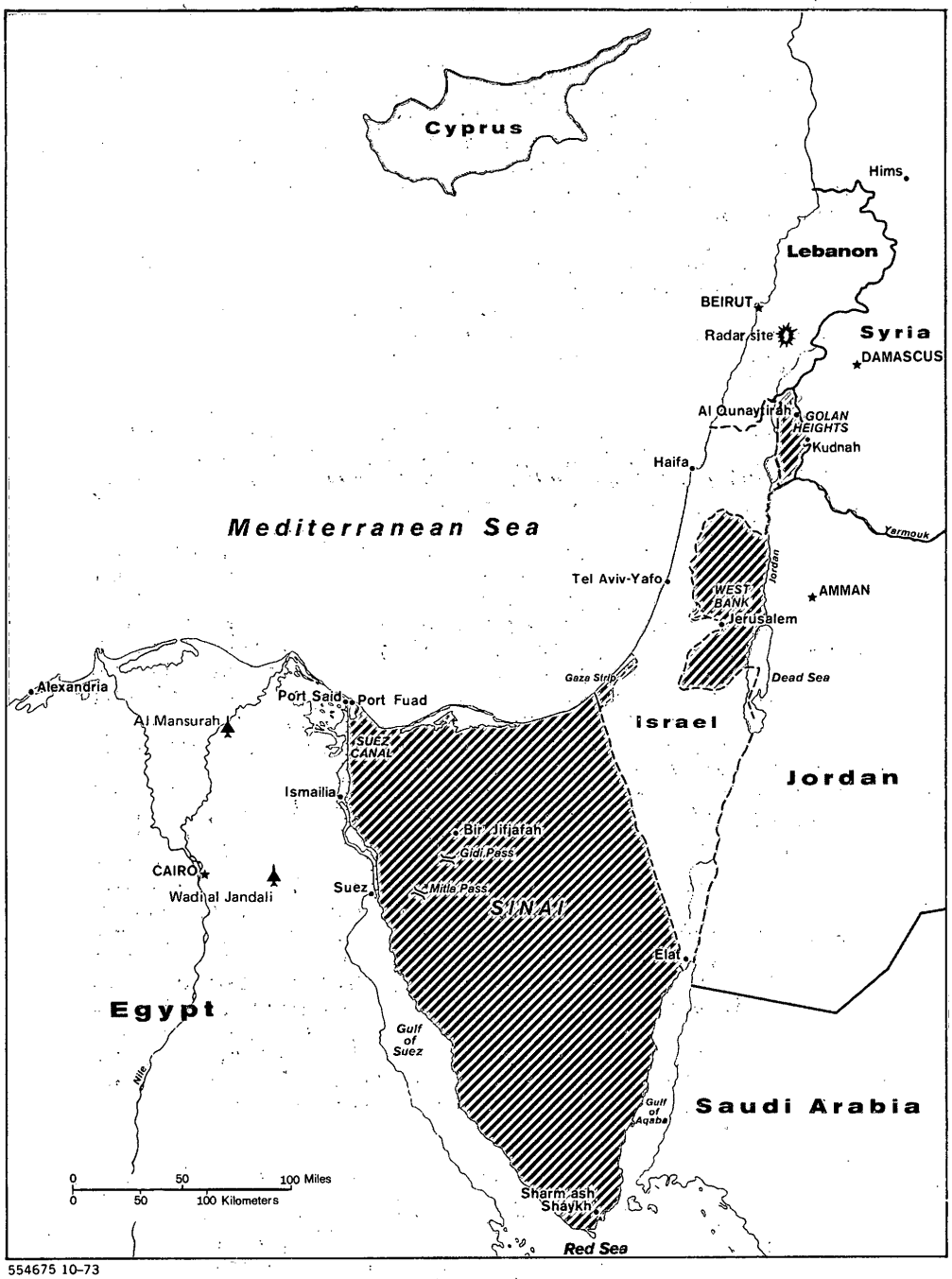

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ARAB STATES - ISRAEL

The Israelis have finally admitted giving up the Bar Lev defense line along the Suez Canal and have regrouped in the Sinai. They have not been able to prevent the Egyptians from rebuilding bridges across the canal and thus have failed to halt the resupply and reinforcement of the Egyptian force on the east bank.

Long after dark, hard fighting continued on the Golan Heights, centering on a seesaw battle for the town of Qunaytirah. The Israelis now appear to control the air over the Heights, and with air cover have stabilized their positions along lines roughly paralleling the pre-October cease-fire line.

After four days of fighting, total Israeli losses exceed 80 aircraft, 600 tanks, and 1,000 men. The Arabs have lost 140 aircraft, 650 tanks, and 6,000 to 7,000 men.

Israeli planes ranged far beyond the battlefields yesterday, bombing Port Said and at least two airfields in Egypt. Syria's capital, Damascus, was bombed for the first time, as the Israelis struck at the Air Force Headquarters, the Defense Ministry, and Army Headquarters. In the process, the Soviet Cultural Center was hit, giving rise to erroneous press reports of substantial Soviet casualties. In fact, it appears that no Soviet citizen was hurt in the raid. Other planes hit a Syrian oil refinery at Hims.

As prospects for a lengthy war increase, the Israeli Government is beginning to feel the sting of public criticism for failing to launch a pre-emptive attack and for failing to mobilize earlier than it had. When the public learns of the extent of Israel's losses in men and materiel, pressure for attacks deep into Syria and Egypt might grow.

The US Embassy in Tel Aviv has reported that Finance Minister Sapir yesterday told a government committee that the war has already cost a billion dollars. New taxes have been levied and the government is now attempting to prepare the people for a long struggle.

Most of the Arab states are contributing troops or planes to Egypt and Syria or are considering giving such support. Contributions such as these are not of great military importance but signify a growing--if perhaps temporary--unity among the Arabs. As a result, both Jordan's King Husayn and President Franjiyah of Lebanon are under increasing pressures to enter the war.

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King Husayn last night pleaded again with the US ambassador that the US work in the UN Security Council for a simple, unconditional cease-fire. Husayn believes that only a cease-fire can keep Jordan out of the fighting. He is especially fearful that continued hostilities will prompt Saudi Arabia to enter the fray, and should Jordan remain an observer, lead King Faysal to end his critically important financial and diplomatic support for Jordan.

The US Embassy in Beirut believes that Israel's bombing of an inoperative Lebanese radar site yesterday has hurt the government's efforts to stay out of the war and has removed any Lebanese incentive to restrain fedayeen guerrillas who have moved into the area near Israel's border.

The Arab press has begun to criticize the US, both for its stand at the UN and for the alleged "menacing deployment of the Sixth Fleet." According to press reports, Kuwait has called for an immediate meeting of Arab petroleum ministers to discuss how oil might be used as a weapon in the current conflict. Palestinian media, but no Arab governments, have called on the Arab states to halt the flow of oil to the West.

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USSR

Soviet Agriculture Minister Polyansky told Assistant Secretary Brunthaver on October 3 that Soviet livestock products this year will reach the level originally intended under the five year plan. Last December, feed supply shortages caused by last year's poor harvest forced the Soviets to lower the 1973 goals for livestock products.

Polyansky's prognosis seems too optimistic. Meat production, in particular, is running below last year, and US Embassy officers recently found meat unusually scarce in various parts of the USSR. There may be some modest improvement soon, however. A livestock count in July showed some expansion in herds on state and collective farms despite the tight feed situation. Per capita meat consumption has gone up 10 percent in the past five years; it is about 40 percent of that in the US.

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ZAIRE

President Mobutu is a more self-assured leader than when he last visited Washington three years ago. His eight years in power have in fact given Zaire a degree of political stability and economic prosperity that stands in sharp contrast to the years of chaos that followed Congo's independence in 1960.

As Mobutu's confidence has grown, so have his pretensions to leadership in Africa. In pursuing these ambitions, Mobutu has for example:

--become a more active participant in the affairs of the Organization of African Unity;

--recognized the new "government" of Guinea-Bissau declared by rebels in Portuguese Guinea;

--quietly increased assistance to nationalist organizations fighting the Portuguese in Angola and Mozambique.

Mobutu remains troubled, however, by the picture many have of him as being overly pro-US. As a result, he has increasingly engaged in posturing on nonaligned issues. His break with Israel last week and earlier recognition of the Sihanouk government reflect his desire to appear more independent.

Yet Mobutu wishes to remain on good terms with the US and would like to see more private investment in Zaire--currently about $60 million.

This preoccupation with his international image has caused Mobutu to neglect some important social and economic problems, however, which may eventually cause him political problems. In addition, he has yet to come up with a workable alternative to Belgian managerial, technical, and marketing control over Zaire's copper industry, which accounts for 85 percent of the country's income.

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SOUTH VIETNAM

It appears almost certain that a serious shortage of rice will develop, perhaps by next month, and could last until the end of January when the present crop will be harvested. Deliveries from the delta are insufficient, and because of the late US harvest, PL-480 rice shipments from the US probably cannot be made until Christmas at the earliest, instead of late November or early December, as planned. South Vietnam's prospects for obtaining significant imports from other sources over the next few months are slim because of the tight supply in the rest of the world.

According to the US Embassy, the Thieu government is now privately predicting that, except in the delta, rice stocks will run out by mid-December. The government's projection is optimistic, however, because of heavy hoarding and speculation in recent weeks. Unless a means is found to ship more rice from the delta, stocks in the rest of the country could be depleted by the middle of November. Stocks held by some householders would then become the principal food source.

Because of government controls and increased demand, a black market for rice has sprung up in Saigon for the first time in several years. Prices on this market are more than 50 percent above official prices, which in turn are up about 60 percent over the start of the year. On September 22 the government issued ration books to Saigon consumers, limiting a family's monthly purchases at official outlets to 20 kilograms. This is only about one third of average requirements.

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NORTH VIETNAM

Reconstruction of North Vietnam's economy is proceeding slowly. Hanoi is focusing its efforts on restoring its industrial base, with assistance from Communist governments. Thus far, however, only partial operation has been achieved at a number of key installations, and the country's electric power system has only recovered slightly more than half its capacity.

As a result, economic development projects funded by foreign governments are lagging. Until the industrial base is restored, there will also be a shortage of managerial talent and skilled labor that will hamper new projects funded with foreign aid.

While the bulk of future assistance will come from Communist states, prospects for free world economic assistance have improved considerably since Tokyo and Hanoi established diplomatic relations last month. The Japanese Government is considering granting the North $20 million to "balance" the $50 million it has already promised South Vietnam. Japan is likely to become North Vietnam's principal non-Communist aid donor. The Japanese are reluctant, however, to undertake major development projects while fighting continues in Indochina [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

Meanwhile, Sweden has done some preliminary planning and survey work under terms of a $70-million aid package granted last June.

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THE PRESIDENT'S DAILY BRIEF

11 October 1973

PRINCIPAL DEVELOPMENTS

The USSR has apparently mounted a resupply effort to Syria, and may extend it to Egypt. [redacted] *(Page 1)* 25X1

Neither the Arabs nor the Israelis made substantial gains in combat yesterday. Fighting was most intense in the Golan Heights. *(Page 2)*

At SALT the Soviets have tabled a draft permanent agreement on limiting offensive arms. The proposal mirrors most of the provisions of the Interim Agreement, but adds limits on MIRVs and MRVs. *(Page 4)* [redacted] 25X1

The communiqué following Tanaka's visit to the USSR shows that there was no progress in resolving important differences. *(Page 5)*

Moscow has told Sihanouk that it regards his government as the "real" representative of the Cambodian people. The initiative shows that the Soviets now believe Sihanouk will play a major role in any future settlement in Cambodia, and that they would like to be in a position to influence the outcome. *(Page 6)* 25X1

The Soviets are continuing to peddle grain in South Asia. [redacted] *(Page 7)* 25X1

In Turkey, the Justice Party is the front-runner in the legislative elections scheduled for October 14. *(Page 8)*

Notes on Chile and Panama appear on *Page 9*.

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USSR - MIDDLE EAST

Moscow apparently has mounted a resupply effort to Syria, and may extend it to Egypt. 25X1

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Moscow's decision to cast its lot more fully on the side of the Arabs is probably due in part to the relatively good showing of the Arab forces. In addition, Moscow--sensing growing Arab support for Egypt and Syria--may have decided that a practical demonstration of support is necessary to protect its position in the Middle East.

The Soviets will try, however, to prevent this involvement on the Arab side from damaging relations with the US. They also know that a resupply operation at this time carries the risk of Israeli counteraction. The Israelis are aware of the Soviet flights and could seek to strike at the airfields they are using. Some Soviet flights were diverted to an alternate Syrian field yesterday, possibly because of Israeli air activity.

* * *

Three Soviet surface combatants--a cruiser and two destroyers--entered the Mediterranean from the Black Sea yesterday. They had been scheduled to do so for some time as part of the routine rotation of Mediterranean Squadron ships. They now may be added to the bulk of the Squadron which remains in the vicinity of Crete.

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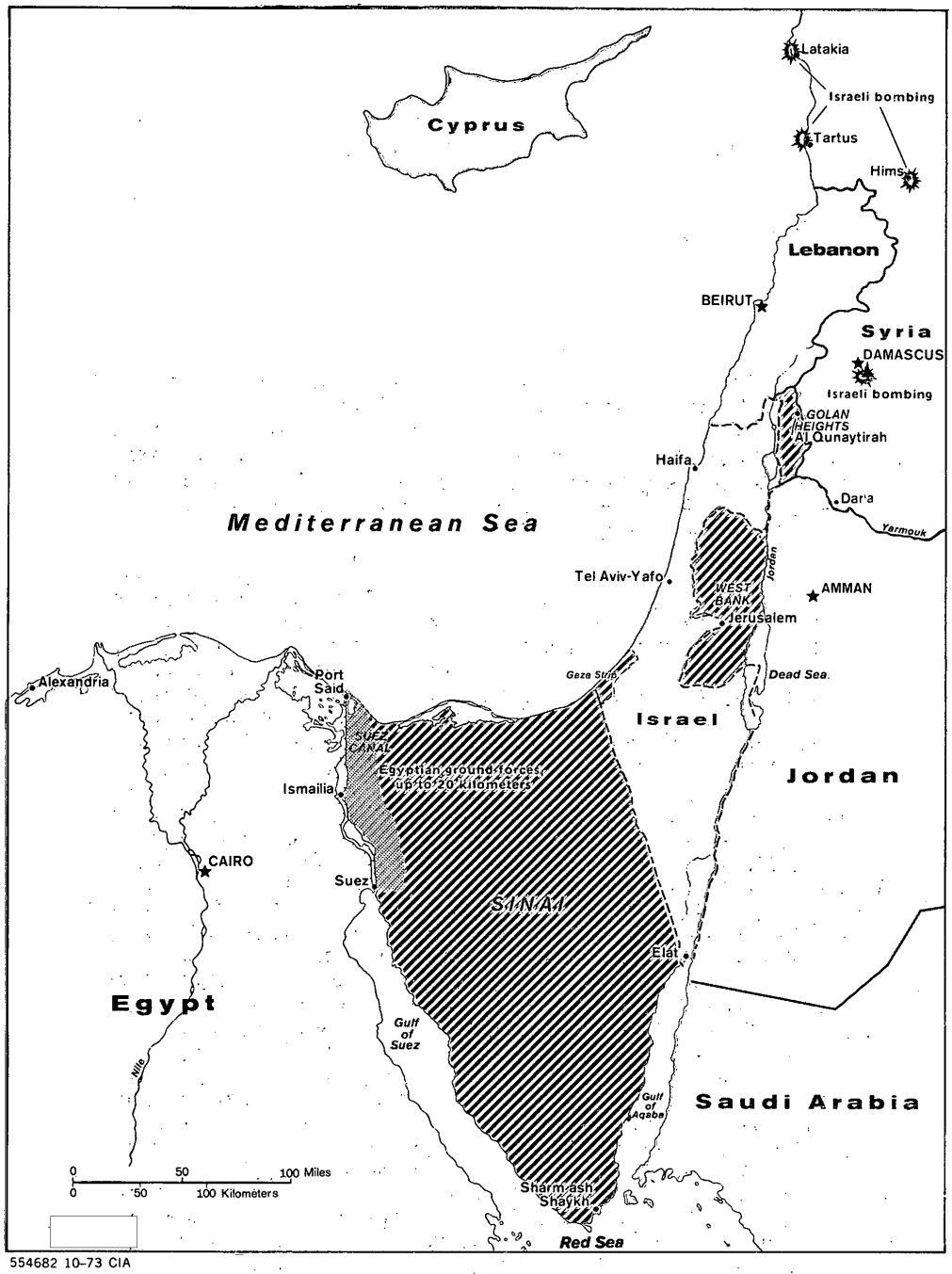

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ARAB STATES - ISRAEL

Neither side made substantial gains yesterday.

There was heavy fighting along the 1967 cease-fire line in the Golan Heights. The Israelis made modest advances on the ground and apparently now control Qunaytirah. Israeli planes flew more than 300 sorties against Syrian targets, including the ports of Latakia and Tartus, the interior city of Hims, and Damascus international airport.

The Egyptians continue to use bridges across the Suez Canal to reinforce their forces in the Sinai. They have moved their lines 20 kilometers east of the canal, but have not yet launched a drive southeast toward the mountain passes. Israeli forces have not mounted a serious counterattack; they may be awaiting reinforcements from the Golan front. Fighting in the air over the Sinai was lighter than in the north. The Egyptian Air Force is generally sitting tight, apparently waiting for Israel to counterattack in strength.

In a televised speech late yesterday aimed at reassuring the Israeli populace, Prime Minister Meir claimed control of the Golan Heights, and said that settlers were returning to their homes there. She added that Israeli forces in the south are now "standing very close to the canal." She predicted eventual victory, but stressed that difficulties lie ahead. Mrs. Meir pointedly warned Jordan to stay out of the fighting.

25X1

King Husayn remains under intense Arab pressure to enter the war, however [redacted] 25X1

[redacted] The King again stressed 25X1
to the US ambassador last night that only a cease-fire in place could keep Jordan from becoming directly involved in the fighting.

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Baghdad radio yesterday appealed to all Arab states to halt oil exports to the US, but Egypt and Syria thus far have avoided taking this line. The hostilities are indirectly restricting exports, however. An oil terminal in Syria has been closed, and Aramco's tapline, which carries crude oil from Saudi Arabia through the Golan Heights to the Mediterranean coast, is reportedly running at half capacity, in part because of the prospect of reduced international shipping near the war zone. These developments already have caused a modest cutback in the flow of oil to Western Europe.

Libya reportedly has claimed "full sovereignty" over the Gulf of Sirte, and has warned that it will permit no ship to enter that large body of water along its central coast without special permission. The Libyans are probably reacting to reported movements of the US Sixth Fleet and to recent press speculation concerning alleged US plans to take over Libyan oil fields. Most of Libya's important oil terminals are located at the port of Sirte.

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SALT

25X1

In their first major move since SALT TWO began last November, the Soviets on Tuesday tabled a draft permanent agreement on limiting strategic offensive arms. The draft mirrors most of the provisions of the Interim Agreement, including the asymmetrical limitations on ICBMs and SLBMs, but also adds limits on MIRVs and MRVs, and on other strategic systems.

The most notable aspect of the Soviet proposal is the attempt to deal with multiple warheads. The draft would limit multiple re-entry vehicles on ICBMs and SLBMs to a number not exceeding "the agreed portion" of the total numbers of strategic missiles allowed each side. The wording is ambiguous, but it suggests that under the Soviet plan the total number of launchers on which multiple warheads would be permitted would not be the same for each side.

Alternatively, although less likely, the "agreed portion" formulation may be an attempt to deal with the difficulty of setting exactly equal limits on missiles with multiple warheads, given the differing force postures and capabilities of the two sides. Semenov promised to elaborate on various aspects of the new proposal, and our delegation is seeking clarification.

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USSR-JAPAN

The tepid communiqué following Tanaka's visit to the USSR shows that the two sides made no progress in resolving important differences.

The statement reiterates that a peace treaty between the two countries would improve relations, but does not even pretend that there was any significant movement in that direction. It merely records that the two sides discussed a treaty and will do so again next year, indicating that there was no meeting of the minds on the main issue blocking it--Tokyo's claims to several Soviet-occupied islands north of Hokkaido. Before leaving the USSR yesterday, Tanaka stated at a press conference that the lack of progress on a treaty "cannot help" Japanese-Soviet relations.

The communiqué speaks of the need to increase economic cooperation, including development of natural resources in Siberia, but there is no specific mention of any of the large projects under discussion and no sign that the visit brought these closer to fruition. Japan again made clear its lack of enthusiasm for Moscow's vague plan for Asian collective security; the joint statement avoids mentioning it.

On the positive side, the two countries were able to list a series of minor agreements concluded in connection with the visit. In addition, there may be some validity to the communiqué's claim that "frank" dialogue at the summit made a useful contribution, if only because it afforded the opportunity for a direct exchange of views. Brezhnev set the tone earlier this week when he noted at a luncheon for Tanaka that Soviet-Japanese differences cannot be "solved with one stroke." The meager results reflected in the final statement give added weight to Brezhnev's remark.

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USSR-CAMBODIA

Moscow has officially informed Prince Sihanouk that it regards his government as the "real" representative of the Cambodian people and that it has instructed its delegation at the UN to behave accordingly. The Soviet decision was conveyed to the Prince in Peking by Ambassador Tolstikov on October 9 and publicized by the Prince yesterday.

The Soviets have been edging closer to Sihanouk since the Communist offensive this summer and Hanoi's public reiteration of its support for the Prince. Moscow's initiative indicates that the Soviets now believe Sihanouk will play a major role in any future settlement in Cambodia, and that they would like to be able to influence the outcome. The timing of the Soviet move may have been influenced by Secretary Kissinger's planned visit to Peking.

The Soviets apparently made no promises to Sihanouk about closing their embassy in Phnom Penh, and in making his announcement about Soviet recognition, the Prince did not protest. The Soviet Embassy currently is headed by a second secretary and is smaller in size than at any time since March 1970.

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USSR - SOUTH ASIA

The Soviets continue to peddle grain in South Asia. Moscow's recent behavior contrasts with its footdragging earlier this year in response to appeals for grain from India and Bangladesh.

25X1

25X1

Meanwhile, Pakistan has asked the Soviets for a "loan" of 300,000 tons of wheat to help replace losses in the recent floods. Moscow may be willing to provide some of this, but will probably want to avoid giving Pakistan more than the 200,000 tons of wheat it gave Bangladesh last July.

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TURKEY

The conservative Justice Party is the front-runner in the legislative elections scheduled for October 14, but the left-of-center Republican Peoples Party is gaining strength. The chief surprise of the campaign has been the enthusiasm that Republican leader Ecevit has generated among rural voters by stressing populist themes. His party, founded by Ataturk and long led by elder statesman Inonu, has generally been considered an urban, elitist, and pro-military organization.

The Justice Party leader, former prime minister Demirel, has conducted a lackluster campaign that has emphasized his past efforts to promote stability and to provide economic benefits for the peasantry. Demirel has drawn small crowds even in traditional Justice strongholds.

Recent polls by two leading Turkish newspapers indicate that the Justice Party will receive less than half of the vote and not gain a majority in the National Assembly. This has led to speculation that the party will be forced to form a coalition with the Republicans and that new elections could be called as early as next spring.

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NOTES

Chile: The state of siege and curfew continue in force a month after the coup. The armed forces have begun to call up reservists and some retirees, presumably to ease the burden on those on duty and perhaps to fill some civilian posts. The junta has asked the Uruguayan military for advice and assistance in countering the guerrilla and terrorist activity that it still expects.

Panama: The celebrations today marking the military's fifth anniversary in power will again focus attention on the canal dispute with the US. General Torrijos would like to get the stalled negotiations back on track, however, and he appears determined to play the issue in low key and to prevent disturbances during the festivities. Although the military has taken extraordinary security measures, isolated incidents could occur.

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The President's Daily Brief

25X1

12 October 1973

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THE PRESIDENT'S DAILY BRIEF

12 October 1973

PRINCIPAL DEVELOPMENTS

25X1

The current situation in the Middle East is discussed on *Page 1*.

Lon Nol and Sirik Matak want In Tam to remain on High Political Council; President plans to appoint little known bureaucrat as Prime Minister. *(Page 3)*

Tensions running high in Bangkok over student arrests and it may be difficult to find way to defuse the situation without appearing to have capitulated. *(Page 4)*

Peron's inauguration in Argentina today will be austere, setting tone for an attempt to solve serious political and economic problems. *(Page 5)*

Chinese to participate in airlift of Pathet Lao personnel from Communist-controlled areas to principal Lao Government centers. *(Page 6)*

Notes on the International Monetary Situation, Uganda, Soviet satellite reconnaissance of the Middle East,

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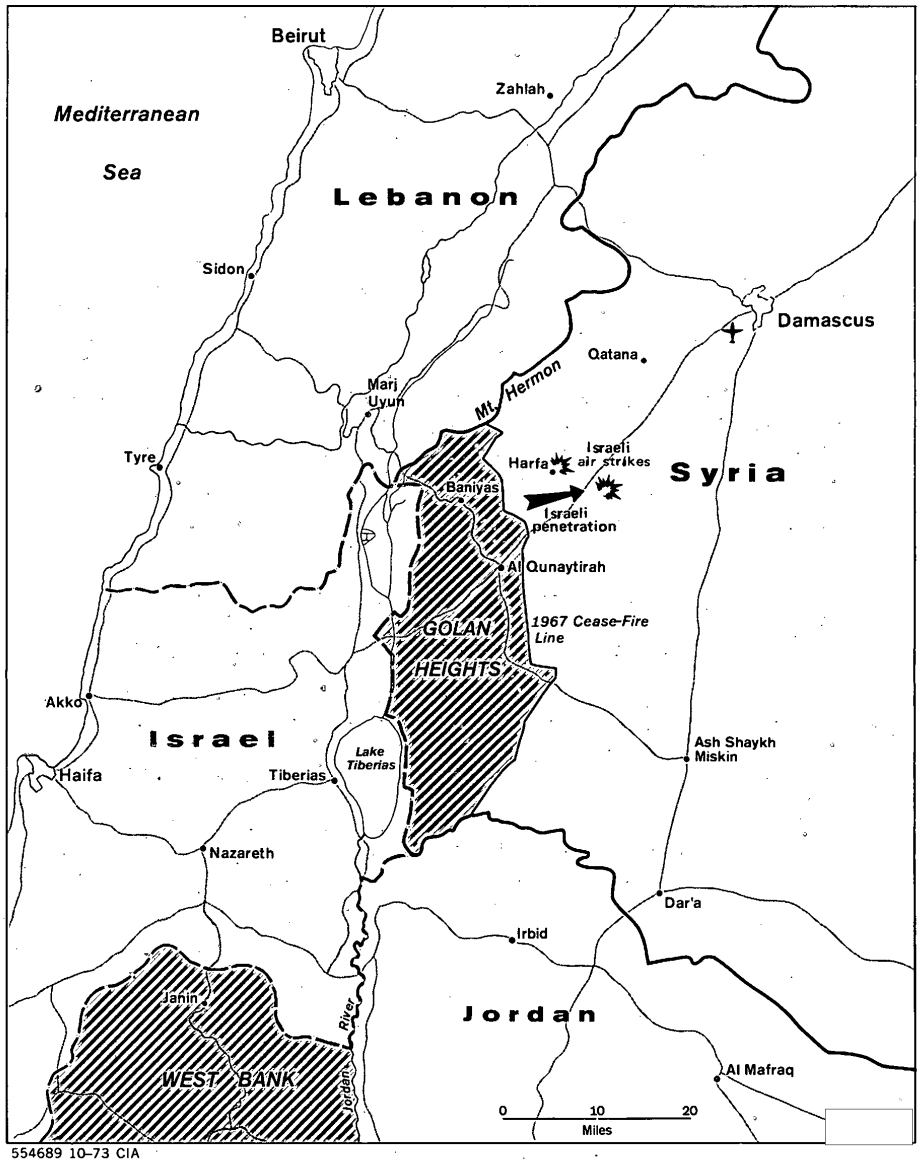

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ARAB STATES - ISRAEL

Ground fighting on the Syrian front subsided at nightfall; the Israelis are probably trying to consolidate advances made during the day. The point of deepest penetration is believed to be only about six miles beyond the 1967 cease-fire line between Mount Hermon and Qunaytirah. Israeli aircraft continued to pound Syrian Army positions through the night, particularly on the flanks of the most advanced units. Late last evening, Tel Aviv characterized the Israeli position in the Golan Heights as a "partial" breakthrough with several options open to them when action resumes at daybreak. It is not clear whether Israeli units will push toward Damascus and engage Syrian and Iraq forces between them and the capital, or whether the Israelis will instead turn southward to strike at the remaining Syrian units in the Golan Heights area. General Herzog, the Israeli military spokesman, said today that their target will more likely be Qatana, "a bristling military center" 12 miles south of Damascus.

25X1

The Syrians probably still have a viable military force remaining along the cease-fire line and it does not seem likely that the Israelis will launch an early drive up the Damascus road leaving these units intact along the Israeli flanks.

Israeli aircraft operating over Syria today encountered more SA-6 surface-to-air missiles than yesterday. This lends credence to speculation that a major purpose of the ongoing Soviet airlift has been to resupply the Arabs with air defense missiles.

The situation on the east bank has not changed appreciably in the past few days. The Egyptians have not expanded their positions on the east bank nor have they launched a major drive toward the Sinai passes. Israeli forces opposite the main concentrations appear to be awaiting Egyptian moves before initiating counterattacks. The Israeli Air Force continues to attack Egyptian positions and some 120 sorties were flown today. The Egyptian Air Force did not attempt to engage the attackers, but ground fire continued to take a toll, downing several aircraft yesterday.

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Baghdad has officially acknowledged the first Iraqi combat losses in the conflict. According to an Iraqi General Staff Headquarters statement, 12 Iraqi aircraft have been shot down over the Syrian front since last Saturday with six pilots killed. Although the Iraqis have theoretically committed their entire armed forces to the Arab cause, it is believed that only about 16,000 men, 100 tanks, and a few squadrons of aircraft have actually been dispatched to Syria.

