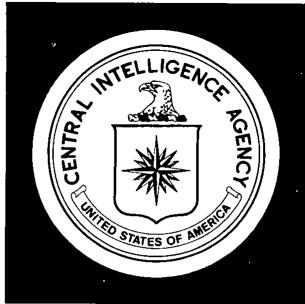


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# The President's Daily Brief

Λ

December 1, 1976

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~~Top Secret~~<sup>25X1</sup>



Exempt from general  
declassification schedule of E.O. 13652  
under authority of E.O. 13526 (2)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

December 1, 1976

Table of Contents

USSR: General Secretary Brezhnev yesterday summarized Soviet grievances with the US and expressed hope for expanded co-operation. (Page 1)

USSR:

25X1

CHINA: The standing committee of the National People's Congress convened yesterday in Peking chiefly to consider high-level government appointments and removals. (Page 2)

Notes: Persian Gulf; Japan; UN; South Africa - Namibia; USSR - Saudi Arabia; India (Pages 4, 5, 6, 7, and 8)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

*USSR: General Secretary Brezhnev yesterday summarized Soviet grievances with the US and expressed hope for expanded cooperation.*

The complaints voiced by Brezhnev in the course of a dinner speech honoring Secretary Simon were not new. The General Secretary was obviously using the occasion to reiterate the Soviet position in two areas--trade and arms control. His message was clear: the US is responsible for retarding progress in US-Soviet relations and must take the initiative in restoring movement.

Brezhnev was blunt, as Foreign Trade Minister Patolichev had been earlier in the day, regarding US trade policy toward the USSR. He stated that the Soviet Union rejects "any attempts to link trade with any political conditions and will not tolerate any interference in our internal affairs." He warned that US businessmen would continue to lose Soviet business unless the situation changes.

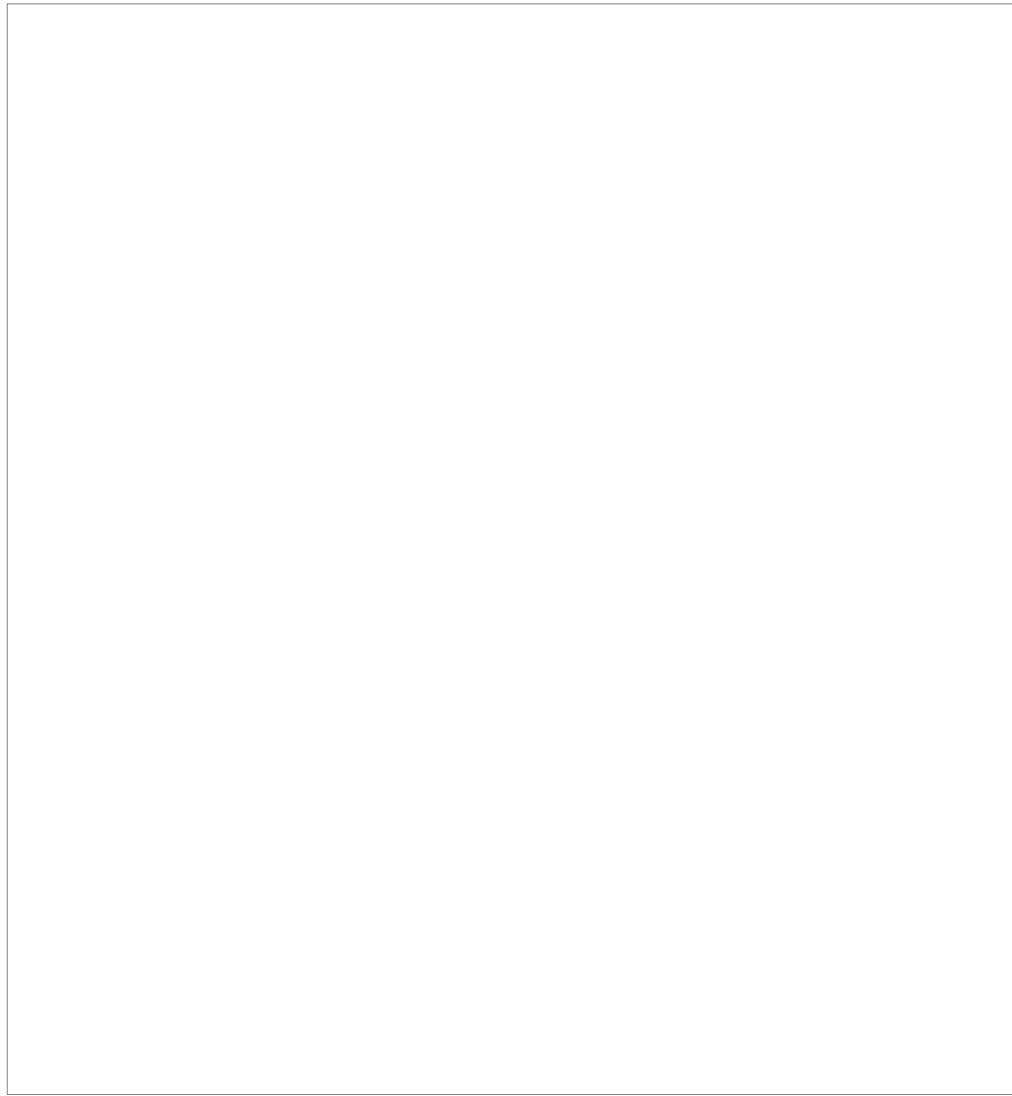
Brezhnev decried the anti-Soviet rhetoric of the recent US election campaign. Praising past Soviet proposals and US-Soviet agreements directed at curbing the arms race, he said the Soviet Union is prepared to go further in cooperation with the new administration "if it is prepared to act in the same spirit."

Brezhnev said that efforts to reach a new SALT agreement should be intensified, and that he expects such an agreement to be based on the Vladivostok understandings. He added that the USSR is prepared to discuss possible new steps to prevent the proliferation of nuclear weapons and to take other measures aimed at reducing the threat of nuclear war.