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A Soviet merchant vessel was reportedly struck by two rockets in the Syrian port of Tartus yesterday. It has settled in shallow water and apparently been abandoned.

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CAMBODIA

Chargé Enders reports that President Lon Nol and Sirik Matak are opposed to In Tam's remaining as prime minister. They want In Tam to remain on the High Political Council, however, and will make him a major general as an enticement. Meanwhile, agreement is emerging between the President and Matak on the shape of a new government which Lon Nol wants to set up as soon as possible. The President plans to designate Hou Hong as the new prime minister. Hong is a little-known bureaucrat with a reputation as a skilled administrator and coordinator. Politically, he is a nonentity. He was probably picked because Lon Nol has had trouble finding an acceptable replacement for In Tam, and because he apparently desires to make the prime ministership an unimportant post.

25X1

Lon Nol reportedly is also planning to divide the ministerial portfolios among four vice prime ministers; all of them are experienced and generally capable officials. If they agree to accept their allotted roles, a more efficient government could result--provided Lon Nol gives them sufficient freedom of action.

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THAILAND

Prominent Thai citizens, student circles, and the press, are reacting critically to the arrest of several student activists. Tensions are high on campuses in Bangkok, and at least one mass demonstration has been held to demand the students' release. The US Embassy reports students moving into Bangkok in large numbers and the protesters are said to total 35,000.

Both Deputy Prime Minister Praphat, who personally ordered the arrests, and Prime Minister Thanom claim that the police have uncovered documents indicating that the students were part of a Communist-inspired plot to overthrow the government. [redacted] 25X1

[redacted] 25X1

25X1

Efforts are now under way to calm the volatile situation. The King has urged Thanom and Praphat to go easy on the students, and the latter has already met with student leaders in an apparent effort to carry out the King's wishes. [redacted] 25X1

[redacted] Praphat turned down demands that the students be released. With tempers running high it will be more difficult for the government to find a formula for defusing the situation without appearing to have capitulated. 25X1

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ARGENTINA

The austere ceremony scheduled for Juan Peron's inauguration today will set the tone for an intense government effort to resolve the country's serious economic and political problems. Although strict security measures will be in effect, terrorists may try to mar the inaugural with some dramatic act of violence.

Bitter conflicts between left and right wing factions in the Peronist movement and the increase in terrorism by extreme leftists will absorb Peron's immediate attention. Peron is unlikely to make any major administrative changes until he obtains a first-hand assessment of the government team he will inherit. [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

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CHINA-LAOS

The Chinese will participate in an airlift of Pathet Lao personnel from the Communist-controlled areas to principal Lao Government centers. 25X1

25X1

Peking hopes to demonstrate that it intends to play a constructive role in post-war Laos. China supported efforts to end the fighting and to find a political settlement in Laos, and presumably worked behind the scenes to help compose differences during the last year or so of hostilities. 25X1

25X1

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NOTES

International Monetary Situation: The dollar weakened slightly on major foreign exchange markets this week, and the price of gold was pushed back above $100 an ounce. Pressure on the dollar and the rise in the gold price are primarily attributable to increased anxiety over the possibility of prolonged Middle East hostilities and the associated threat to oil supplies.

25X1

25X1

Uganda: President Amin warned US chargé Keeley yesterday that if the US becomes involved in the Middle East war, he will break relations and imprison all 276 private and official Americans in Uganda until the US withdraws. Amin was undeterred by Keeley's assurances that Sixth Fleet movements were designed only to protect US citizens in the areas of conflict. Amin's threats may be sheer bluster but he does seem to be in one of his periodic irrational moods. He did not make clear what would constitute US involvement in the Middle East fighting.

USSR: Soviet satellite reconnaissance of the Middle East has increased during the current crisis. Two high resolution photoreconnaissance satellites currently are in orbit. One of these, which will provide optimum coverage of the Middle East, apparently will be brought down this morning, only six days after it was launched. A low resolution satellite was brought down early on October 9 after completing one half of its normal 12-day mission. Soviet Elint satellite monitoring of the Middle East has also been at a high level since October 4.

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13 October 1973

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THE PRESIDENT'S DAILY BRIEF

13 October 1973

PRINCIPAL DEVELOPMENTS

The Israelis are making hard-won advances in the Golan Heights and in their efforts to penetrate deeper into Syria. There has been little action in the Sinai. *(Page 1)*

25X1

Soviet airborne divisions apparently have gone on alert because of the Arab-Israeli war. [redacted]

[redacted] Soviet [redacted] 25X1

[redacted] US

[redacted] Israel. *(Page 4)* 25X1

The Thai Government is running scared as unrest sparked by student demonstrations has grown. *(Page 5)* 25X1

Rice stocks are dangerously low in Phnom Penh and there is some fear that the capital is on the verge of food riots like those in September 1972. *(Page 6)*

The Italian decision to limit exports of heating oil could effect US imports. Other West European countries may also seek to impose controls on petroleum exports because of shortages caused by the Arab-Israeli war. *(Page 7)*

West Germany plans to offer subsidized credits to Poland in an effort to breathe new life into Ostpolitik. *(Page 8)*

A note on nervousness among Lao military leaders as Pathet Lao troops begin to move into Vientiane appears on *Page 9*.

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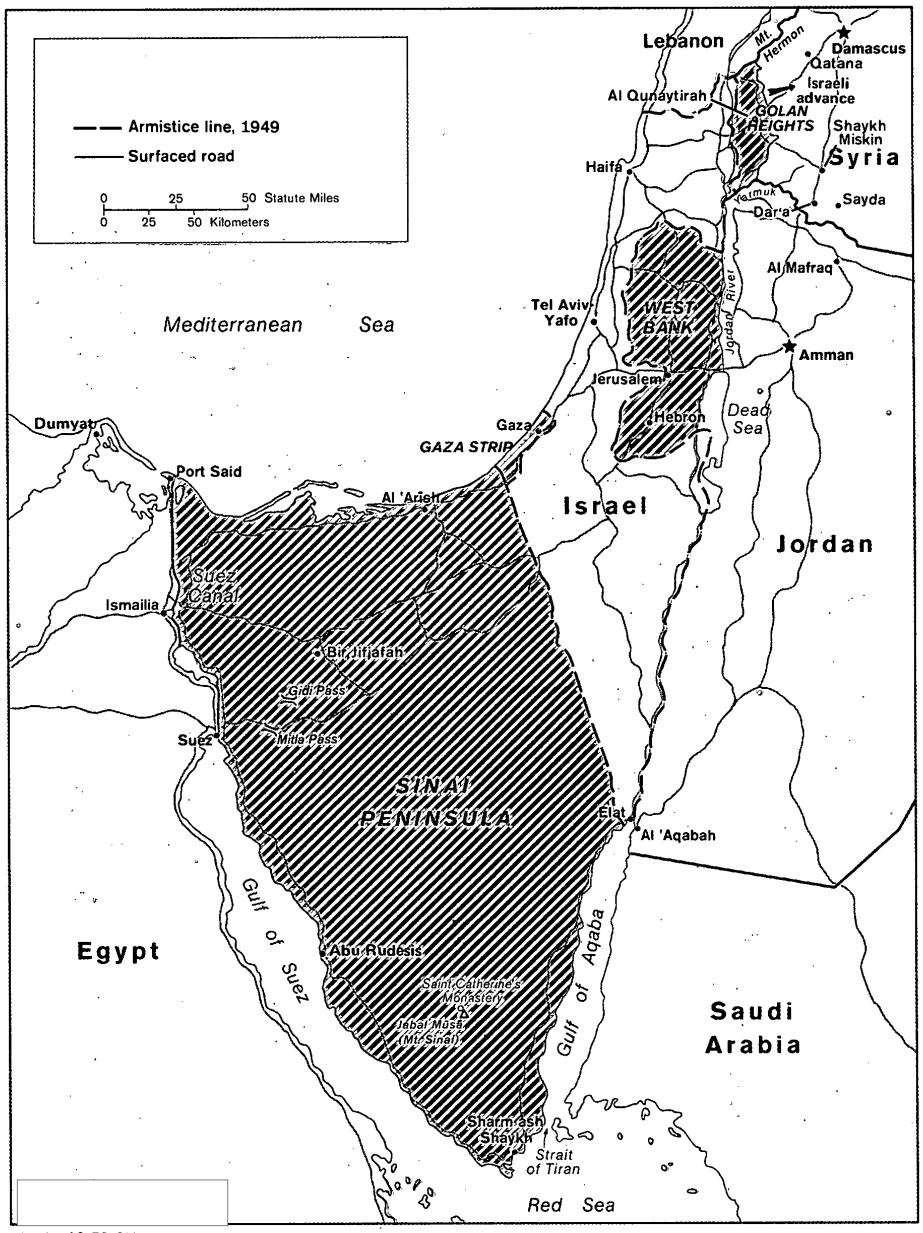

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ARAB STATES - ISRAEL

As the fighting on the Golan Heights died down last night, Israeli forces were about 12 miles beyond the cease-fire line, but were unable to achieve a decisive breakthrough on the road to Damascus. In the southern sector of the Heights, the Syrians claim to have made some advances. The Syrians are reportedly withdrawing tank units from the front and deploying them to a defense line nearer Damascus. For the first time, Damascus has acknowledged publicly that Israeli troops have made progress on the "war's northern front." The Israeli Air Force conducted more than 400 sorties yesterday, the largest number in a single day since the war began. Despite heavy losses in dogfights, the Syrians continued throughout most of the day to fly ground-support missions.

Activity on the Sinai front yesterday was limited to artillery exchanges and a reduced number of Israeli air strikes. Neither side claimed significant advances, and neither suffered serious losses. Early yesterday the Israelis charged that the Egyptians had moved four SAM batteries to the east side of the canal, but they now believe that they are dummies. [redacted] the Egyptians mounted helicopter assaults at three points on the Sinai coast. 25X1

[redacted] Soviet experts have reviewed three areas--Port Said, Ismailia, and Dumyat--as possible sites for surface-to-surface missiles. The Israelis previously have reported that Soviet SCUD SSMs have been sent to Egypt, but this has not been corroborated by any other source. 25X1

After a week of fighting, Israeli losses are estimated at 100-105 aircraft, 650-700 tanks, as many as 4 ships, and 2,700-3,200 men. Arab losses are estimated at 210-220 aircraft, 950-1,000 tanks, 20-25 ships, and 12,600-15,600 men. [redacted] 25X1

25X1

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The movement to Syria of a Jordanian brigade that was scheduled for tonight reportedly has been postponed until Sunday night, when it is to take up a position between Dar'a and Shaykh Miskin. There may be further delays, however, because of opposition to the move from some high-level Jordanians. 25X1

The Saudi brigade that was to have left for Syria on October 11 has encountered further delays. King Husayn told Ambassador Brown yesterday that the Saudis still have not crossed the border into Jordan. 25X1

Fatah, the largest fedayeen organization, may be preparing to attack US oil interests in the Middle East. The attacks reportedly will occur if the US supplies Israel with aircraft or involves the Sixth Fleet in the hostilities. The Palestine Liberation Organization last night accused Jordan of "actual coordination" with Israel and called on the Jordanian Army to fight Israel even if it means the downfall of King Husayn. The fedayeen continue to carry out minor operations against Israel. Fifty-five commandos had infiltrated Israel as of October 11.

Muhammad Haykal, chief editor of the authoritative Egyptian newspaper Al Ahram, has joined in the call for using oil as a weapon to bring pressure against the US. Haykal warned in an Al Ahram article that Arab oil producers have the power to "deny the US access to its interests in the Middle East."

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USSR - MIDDLE EAST

Soviet airborne divisions apparently have gone on alert because of the war in the Middle East. 25X1

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USSR - US - MIDDLE EAST

In discussions with Arab officials, the Soviet leadership is playing down the possibility of direct US intervention in behalf of Israel.

25X1

25X1

The Soviets are also going out of their way in discussions with US officials to create the impression that the Arab-Israeli war should not be allowed to endanger the "larger picture" of Soviet-US detente. The Soviet ambassador in Paris, for example, told a US military attaché that it was important for the two superpowers to remain friends and not permit the war to alter the relationship developed over the past year. Soviet military attachés in Finland and Algeria on October 11 took a similar line with their US counterparts.

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THAILAND

Unrest sparked by the student demonstrations has grown, and the government is running scared. Responding to student threats to take to the streets, the government offered yesterday to release on bail the 13 students and politicians whose arrest earlier this week precipitated the campus demonstrations. According to late press reports, the students have flatly rejected the offer.

The government is also trying to cope with demands that a new constitution be promulgated soon. Deputy Prime Minister Praphat, who has been a staunch opponent of parliamentary rule, has stated publicly that work on the new constitution will be speeded up. Thai leaders evidently hope that this concession will satisfy the students' immediate demands and deny the radicals a popular issue on which to build support for more significant changes. The tactic may not be successful.

Both the students and the government now face a situation without clear historical precedent in Thailand. The government clearly is at a loss about how to cope with the more than 50,000 students who are currently massed in Bangkok, as well as with the thousands of demonstrators in other Thai cities. There is a danger that inexperienced local officials may lose their aplomb, and that the leadership's patience may wear thin if the situation drags on.

Evidence of support from prominent Thai officials from within and without the government and from the non-student population in Bangkok is likely to increase the students' sense of euphoria. The fact that money is being raised for the students even within the bureaucracy is clear evidence of the extent to which criticism of the Thanom-Praphat leadership has struck a responsive chord.

Cooler heads may yet prevail. Some influential Thai newspapermen, who have supported the students, are now urging compromise to avoid violence. The students are not well organized and the great mass of them may have little stomach for pushing the government too far. Even if the government muddles through, however, the events of the past few days are likely to have important repercussions. Thanom and Praphat, who have ruled Thailand for a decade, have lost some political standing. Some military leaders, who have long felt that the two should move aside, may feel the time is now right to press the issue.

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CAMBODIA

Rice stocks are dangerously low in Phnom Penh. At current distribution rates, only about 12-days' supply is now on hand. There is some apprehension that the capital is on the verge of food riots like those in September 1972.

The airlift of rice from Battambang to Phnom Penh is bringing in only 20 percent of daily requirements. Another airlift is scheduled to begin within the next few days to transport small quantities of rice from Kompong Chhnang and from Cambodian stocks in Saigon. The South Vietnamese agreed last night to provide an additional 5,000 tons of rice for early shipment to Phnom Penh. The next shipment of Thai rice is scheduled to arrive in Phnom Penh on October 22 via special Mekong convoy. By that time government rice stocks will have dwindled to less than seven-days' supply.

Timely imports to solve the Cambodians' rice shortage have been difficult to obtain because of tight world grain markets this year. The government has contracted for an additional 25,000 tons of Thai rice that should begin to arrive at the end of October. A contract for 20,000 tons of South Korean rice was signed last week with shipment scheduled by mid-November. These supplies will be essential to cover Cambodia's needs until US PL-480 rice deliveries begin in December.

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WESTERN EUROPE

Rome moved this week to limit exports of heating oil and kerosene in an effort to avoid domestic shortages. Last year Italy accounted for about 11 percent of US imports of heating oil, or 1-2 percent of US requirements. Exports to EC countries will not be affected, but Rome is considering ways to assure that exports to EC countries are not re-exported.

The decision apparently was not related to the outbreak of the Arab-Israeli war. Petroleum shortages in Western Europe caused by the war, however, could lead other West European countries to impose controls. Western Europe's oil supply already has been reduced by about 8 percent, or 1.3 million barrels a day.

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WEST GERMANY - POLAND - USSR

In an attempt to breathe new life into Ostpolitik, Bonn intends to offer subsidized credits to Poland. The West German plan, publicly disclosed by a government official earlier this week, is expected to win cabinet approval before Foreign Minister Scheel visits Warsaw in mid-October. The offer involves an untied credit of more than $400 million.

The credit apparently will not be linked to any specific project. Funds will be paid in several annual installments, with the West German Government providing a subsidy to bring the interest rate down to about 6 percent.

The West Germans hope their offer will get Scheel's talks in Poland off to a good start. They are particularly interested in persuading Warsaw to allow an increase in the low rate of repatriation of ethnic Germans. Although the Poles have never expressly linked progress on repatriation to West German economic concessions, both sides see the connection as a fact of life.

Scheel will also go to the USSR early next month, and Bonn has been weighing a response to Moscow's persistent expressions of interest in West German credits and industrial cooperation. The West Germans are contemplating credits to the USSR linked to specific projects. Their offer probably will not fully satisfy the Soviets, who have pressed for cooperation on mammoth ventures. Bonn hopes, however, that even limited progress on economic matters will improve the political mood.

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NOTE

Laos: Lao military leaders have expressed concern to US Embassy officers over the manner in which the peace agreement is being implemented. Their nervousness is probably due in part to the necessity of accepting Pathet Lao troops in Vientiane. There is no evidence that the military is seeking to upset the political balance. The fact that the generals have voiced their concern to US officials suggests that they are, in fact, looking for assurances that all will be well. Small incidents, however, can become blown out of proportion during this delicate period as Pathet Lao troops begin to move into Vientiane.

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The President's Daily Brief

15 October 1973

45

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THE PRESIDENT DAILY'S BRIEF

15 October 1973

25X1

PRINCIPAL DEVELOPMENTS

Egyptian forces made some gains in intense fighting in the Sinai yesterday. In Syria, the Israelis continued to meet determined resistance. *(Page 3)*

The resignation of the Thanom government has not yet ended the unrest in Bangkok. Some 3,000 well-armed protesters are still battling police. *(Page 5)*

In Cambodia, In Tam now says he will stay on as Prime Minister and as a member of the ruling High Political Council. *(Page 7)*

The Middle East war caused only minor fluctuations on international currency markets last week. The dollar lost some ground against most major currencies, but by week's end it had recouped part of its losses. *(Page 8)*

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USSR - MIDDLE EAST - US

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Soviet media have begun to take a somewhat harsher tone toward the US. Moscow has picked up foreign press allegations that Vietnam veterans are en route to join Israeli air forces, and Arab charges that US citizens piloted bombing raids on Damascus. The Soviets have also cited US denials, however, and Pravda's coverage of Secretary Kissinger's press conference included his statement that the US desires an early end to hostilities. The US Embassy in Moscow reports that, in general, the USSR is still exercising considerable editorial restraint.

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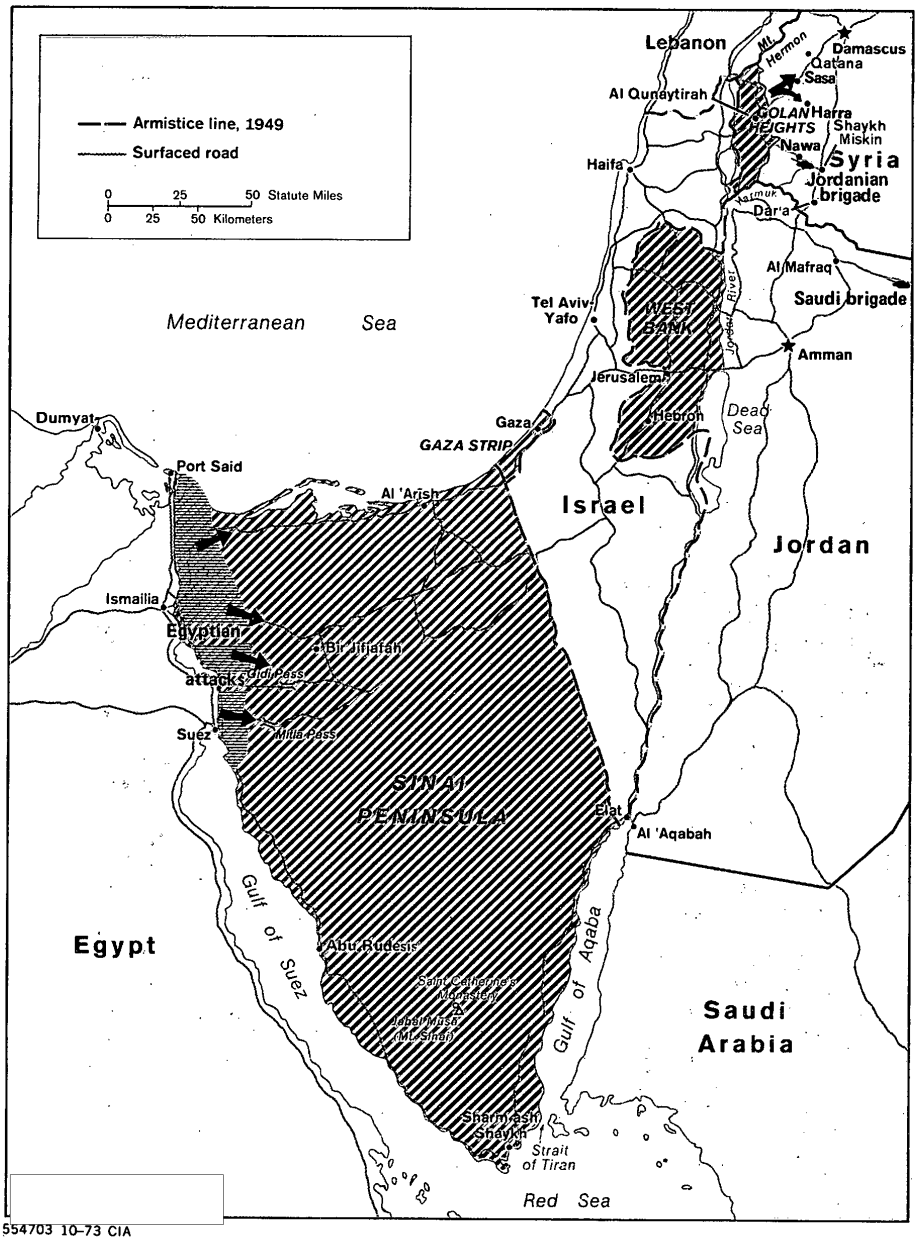

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ARAB STATES - ISRAEL

Egyptian forces launched a general attack along the entire canal front at dawn yesterday. Fighting was particularly heavy in the Mitla Pass area, and the Bir Jifjafah air command center was knocked out of service for three hours by Egyptian air attacks. When the fighting died down last night, there were conflicting reports concerning what the Egyptians had achieved. [redacted] the three main prongs of the offensive were extended an average of six miles, with a maximum penetration into the Sinai of nearly 19 miles; Tel Aviv claims to have held the Egyptians to maximum gains of six miles. 25X1

The Israeli Air Force shifted the bulk of its operations from the Syrian front to the Sinai yesterday to counter the Egyptian attack. [redacted] 25X1 25X1 25X1 In addition, Israeli aircraft reportedly attacked Egyptian surface-to-air missile batteries on both sides of the canal. This suggests that the Egyptians have moved mobile SA-6 launchers to the east bank, probably to provide cover to their troops advancing into the Sinai. According to press reports, the Israelis are also moving additional troops to the Sinai.

On the Syrian front, Israeli forces now control Sasa, 22 miles from Damascus, and small units have driven to within 16 miles of the capital. Israeli attempts yesterday to push toward Damascus and to envelop substantial Syrian and Iraqi units on their southern flank, however, were met by determined small-unit counterattacks. Jordan announced on October 13 that its troops were fighting on the Syrian front, but early this morning there still was no independent evidence that they have entered hostilities. Air activity over the Golan Heights virtually ceased late yesterday as the Israelis moved their aircraft to the Sinai front.

Libya is moving elements of its 3rd Mechanized Infantry Brigade to Tobruk, the largest Libyan city near the Egyptian border. Although it is not clear that these units will proceed to Egypt, there have been reports that President Qadhafi is planning to commit Libyan troops to the battle. Preparations reportedly were under way yesterday for the transfer of troops and equipment from Libya by sea to an Egyptian port, possibly Mersa Matruh. A Soviet vessel may be used.

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According to an Israeli military spokesman, two Mirages shot down yesterday "presumably" were part of a consignment transferred by Libya to Egypt.

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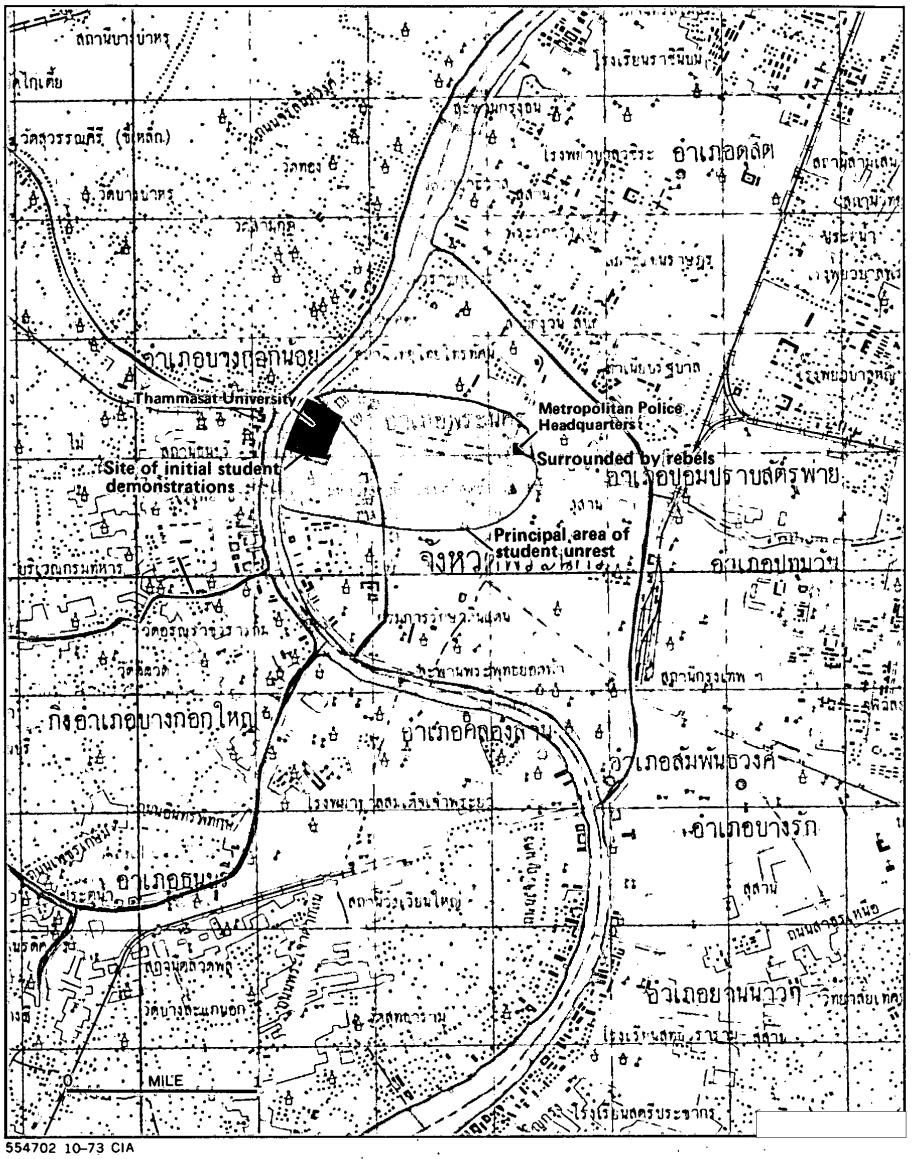
VIOLENCE AREAS IN BANGKOK



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THAILAND

The resignation of the Thanom government has not yet ended the fighting in Bangkok. Most student protesters have dispersed, but upwards of 3,000 well armed rioters are still battling police units in downtown Bangkok. Casualties appear to be mounting, with unconfirmed reports of almost 200 deaths.

Late last night, police were ordered to evacuate the Metropolitan Police Headquarters in the face of a large rebel force prepared to storm the building with explosives and fire bombs. The police were unable to vacate the building, however, and called for army reinforcements. Additional army units are moving into the capital. Thus far the army has not moved forcefully to quell the spreading violence.

The rebels reportedly have demanded that Marshals Thanom and Praphat be ousted from the military establishment, and that the students be given the right to approve new cabinet appointments. The government has not yet responded to these demands.

The leaders of the radical students have not been identified and no cohesive group has been defined. Some Thai Communist elements may have joined ranks with the rioters. There is still no evidence that the Communist Party of Thailand is playing a role. The tenacity with which the rebels are attacking police units suggests that at least some of the more radical students have been planning such violence for quite some time.

Leaders of the National Student Center, who led the initial demonstrations, are appealing to those still fighting to lay down their arms. Similar appeals have been made by King Phumiphon and the new Prime Minister, Thammasat University rector Sanya Thammasak, who has promised a new constitution and election within six months.

It is far from clear how much support the military will give Sanya. He has strong backing from the King, and some standing with the students. At the moment, however, Sanya is far less important than the King himself, who has been playing a major political role in the past few days. The King's new prominence is likely to continue, at least until the security situation is stabilized.

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Field Marshals Thanom and Praphat still hold their respective military posts of supreme commander and deputy supreme commander of the armed forces. Thanom, in fact, has issued several communiqués in his capacity as supreme commander. Both men have clearly lost ground, however, and there are signs that the King as well as potential rivals may take advantage of the situation to push them aside. Among the leading contenders are Thanom's son, Colonel Narong, and army commander in chief Krit Sivara. Narong's options will be increased by the movement of some of his troops into the city. Krit is a popular figure in the army, and he seems to have the King's support.

There have been no disturbances at any US installations, although anti-government demonstrations have taken place in Udorn city, not far from the large airbase there.

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CAMBODIA

In Tam now says he will stay on as Prime Minister and as a member of the ruling High Political Council. In Tam had tendered his resignation to Lon Nol on October 6, but told the US Embassy yesterday that he has decided "in principle" to stay on. He gave as his reason the need to maintain political unity while Cambodia's credentials are under attack at the United Nations. Phnom Penh has announced officially that In Tam's government will continue to "exercise its regular functions."

Earlier, Cambodian leaders had agreed to In Tam's dropping the prime ministership, but they put considerable pressure on him to stay on the council. Lon Nol had difficulty finding a new prime minister, however, and this may have helped convince him that In Tam should retain that post as well. In Tam will probably continue to complain that Lon Nol is not giving him sufficient authority, and it may be just a matter of time before he tries again to step aside.

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INTERNATIONAL MONETARY DEVELOPMENTS

The Middle East war caused only minor fluctuations on international currency markets last week. The dollar lost some ground against most major currencies, but by week's end it had recouped part of its losses.

There was light switching of Arab dollar balances into sterling and the French franc. The action probably was taken as a precaution against any US freeze of oil royalty dollar balances in response to a possible cut-off of oil supplies by Arab states. 25X1

25X1
25X1

The Arabs hold enough dollar reserves to put pressure on the dollar, and Arab sales could spark liquidation by other dollar holders. The Arabs are constrained by the lack of suitable alternatives, however. Sterling, the major currency least encumbered by exchange controls, has apparently received the bulk of Arab funds, but its instability and the possibility of British retaliation for oil shortages make it a poor harbor for Arab money. The transfer of funds into the stronger European currencies is extremely expensive because exchange controls have the effect of reducing earnings on foreign-owned deposits.

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The President's Daily Brief

16 October 1973

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THE PRESIDENT'S DAILY BRIEF

16 October 1973

PRINCIPAL DEVELOPMENTS

The current situation in the Middle East appears on *Page 1.*

Disorders have eased in Bangkok following the departure for exile of former government leaders Thanom and Praphat. *(Page 3)*

In South Vietnam, there is some evidence that the Communists may be preparing to retaliate for recent government air strikes north of Saigon. *(Page 4)*

Afghanistan has complained that Pakistan is risking serious consequences by resuming an old road-building project in disputed tribal lands. *(Page 5)*

The Turkish elections apparently will result in an unstable coalition government in the absence of a majority for either major party. *(Page 6)*

[redacted] *Page 7.* 25X1

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The Syrian Front

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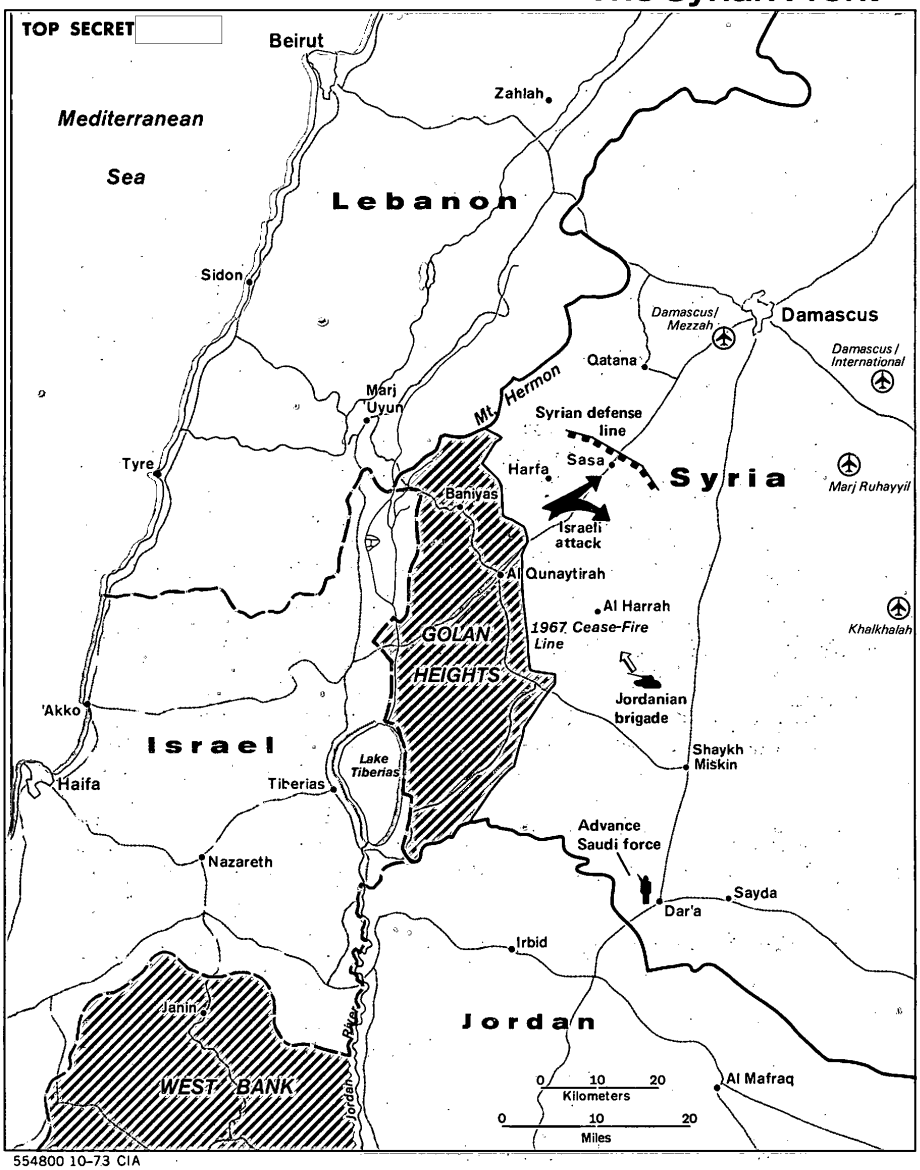

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THE MIDDLE EAST

Yesterday's fighting brought little change on either the Egyptian or Syrian fronts. There was no significant ground activity in the Sinai, and air activity was also down from Sunday's high. Israeli aircraft hit Egyptian armored concentrations near Port Said as well as airfields in the Nile delta and south of Cairo.

[redacted] 25X1

25X1

[redacted] 25X1

25X1

On the Syrian front, where yesterday's action featured artillery and tank duels, some Jordanian forces may have become involved. [redacted] 25X1 that the Jordanian tank column is moving toward Al Harrah, close to Israeli positions. Amman announced, probably with some exaggeration, that six Israeli tanks were destroyed in a clash with the Jordanian unit. [redacted] an Israeli 25X1 rocket attack killed a Jordanian soldier yesterday. Jordan's involvement, however minimal, has brought King Husayn favorable publicity throughout the Arab world, and Algeria and Tunisia reportedly have decided to restore diplomatic relations with Amman.

After ten days of fighting, combined Arab losses are estimated at 13,500 to 16,600 men, 1,150 to 1,240 tanks, 250 to 270 aircraft, and 20 to 26 ships. Estimated Israeli losses are 2,900 to 3,100 men, 750 to 850 tanks, 95 to 110 aircraft, and as many as four ships.

All of the major pipeline terminals in the eastern Mediterranean are now closed. The loss to Western Europe is about 2 million barrels of crude a day--about 13 percent of normal consumption. Italy, Spain, and Austria are most affected; both Rome and Madrid have instituted controls to prevent the export of petroleum products.

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Moscow's media have announced the US decision to send military supplies to Israel, but no official reaction or press commentary has yet appeared. Premier Kosygin avoided the announcement in a speech last night, and expressed some concern that the "opponents of detente" would use the Middle East crisis as a pretext to revive the cold war.

The extensive Soviet airlift to the Middle East continued into its sixth day yesterday, with approximately 70 cargo transports detected either landing or en route to Egypt, Syria, or Iraq. A Soviet civil transport, which has been used to transport high Soviet officials and Arab dignitaries, is scheduled to depart Moscow this morning for Cairo.

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THAILAND

Disorders eased late yesterday following the announcement that former government leaders Thanom and Praphat and the controversial Colonel Narong had resigned all their posts and left Thailand for exile. King Phumiphon engineered the departure of the three symbols of the old order with the backing of army chief Krit Siwara. Student leaders apparently have succeeded in persuading some of the more radical elements to lift their siege of Bangkok's police stations. The army evidently still is not moving to impose tight security on the city, however.

Prime Minister Sanya's tentative cabinet list draws heavily on veteran technicians and bureaucrats, most of whom are Western-educated and favorably disposed to the US. Such a cabinet would set better with the military than with the students, who might object to its conservative cast and to the absence of fresh and young faces. Air chief Marshal Dawee, proposed as defense minister, might arouse opposition in view of his reputation for corruption, despite his closeness to key officers who have been supporting the students.

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SOUTH VIETNAM

The Communists may have decided to retaliate for recent government air strikes against their installations north of Saigon.

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Vietnamese Communist propagandists also appear to be building a case for stepping up the level of fighting. They have intensified their charges that Saigon, with US complicity, is committing increasingly flagrant violations of the cease-fire. On October 14, Hanoi warned that the more "crimes" Saigon commits, the "stronger the counterblows will be."

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AFGHANISTAN-PAKISTAN

An Afghan Foreign Ministry official yesterday warned US Chargé Lewis that a "very serious consequence" would result if Pakistan did not cease "provocations" along the border. The Afghans claim that Pakistani militia are resuming an old road-building project in disputed tribal lands. The official said the warning would also go directly to the Pakistani Government.

The Afghans apparently have tried to enlist support from Moscow and New Delhi in the recently revived dispute, but there is no evidence that either has promised full backing in any serious confrontation with Pakistan. The Afghans have long obtained most of their military equipment from Moscow, however, and according to President Daud, a Soviet mission, headed by an officer "of marshal rank," arrived yesterday to "direct the reorganization of the Afghan armed forces." The mission more likely will review the status of Moscow's military aid.

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TURKEY

With 80 percent of the vote counted from the elections on Sunday, it appears that no party will win a parliamentary majority. An uneasy coalition government probably will be the result of the hard bargaining ahead.

It is already clear that the conservative Justice Party has suffered a setback, although when votes from the rural areas are counted it may overcome the current edge of the left-of-center Republican Peoples Party. The generally lackluster campaign conducted by former premier Demirel, the party chairman, contributed to the poor showing. Justice's partner in the current coalition has lost most of its seats. Two new right-wing parties are the main beneficiaries of the voting.

Bulent Ecevit of the Republican Peoples Party hit hard at the inflation issue and championed civil liberties and amnesty for political prisoners. Foreign or defense issues as such did not enter the campaign. The Republican Peoples platform contained a plank to resume opium poppy cultivation, but neither party leader made any such pledge in the course of the campaign.

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NOTE

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17 October 1973

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THE PRESIDENT'S DAILY BRIEF

17 October 1973

PRINCIPAL DEVELOPMENTS

Heavy fighting in Syria and an Israeli tank raid on the west bank of the canal have left battle lines relatively unchanged. President Sadat has put forward uncompromising terms for a cease-fire which, nevertheless, hint at some flexibility, but Prime Minister Meir says Tel Aviv will hold out for an Arab defeat on both fronts. *(Page 1)*

Soviet Middle East *(Page 3)* 25X1 25X1 25X1

The construction of new artillery positions near Guantanamo Bay raises the question of Cuban intentions toward the US base. *(Page 4)*

The Japanese regard the Soviet position on the Northern Territories issue following Tanaka's trip as a step forward, even though it entails only an agreement to discuss the question sometime next year. *(Page 5)*

As long as the King continues to play a prominent role in Thai affairs, there should be no major change in Bangkok's policy regarding relations with the US or the presence of US forces. *(Page 6)*

Most of the EC delegates to the meeting preparing for the Atlantic Declaration talks found the US proposal for a new form of consultation feasible, but the French may be delaying a consensus. *(Page 7)*

The prime ministers of Iceland and the UK have adopted a conditional agreement that could end the cod war, but ratification may be a problem in Reykjavik. *(Page 8)*

Saigon has found fresh evidence suggesting an imminent Communist attack in Tay Ninh Province. *(Page 9)*

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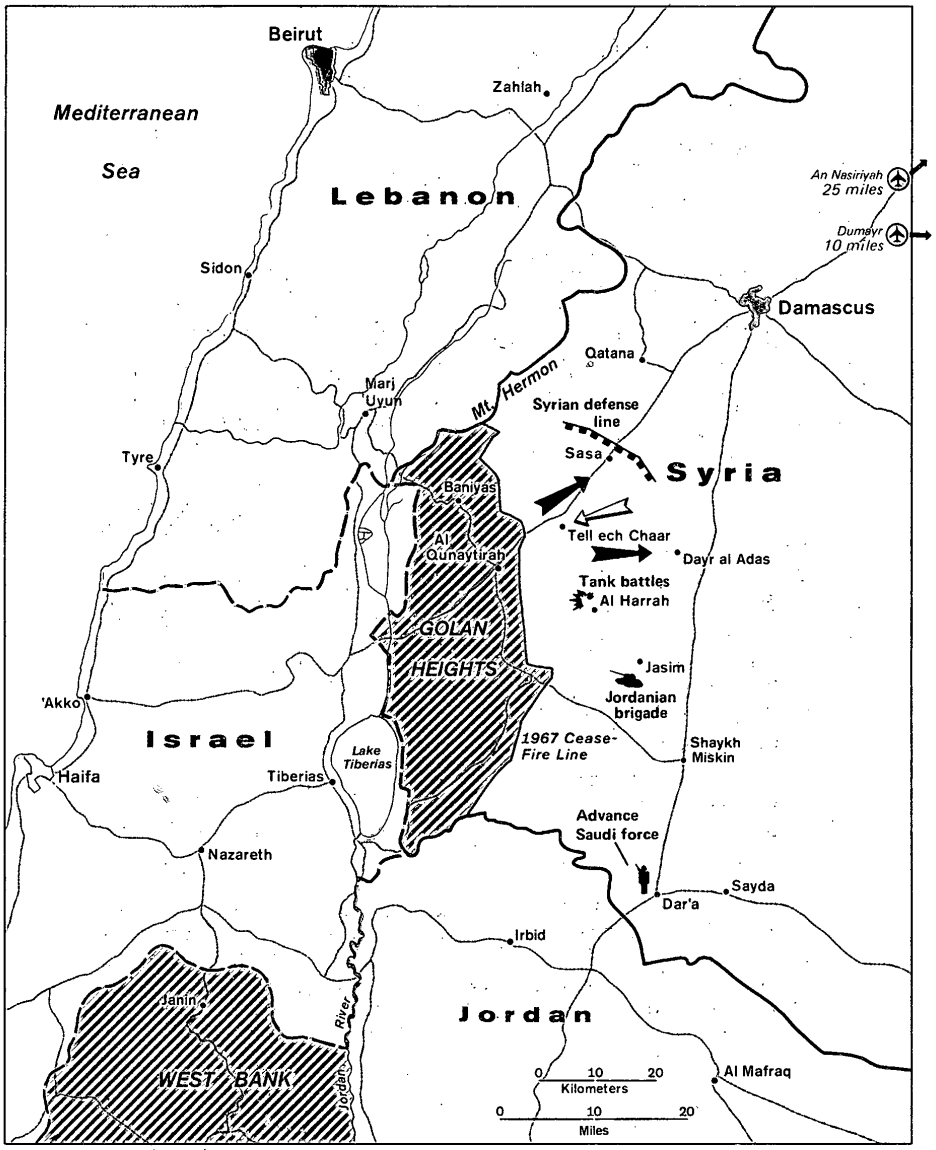
The Syrian Front



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ARAB STATES - ISRAEL

An Israeli force of about 20 tanks crossed the Suez Canal north of the Great Bitter Lake early yesterday in an effort to destroy SAM and antiaircraft batteries. The Egyptians claim to have inflicted heavy losses on the Israeli force; an Israeli military spokesman said last night that he "would not want to interpret" the results of the cross-canal operation "as good tidings." The Israeli Air Force continues to pound targets around Port Said, and an air battle fought over the Great Bitter Lake cost the Egyptians two MIGs.

Heavy fighting on the Syrian front left the battle lines relatively unchanged. A combined Syrian and Iraqi force attacked Israeli positions at dawn yesterday, and the Israelis later retaliated with a counterattack. [redacted] 25X1 the Syrians may have driven a narrow salient into Israeli lines near Tell ech Chaar, overlooking the Qunaytirah-Damascus road. Syrian aircraft were also able to mount relatively heavy attacks on Israeli ground forces. 25X1

Amman claims that the Jordanian 40th Armored Brigade engaged the Israelis yesterday but was forced back, primarily because adjoining Iraqi and Syrian troops failed to make any headway. The Jordanians admit to the loss of 12 tanks, with 17 damaged. [redacted] 25X1

[redacted] 25X1

President Sadat, speaking to a joint session of the People's Assembly and the Arab Socialist Union Central Committee yesterday, stated that Egypt will accept a cease-fire only when Israel has agreed to withdraw to the boundaries that existed before the 1967 war. His position contained slight hints of flexibility, however; his willingness to take part in an international peace conference if Israel withdraws and his repeated assurances that he does not seek Israel's annihilation suggest that he may accept some compromises later. His claim that Egyptian "rockets" are capable of striking any point in Israel, but that he is "aware of the responsibility of using certain types of arms," was presumably designed both to intimidate Tel Aviv and to dramatize Cairo's restraint.

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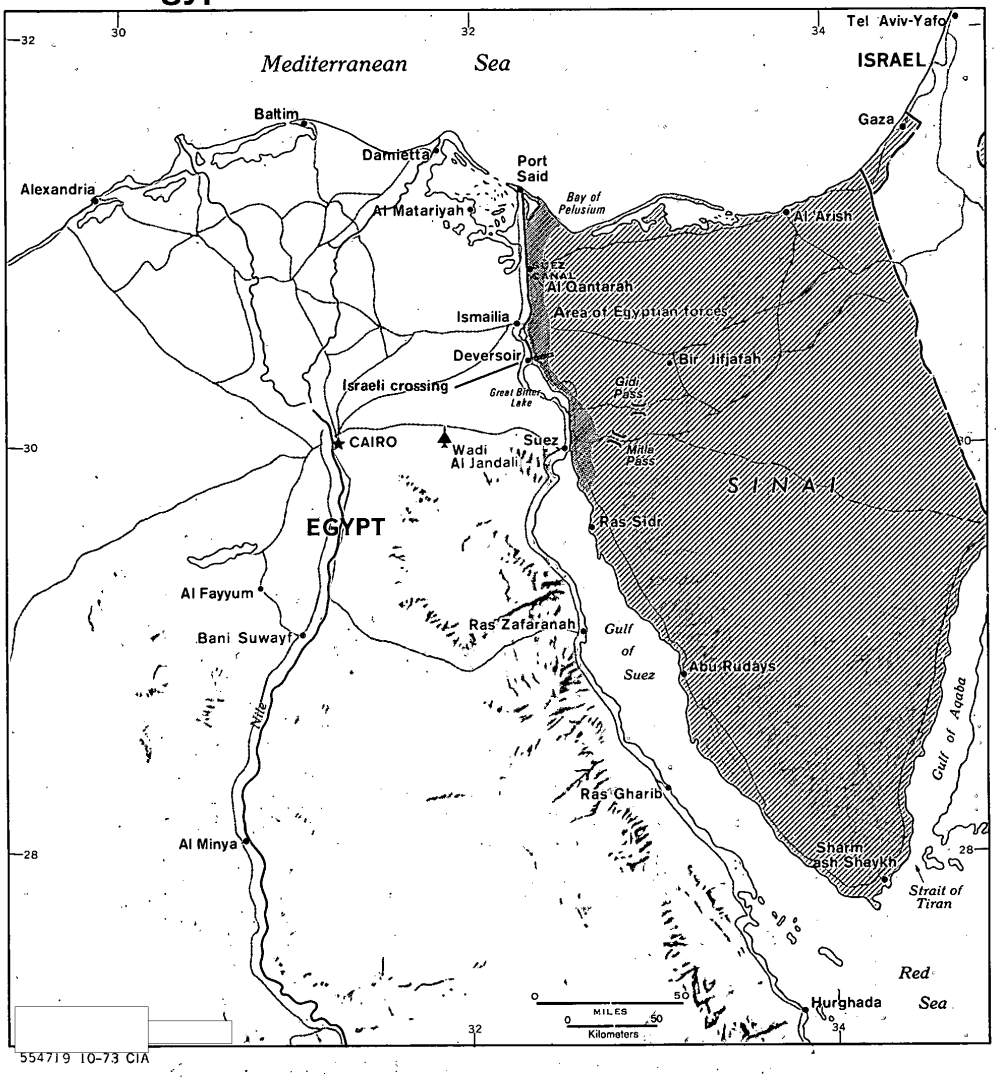
The Egyptian Front



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Prime Minister Meir subsequently said in a speech to the Knesset yesterday that Tel Aviv would never agree to a cease-fire predicated on an Israeli withdrawal to the pre-1967 lines. A cease-fire can only be accepted, she said, when the Arabs are defeated on both fronts. She also claimed not to believe that the Arab goal is limited to regaining territory lost in the last war, charging instead that "this is a war against our very existence as a state and a people."

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USSR - MIDDLE EAST

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

25X1

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CUBA

The construction of new artillery positions near Guantanamo Bay raises the question of Cuban intentions toward the US Naval Base. This and other Cuban military developments, however, do not provide any specific indication that Fidel Castro is attempting to capitalize on US preoccupation with the Middle East conflict.

Some of the new artillery positions near Guantanamo Bay were in the initial stages of construction early last July. No artillery pieces, support equipment, or other military materiel have been seen at or near the new emplacements and no buildup is evident at any of the nearby military bases.

25X1

* * *

Castro evidently does feel under pressure to show his support for the Arab war effort. A Cuban airliner left Havana for Libya last Saturday with 73 passengers. These could be members of a Cuban medical detachment similar to those Cuba has sent to North Vietnam, Algeria, and Guinea in the past. Such a token contribution to the Arab cause would presumably fulfill Foreign Minister Roa's pledge in the UN last week that Cuba will support the Arabs "with our blood."

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USSR-JAPAN

There were heated exchanges between General Secretary Brezhnev and Prime Minister Tanaka last week over the question of the Northern Territories. Only at the last minute were the two able to agree on a careful formulation in the communiqué that called for the "settlement of outstanding questions, left over since the time of the Second World War."

[redacted] 25X1

[redacted] 25X1

The Soviets apparently did not improve on an offer--made 17 years ago--that would return the two smaller islands to Japan while retaining the two major islands for Moscow. [redacted] the USSR could never give up all of the islands because of the impact this would have on the Soviet negotiating position with China. 25X1 25X1

Although the communiqué did not specifically mention the Northern Territories, the Japanese Foreign Ministry considers it a significant step forward. The Japanese say Tanaka succeeded in getting a full and clear verbal statement from Brezhnev acknowledging that peace treaty problems include territorial matters. They thus can argue that Tanaka did not come away from Moscow empty-handed, even if he got only an agreement to discuss an issue on which the two sides are as far apart as ever.

The Soviets were similarly stubborn on other matters. The two sides reached an impasse on the issues of safe fishing for the Japanese in the waters around the disputed islands, return of Japanese fishermen detained by Moscow, and permission for Korean residents of the territories to move to Japan. The Soviets even refused to allow Japanese citizens to visit family gravesites on the two larger islands.

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THAILAND

The new cabinet met for the first time yesterday and announced amnesty for those who had taken part in the student demonstrations. It also agreed to appoint a committee to begin drafting a new constitution--one of the students' key demands. Prime Minister Sanya has pledged that the constitution will be in effect and elections held within six months.

King Phumiphon seems to be playing a pivotal role [redacted] 25X1

25X1

Ambassador Unger's view of Sanya as a man with little taste for participation in politics. 25X1

The Ambassador says that Sanya shares the King's anti-Communist views and has in the past expressed sympathy with US objectives in Indochina. These factors suggest that as long as the King stays in command, there will be no major change in Thai policy regarding relations with the US or the presence of US forces in Thailand.

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EC-US

Most of the EC delegates to the meetings preparing for the Atlantic Declaration talks found the US proposal for a new "form" of consultation to be generally feasible, according to the US Mission in Brussels. The mission expects certain conditions to be presented to US officials, however, when the talks begin tomorrow. The EC insists that consultations be "genuinely" reciprocal, give the US no special rights not granted other countries, and not encroach on the autonomy of Community decision-making. Even if these conditions are accepted, it is not certain that the US proposal will be approved.

Another problem concerns the concept of partnership. The French object to the term and the concept, which, they feel, unduly emphasizes an Atlantic Community. While most of the other members do not share the French objections, they believe it better to go along with Paris for the present to avoid a protracted struggle in the EC.

A senior British official has meanwhile told the US Embassy in London that French "stickiness" is delaying an EC consensus on several matters, and that this could postpone any discussion of these points until the next round of talks.

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ICELAND-UK

Leaders of both countries have adopted a conditional agreement, subject to the approval of their governments, that offers some hope of ending the 14-month-old cod war.

Prime Ministers Johannesson and Heath met in London on October 15 and 16, ostensibly only to formalize the de facto truce that has been observed by both sides since the beginning of the month. Johannesson was not accompanied by representatives from the other two parties in his coalition--the Communists and the Liberal Left Organization--on the assumption that the talks would concern only details of the truce. The Communists are likely to object to Johannesson's end-run unless the agreement turns out to be extremely favorable to Iceland.

Initial press reports from Reykjavik indicate that the draft agreement involves limiting the size and number of British trawlers and confining them to specific fishing zones within the disputed 50-mile limit. The annual catch limit for the British, who had accepted a reduction to 145,000 tons before negotiations broke off in May, probably was reduced even more. [redacted] 25X1 25X1 25X1 The two leaders apparently believe that permanent legislation concerning maritime jurisdiction should await the UN's Law of the Sea Conference that begins next year.

Unless the terms of the draft agreement are particularly hard on British fishermen, Parliament probably will ratify the arrangement without a fight. It may face tough sledding in Reykjavik, however, if the Communists use the occasion to try to generate massive protests.

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NOTE

South Vietnam: Saigon continues to accumulate evidence suggesting an early Communist attack in Tay Ninh Province. [redacted] 25X1
[redacted] claims that an attack is immi- 25X1
nent, perhaps today or tomorrow. [redacted] Tay Ninh Province 25X1
[redacted] has declared a full alert. [redacted] concerned that 25X1
South Vietnamese troops in the area might be unable to hold against a Communist attack, but the Military Region III commander is confident he can cope.

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The President's Daily Brief

18 October 1973

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THE PRESIDENT'S DAILY BRIEF

18 October 1973

PRINCIPAL DEVELOPMENTS

Military action in the Sinai was heavy yesterday, while fighting on the Syrian front was limited mainly to artillery duels and some air action. *(Page 1)*

The Persian Gulf members of OPEC have demanded a dramatic increase in crude oil posted prices, which the oil companies probably will be forced to accept. Arab oil producers also say they will reduce oil production by 5 percent a month until Arab political demands on Israel are met. *(Page 3)*

South Vietnam's rice supply problem has eased, but supplies of rice will remain tight. *(Page 4)*

Soviet [redacted] *(Page 5)* 25X1

Chinese leaders have agreed on the fate of several former military and party leaders, but not on the more sensitive problem of who should replace them. *(Page 6)*

Pakistan [redacted] *(Page 7)* 25X1

Turkey seems headed for a period of unstable coalition rule following the victory of Bulent Ecevit's Republican Peoples Party in the elections last Sunday. *(Page 8)* 25X1

25X1

Notes on Arab dollar holdings, [redacted] Soviet [redacted] Cuba [redacted], and Soviet [redacted] appear on *Page 9*. 25X1 25X1 25X1

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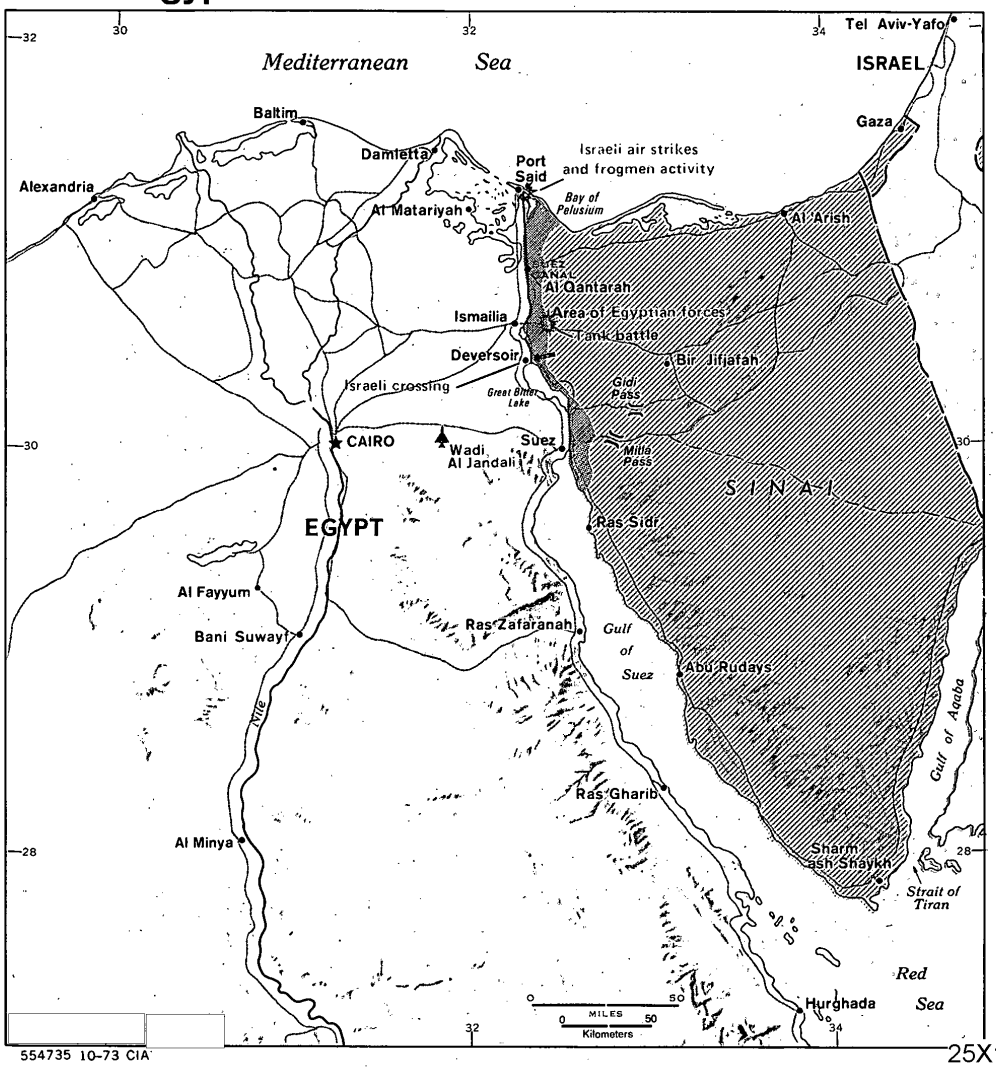
The Egyptian Front



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ARAB STATES - ISRAEL

Both Egypt and Israel reported that large-scale tank battles took place yesterday in the central sector of the Egyptian front. An Israeli military spokesman characterized the armored clashes as the biggest in Israeli history, and claimed that 90-100 Egyptian tanks were destroyed.

Concentrated Israeli air strikes on the Port Said area continued yesterday and the Israelis conducted a raid by frogmen against the port. Several ships reportedly were damaged. The Egyptian Air Force was more active and on several occasions pursued Israeli planes back across the canal.

The fate of the small Israeli force that crossed the canal north of the Great Bitter Lake two days ago remains uncertain. Cairo claims that the force has been destroyed, but the Israelis say it is still intact.

There was little movement along the Syrian front yesterday. Minor ground clashes and artillery exchanges took place along the same lines as the previous day. In the air, the Israelis reportedly struck Latakia and Tartus and claim to have downed eight Syrian aircraft. The Syrians claim five Israeli aircraft were destroyed. The Saudi Arabian force in Syria, which has yet to see combat, has been located just south of Al Harrah.

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25X1
25X1

25X1

(continued)

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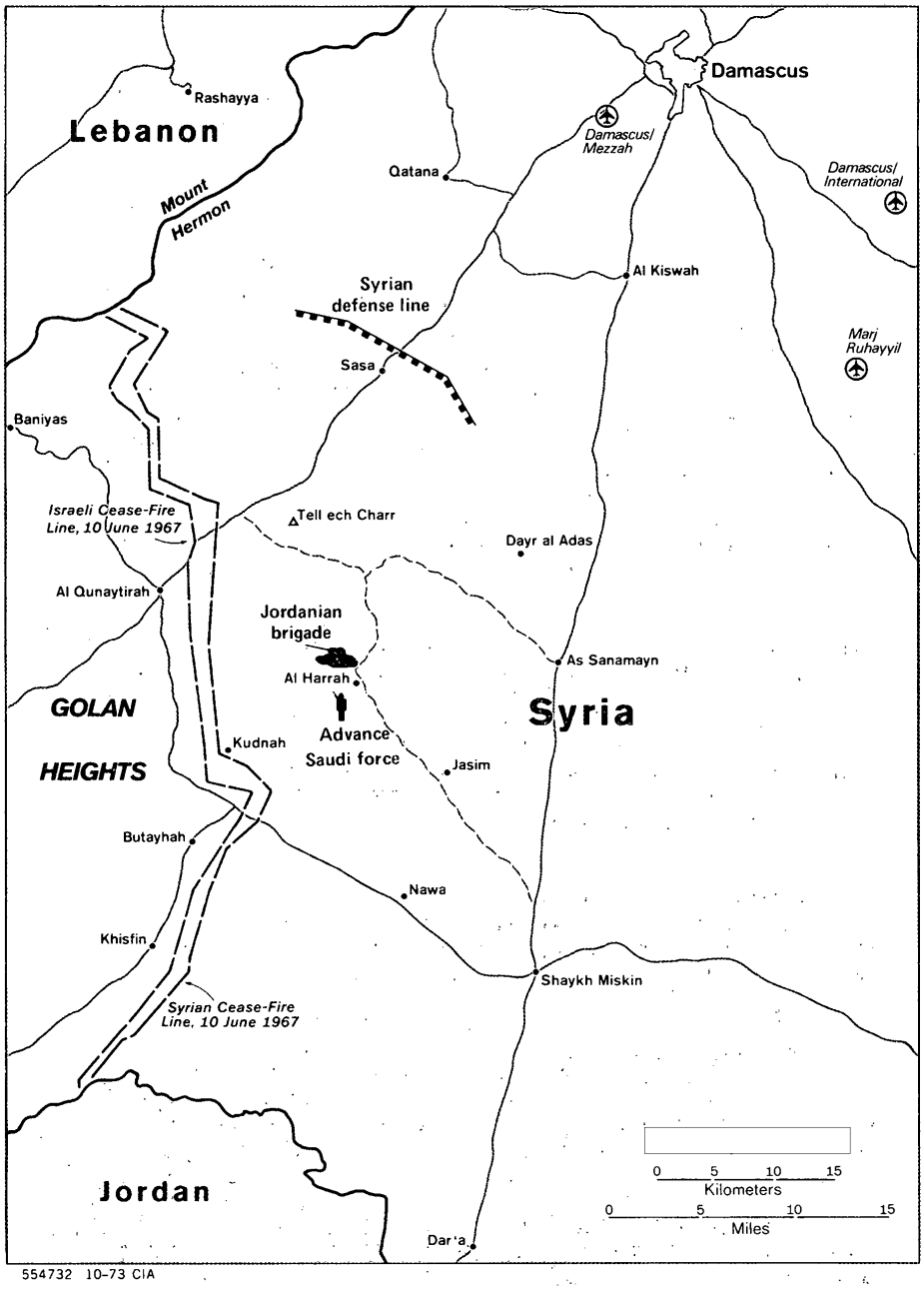
The Syrian Front



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Israel's Foreign Minister Eban said yesterday that Tel Aviv is ready to "examine" a cease-fire proposal, either for a cessation of hostilities "in place" or along the lines that existed prior to the current fighting. Eban said he thought Damascus was "psychologically" ready to accept a cease-fire, but that Cairo is still "living in a euphoria that goes beyond the realities of its military situation." He also took a dim view of the current prospects for Soviet participation in any peace moves. Eban said that the need for secure boundaries is now greater than ever, and that an Israeli withdrawal to pre-June 1967 lines remains out of the question.

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INTERNATIONAL OIL

The Persian Gulf members of the Organization of Petroleum Exporting Countries have presented Western oil companies with a "take it or leave it" demand for a 70-percent increase in crude oil posted prices. The companies have little leverage in the current sellers' market and probably will be forced to accept.

OPEC's demands for a price increase, first voiced last June, probably have been strengthened by the crisis atmosphere of the current Arab-Israeli hostilities. Negotiations became deadlocked last week when the producers asked for a 100-percent increase and the companies offered 12 percent. Persian Gulf oil prices previously have been set either by the companies alone or through negotiations with the oil-producing governments. These countries supply about two thirds of the oil in world trade. The other members of OPEC are certain to raise their prices to reflect the Persian Gulf increases.

If the companies accept, Persian Gulf oil revenues will increase by about $10 billion in 1974; revenues of the other OPEC members will increase by about $5 billion. The 1974 oil revenues of Saudi Arabia, Abu Dhabi, Qatar, and Kuwait--all of which have limited abilities to absorb more capital--thus will approach levels that were only recently being estimated for 1980.

The increased cost in 1974 will probably be about $3 billion for the US, nearly $8 billion for Western Europe, and almost $3 billion for Japan. Some of the increased cost, however, will return to the industrialized countries through repatriation of company profits and through the sale of goods and services to the producers.

* * *

In Kuwait yesterday, Arab oil producers said that they will reduce production by 5 percent a month until Arab political demands on Israel are met. "Friendly" states are not to be affected by the cutback. Such a reduction would have little immediate effect, but depending on how it is implemented, could cause considerable economic dislocation in Western Europe and Japan by mid-winter. The US, which had hoped to import as much as 600,000 barrels per day of heating oil from Europe to offset projected shortages this winter, could also be affected indirectly.

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SOUTH VIETNAM

The South Vietnamese managed to move some 65,000 tons of rice out of the delta into government stocks in September, nearly twice the average for that month, easing fears of a severe shortage later this year. Saigon's success is primarily the result of heavy government pressure on delta merchants to reduce inventories and suppress speculation.

If delivery rates from the delta do not fall below normal levels over the next few months, the government will have enough rice to avert a crisis. The expected arrival of 25,000 tons of PL-480 rice in December will also help.

Nevertheless, the rice supply in South Vietnam will remain tight. There will still be local supply problems in deficit areas, the black market for rice will continue, and retail prices are likely to rise still further. Moreover, if Saigon increases its already strong controls over distribution and price levels--which now seems likely--some farmers may cut back production next year.

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USSR-CAMBODIA

[redacted] 25X1
25X1

[redacted] 25X1

[redacted] 25X1

25X1

[redacted] 25X1

25X1

[redacted] 25X1

25X1

[redacted] 25X1

25X1

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CHINA

Chinese leaders have agreed on the political fate of several former military and party leaders, but not on the more sensitive problem of who should replace them.

25X1

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PAKISTAN-AFGHANISTAN

25X1

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TURKEY

Republican Peoples Party leader Ecevit has led his left-of-center party to its first nationwide victory since 1961, winning a plurality of the votes cast in the elections last Sunday and gaining 184 of the 450 seats in parliament. The previously entrenched Justice Party suffered a severe setback, gaining only 149 seats. Two right-wing parties running for the first time cut deeply into Justice's strength and won 93 seats between them. Twelve seats are scattered among several minor parties, and the results are not yet in for a dozen others.

Former prime minister Demirel and other Justice leaders have already ruled out joining Ecevit in a coalition. If they persist, the social-democratic Republicans may attempt to form a coalition with one of the two rightist groups that now hold the balance of power in parliament. Such a coalition would be fragile. Other possibilities are a conservative coalition led by Justice, or a minority government led by Ecevit.

None of these solutions will produce a stable or effective government, and new elections may have to be held. The military, which forced Demirel to resign two and a half years ago and then gave directions to interim governments, has thus far kept in the background. A prolonged political crisis could lead the military to consider intervening once again.

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NOTES

International Monetary Developments: Arab oil producers apparently are not selling large amounts of dollars, despite recurrent rumors. In fact, it is questionable whether the Arabs would want to dump large dollar holdings because the transfers would be expensive. Moreover, the Arabs probably are not overly worried about a US freeze on their assets, since most of their dollar holdings are in Western Europe. In any case, the Arab oil producers have enough funds that are beyond the reach of oil-consuming countries to finance normal imports for many months.

USSR-Cuba: [redacted] 25X1
25X1

25X1

USSR: [redacted] 25X1
25X1

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The President's Daily Brief

19 October 1973

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THE PRESIDENT'S DAILY BRIEF

19 October 1973

PRINCIPAL DEVELOPMENTS

The Egyptians and Israelis were heavily engaged yesterday on both sides of the Suez Canal. A major battle is likely soon between the Israeli task force on the west bank and Egyptian units trying to neutralize it. *(Page 1)*

The USSR has 73 naval ships in the Mediterranean, an all-time high. Among them are eight amphibious landing ships, some of which are expected to return to the Black Sea within the next day or so. *(Page 2)*

Saudi Arabia, announcing yesterday that it will reduce oil production by 10 percent through November, made it clear that all customers will suffer except those countries following pro-Arab policies. Other Arab states will probably match or even exceed the Saudi cutback. The brunt of such reductions falls mostly on Western Europe and Japan. *(Page 3)*

In South Vietnam, the Communists are planning attacks in areas where government operations are encroaching on Communist-held territory. They will also make a priority effort to secure adequate supplies of rice from the autumn harvest. *(Page 4)*

With the dry season less than two months away, Cambodian insurgents are working out battle plans that concentrate on the Phnom Penh area. The strategy includes another round of large-scale attacks against the capital's southern defenses and interdiction of its main supply lines. *(Page 5)*

25X1

(Page 6)

Notes on China's foreign trade, Sino-Soviet relations, and the forthcoming talks on force reductions in Europe appear on *Page 7*.

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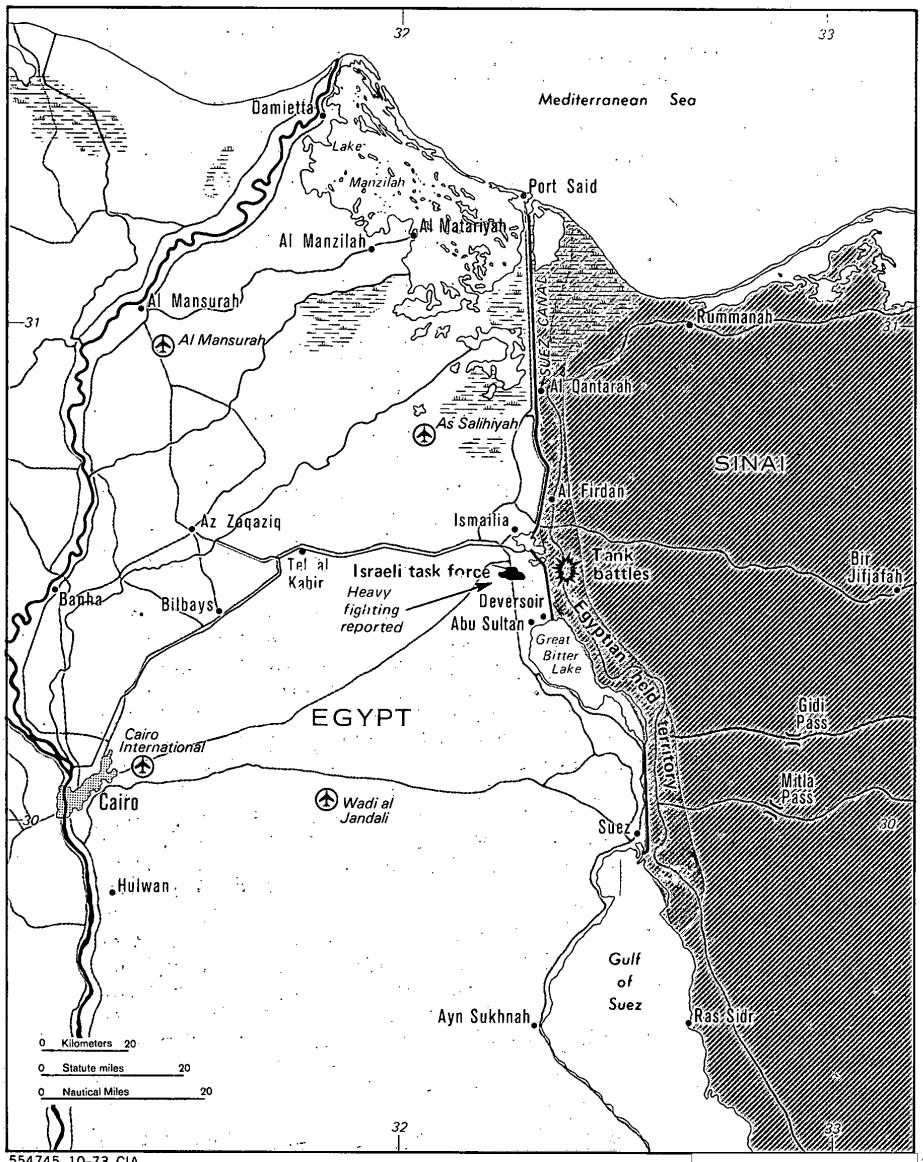
Suez Canal Zone



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ARAB STATES - ISRAEL

There was heavy fighting yesterday on both sides of the Suez Canal. An important battle is likely soon between the Israeli task force on the west bank and Egyptian units trying to neutralize it.

Egypt has claimed publicly that it encircled the Israeli force and ordered it to surrender, but available evidence does not suggest the Israelis are in immediate danger. They were able to strengthen the task force yesterday, beating off heavy Egyptian counterattacks, and this morning Tel Aviv said it had 200 tanks west of the canal. [redacted] 25X1

Israeli planes flew many ground support missions in the area of the west bank bridgehead. They also continued to attack the Port Said area and some Egyptian airfields. Egyptian aircraft flew mostly defensive patrols, but also attacked the Israeli bridgehead. 25X1

Except for artillery exchanges, there was little action on the Syrian front yesterday. [redacted] 25X1

25X1
25X1

[redacted] The Israelis claim that fedayeen attacks from southern Lebanon have increased, and warn that retaliation will be severe. 25X1

The Soviet airlift to the Middle East continues at the same high level of the past few days. The Middle East News Agency announced last night that President Sadat held three lengthy meetings with Premier Kosygin, who left Cairo early this morning for Mosco [redacted] 25X1

25X1
25X1

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USSR-MEDITERRANEAN

The deployment of four amphibious ships to the Mediterranean on October 17 raises the number of Soviet naval ships there to 73 units, an all-time high. Normally, the Soviet Mediterranean force numbers between 45 and 50.

The current force includes 27 surface combatants and 18 submarines, four of which carry cruise missiles. Among the surface combatants are eight amphibious landing craft, some of which are expected to return to the Black Sea within the next day or two. The other 28 are logistic support ships and intelligence collectors.

Before the Middle East fighting began, the Soviets had 14 major combatants in the Mediterranean. There are 17 there now, but two of the recent arrivals had been scheduled several months ago to visit Italy at this time, which they are now doing.

The war started during the semiannual Soviet submarine turnover. A relief group of nine submarines from the Northern Fleet entered the Mediterranean on October 4 and 5. Turnover usually takes about ten days, but thus far only three submarines are known to have left the Mediterranean.

The great bulk of the Soviet force is in the eastern Mediterranean.

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SAUDI ARABIA

Saudi Arabia, announcing yesterday that it will reduce oil production by 10 percent through November, made it clear that all customers will suffer except those countries following active pro-Arab policies. The initial cutback will amount to about 850,000 barrels a day. The Saudis will put off deciding on any subsequent reductions until they have had time to gauge the effect of their actions on US policy.

Other Arab states, including Kuwait, Iraq, Algeria, and Libya, will probably match or exceed the 10-percent Saudi cut. The brunt of such reductions falls on Western Europe and Japan, which respectively get 70 and 40 percent of their oil from Arab sources. The Arabs have said they will maintain oil deliveries to "friendly" countries that give them "effective material help," but no major Western country--with the possible exception of France--seems to fall in this category.

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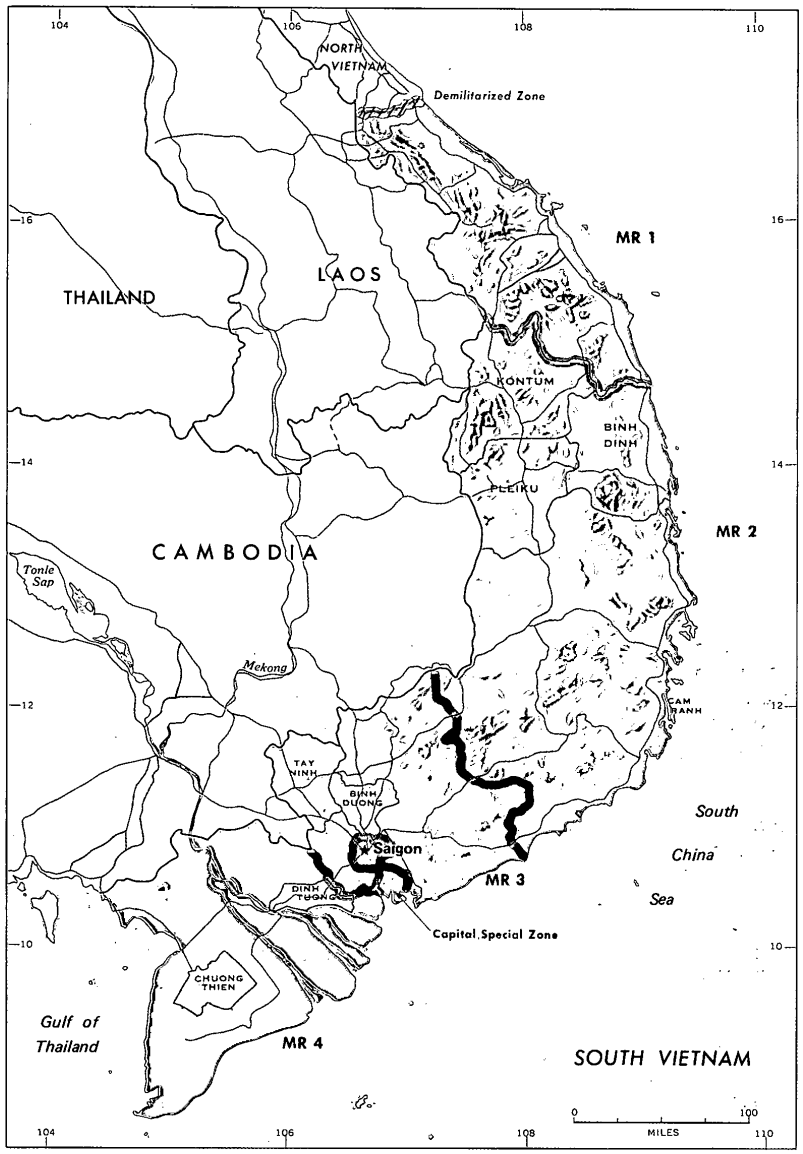
Provinces Where Communist Military Activity Is Expected



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SOUTH VIETNAM

COSVN has instructed subordinate elements to carry out three key missions. [redacted] 25X1 25X1 25X1

The first mission is to launch limited attacks in areas where government operations are encroaching on Communist territory. In this connection, [redacted] seven provinces in southern and central South Vietnam. [redacted] are intended to force Saigon to implement the Paris Agreement more faithfully. 25X1 25X1 25X1 25X1

The second mission is to secure adequate supplies of rice from the autumn harvest, [redacted] a life-and-death matter for the future of the Communist struggle. The final mission is to consolidate troop and party strengths to pave the way for greater--unspecified--successes in 1974. 25X1

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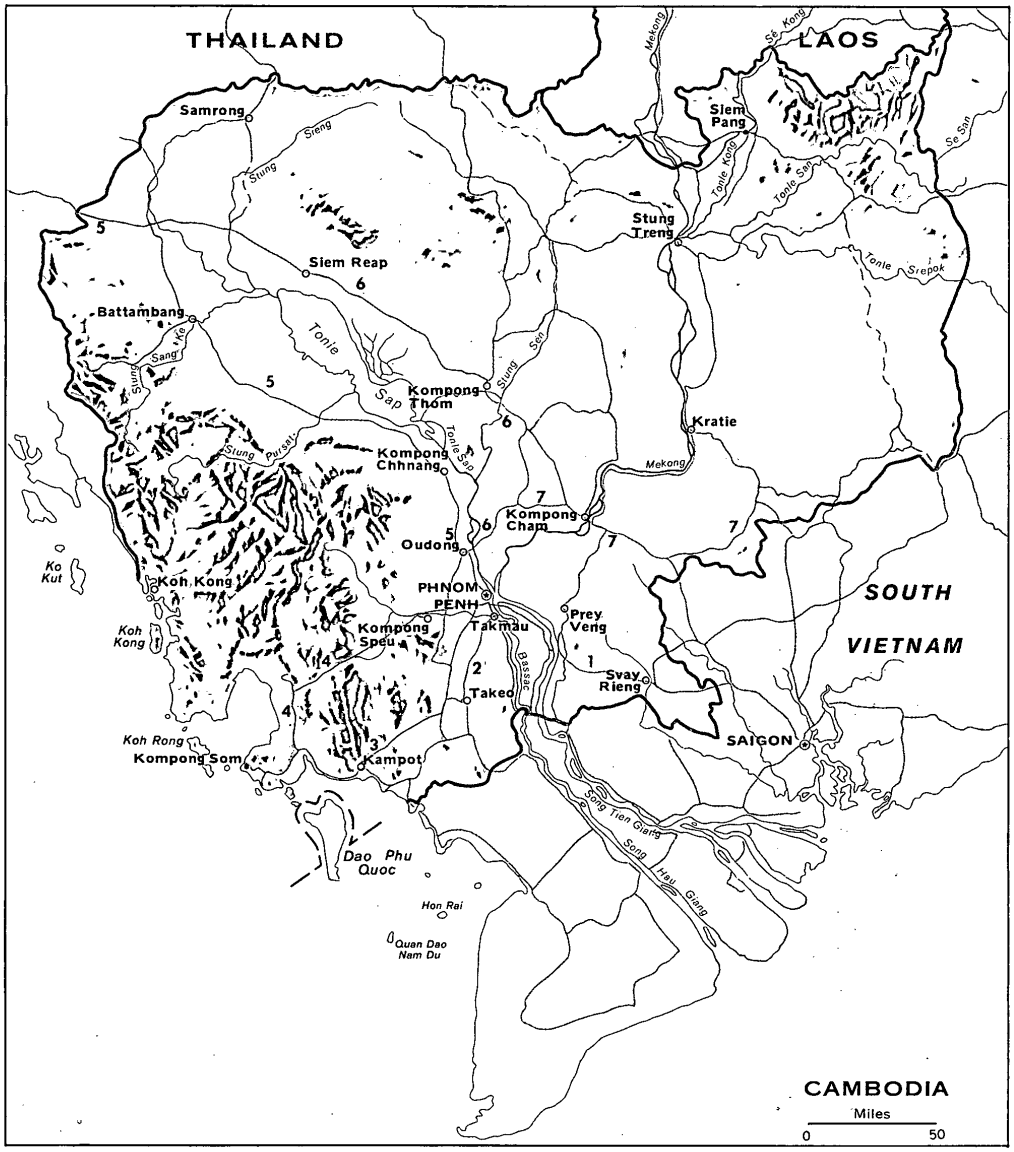

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CAMBODIA

With the dry season less than two months away, the insurgents are working out battle plans that concentrate on the Phnom Penh area. Units in the provinces have received orders to send additional personnel to the capital area, where rebel commanders are replacing casualties and retraining their units. Intercepts show that the insurgents hope for a total strength near Phnom Penh greater than during their summer offensive, when 57 Communist battalions with an estimated 17,000 troops were within a 25-mile radius of the capital.

The strategy calls for another round of large-scale conventional attacks against Phnom Penh's southern defenses along Routes 2 and 3. Attacks against the city's northwestern defenses are also likely; some insurgent units have already moved back into this area. East of the capital, the rebels probably will try to move up to the banks of the Mekong River within artillery range of Phnom Penh.

The insurgents may attack the capital itself. One recent message ordered a rebel unit "to look for penetration routes" into the city. Another message disclosed that a sapper unit which raided one of Phnom Penh's main power plants in late September is now "studying" future operations.

The insurgents also will assign a high priority to choking off the capital's supply lines. A recent message stated that "cutting Routes 4 and 5, and the Mekong, now and during the forthcoming dry season, will have a very bad effect on the enemy's economic and military policies." Recognizing that the continued interdiction of Route 5 will be particularly important when the rice harvest begins in the northwest, the insurgents already are taking steps to strengthen their forces along the highway. Units along the Mekong corridor began rebuilding for the dry season some time ago and intercepted messages suggest that they will again try to interdict river traffic once the Mekong starts to recede.

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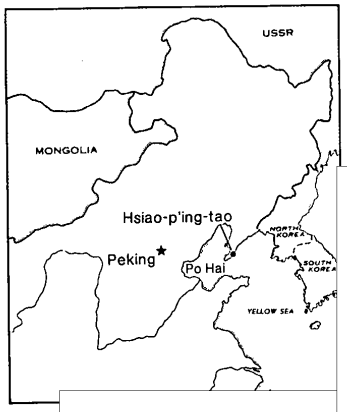

Preparation for SLBM Testing

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CHINA

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NOTES

China: Peking's foreign trade, continuing its upward trend, reached a record level of $5.8 billion in 1972--a 24-percent increase over the previous year. Furthermore, there was a favorable trade balance of $280 million. This year--spurred by heavy imports of farm products, machinery, and transport equipment--trade is expected to reach about $7.5 billion. More than three fourths of China's trade continues to be with non-Communist countries, led by Japan and Hong Kong. The US may displace Hong Kong in 1973.

USSR-China: Pravda's stinging indictment of Peking this week exemplifies the frigid state of Sino-Soviet relations. A lengthy editorial, pegged to the Chinese party congress two months ago, attacked Chinese policies across the board, but showed particular sensitivity to China's attempts to hamper Soviet efforts to improve relations with the West. Pravda holds out no hope for the Peking border talks, which are about to enter their fifth fruitless year. The chief Soviet negotiator has been in Moscow for the past three months, and there probably is little discussion in his absence.

NATO - Force Reductions: Although the allies have reached formal agreement on a common position for the force reduction talks opening in Vienna on October 30, the amount of disagreement on many of the major issues suggests that they will be hard-pressed to maintain unity, just as they were during the initial talks last spring. The paper setting out the goals, negotiating strategy, and procedures for the talks was approved only after weeks of haggling. Several serious disagreements, mainly raised by the British, have merely been papered over.

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The President's Daily Brief

20 October 1973

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THE PRESIDENT'S DAILY BRIEF

20 October 1973

PRINCIPAL DEVELOPMENTS

The reinforced Israeli task force on the west bank of the canal made large gains yesterday before it met stiffening resistance late in the day. Both sides describe the fighting as intense, and Egypt has pulled some forces back from the east bank to counter the threat. Fighting was also heavy on the Syrian front yesterday, but there was no important change. The Soviet resupply effort, meanwhile, reached a new high yesterday. *(Page 1)*

A new rail line being built northeast of Peking will increase Chinese ability to respond to Soviet military threats. *(Page 2)*

Phnom Penh now seems assured of basic rice supplies until US deliveries begin in December. *(Page 3)*

Prince Sihanouk's prospects for securing Cambodia's seat in the UN are improving. *(Page 4)*

Chile's economic recovery plans are taking shape. *(Page 5)*

Latin American foreign ministers plan to meet next month to develop an agenda for talks with Secretary Kissinger early next year. *(Page 6)*

Notes on Japan's shrinking trade surplus, Chinese interest in US oil technology, and West German - Soviet contracts for uranium enrichment appear on *Page 7.*

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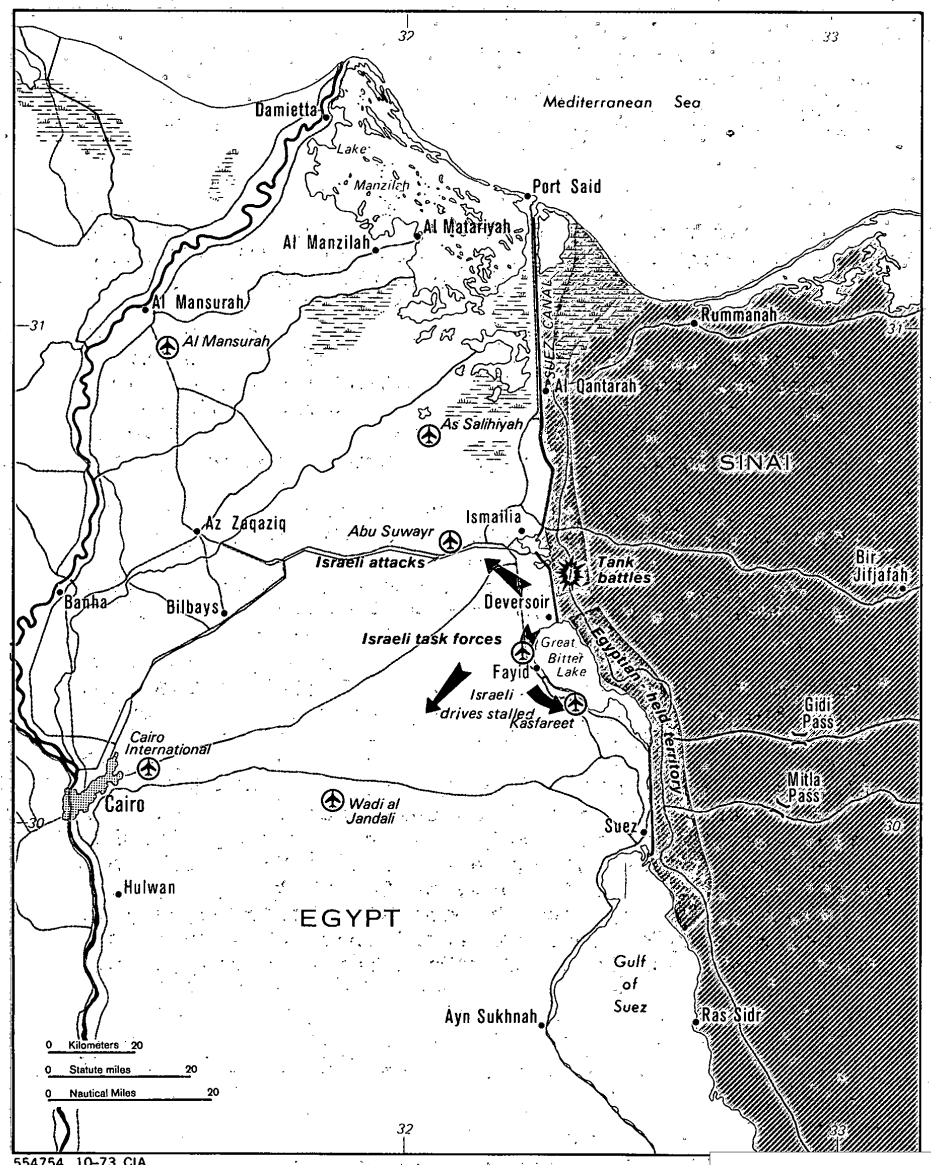
Suez Canal Zone



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ARAB STATES - ISRAEL

The reinforced Israeli task force on the west bank of the canal made large gains yesterday before it met stiffening resistance late in the day. Both sides describe the fighting as intense, and Egypt pulled back some forces from the east bank in an effort to counter the attacks. The Israelis claim they have destroyed ten SAM sites on the west bank.

The Israeli force on the west bank now consists of over 300 tanks, as well as mechanized infantry and paratrooper units. It launched attacks in three directions yesterday. One column moved north toward Ismailia, a second pushed to the southwest edge of the Great Bitter Lake, and the third column attacked southwest toward the Cairo-Suez highway and railroad in an attempt to block the movement of Egyptian supplies to the front. By late evening, however, an Israeli military spokesman said the drives south toward Suez City and southwest were both stalled.

Fighting was also heavy yesterday on the Syrian front. The Jordanian brigade and Iraqi units apparently made some gains along the southern edge of the Israeli salient, but the Israelis are believed to have won some territory at the center of the salient.

25X1

The Soviet airlift reached a new high yesterday, both in terms of numbers of flights and the tonnage delivered.

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Six Soviet ships, including two combatants--guided missile destroyers--passed through the Bosphorus yesterday. This brings the total number of Soviet surface combatants in the Mediterranean to 29.

* * *

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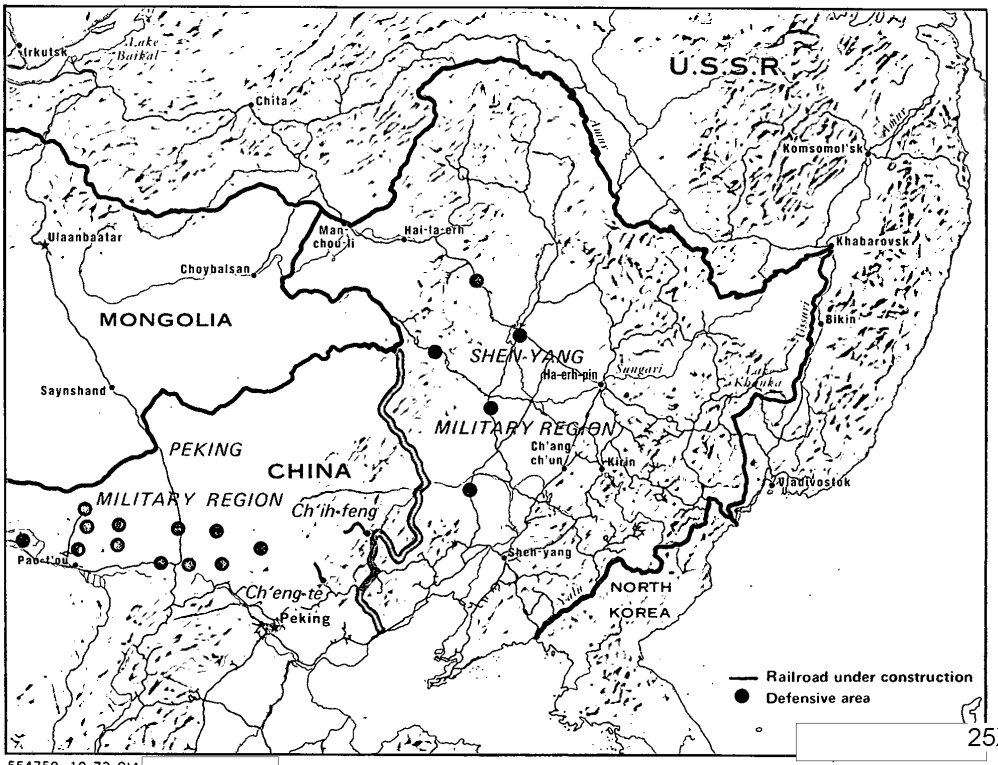
New Rail Construction in China



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CHINA

A new rail line now under construction northeast of Peking will increase Chinese ability to respond to military threats from the Soviet Union.

[redacted] about 30 miles of new rail line construction extending northwest from the city of Cheng-te. Some 30 miles of preliminary work also appear from Chih-feng toward the west. The two cities apparently will be linked. 25X1

The new rail line will provide some local economic benefits, but the pace and location of the construction suggest that its primary function will be rapid deployment of troops to the southern portion of the Shen-yang military region. Since May, elements of three of China's 15 railway engineer divisions have been moved from other areas of China to work on the line.

During the past two years the Chinese have been building defensive positions along the major road and rail lines from the Soviet and Mongolian borders. None has been observed, however, in the Chih-feng area where several roads from the north converge and offer access to Peking. A breakthrough at Chih-feng by Soviet forces could isolate Chinese forces stationed in the Shen-yang region.

Elements of China's 24th Army moved south of Cheng-te in late 1971. The new rail line will permit deployment of these and other Chinese forces in the Peking military region against such a threat.

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CAMBODIA

South Vietnam has agreed to supply 5,000 tons of rice to Cambodia, beginning with 1,800 tons today and a similar amount on Monday. These two deliveries amount to about one week's supply. Phnom Penh had been down to about six or seven days.

The US Embassy reports that firm contracts for additional rice deliveries now amount to 33,900 tons: Thailand (12,500 tons); South Korea (20,000 tons); and South Vietnam (1,400 tons). Regular delivery of the Thai rice is planned to begin next week, and South Korean shipments are tentatively scheduled to commence on November 2. These contracts represent some two months' supply at current consumption rates.

Phnom Penh now seems assured of basic rice supplies until US PL-480 deliveries begin in December--provided there are no hitches in shipping plans. Negotiations for 5,000 tons from Japan and a second allotment of 12,500 tons from Thailand have not yet been finally worked out. If these are also forthcoming, Cambodia may even be able to build up a small reserve cushion.

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UN-CAMBODIA

Prince Sihanouk's prospects are improving in the UN. The most recent estimates show that the nonaligned states and China will have sufficient votes to seat Sihanouk's delegation, provided Soviet support continues.

A working group of the Asian states supporting the Lon Nol government (Thailand, Philippines, Singapore, Indonesia, Japan, and New Zealand) believes that the pro-Sihanouk resolution now has a 15-vote margin of victory. The group is considering a move to have the Cambodian issue declared an "important question," which would require Sihanouk's supporters to muster a two-thirds vote to seat his delegation. It is unlikely, however, that the General Assembly president will so rule.

General Assembly debate on seating the Sihanouk delegation has not yet been scheduled, but the working group hopes to delay it until late in the session in order to allow maximum opportunities for lobbying.

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CHILE

The military junta apparently has settled on its plans for economic recovery and the restoration of foreign investor confidence.

The program is designed to promote a market economy, decentralize public enterprises, and reduce the government's role in the economy. It will not be generally popular, and the effects will be felt by all economic sectors. The US Embassy reports that civilian advisers to the military regime are optimistic that economic dislocations can be overcome but admit that it will take some years before meaningful results will be apparent to the general public. Meanwhile, the inflationary trend will continue, and this year's rate could go as high as 600 percent.

In an effort to stimulate agricultural recovery, the government has decreed massive price increases on many basic commodities. In order to reduce the impact on lower income groups, it has decided on new wage policies that will mainly benefit these groups. The rationale for maintaining the incomes of the poor is, in part, to gain support among those who have been the main source of leftist strength.

In an effort to renew investor confidence, Economy Minister Fernando Leniz has announced that the junta plans to return to private ownership as many as 200 small firms illegally seized by the Allende government. Leniz stated, however, that the returns would be accompanied by agreements reserving some rights to the state in order to safeguard "general interests."

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LATIN AMERICA - US

Colombian Foreign Minister Vasquez has invited his Latin American counterparts, excluding Cuba's Raul Roa, to meet in Bogota on November 14-16 to exchange views on relations with the US. The immediate purpose of the meeting, as Vasquez sees it, is to formulate an agenda for talks with Secretary Kissinger early next year. Vasquez also hopes that the meeting will lead eventually to the development of a purely Latin American consultative mechanism outside of the OAS.

A number of foreign ministers have already indicated they will attend, and the meeting seems certain to take place. The delegates will face a monumental task in putting aside their own national interests and agreeing upon a common approach to Latin American problems.

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NOTES

Japan: The trade surplus is continuing to shrink. In September, imports were about 60 percent higher than last September, but exports were up only about 25 percent. Japan's trade surplus with the US is declining at a particularly rapid rate. So far this year, imports from the US have grown by almost 60 percent, while exports have increased by only 7 percent. The trade surplus with the US for the first three quarters of 1973 has been reduced to less than half of that of the same period last year.

China-US: Three US equipment firms have been invited to China for follow-up discussions about sales of oil recovery technology and drill bits. Several other US oil firms have been invited to attend the Canton Fair. Peking's purchases of oilfield equipment in the past have been restricted largely to Romania and Japan. Recent currency revaluations, however, have made US goods more competitive.

USSR - West Germany: Three West German utilities have signed uranium enrichment service contracts--valued at $44 million--with the Soviet Union.

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The President's Daily Brief

22 October 1973

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THE PRESIDENT'S DAILY BRIEF

22 October 1973

PRINCIPAL DEVELOPMENTS

Israeli forces on the west bank of the Suez Canal have cut the supply lines of large Egyptian forces in Sinai. The Syrian front was quiet. Eight Arab governments have stopped exporting oil to the US. *(Page 1)*

25X1

Bahrain, in retaliation for US aid to Israel, has terminated an agreement allowing the US Navy to use its port. *(Page 5)*

A recent border incident is likely to increase tensions between Pakistan and Afghanistan. *(Page 6)*

West Germany and Poland have moved closer to a deal involving Bonn's credits in return for faster repatriation of ethnic Germans from Poland. *(Page 7)*

Cambodia has a new cabinet. In Tam remains as premier; most members are holdovers. *(Page 8)*

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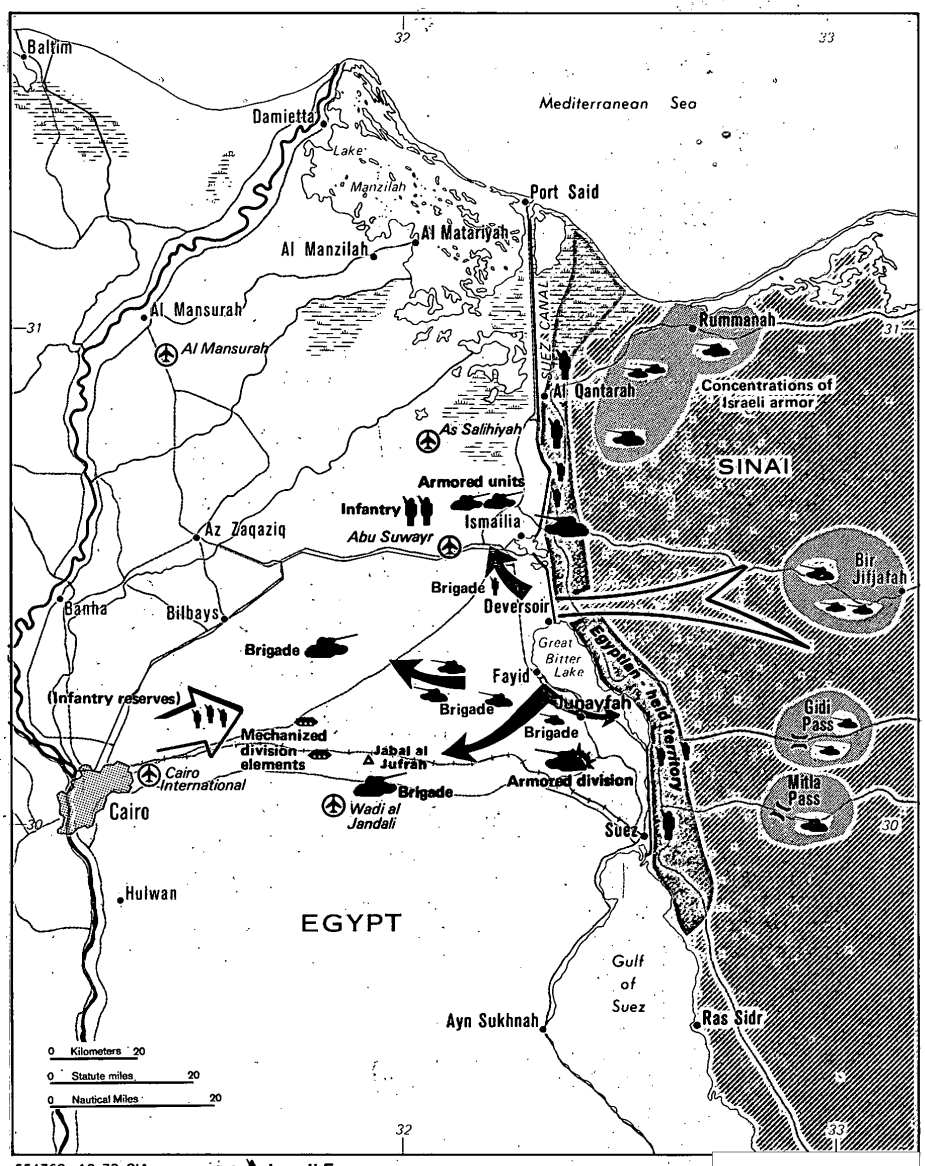
Suez Canal Zone



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ARAB STATES - ISRAEL

The three Israeli armored brigades on the west bank of the Suez Canal have expanded and consolidated their bridgehead over the weekend. To date, they have cut the roads from Cairo to Suez City and to Ismailia, thus greatly reducing the flow of supplies to Egyptian forces on the east bank.

Moreover, the Israelis have been periodically attacking a major supply line at Al Qantarah. As a result, Egyptian forces on the east bank could soon begin running short of tank, antitank, and artillery shells.

Supply shortages logically should first affect Egyptian forces fighting in the southern sector of the east bank. These forces are cut off by the Israeli corridor leading to Deversoir, and on the west bank their lines of communication to Suez City have been at least sporadically cut. Lack of supplies will limit the aggressiveness of this force and hamper any plans for thrusts toward the Mitla or Gidi Passes.

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The Israelis appear to be gaining increasing freedom of action in the skies over the Suez Canal.

The Syrian front appears to have been relatively quiet over the weekend, despite claims from both sides that their forces were attacking and counterattacking. A second Jordanian brigade was scheduled to arrive at the front today, but it may not come, in view of King Husayn's reluctance and the UN Security Council's adoption of a resolution calling for a cease-fire. Saudi Arabian troops were engaged for the first time over the weekend.

The Arabs still could again try to seize the initiative along the Syrian front. The Iraqis apparently have been heavily reinforcing their contingent

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Israeli Defense Minister Dayan admitted on Saturday that most of the Syrian Army has not been put out of action.

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The Soviets continue to build their naval squadron in the Mediterranean. It now consists of 20 major surface combatants, eight amphibious ships, two minesweepers, and 16 submarines, plus auxiliaries. This is the largest Soviet naval force ever to operate in the area. The majority of these vessels are in the eastern part of the sea.

* * *

Eight Arab states have banned the shipment of oil to the US. They are Dubai, Kuwait, Qatar, Bahrain, Abu Dhabi, Algeria, Libya, and Saudi Arabia. Iraq has nationalized Dutch oil holdings because of the Netherlands' pro-Israeli attitude. Yesterday, Algeria cut off oil shipments to the Netherlands.

* * *

The Security Council resolution calling for a cease-fire has been endorsed by the Israelis, with a qualification that withdrawal is subject to replacement of the 1967 cease-fire lines with secure and recognized boundaries defined in a peace treaty with the Arabs. Israel may request boundary guarantees from the US and the USSR, and is insisting on return of its prisoners.

Although Egypt has not yet made any comment, acceptance of a cease-fire seems likely. Foreign Minister Zayyat made no suggestion in the Council meeting that Egypt would reject the resolution; the fact that his Arab allies voted affirmatively indicates that Zayyat had given his approval. Egypt could, however, withhold formal endorsement of the full resolution as a bargaining point in the negotiations.

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There has been no immediate response from Syria, which would lose the most territory in a cease-fire at present positions. Syria was not represented at the start of the Security Council session, and there were press reports that Damascus was boycotting the meeting. [redacted] 25X1

As of early this morning, fighting was reportedly light on the Egyptian front and was confined to Israeli air patrols over the Syrian front. 25X1

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USSR - MIDDLE EAST

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FOR THE PRESIDENT ONLY

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BAHRAIN-US

Bahrain formally served notice on the US Embassy on Saturday, terminating the Middle East Forces Stationing Agreement in retaliation for US support of Israel. The Foreign Minister confirmed Bahrain's intention to honor the accord's provision for one-year's notice from October 20, 1973. He commented, however, that Bahrain would prefer an earlier departure of the US Navy, if feasible.

The Foreign Minister stated that Bahrain's action was prompted by the President's submission to Congress of the "large emergency security assistance bill." He added that the announcement of the Arab oil cutback had brought pressure on Bahrain, which has no oil, to take some other action against the US.

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PAKISTAN-AFGHANISTAN

A recent incident along the border is likely to increase tensions between the two countries. The Afghans captured a small Pakistani paramilitary force that had crossed the frontier, allegedly in pursuit of smugglers. Islamabad has expressed regret, offered to compensate the family of an Afghan soldier killed during the incident, and asked Kabul to return the captured Pakistanis.

Kabul will probably react sharply to the incursion and refuse to release the intruders. Only last week, the Afghans warned Islamabad of "very serious consequences" if Pakistan did not cease "provocations" along the border, and they may be genuinely concerned over Pakistani reinforcement in the frontier area. The Pakistanis recently brought a 1,500-man armored unit into an area normally guarded by frontier forces, and President Bhutto's decision to reactivate a road-building project close to the border has increased Afghan anxieties.

Islamabad's actions reflect Bhutto's growing concern over Kabul's attempts to promote self-determination for minorities living on both sides of the border. There is no evidence that Afghan forces have deployed in anticipation of military action against Pakistan, but the Afghans may be training minorities for guerrilla warfare.

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WEST GERMANY - POLAND

The joint communiqué following Foreign Minister Scheel's three-day visit to Warsaw recorded Bonn's willingness to promote low-interest private credits to Poland. For their part, the Poles promised to facilitate the repatriation of ethnic Germans from Poland.

While Scheel was in Warsaw, the West German ambassador told US Embassy officers that the Poles had offered to repatriate about 50,000 people, while Bonn was pushing for about 200,000. As for the credits, Poland was reportedly seeking "significantly higher" amounts than the West Germans were prepared to offer.

The vagueness of the communiqué indicates that the two sides were not able to reach full agreement on either of these key issues, and this presumably is why the Polish Foreign Minister will soon make another "working visit" to Bonn. He was there only last month. An announcement that Polish party chief Gierek will visit West Germany early next year shows, however, that the two countries expect to be able to make satisfactory progress toward resolving the problems that remain.

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NOTE

Cambodia: A new 29-member cabinet was announced in Phnom Penh yesterday. In Tam remains as premier, and most of the members are holdovers. The principal change is the creation of three vice premiers and a minister of state, each with responsiblity for co-ordinating the activities of related ministries. In Tam was given the portfolios for Interior and Religion that he has long wanted, apparently in compensation for accepting two supporters of Lon Nol and one of Sirik Matak as vice premiers.

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The President's Daily Brief

23 October 1973

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THE PRESIDENT'S DAILY BRIEF

23 October 1973

PRINCIPAL DEVELOPMENTS

Israel announced this morning that it will continue to fight on the Egyptian front because of Egyptian violations of the cease-fire. Cairo, in turn, has accused Israel of using the night following the cease-fire to strengthen its position on the west side of the Suez Canal. Cairo says it will attack Israeli units in the positions they occupied after the cease-fire. *(Page 1)*

Arab oil and monetary pressures since the war began have caused the dollar to weaken only slightly. Losses have ranged between 0.5 and 1.5 percent relative to the major European currencies. *(Page 3)*

Prime Minister Souvanna's decision to halt the airlift of Lao Communists into Vientiane further complicates implementation of the peace accords. Souvanna moved after high officials complained they were unable to monitor arrivals because of Communist obstructionism. *(Page 4)*

In Thailand, the new government is trying to get more support from the students as well as the military. Preoccupied with domestic problems, the new leaders continue to avoid pronouncements on foreign policy. *(Page 5)*

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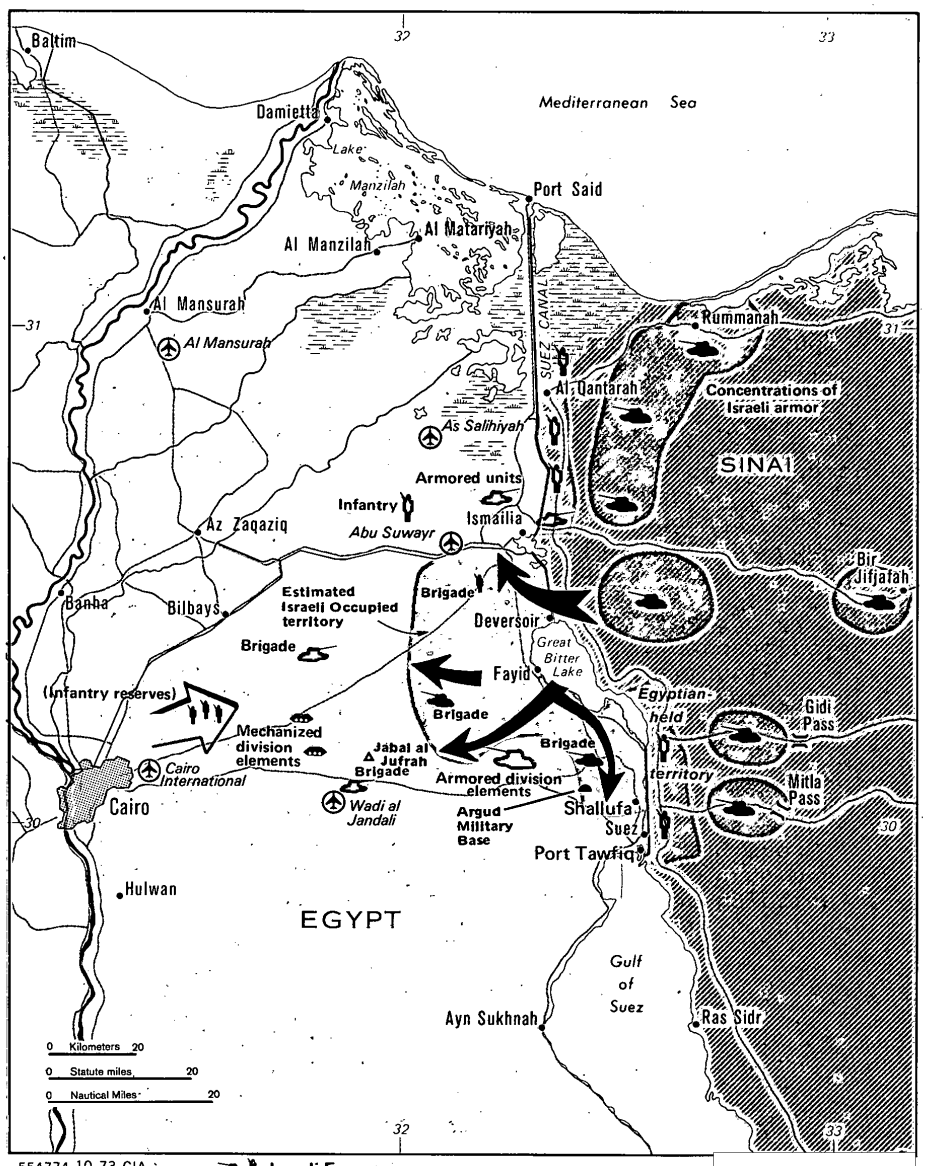
Suez Canal Zone



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ARAB STATES - ISRAEL

Israel announced this morning that it will continue to fight on the Egyptian front because of Egyptian violations of the cease-fire. The Israelis say Egypt opened heavy fire this morning on Israeli forces on the west bank of the Suez Canal. The Egyptians, in turn, have accused Israel of using the night following the cease-fire to "occupy positions between our forces, especially on the west side of the canal," and announced that Egypt will attack Israeli units in the positions they occupied after the cease-fire.

[redacted] some Egyptian units were ordered yesterday afternoon to continue combat operations despite the cease-fire, but it is not clear that Egypt "incessantly and continuously" violated the agreement, as Israel claims. The Israelis, who have made important gains on the west bank over the past few days, may have required little in the way of Egyptian provocation before deciding to press their military advantage. 25X1

There was a brief respite yesterday at the time the cease-fire came into effect, but hostilities resumed quickly at the center of the Egyptian front. Tel Aviv claimed that Egyptian forces began shelling near Ismailia about an hour after the cease-fire deadline, and late last night Israeli spokesmen charged that Egypt was using "all sorts of weapons" along most sectors of the front. From the start, the Egyptians accused Tel Aviv of making false allegations as an excuse to break the cease-fire.

The Syrian front saw heavy fighting yesterday, particularly on the slopes of Mount Hermon, over which the Israelis claimed control following a major assault prior to the cease-fire deadline. There was continued fighting throughout yesterday, however, and the extent of Israeli control is unclear. The Israelis also mounted air and artillery attacks against fedayeen bases in Lebanon opposite Mount Hermon.

(continued)

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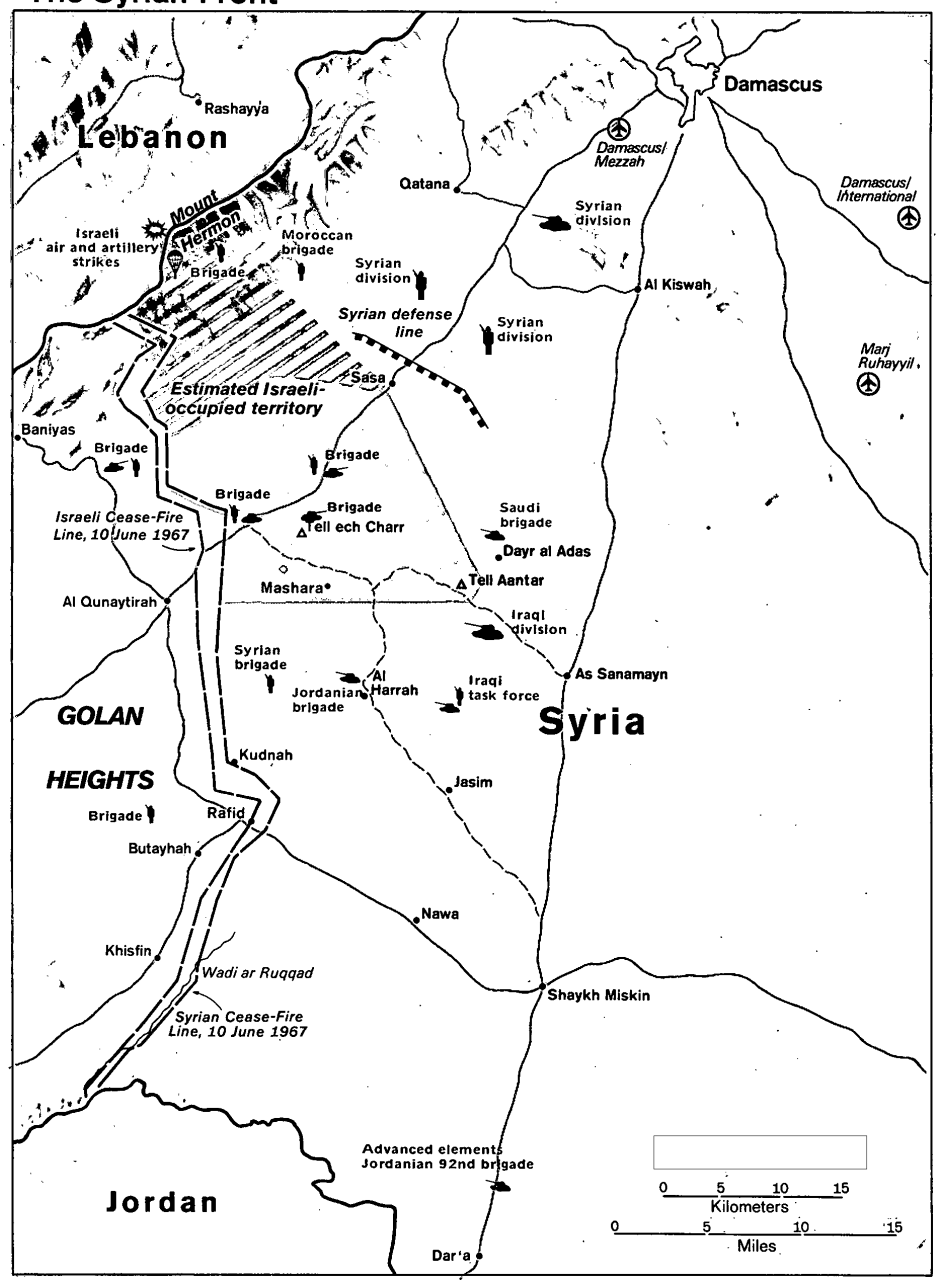
The Syrian Front



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Syria's failure to accept or reject the cease-fire resolution, together with reports of protracted high-level meetings yesterday in Damascus, suggests that Syrian leaders were having trouble reaching a consensus. Israeli advances in the Mount Hermon area and Iraq's refusal to stop fighting undoubtedly complicated their calculations. [redacted] In view of the resumed hostilities on the Egyptian front, however, there is bound to be continued fighting on the Syrian front as well. There are reports of Israeli air strikes and shelling in the Mount Hermon area early this morning.

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* * *

[redacted]

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[redacted]

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INTERNATIONAL MONETARY DEVELOPMENTS

The dollar showed little change on world money markets yesterday. US vulnerability to Arab oil and monetary pressures caused the dollar to weaken only slightly since the outbreak of Middle East fighting. The losses have ranged between 0.5 and 1.5 percent relative to the major European currencies.

Several factors have kept the dollar in its relatively strong position:

--Europe is itself exposed to Arab oil pressures and would also suffer under an Arab oil embargo of the US.

--Currency traders are reluctant to speculate against what many feel is an already undervalued dollar.

--Capital controls make it more expensive to shift money into the stronger European currencies.

--Doubts about the long-run strength of sterling and the French franc make those currencies an unattractive alternative to the dollar.

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LAOS

Prime Minister Souvanna's decision to suspend the airlift of Lao Communists to Vientiane further complicates implementation of the peace accords. Before the standdown on October 19, 380 Communists had arrived in the capital to serve on the joint security force, and the Communists had planned to continue the airlift through this week. The Prime Minister halted the flights after the Lao Army deputy commander in chief and government delegates to the Joint Committee to Implement the Agreement complained that they were unable to monitor the arrivals because the Communists have kept the committee from meeting.

For their part, the Communists have protested restrictions on their movement in Vientiane and contend that the facilities available to them there are inadequate. They claim they cannot assign personnel to the joint committee until the situation improves.

Souvanna has apparently decided to disabuse the Communists of the notion that they can extract more concessions before agreeing to activate the joint committee. His curtailment of the Communist flights also shows that he must continue to take into account rightist sensitivities on important matters such as the movement of Communists into Vientiane.

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THAILAND

The new government is trying to widen its base of support. Recognizing the students' new-found political muscle, Prime Minister Sanya has established an office, headed by Army General Saiyud, to facilitate student participation in government affairs. Saiyud has told US Embassy officers that he is impressed by the students' desire to cooperate with the Sanya government.

Meanwhile, Prime Minister Sanya, aware of the need for army support, has appointed army officers to several key posts, including chief of police, and has named a military man to head the prime minister's staff. The new leaders have tried to soften public criticism of the army's role, however, by announcing that officers entering the government will give up their military posts.

Preoccupied with domestic problems, Sanya and his cabinet continue to avoid public statements on foreign policy.

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The President's Daily Brief

24 October 1973

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THE PRESIDENT'S DAILY BRIEF

24 October 1973

PRINCIPAL DEVELOPMENTS

Israel and Egypt have agreed to the new cease-fire resolution. Israeli forces were inside Suez city as the cease-fire was to take effect, following a day of heavy fighting in the area. *(Page 1)*

Saudi Arabian officials would like to minimize the damage the current crisis may do to US-Saudi relations, but they may consider applying additional pressures on the US if there is no Israeli withdrawal from some Arab lands. *(Page 3)*

Saudi Arabia and Kuwait [redacted] 25X1
[redacted] 25X1
(Page 4)

Ethiopia has broken relations with Israel, the ninth and most important black African state to do so since the war started. *(Page 5)*

Lon Nol has formally reactivated the Cambodian legislature amid indications that while the cabinet he announced on Sunday may be more competent, it is unlikely to be any more popular than its predecessor. Sihanouk has also made some changes in his "government." *(Page 6)*

The new government in Turkey, if headed by Bulent Ecevit, may lift the ban on opium production. 25X1
(Page 7)

Notes on [redacted] the World Peace Congress in Moscow, North Vietnamese troop infiltration into the South, and the latest Sino - North Vietnamese agreements appear on *Page 8*.

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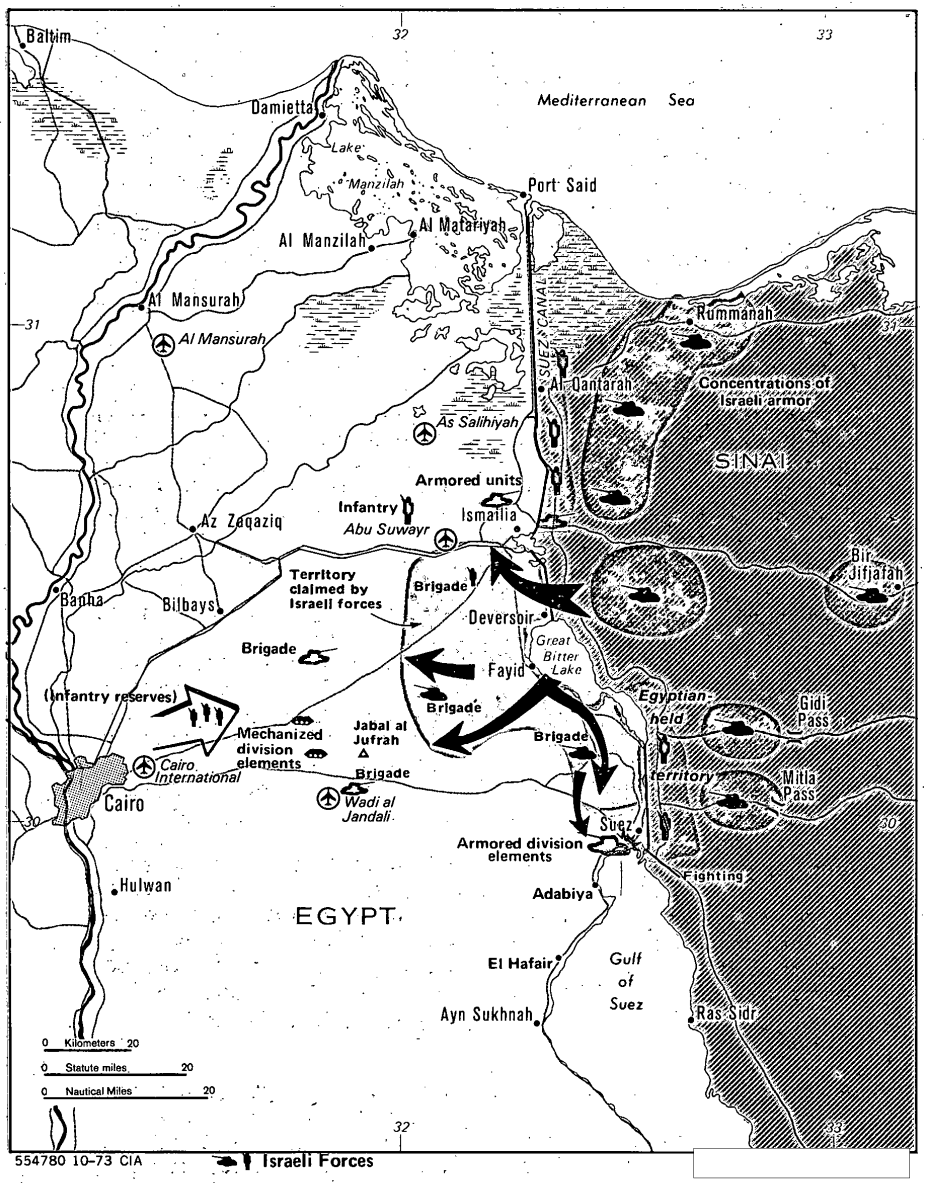
Suez Canal Zone



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ARAB STATES - ISRAEL

Israel and Egypt have agreed to a new cease-fire, which was to have taken effect at one o'clock this morning. Hostile military activity decreased sharply, although some skirmishing was reported in the area of Suez city and along the east bank of the canal after the cease-fire was to have taken effect.

The Security Council resolution approved last night reaffirms the cease-fire call of last Monday and urges all parties to return to the positions they occupied at the time that truce became effective. The new resolution also requests the Secretary General to dispatch UN observers to supervise the cease-fire along the Egyptian front.

Three UN observer teams were to be sent to the west bank of the Suez Canal, and Israeli Defense Minister Dayan was scheduled to meet last night with a UN representative to discuss the placement of observers along the east bank. Some UN teams have remained on the Syrian front throughout the war and should continue reporting without additional instructions. Damascus has finally announced its acceptance of the initial cease-fire resolution.

On the Egyptian front yesterday, heavy fighting occurred near Suez as the Israelis continued to push south. By late evening, an Israeli armored column had reached Adabiya on the Gulf of Suez. Later reports indicate that Israeli units were advancing on Suez city, and by the time the cease-fire was to go into effect lead elements were engaging Egyptians in the naval base inside the city. [redacted] If the city were to fall, Egyptian forces in the southern sector of the Sinai would be cut off from their supply lines and the Israelis could effectively block their return from the east bank. 25X1

25X1

[redacted] 25X1

25X1 25X1 25X1 25X1 25X1 25X1

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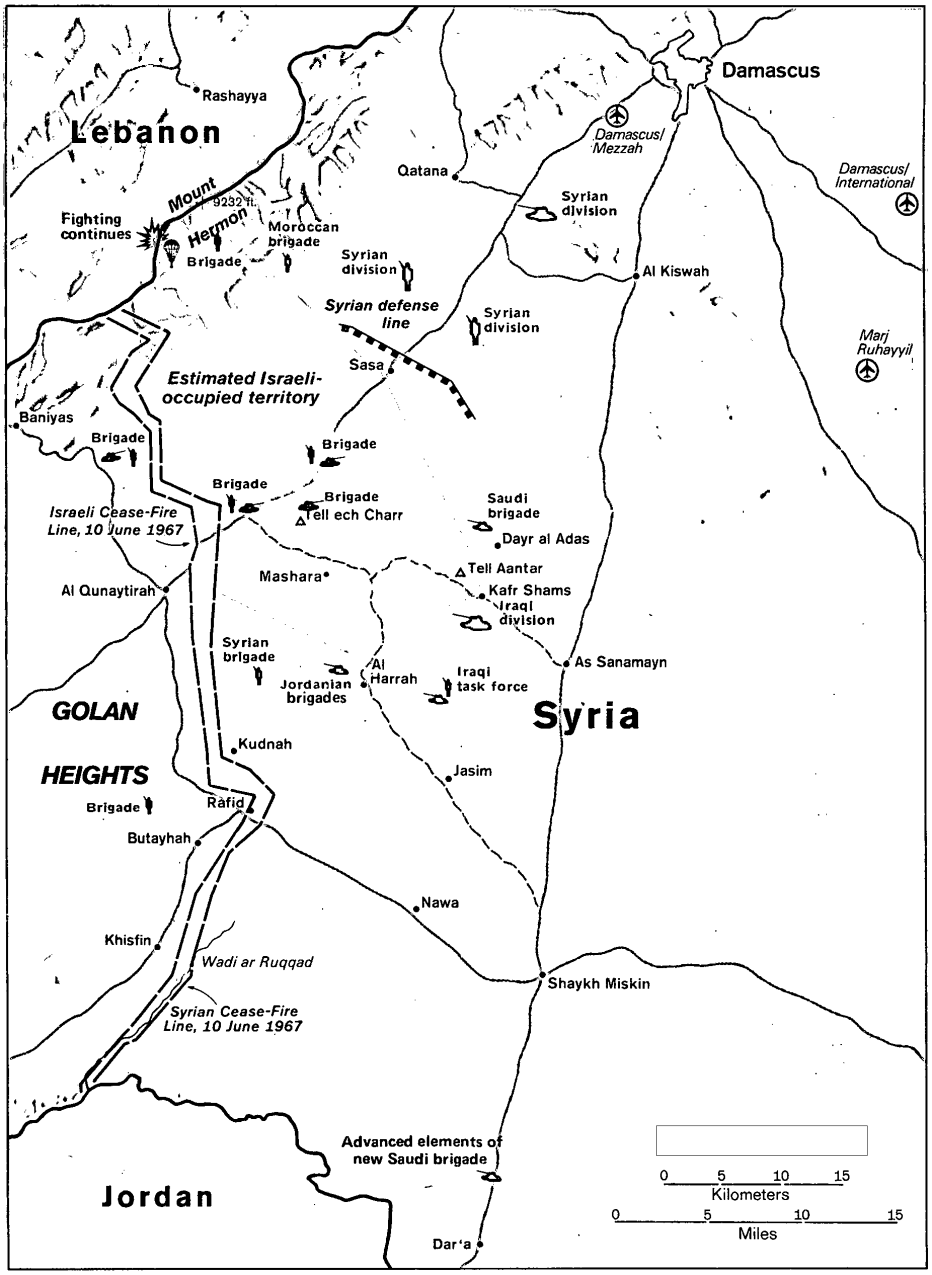
The Syrian Front



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Fighting on the Syrian front yesterday was limited to air strikes and artillery duels in the Mount Hermon area. Damascus claimed to have shot down 11 Israeli aircraft, while Tel Aviv said it destroyed 10 Syrian fighters. Early this morning, the Israelis were shelling the ports of Latakia and Baniyas from offshore. [redacted] Damascus claimed that one Israeli vessel was sunk. [redacted]

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* * *

In a speech to the Knesset yesterday, Prime Minister Meir emphasized that Israel had accepted the cease-fire on Monday from a position of strength. She noted that Israeli forces on the west bank of the Suez Canal constitute a powerful base from which to launch future operations if they become necessary. Mrs. Meir stressed again the necessity for direct negotiations between Israel and the Arabs, adding that there would be "no Israeli withdrawal until a binding peace settlement" is achieved.

Cairo claimed that the Meir speech proved Israel's responsibility for the cease-fire violations, and asserted that the US, as a sponsor of the cease-fire resolution, has a special responsibility for curbing Israel.

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SAUDI ARABIA - US

The US Embassy in Jidda reports that senior Saudi officials want to minimize the damage the present crisis may do to US-Saudi relations, and that they view a cease-fire as an important positive step. If a cease-fire is not followed by an Israeli withdrawal from at least some Arab lands, or if renewed fighting results in major Arab reversals, the Saudis may consider applying more pressure on the US. 25X1

[redacted] told the embassy 25X1
that King Faysal may have in mind a number of additional sanctions, and that the nationalization of ARAMCO is probably high on the list. Other measures could include further cuts in oil production, termination of US military overflights, and withdrawal of Saudi funds from the US.

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ARAB MONETARY ACTIVITY

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AFRICA-ISRAEL

Ethiopia yesterday became the ninth and most important black African country to sever relations with Israel since the beginning of the war in the Middle East. Ethiopia had long maintained strong ties with Israel, which has been second only to the US as a source of technical and military assistance. The Emperor apparently came to believe, however, that he could no longer resist pressures from both the Arab and African camps.

Haile Selassie's decision may influence other important African leaders who are still on the fence, particularly Nigeria's General Gowon, the current head of the OAU. Gowon has been under intense pressure from within his own government and from Arab states to break with Israel. Continued fighting and Israeli diplomatic rigidity on a settlement could convince him to follow Ethiopia's example.

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CAMBODIA

President Lon Nol formally informed the legislature yesterday that the High Political Council would continue as the country's ruling executive. The President also authorized the legislature--which has been in suspension for the past six months--to resume an active governmental role. Although the other three members of the council were opposed in varying degrees to the legislature's recall, Lon Nol evidently won them over by giving posts to their political supporters in the new cabinet announced on October 21.

The new cabinet broadens the government's support; for the first time in over a year it includes representatives from the opposition Republican Party. The US Embassy suggests that the appointment of reasonably competent vice prime ministers may lead to some improvement in the government's performance, but that it is unlikely to be any more popular than its predecessor.

The "new" look in Phnom Penh probably will not help to bridge the growing gap between the military establishment and the civilian leadership, however. Such key officers as Cambodian Army commander in chief General Fernandez recently have been contending again that the army is being "neglected" and that the war effort is being undercut as a result of civilian politicking.

* * *

Meanwhile, Prince Sihanouk has announced in Peking that all cabinet posts within his "government"--except the foreign ministry--will be turned over to the leaders of the "internal resistance." Most of the individuals who will lose their cabinet positions are members of the Prince's entourage.

Sihanouk indicated that this move is aimed at giving more ammunition to his backers at the UN, who are seeking to disprove charges that the Sihanouk government is a government-in-exile. Sihanouk did not name the new cabinet members, but a cabinet chosen from among insurgent leaders in the field probably will be less responsive to the Prince.

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TURKEY

The new government that will take office shortly after the newly elected representatives to the National Assembly are sworn in today could lift the ban on opium production. Republican People's Party leader Ecevit, who may form a coalition government with the right-wing National Salvation Party, reportedly believes US compensation is inadequate, and has indicated that he hopes to have the ban lifted by the end of the year.

The two parties also have some other economic and foreign policy views in common, but they represent opposite sides in Turkey's basic schism between Westernization and Islamic traditionalism. The coalition will be inherently fragile and will have a hard time pushing legislation through parliament.

Suleyman Demirel, the leader of the Justice Party, which lost about a fourth of its seats in the assembly, says his party will play the role of a "responsible opposition." Demirel is not anxious to bring down the next government and force early elections, preferring to give the Republicans time to make mistakes and his own party time to reorganize.

Most junior army officers reportedly are happy with Ecevit's victory, believing that he will develop a more self-reliant and independent foreign policy for Turkey. Thus far, there has been no reaction from the senior officers who consider themselves the guardians of Ataturk's modernizing reforms.

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NOTES

USSR: [redacted] 25X1

[redacted] 25X1

World Peace Congress: The opening session of the World Peace Congress in Moscow tomorrow will probably hear an address by Brezhnev. Although Moscow is in firm control of the Congress, one "non-socialist" attendee, Sean McBride of Amnesty International, has raised the issue of Soviet treatment of dissidents at preliminary work sessions and may do so at the Congress itself.

Vietnam: Hanoi will continue to dispatch regular combat infiltration groups at the rate of "one group a day," according to an intercept from the North Vietnamese panhandle. About 18,000 troops have set out since the beginning of September. Of these, 4,000 are headed for northern South Vietnam; the remainder are earmarked for duty along the logistics system in Laos, Cambodia, and western South Vietnam.

China - North Vietnam: A trade agreement and a protocol on Chinese economic aid were signed late last week, completing negotiations for aid and trade for next year. Such agreements have been concluded annually since 1970, and have been heavily weighted on the side of military aid. This presumably is no longer the case, although the announcement was not specific.

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The President's Daily Brief

25 October 1972

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THE PRESIDENT'S DAILY BRIEF

25 October 1973

PRINCIPAL DEVELOPMENTS

The cease-fire appears to be working on the Syrian front, but fighting continued through most of yesterday on the Egyptian front south of the Great Bitter Lake on both banks of the Suez Canal. At last night's Security Council session, eight nonaligned states presented a resolution to create a UN emergency peacekeeping force for the Middle East. 25X1

25X1

25X1

(Page 1)

Bonn, nervous over possible Arab retaliation, has requested the US to cease resupplying Israel from American military depots in the Federal Republic. *(Page 3)* 25X1

25X1

Cambodian Army Commander-in-Chief General Fernandez continues to grumble about the deficiencies of Cambodia's civilian leadership and has even gone so far as to talk openly about a coup against the new In Tam government. *(Page 5)*

Chile wants to negotiate with three US copper companies whose property was expropriated by the Allende government. *(Page 6)*

Soviet party chief Brezhnev has advanced the date of his visit to Cuba and will arrive on October 31 instead of sometime in December as earlier scheduled. *(Page 7)*

Foreign capitals continue to express disappointmnet with the lack of progress toward monetary reform at the Nairobi meeting. *(Page 7)*

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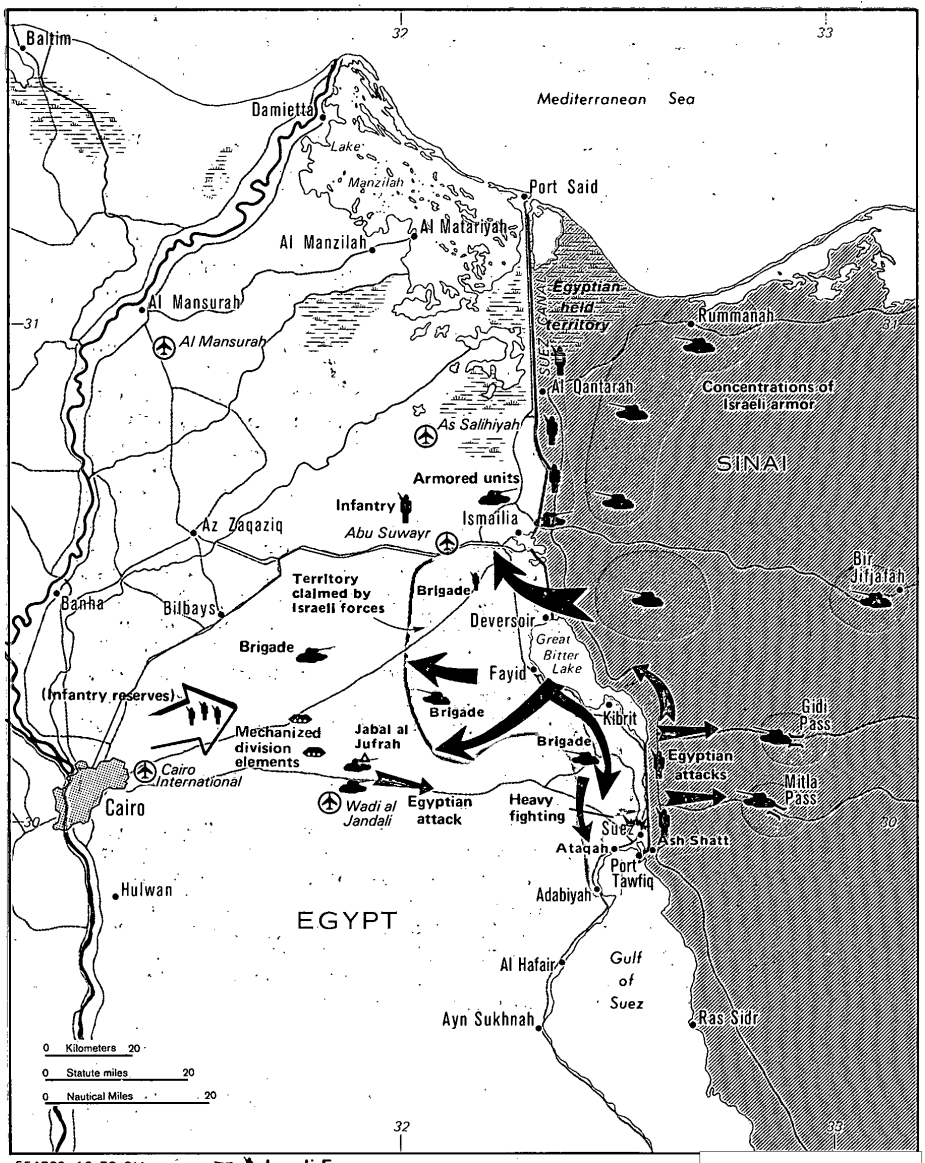
Suez Canal Zone



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ARAB STATES - ISRAEL

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

[redacted] Egyptian units on the east bank launched a two-pronged, tank-supported attack toward the Gidi and Mitla passes and made some gains before being halted by Israeli forces. There is no clear indication, however, what positions these Egyptian units now hold. 25X1

Israeli forces captured the Egyptian naval base at Adabiyah, south of Suez city, yesterday morning, and fighting continued in and around Suez city throughout the day. Egyptian armored forces on the west bank tried unsuccessfully to launch an operation to reopen the road from Cairo to Suez. By nightfall, fighting had died down to sporadic artillery fire.

Large Egyptian forces apparently remain within the Israeli enclave on the west bank of the canal. Israeli aircraft yesterday attacked 20 to 30 Egyptian tanks there and an Egyptian convoy of 50 to 60 trucks. Elsewhere along the Egyptian front, the cease-fire appears to be in effect.

Calm generally prevailed along the Syrian front, but the Israelis have been shelling fedayeen positions in Lebanon. Tel Aviv has warned Beirut that it will have to bear the consequences of any further terrorist activity against Israel by the fedayeen in Lebanon.

At last night's Security Council session, eight nonaligned states presented a resolution to create a UN emergency peacekeeping force for the Middle East. Their resolution would enlarge the existing UN observer force, and it reiterates earlier calls for an immediate cease-fire and withdrawal to positions held at 1750 GMT Monday. The nonaligned proposal followed an Egyptian request that Soviet and US troops enforce the cease-fire. The Soviets made no promise to provide supervisory forces, although they argued that the request was justified by continued Israeli violations of the truce. The council is scheduled to reconvene at 1030 this morning to debate the nonaligned draft.

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The Syrian Front

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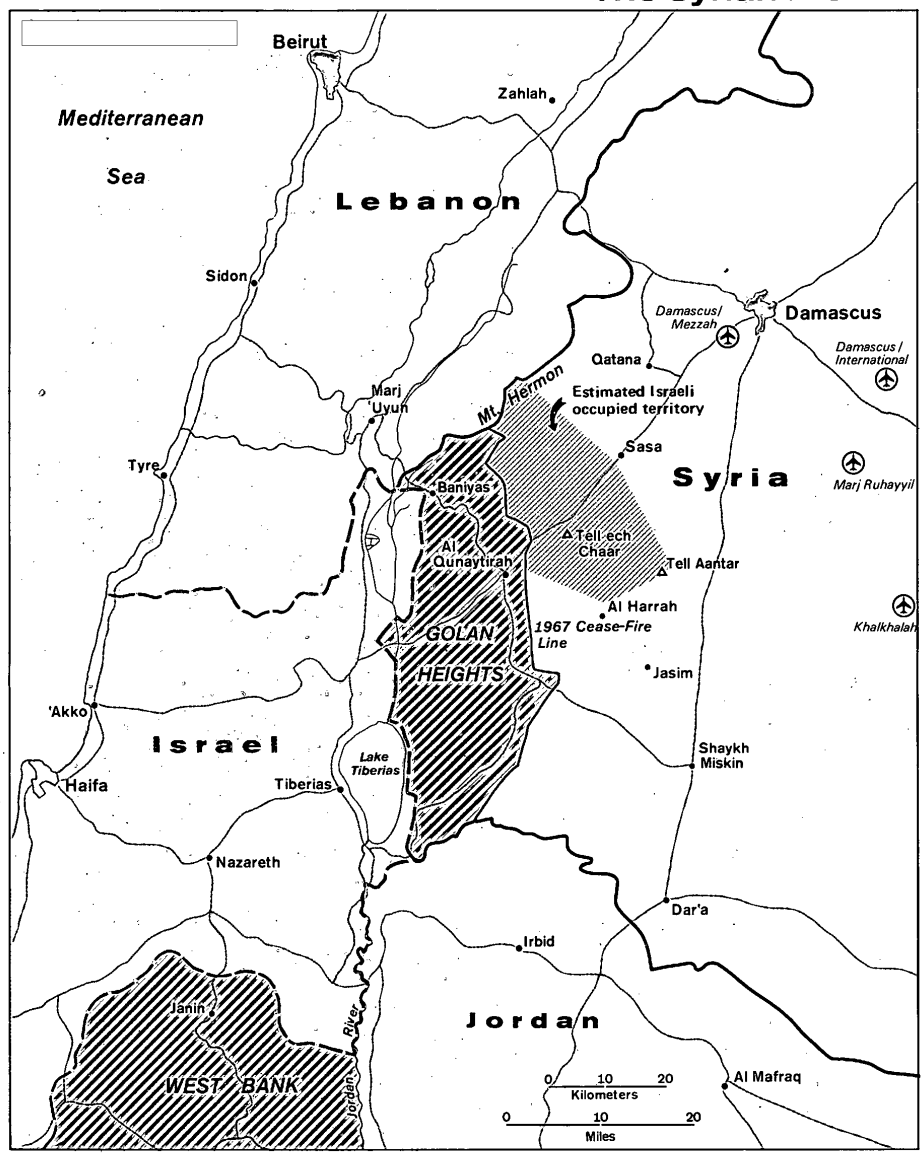

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All seven UN observation teams planned for the Egyptian side of the cease-fire line have been dispatched and are reporting. Most teams, however, are uncertain of the location of front line positions, and three teams on the southern sector have been held up by fighting northwest of Suez city. Israel is delaying efforts to establish stations on the east bank, and no observer patrols have reached that area. Damascus wants observation teams installed along the Israeli bulge into Syrian territory, and this is the present UN plan.

The Chinese have not tried to block either cease-fire call, undoubtedly out of deference to Arab wishes. China has described the UN cease-fire resolutions, however, as ploys to bolster superpower hegemony in the Middle East. Throughout the fighting the Chinese have limited themselves to strong verbal support for the Arabs and pledges of additional economic aid to Egypt.

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WEST GERMANY

Bonn is nervous about possible Arab retaliation for permitting the US to resupply Israel from American military depots in the Federal Republic.

The government fears that its "even-handed" approach to the Middle East dispute has been compromised, that the Arab states may again sever relations, and that oil deliveries may be halted. Despite a public posture of relative unconcern, German officials are worried about the possible impact that restrictions caused by a lengthy oil embargo would have on public opinion and on Bonn's NATO commitments.

These points were made forcefully to Ambassador Hillenbrand on Tuesday by State Secretary Frank at the behest of Foreign Minister Scheel. According to Frank, Bonn hopes that the US will cease its resupply effort with the advent of the cease-fire. Yesterday Frank made an even stronger request to a senior US embassy official when he asked that the US immediately take steps to stop further deliveries. He also stated that his government has instructed an Israeli ship now in a West German port to complete its loading and depart quickly, and said that other scheduled Israeli ships will not be permitted to pick up military cargo.

This position evidently was adopted at a "rump" cabinet meeting on October 23. Defense Minister Leber, a staunch supporter of Israel, was not present; later he told Hillenbrand that he would support the continuing resupply of Israel if the US wished. The Ambassador suspects, however, that the Chancellor and a majority of the cabinet share Foreign Office worries.

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USSR - MIDDLE EAST

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The Soviets publicly accused Israel on October 23 of violating the cease-fire and threatened Tel Aviv with the "gravest consequences" if it did not stop its "aggression."

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CAMBODIA

Cambodian Army Commander-in-Chief General Fernandez is continuing to grumble about the deficiencies of Cambodia's civilian leadership and its "neglect" of the military. Fernandez has even gone so far as to talk openly about a coup against the new In Tam government. Fernandez evidently is telling contacts that the US is supporting him despite the fact that Chargé Enders told him and other military leaders on October 21 that any political turnover in Phnom Penh would be disastrous. Chargé Enders now intends to weigh in with Fernandez in an even more forceful manner than he did four days ago.

Fernandez evidently is also on the outs again with Lon Nol because of the President's intention to strip him of the authority to make key personnel assignments in the military. Their relations obviously will not be improved by Fernandez' recent intemperate remarks to the general staff which includes several officers loyal to Lon Nol.

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CHILE

Chile wants to negotiate with three US copper companies whose property was expropriated by the Allende government. The US Embassy in Santiago reports that Foreign Ministry Economic Adviser Orlando Saenz has met company representatives, formulated tentative plans, and has asked for company reactions to them.

Saenz believes there should be relatively little difficulty in reaching terms with the Cerro Corporation along lines of an arrangement worked out between the company and the Allende government but never implemented. He hopes for an agreement with Anaconda that would provide for technical assistance and the company's help in developing a new ore deposit. Saenz is concerned about negotiations with Kennecott, however, and believes that the company may insist on its demand for $600 million in compensation. Chile is prepared to offer up to $160 million.

Chile needs technical help in running the copper mines and wants to encourage foreign credits and investment. In resolving its disputes with the copper companies, however, Santiago cannot afford to appear to be selling out Chilean sovereignty and if pressed too hard could react defensively.

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NOTES

USSR-Cuba: Soviet party chief Brezhnev has advanced the date of his visit to Cuba and will arrive on October 31. Brezhnev had been scheduled to make an official visit to Cuba "in December of this year and January of next year," according to the Soviet announcement made last July. There is no clear reason for the change.

International Monetary Reform: Foreign capitals continue to express disappointment with the lack of progress toward monetary reform at the Nairobi meeting. The Dutch, in particular, consider the initial outline presented at the conference as a step backwards since, in their view, it glosses over both fundamental and technical differences among nations. They were also disturbed at what they saw as an emerging economic "Big Five"--the US, the UK, West Germany, France, and Japan. Although the Italians and the Dutch are unhappy over the lack of results, French Finance Minister d'Estaing has indicated that he thinks the time is not yet ripe for reform and that improvement in the US balance of payments position would help.

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The President's Daily Brief

26 October 1973

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THE PRESIDENT'S DAILY BRIEF

26 October 1973

PRINCIPAL DEVELOPMENTS

The Middle East cease-fire is largely being observed. Seventy Soviet troops arrived in Cairo yesterday, ready to reinforce the UN observers on the scene, but were rejected by Secretary General Waldheim. A Soviet ship, probably carrying nuclear weapons, arrived at its destination--most likely Alexandria--on October 24. *(Page 1)*

Some 13,000 men are on the infiltration trail from North Vietnam to the area of South Vietnam supervised by COSVN and to the central highlands. Yesterday, government forces lost a battalion-sized unit in the highlands near Pleiku. *(Page 3)*

Common Market members are moving closer to French positions on the draft declaration of Atlantic principles. *(Page 4)*

[redacted] 25X1

[redacted] *(Page 5)* 25X1

Greece's Prime Minister Markezinis is encouraging politicians of all stripes to participate in the coming elections. *(Page 6)*

There are notes on: Nigeria's break in relations with Israel, Chinese wheat purchases, Soviet tenders for a large amount of US soybean meal, the formation of a Latin American Energy Organization, Japanese aid to Cuba, and Argentinian pressure on US firms to trade with Cuba. *(Pages 7 and 8)*

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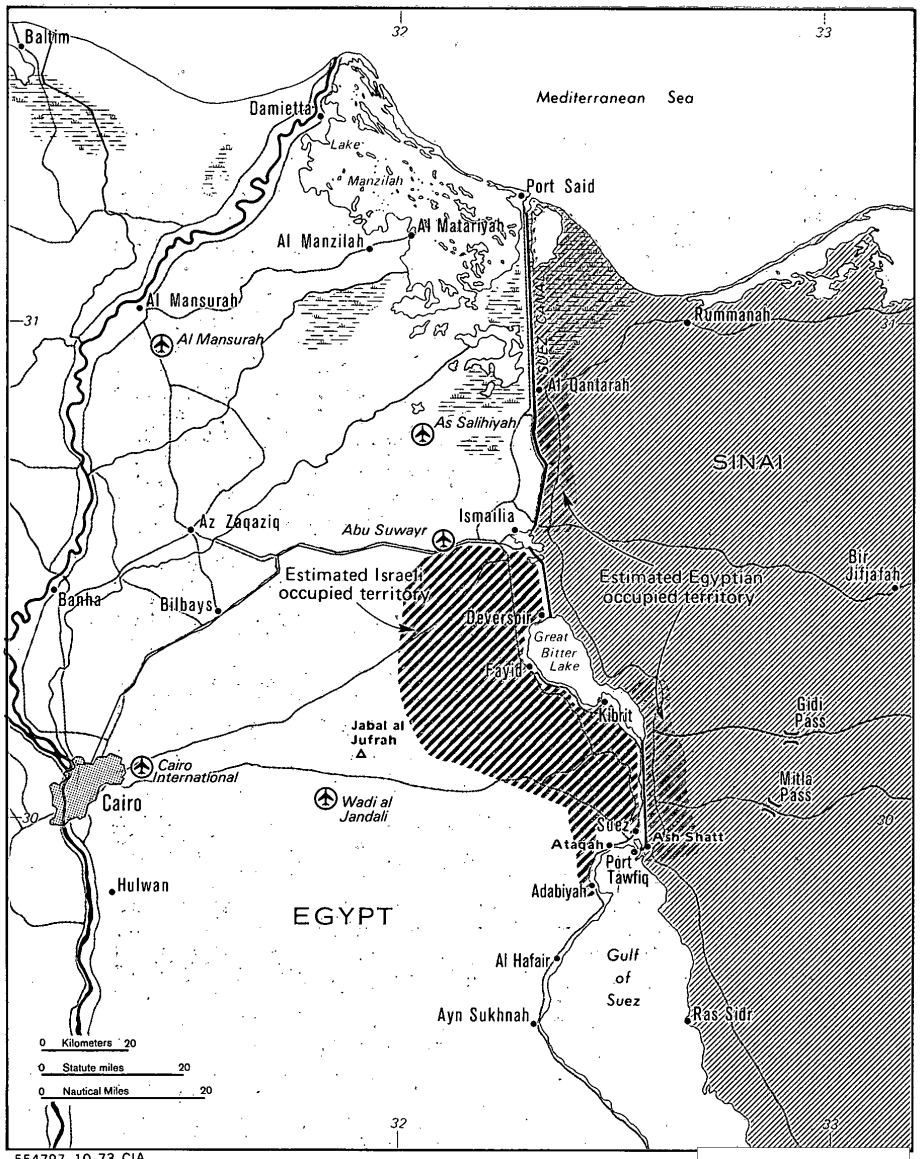
Suez Canal Zone



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ARAB STATES - ISRAEL

25X1

Both fronts were relatively quiet yesterday. Most forces appeared to be under orders to observe the cease-fire. [redacted] 25X1 Egyptian 3rd Army remains cut off on the east bank, but there are no indications that it is about to surrender.

At the UN, the Security Council approved a resolution by eight nonaligned nations authorizing a new UN Emergency Force. Last evening Secretary General Waldheim announced he was transferring more than 900 men from UN forces on Cyprus to the Middle East as an "interim measure."

These developments have probably reduced--at least for the present--the threat of unilateral Soviet action. The Communists, however, clearly intend to play a more active role in Middle East peacekeeping than heretofore.

During the Security Council debate, Soviet Ambassador Malik indicated that he expected troops from Communist and nonaligned countries to participate in the new peacekeeping force. Seventy Soviet soldiers arrived in Cairo yesterday, ready to join the UN observers on the scene; Secretary General Waldheim denied them permission to do so.

The initial TASS report on Secretary Kissinger's press conference yesterday is positive, and gives no hint of US concern about Soviet intentions. TASS stresses the Secretary's remarks regarding joint Soviet-US actions to resolve the crisis and quotes his references to the "most promising" possibilities for peace in the Middle East. There has been no public Soviet reaction to the announcement that US forces are on alert.

However, part of the Soviet naval force near Crete--a missile frigate, four destroyers, and two amphibious ships--began moving south toward the combat area after US forces were alerted on October 25. The ships are now holding 80 to 100 nautical miles north of the Egyptian coast.

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The Syrian Front

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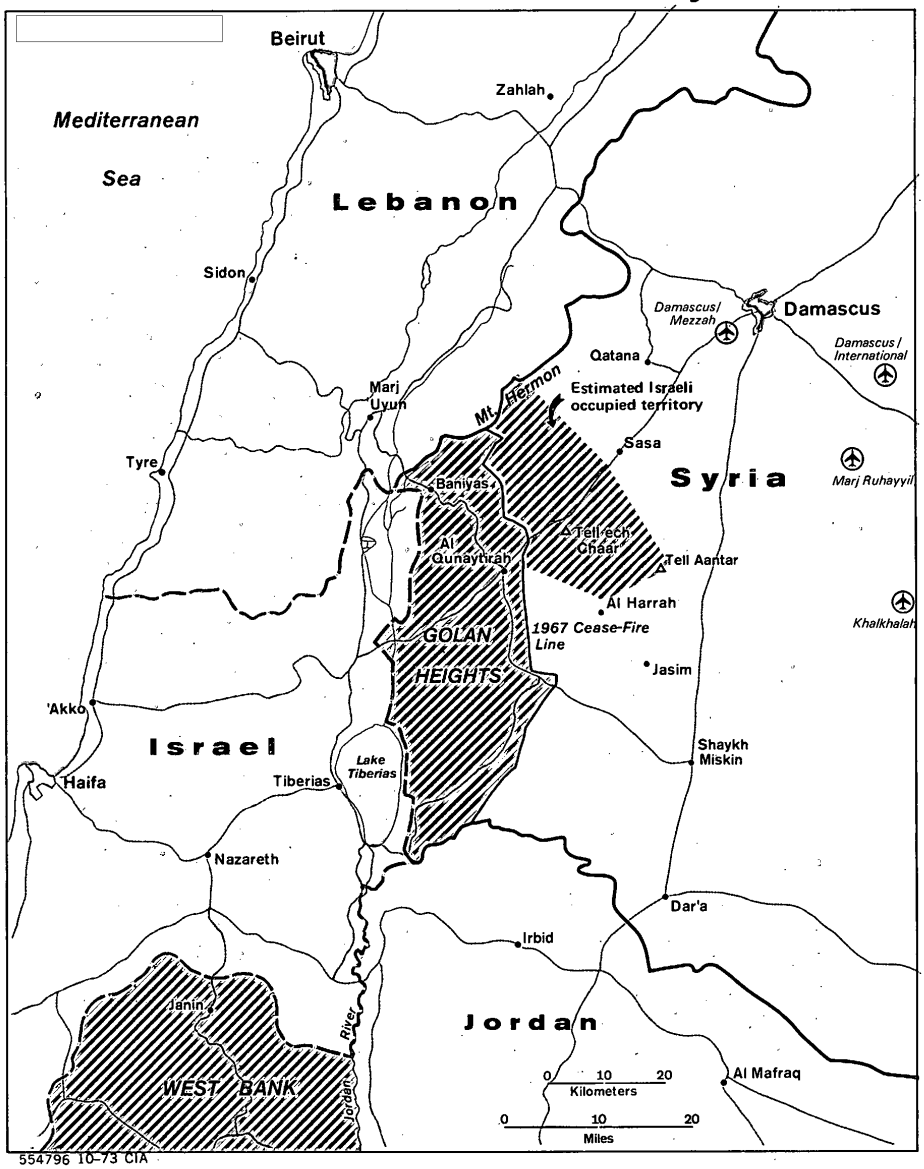

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The Soviets are probably anticipating the arrival of US ships in the eastern Mediterranean. When the carriers Roosevelt and Kennedy join the Independence in the eastern Mediterranean, the US will have from 25 to 30 ships in the area.

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VIETNAM

Recent North Vietnamese intercepts provide the first indications of large-scale infiltration to central and southern South Vietnam. According to a message of October 22, the "general plan" calls for 13,000 troops to pass through southern Laos starting in November on their way to COSVN and South Vietnam's central highlands.

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* * *

More than three North Vietnamese battalions overran a battalion-sized government unit just 12 miles southwest of Pleiku City in the central highlands yesterday. The Communists employed heavy artillery and five T-54 tanks in the assault. Government losses are said to be heavy.

South Vietnamese troops in this area have been engaged in a large operation to retake the Plei Djerang Ranger Camp, which was lost to the Communists on September 22. Major General Toan, commander of Military Region 2, has reacted to this latest enemy attack by recalling a recently reassigned regiment from Binh Dinh back to Pleiku Province. More heavy fighting is likely in this area.

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EC-US

During early stages of the negotiations on a declaration of Atlantic principles, the other Europeans tended to attribute reluctance to accept US positions to French obstinacy. Now, as is evident from reactions to the latest round of US-EC consultations last week, the Nine are presenting a more united front, defending a number of French positions as common to the Nine.

All apparently agree that the US-EC declaration should not try to deal with the entire range of the relationship. They oppose any explicit affirmation of the interdependence of monetary, trade, defense, and political questions. While insistent that any joint declaration reflect Europe's separate identity, the Nine apparently also agree that the EC cannot be committed to more definite actions than the current development of the community's authority would allow.

Concerning detente, a Luxembourg official has told the US Embassy that close cooperation between the EC and the US might not be "realistic" in the light of close US-Soviet relations. Ambassador Rumsfeld has reported that a high-ranking French Foreign Ministry official was emphatic earlier this week in rejecting US arguments for NATO solidarity in the face of the Soviet supply operations in the Middle East.

The EC political directors will meet next to work on the US-EC declaration in Copenhagen on November 12 and 13.

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EC-MONETARY

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GREECE

Prime Minister Markezinis is trying to demonstrate that his government is legitimate and will lead eventually to a stable parliamentary democracy. Toward this end he is seeking the participation of former political leaders and even the extreme left in elections that may be held late this year.

In a recent interview in Le Monde, Markezinis issued an invitation to the extreme left to participate providing it renounce any attempt to overthrow the existing order. Markezinis thinks that the leftists wish to participate in the elections under some thin disguise like the old United Democratic Left and wants to encourage this.

In the same interview the Prime Minister said he favored legalization of the Greek Communist Party. This is little more than a ploy, since any move to legalize the Communists would run into solid opposition from the military.

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NOTES

Nigeria-Israel: Nigeria became the tenth African country to break relations with Israel since the Middle East war began. Because Gowon is currently head of the OAU, his decision may cause the 14 remaining holdouts in black Africa to follow suit, thus virtually ending Israel's presence in Africa.

China: Peking recently signed agreements to buy wheat from Canada and Australia during 1974-76. Canada will deliver up to 6 million tons and Australia as much as 4.7 million tons. The two deals are worth $2.1 billion at current prices. China's grain imports are expected to average about 6.5 million tons annually between 1974 and 1976, about half of which apparently will be supplied by Canada and Australia. The bulk of the remainder seems likely to come from the US.

25X1

USSR-US: [redacted] Moscow wishes to buy 1 to 2 million tons of soybean meal during the current crop year at about $180 per ton (including shipping costs). Negotiations are to begin today in Moscow. If a deal is concluded, it will substantially increase US exports of soybean meal over the next 12 months. Prices have gone down somewhat since October 1, when US export controls on soybean products were lifted. News of such a large sale would send prices spiraling upward again.

25X1

Latin America - Oil: Representatives from most Latin American countries, including Cuba, will meet in Lima next week to discuss creation of a Latin American Energy Organization. The new group will be concerned with financing energy development, overseeing resource conservation, facilitating trade in Latin American oil among member countries, and building tankers to transport it. The organization is billed as apolitical, but some participants view it as a means of strengthening Latin America's position in dealing with US economic interests. Importers of oil among the group probably will seek ways to get around the recent price increases by Venezuela and Ecuador, the major oil-exporting nations in Latin America.

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Japan-Cuba: The Japanese Government has decided to permit its Export-Import Bank to grant credits to Cuba. The terms, seven percent interest over five years, are comparable to Japanese commercial credits previously given to Cuba. The Japanese hope to expand exports to Cuba, thus reducing their bilateral trade deficit, which last year amounted to $94 million, mostly because of large purchases of sugar. The level of credits will be restricted and they will have only a marginal impact on Cuba's economy, but the official loans, plus associated technical assistance, will be regarded in Havana as a definite political plus.

Argentina: The government is increasing its pressures on US subsidiaries to trade with Cuba. The process began when Argentina extended a $200-million-a-year line of credit in August to finance exports to Cuba--primarily manufactured goods and transportation equipment. Subsidiaries of Ford, General Motors, Chrysler, and Goodyear are among the major producers of such equipment. The US Embassy has learned that the Argentines are drafting legislation that sets progressively larger export quotas for passenger cars--quotas that would require US firms to export to Cuba or face restrictions on sales in Argentina.

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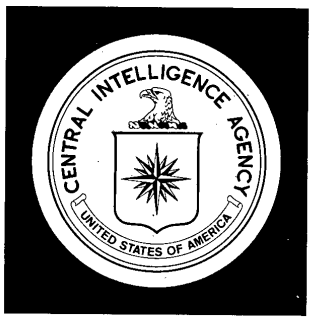

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27 October 1973

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THE PRESIDENT'S DAILY BRIEF

27 October 1973

PRINCIPAL DEVELOPMENTS

Heavy fighting took place at the southern end of the Suez Canal yesterday, and unconfirmed press reports this morning state that Israeli forces have occupied almost all of Suez city. The Syrian front remains relatively quiet; Iraqi forces are leaving Syria. *(Page 1)*

Brezhnev delivered a ringing endorsement of detente yesterday. He clearly was out to demonstrate that the USSR wants good relations with the US to continue, despite complications introduced by Soviet behavior with respect to the war in the Middle East. *(Page 3)*

The EC Commission has approved a draft program for monitoring oil movements and supplies. A common information system will probably be established, but further steps toward an oil-sharing program remain unlikely. *(Page 4)*

Japan has been notified by the major international oil companies that shipments will be cut substantially. The government is already drawing up plans to restrict consumption. *(Page 5)*

Libya has reportedly converted some $500 to 600 million into sterling. Total Arab conversions in the past three weeks remain at less than $1 billion, and the impact on the dollar has been small. *(Page 6)*

Notes on the USSR, Cuba, and South Korea appear on *Page 7*.

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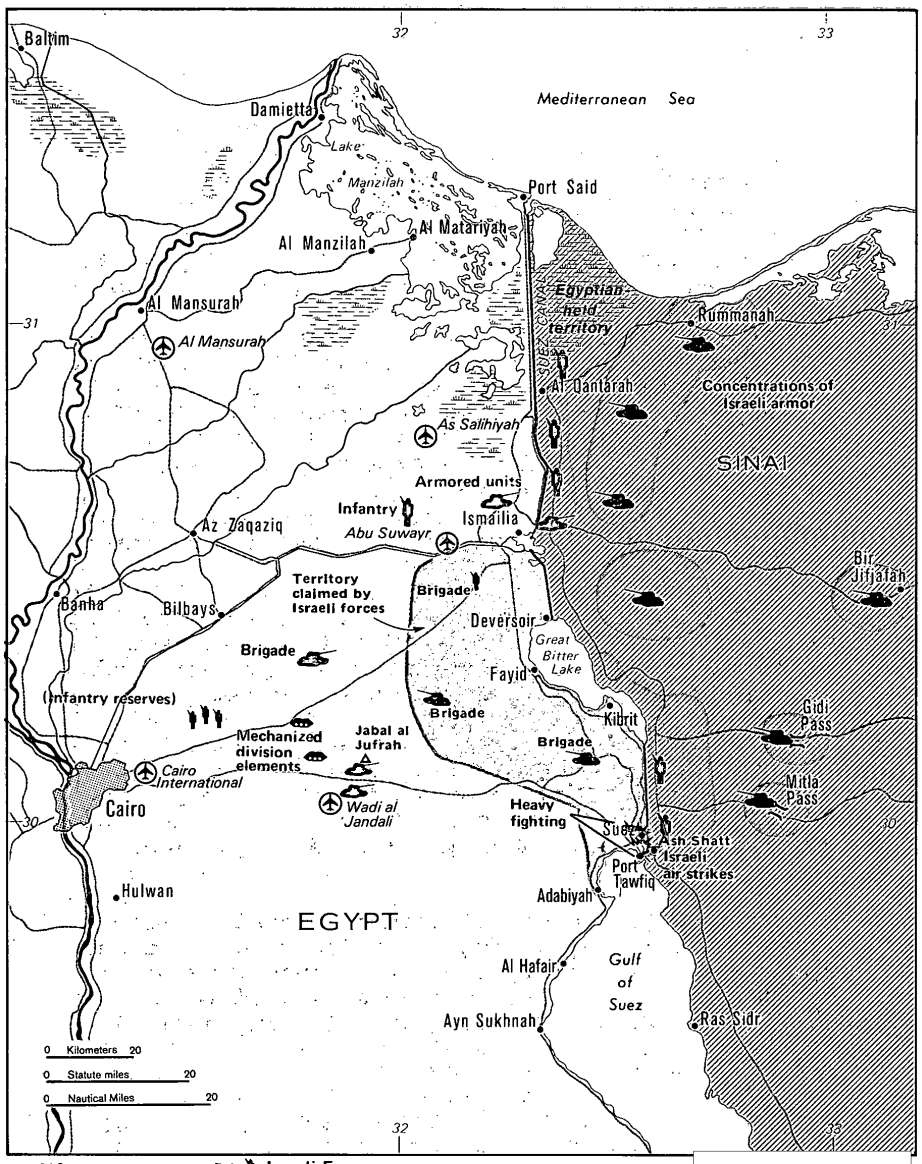
Suez Canal Zone



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ARAB STATES - ISRAEL

There was heavy fighting at the southern end of the canal yesterday, but the northern end remained calm. An Israeli spokesman reported that elements of the Egyptian Third Army attacked yesterday afternoon in an attempt to cross back to the west bank, but were repulsed. [redacted] 25X1

[redacted] 25X1

[redacted] Unconfirmed press reports this morning quoting Israeli officers state that Israeli forces have occupied almost all of the city. Heavy fighting was also reported at Port Tawfiq. 25X1

The mood of the Egyptian public has become more somber, pessimistic, and confused as news of major Israeli gains along the Suez Canal become known. So far President Sadat and the army high command have apparently escaped direct criticism, but rumors are circulating with respect to dissatisfaction with certain military decisions. There are also signs that the US will be blamed increasingly for Cairo's military reversals and for delays in implementing the cease-fire. The editor of the influential Cairo daily Al Ahram reported yesterday that Sadat told him Egypt was forced to accept the October 22 cease-fire because of direct US intervention in the fighting. Sadat reportedly said that his troops were defeating Israel when both sides were without help, but that he could not expect them to fight against the US.

The Syrian front remains quiet. The Syrian foreign minister said yesterday that all Iraqi Air Force units had left Syria and that Iraqi ground forces were being withdrawn. [redacted] 25X1

[redacted] 25X1

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The Soviet naval ships that gathered about 100 nautical miles north of the Egyptian coast on October 25 have dispersed. Four of these--a cruiser and three destroyers--appear to be moving slowly to the northeast in the direction of the Syrian coast. A destroyer, a minesweeper, and an amphibious ship are already located in the waters between Syria and Cyprus. Another destroyer, a minesweeper, and an intelligence collection ship are holding about sixty nautical miles south of Cyprus.

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In addition, a TASS official has told US officials in Cairo that the Soviets became aware Sadat was preparing for war in late September, and that they knew on October 3 that Egypt was about to attack.

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USSR - US - MIDDLE EAST

Addressing the World Congress of Peace Forces yesterday, Brezhnev delivered a ringing endorsement of the benefits of East-West detente and, in particular, of improved ties with the US. He repeatedly called attention to the progress already achieved in relations with Washington and pointed to "good prospects" for further cooperation, adding that "one cannot fail to give credit to Western statesmen" who have begun fruitful dialogue with the USSR.

Brezhnev clearly was out to demonstrate that the Soviet Union wants detente to continue, despite the complications introduced by its behavior with respect to the war in the Middle East, and tried to foster the impression that if detente is endangered, this will not be Moscow's fault. He went to unusual lengths to avoid direct criticism of US actions, limiting himself, for example, to vague references to the "outside" support Israel enjoys, while roundly condemning Israeli actions.

Announcing that the USSR has already sent "representatives to observe fulfillment of the cease-fire," Brezhnev expressed the hope that the US also would do so. He charged that Tel Aviv had "perfidiously violated" the cease-fire, asserted that "urgent and vigorous" measures were needed to enforce it, and stressed that Israel must withdraw from all territories it has occupied since 1967. Brezhnev avoided any direct threat of unilateral Soviet action, however, merely adding that Moscow is "considering other possible measures that the situation may require."

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EC - OIL POLICY

The EC Commission has approved a draft program for monitoring oil movements and supplies. The proposal, which may enter into force in the next few days, would require member states to inform the Commission of all imports and exports of crude oil and refined products, as well as stockpile levels. Although the Commission probably will succeed in establishing a common information system, as it has long wanted to do, further steps toward an oil-sharing program remain unlikely.

The cutoff of crude oil shipments to the Netherlands by Kuwait, Algeria, Qatar, Iraq, Abu Dhabi, and Oman poses a particularly serious problem, because about half of Dutch imports are normally re-exported to other EC members. The Commission may be attempting to forestall unilateral Dutch export controls on other oil supplies still entering Rotterdam for transshipment to nearby countries. At the same time, despite the Arabs' warning that their embargo will be extended to those who re-export oil to countries already sanctioned, the Commission is urging Community members to support the Netherlands and any other EC country facing a supply crisis.

Most EC countries have set up mechanisms of their own that could restrict exports both inside and outside the Community. In a supply crisis, they would undoubtedly restrict exports outside the Community more severely than intra-EC exports. Consequently, shipments of refined products to the US would be sharply curtailed. Although European shipments accounted for only about 1 percent of US consumption last year, the loss would worsen shortages already expected this winter.

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JAPAN

Tokyo has been notified by the major international oil companies--which supply the bulk of Japan's oil--that shipments will be cut substantially. Gulf Oil, which supplies about 10 percent of Japanese oil imports, has said it may have to reduce deliveries by 35 percent for the remainder of this year.

Japanese refineries are still operating normally, and crude and product stocks are equivalent to about six weeks of consumption. Nonetheless, the government is already drawing up plans to restrict consumption. Rationing will be used as a last resort. At the same time, Tokyo is pressing the major oil companies to assure Japan a fair share of the reduced supplies available to them.

Tokyo had hoped that its careful fence-straddling on the Middle East conflict would be enough to assure continuation of scheduled deliveries, despite the production cutbacks. The Arabs are still pressing Tokyo for a definitive pro-Arab stand, but to date the Japanese have only restated their support for the UN resolutions.

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INTERNATIONAL MONETARY DEVELOPMENT

25X1

Libya reportedly is the Arab nation that has sold the most dollars since the Middle East war began. [redacted] last week Libya converted some $500 to 600 million--mostly Euro-dollars--into sterling. Even with sales of this magnitude, remaining Libyan dollar assets are estimated at about $1 billion.

25X1

On October 18, President Qadhafi exhorted his fellow Arab leaders to sell their dollars and remove their dollar assets from the US. Total Arab conversions in the past three weeks nevertheless remain at less than $1 billion. Estimated Saudi sales of $200 million rank second to Libya's.

The impact on the dollar has been small, probably because of continuing trader belief that the dollar is undervalued. Yesterday the dollar strengthened markedly upon the announcement of an $870 million US trade surplus in September and in reaction to a lessening of tensions in the Middle East.

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NOTES

USSR - Middle East: [redacted] 25X1 25X1

[redacted] 25X1

USSR: In his speech in Moscow yesterday, Brezhnev announced that this year's Soviet grain harvest would go over 215 million metric tons--almost 18 million more than previous Soviet estimates. On the basis of yields reported so far, we would estimate a total harvest of between 206 and 220 million tons. This compares with last year's total harvest of 168 million tons and the previous record of 187 million tons in 1970.

Cuba: [redacted] 25X1

[redacted] six more artillery emplacements and two drive-through revetments have been constructed near Guantanamo Naval Base in the last two weeks. However, no weapons, support equipment, or unusual activity were observed in the area. [redacted] 25X1 25X1

[redacted] 25X1

South Korea: The government released opposition leader Kim Tae-chung from house arrest yesterday in the hope of quickly settling with Tokyo the issue of his abduction from Japan last August. Seoul also hopes that Kim's release will divert domestic attention from a detained university professor's recent death--widely rumored to have resulted from torture. The government fears that these rumors may further fuel student unrest that has been mounting for the past few weeks.

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The President's Daily Brief

29 October 1973

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THE PRESIDENT'S DAILY BRIEF

29 October 1973

PRINCIPAL DEVELOPMENTS

The Israelis shot down three Egyptian helicopters southeast of Suez city early this morning, according to Jerusalem radio. Otherwise, quiet continued along most of the Syrian and Suez fronts yesterday. Lead elements of the UN supply column reached the Egyptian Third Army carrying food, water, and medicine to the isolated troops. [redacted] 25X1

[redacted] 25X1 25X1

(Page 1)

With France taking the lead, our NATO allies were strongly critical Friday of the alleged US failure to consult and inform NATO adequately about Middle East initiatives. *(Page 3)* 25X1

Notes on [redacted] Soviet [redacted] and a clash on the Afghan-Iranian border appear on *Page 4*. 25X1 25X1

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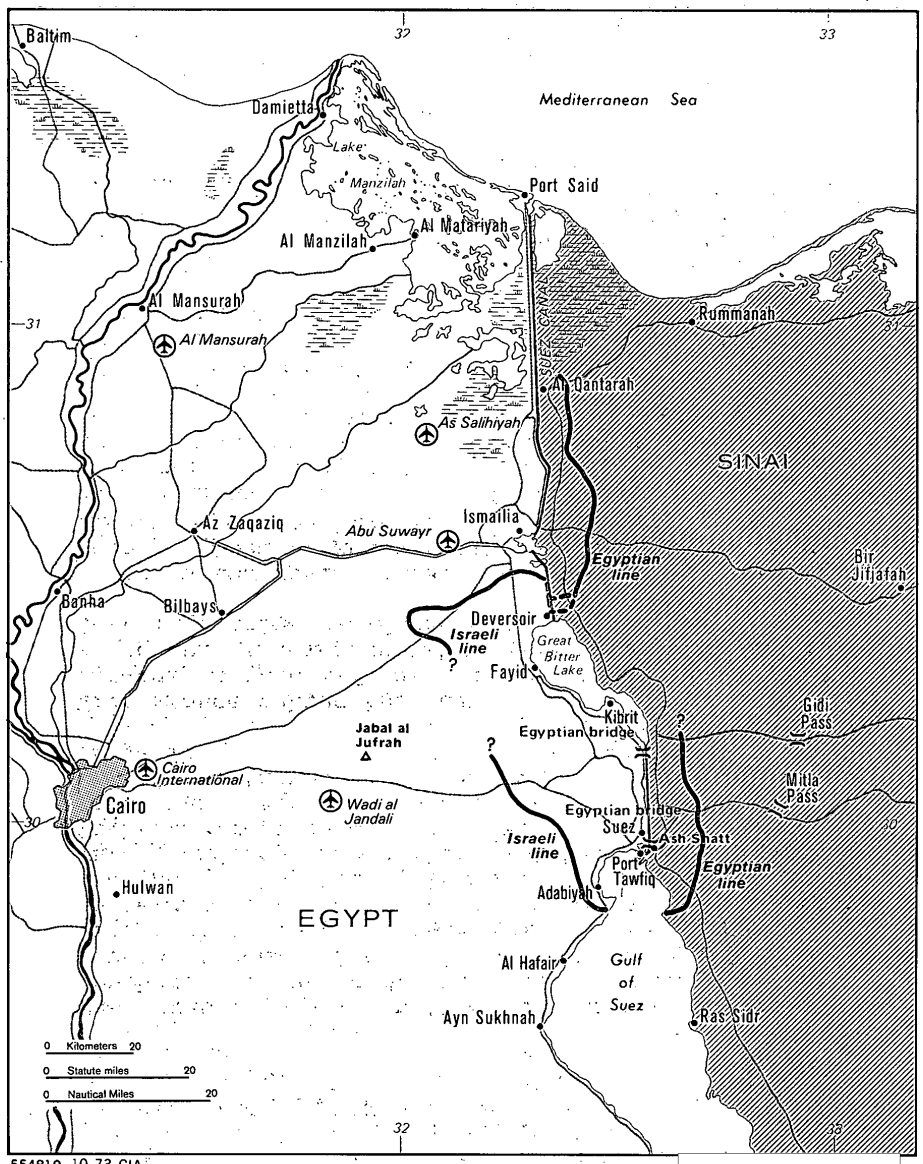
Suez Canal Zone



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ARAB STATES - ISRAEL

Lead elements of the UN supply column reached the Egyptian Third Army east of the Suez Canal late yesterday carrying food, water, and medicine to the isolated troops. The agreement between Israeli and Egyptian officers calls for the Israelis to allow a column of 100 trucks, driven by UN drivers, to supply the Egyptians on a one-time only basis. The Israelis are permitting the trucks to proceed in groups of ten despite objections from UN officials who saw no reason to impose a limit on the number of trucks traveling together.

Israel is not permitting the evacuation of wounded until Cairo provides information on Israeli prisoners held by Egypt. Defense Minister Dayan told the press yesterday that International Red Cross representatives have not been given the names of Israeli prisoners in either Egypt or Syria or been allowed to visit them.

The Israelis shot down three Egyptian helicopters southeast of Suez city early this morning, according to Jerusalem radio. These flights may have been an Egyptian effort to resupply or reinforce the Third Army. The Israelis intend to control all access to the army.

Otherwise, quiet continued along most of the Syrian and Suez fronts yesterday. Only scattered small arms and artillery fire in the southern canal area interrupted the cease-fire, and UN observers intervened to stop these outbreaks. The Israelis, who refused two earlier requests, finally permitted UN observers to enter Suez city yesterday--an indication that they now control the city. [redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

[redacted] 25X1

(continued)

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25X1

25X1

The Soviet sealift continued yesterday with two new ships en route to Arab ports, bringing the total to 29 since October 7. One of these is probably headed for Latakia; the other appears destined for Alexandria.

* * *

Growing criticism of the US in the Cairo press has not been matched by increased friendly treatment of the USSR. The US Interests Section in Cairo notes that during the past three weeks, the press has not mentioned Soviet advisers in Egypt and has accorded little space to Soviet sea and airlifts. Editorial commentary has expressed no thanks to the Soviets. Aside from Soviet unpopularity in Egypt as a reason for the playing down of Moscow's role, the Cairo leadership presumably wants to take as much credit as possible for Egypt's military successes.

* * *

Ghana and Senegal broke relations with Israel over the weekend bringing to 15 the number of African nations that have done so since the outbreak of the Middle East fighting.

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NATO

With France taking the lead, our NATO allies were strongly critical on Friday of the alleged US failure to consult and inform NATO adequately about Middle East initiatives. The allies see consultation as vital because they have been asked to support US actions and to undertake parallel actions of their own in the form of representations to Moscow. The issue assumes particular urgency in the allied view because the US alert affected forces stationed in the NATO area and could therefore have had military consequences for all alliance members.

Several of the allies--notably the Dutch and the British--expressed understanding for the special problems of the US. There was, nevertheless, widespread support for the thesis that consultations are a necessary prerequisite for the kind of solidarity requested by Washington.

The French raised the question of whether the US would, in a time of crisis, "seek a closer consultation with the Soviet Union than with its allies." Several alliance members joined France in calling for discussion of a "code of action" with respect to crises outside the treaty area.

The prestigious newspaper Le Monde is overly bleak in predicting that the crisis has dealt a "fatal blow" to the Year of Europe and a revitalization of the Atlantic Community, but the Middle East crisis has exacerbated US-NATO differences over trade, monetary reform, defense burden sharing, security, and the course of detente. On top of that, the Europeans have had to face up to their own inability to influence a situation that threatens their energy supplies and their stake in East-West detente.

The strain between the US and the Europeans may result in a stiffening of resistance to US desires on a number of pending issues. The French have already suggested that US actions during the crisis have called into question the on-going work on a new Atlantic declaration that would emphasize the value of consultation.

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NOTES

USSR: [redacted] 25X1 25X1

Afghanistan-Iran: Border guards clashed along the Afghan-Iranian southern border on October 25. Negotiations began almost immediately, however, in an effort to resolve the incident swiftly and peacefully.

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The President's Daily Brief

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THE PRESIDENT'S DAILY BRIEF

30 October 1973

PRINCIPAL DEVELOPMENTS

The Middle Eastern war fronts were generally quiet. Egyptian and Israeli officers will meet today to negotiate a return of prisoners. Iraqi troops are leaving Syria. *(Page 1)*

[redacted] 25X1

[redacted] *(Page 3)* 25X1

Cambodia's exiled Prince Sihanouk has made another gloomy forecast of his prospects and has said that the Khmer Communists are not strong enough to take Phnom Penh by storm. *(Page 4)* 25X1

On *Pages 5 and 6* there are notes on [redacted] the Quebec election results, South Korea's worries about the coming UN vote, Chinese road building in Laos, and a temporary truce on Cyprus. 25X1

[redacted] 25X1

[redacted] 25X1

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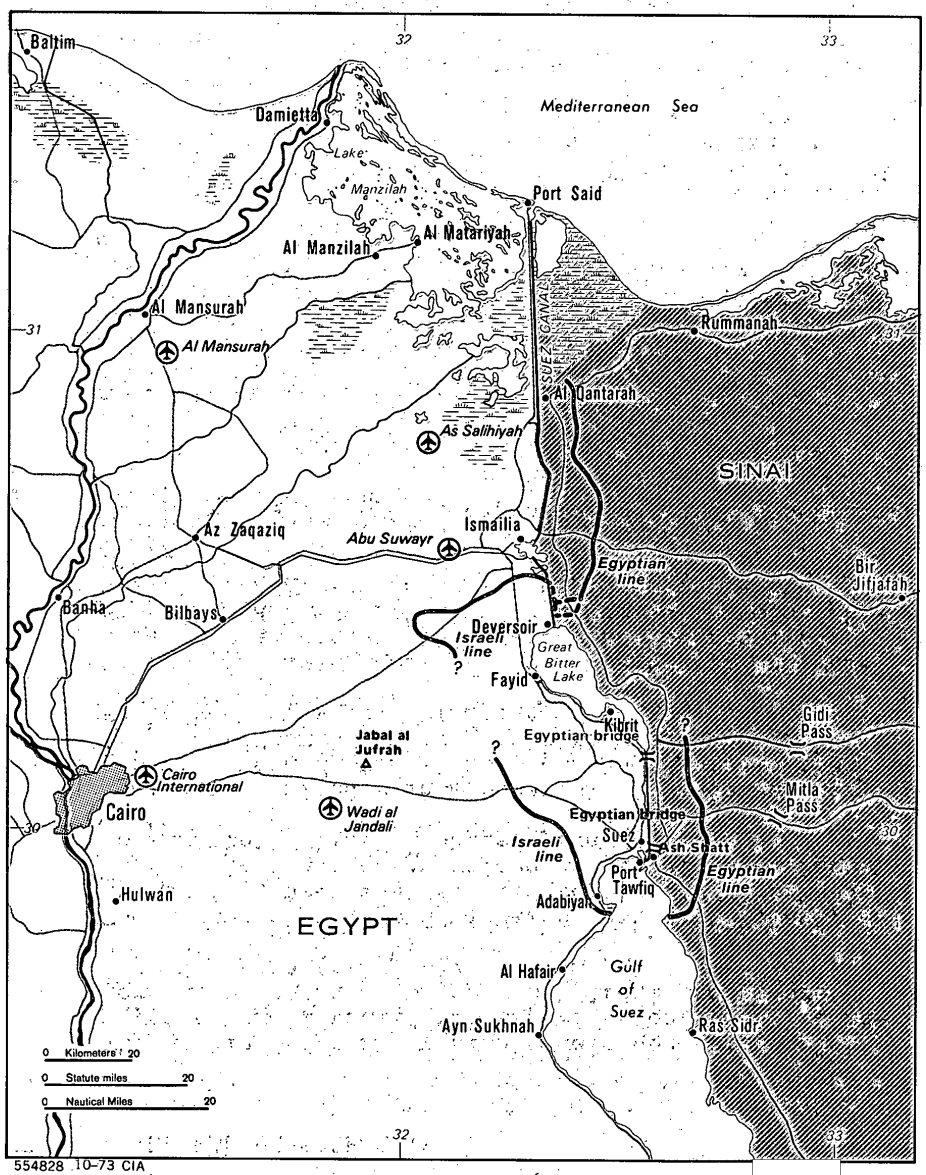
Suez Canal Zone



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ARAB STATES - ISRAEL

Except for scattered exchanges of fire near Suez city, both the Egyptian and Syrian fronts were quiet yesterday.

Israeli and Egyptian officers are scheduled to meet today, mainly to discuss an exchange of prisoners of war. The failure of Egypt or Syria so far to reciprocate Israel's accounting of prisoners to the International Red Cross has caused a hardening of attitudes in Israel. Several influential Israelis have told US diplomats in Tel Aviv that their government--already under fire for agreeing to a US request to allow relief supplies to reach the trapped Egyptian Third Army--will not agree to anything else until the US persuades the Egyptians and the Soviets to make tangible concessions on the prisoners.

Although it is not yet a public issue, the Israelis have also served notice that they want an alleged Arab blockade of the Straits of Bab-el-Mandeb, at the southern tip of the Gulf of Suez, to be lifted.

25X1

25X1

Syrian President Asad told his nation yesterday that the cease-fire had taken him by surprise, but that he had accepted it after the Soviets and President Sadat guaranteed that Israel would withdraw completely from all occupied Arab territory. Asad acclaimed the cease-fire as a victory for the Arab side, but threatened to renew the fighting if negotiations--presumably on an Israeli withdrawal--should be unsuccessful.

25X1

Radio Baghdad announced yesterday, that all Iraqi forces were returning home from Syria and Egypt.

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

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USSR-EGYPT

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CAMBODIA

Prince Sihanouk is increasingly gloomy about his political prospects. In interviews with French journalists in Peking last week, the Prince implied that his relations with the Khmer Communist leaders--which ostensibly had been harmonious since his trip to Cambodia last March--have soured again.

Sihanouk said again, as he had in September, that he could not return to Cambodia because of his differences with the Communists, whom he called "Stalinists." He also admitted that while his "united front" with the Communists is necessary for world opinion, it does not in fact exist.

Sihanouk did not repeat an earlier statement that all of the cabinet posts in his Peking-based "government" would be soon turned over to the leaders of the insurgency in Cambodia. His earlier announcement, however, seems to be tangible evidence that Sihanouk's problems with the insurgents have taken a new turn, involving either Communist demands for the posts or an attempt by the Prince to interest them in negotiations.

Sihanouk's admitted inability to move with Communists to negotiations seems central to his pessimism about his political future. He implied that the Khmer Communists continue to believe that a military solution is possible in Cambodia. Sihanouk claims that neither Peking nor Hanoi is willing to give the insurgents the necessary logistic support, and he stated flatly that an attack against Phnom Penh would fail.

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NOTES

[redacted] 25X1

China: [redacted] 25X1

[redacted] 25X1

Canada: Premier Bourassa's Liberal Party has won a landslide victory in the Quebec provincial elections. On the basis of almost complete returns, the Liberals have taken at least 91 of the 110 legislative seats, while the separatist Parti Quebecois won four.

South Korea - UN: Faced with the possibility of an unfavorable vote in the General Assembly, Seoul is considering a new approach to the Korean question. The South Korean Foreign Minister has told the US Embassy that his government would now prefer that the Security Council act on the question of Korean membership in the UN and the future of the UN Command. This would avert the possibility of General Assembly endorsement of the North Korean resolution, which calls for an end to the Command and rejects Seoul's concept of dual Korean membership. The foreign minister urged the US to explore the new approach with the Chinese, who have been lobbying on Pyongyang's behalf. Peking has on several occasions held out the possibility of a compromise, but the North Koreans thus far have not.

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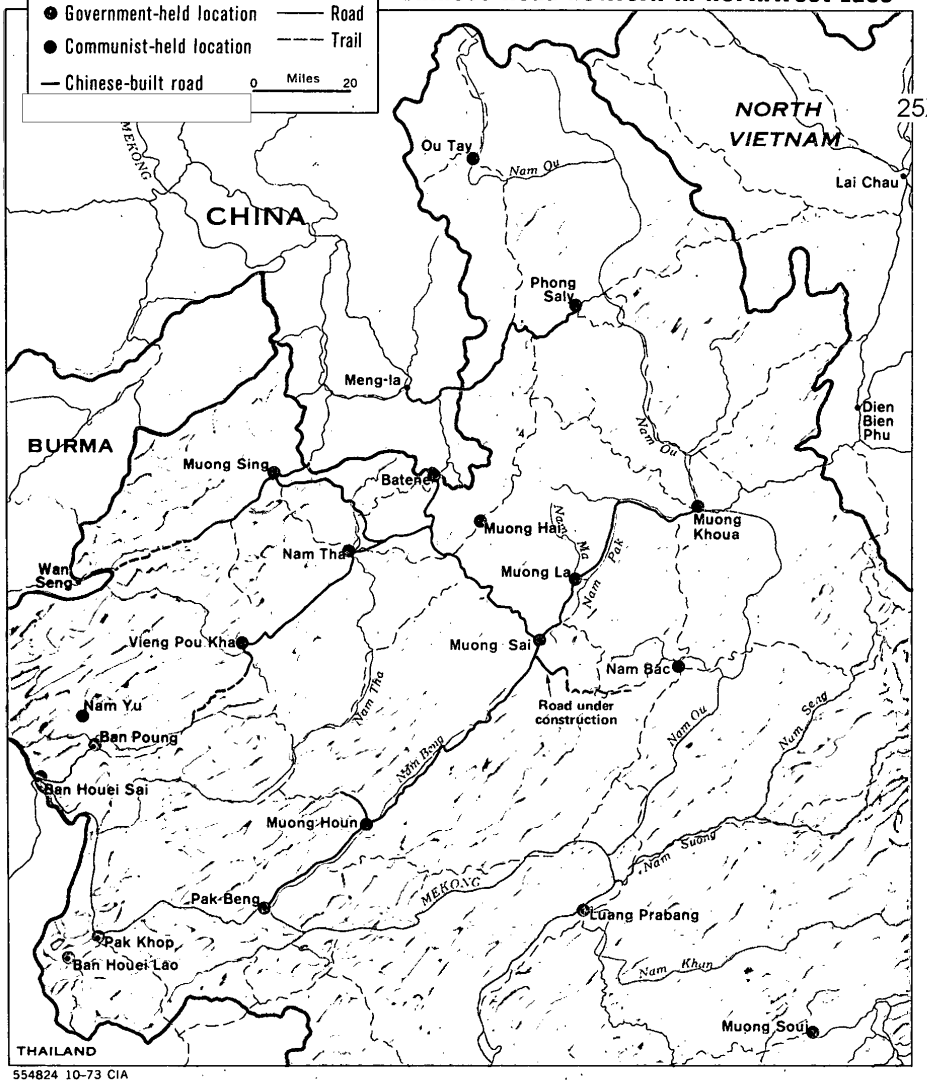
Chinese Road Network in Northwest Laos



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China-Laos: The Chinese have resumed construction of their road network, this time toward north-central Laos. [redacted] 25X1 a single-lane dirt road about eight miles long, plus four additional miles of road clearing, running from Route 46, south of Muong Sai, toward the town of Nam Bac. Construction apparently had been planned as early as January 1972, when survey work began and Chinese security forces were sent to the area.

Cyprus: The chief UN representative on Cyprus has told the US Embassy he has received assurances from both Turkish Cypriot and Greek Cypriot leaders that they will not try to take advantage of the situation caused by the drawdown of UN forces sent to the Middle East. [redacted] 25X1 25X1

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ANNEX

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The President's Daily Brief

31 October 1973

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THE PRESIDENT'S DAILY BRIEF

31 October 1973

PRINCIPAL DEVELOPMENTS

[redacted] 25X1
25X1

(Page 1) 25X1

25X1

With the cease-fire taking hold, Israel is pushing hard for return of its prisoners-of-war. Cairo continues to insist, however, that it will exchange prisoners only after Israeli troops return to positions held prior to the cease-fire. *(Page 3)*

Having decided to make an example of the Dutch, the Arabs are drawing the noose still tighter. Libya and Bahrain announced yesterday that they will ban oil shipments to the Netherlands, and the Saudis are likely to do the same. *(Page 5)*

Some West Europeans have begun to suggest that the US take the initiative on oil sharing in view of the disarray within the EC over attempts to develop a common response to Arab oil cutbacks. *(Page 6)*

Venezuela is considering requiring foreign oil companies to make royalty payments in oil instead of cash. This would probably result in the diversion of some oil to countries willing to outbid US companies. *(Page 7)*

25X1

Communist military action has increased in widely scattered areas of South Vietnam, but the major attacks that had been forecast north of Saigon have not materialized. [redacted] 25X1

(Page 8)

Notes on recent Soviet propaganda treatment of the US and on Soviet-Iranian economic cooperation appear on *Page 9*.

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USSR - MIDDLE EAST

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ISRAEL

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ARAB STATES - ISRAEL

With the cease-fire taking hold, Israel continues to push hard for return of its prisoners of war. Cairo has made some conciliatory gestures--agreeing to hand over the names of some POWs, for example--but Foreign Minister Eban told Ambassador Keating yesterday that the Egyptians still have a long way to go to meet Israeli demands.

Eban said Tel Aviv wants a total exchange of POWs in the next week or so, and he stressed that Israel's attitude concerning humanitarian help for the Egyptian Third Army will be influenced greatly by Cairo's behavior on the POW issue. The Israeli Foreign Minister also expressed acute anxiety over the fate of prisoners in Syrian hands, adding that Tel Aviv has begun to document Syrian atrocities. Ambassador Keating reported that Eban's remarks reflect the present mood in Israel--one of "great, almost consuming concern" with the POW issue.

Cairo's insistence that it will exchange prisoners only after Israeli troops return to positions held prior to the cease-fire of October 22 will hamper the negotiations. Syria has not yet responded to Israel's POW exchange proposal. [redacted] 25X1

25X1

US diplomats in Cairo report that the Egyptian press is becoming increasingly bellicose. The semi-official daily Al Ahram yesterday picked up the theme of authoritative columnist Ihsan Abd al-Quddus that Egypt should not lay down its arms but rather prepare for a "greater and more violent battle." This may be largely bluster designed to obscure Cairo's recent military reverses, which are only gradually becoming known to the Egyptian public. Al-Quddus, however, often reflects government views; he was the only important Egyptian commentator calling for war prior to its unleashing on October 6.

The Egyptian news agency has announced that Soviet First Deputy Foreign Minister Kuznetsov arrived in Cairo yesterday. Kuznetsov has performed as trouble-shooting emissary abroad during periods of tension in the past.

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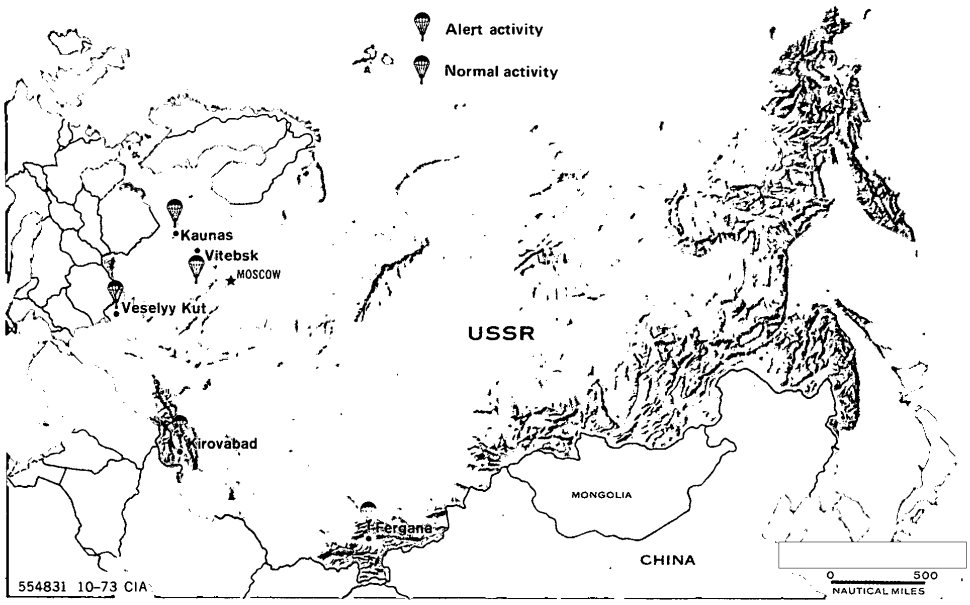
Soviet Airborne Installations Photographed



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ARAB STATES - NETHERLANDS

The Arabs, having decided to make an example of the Dutch because of their pro-Israeli stand during the fighting, are drawing the noose still tighter. Libya and Bahrain announced yesterday that they are imposing a total ban on oil shipments to the Netherlands. In addition, Saudi Arabia has threatened to cut its oil exports unless The Hague denounces Israeli aggression and calls for withdrawal from Arab territory. [redacted] 25X1 25X1 25X1

The Netherlands is an important oil processing and distribution center for Western Europe. Consequently an oil embargo would have far-reaching effects there.

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EC-US

Some Europeans have begun to suggest that the US take the initiative on oil sharing in view of the disarray within the EC over attempts to develop a common response to Arab oil cutbacks. EC energy commissioner Simonet cited several obstacles to the development of an internal community policy:

--The British still believe that the international oil companies can deal effectively with the Arab oil producers;

--The French, concerned about maintaining their own ties to the Arabs, are wary of any EC oil policy that would be tantamount to a community foreign policy.

--The West Germans are opposed to any common EC policy that would be contrary to US views.

Simonet suggested that the US should propose an "energy charter," which presumably could be used as point of departure for developing a US-European oil policy. The Dutch, increasingly worried over Arab action in singling them out for an oil embargo, have also asked about US willingness to participate in an oil-sharing scheme. Meanwhile, a high Luxembourg Foreign Ministry official told the US Embassy on October 29 that now might be the time for the US to offer proposals on energy cooperation.

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VENEZUELA-OIL

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[redacted] Caracas is considering requiring foreign oil companies to make royalty payments in oil instead of cash. Such payments could amount to about 600,000 barrels per day, which the state oil company would presumably sell to the highest bidder. 25X1

Such action probably would result in the diversion of some oil to countries willing to outbid US companies. Brazil's state oil company, for example, reportedly needs 300,000 b/d to replace anticipated losses from the Middle East and can afford to pay a premium price. The Conference of Latin American Energy Ministers now being held in Lima may exert additional pressure on Caracas to provide more oil to Latin America.

With Venezuelan general elections only a few weeks away, the governing Social Christian Party probably hopes that such a move would attract more popular support for its presidential candidate, who is in an extremely close race.

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SOUTH VIETNAM

Communist military action has increased in widely scattered areas, but the major attacks that had been forecast north of Saigon have not materialized. Sources continue to report, however, that the Communists plan to intensify harassing operations in November and December, particularly in the provinces around the capital.

Local Viet Cong forces are being told that they will contribute to a nationwide--but limited--military "campaign." Communists in Long An Province have been told that the purpose is to force Saigon's compliance with the Paris cease-fire agreement and to counter the government's increasing military boldness. Other major goals are to secure rice and rebuild sagging Viet Cong morale.

Saigon's forces have carried out extensive spoiling actions north of the capital that may have set back any Communist timetable for major attacks in that area. Senior military officers continue to believe that the Communists could launch a major offensive, but they are now convinced that the action in the next few weeks will focus on increased harassment of isolated and outlying government positions.

Prime Minister Khiem recently said that the government does not have the hard evidence to predict a major North Vietnamese offensive in the coming dry season. He does expect fairly active fighting in Dinh Tuong, Tay Ninh, and Pleiku provinces lasting through the 1974 dry season.

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NOTES

USSR-US: The Soviets have begun since last Friday to cast doubt on US justification of last week's military alert. Soviet propaganda has embroidered on Moscow's first public reaction to the alert--a TASS statement of October 27--by relating Washington's action to domestic political events in the US. Moscow has also been reporting negative reactions in Western Europe. [redacted] at yesterday's session of SALT in Geneva, Semenov reverted to harsh polemical charges concerning the arms race, although he avoided any specific allusion to events connected with the situation in the Middle East.

25X1

USSR-Iran: A protocol signed by the two countries last week will boost economic cooperation. The most important provision calls for Iran to deliver natural gas to the Soviet Union for local use. This will help solve Soviet internal distribution problems and will enable Moscow to export other gas from fields in the western USSR to West Germany. Under the protocol the Soviets will participate in a wide range of projects in Iran. They agreed, for example, to build two large thermal power plants, two cement factories, and a petrochemical plant.

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ANNEX

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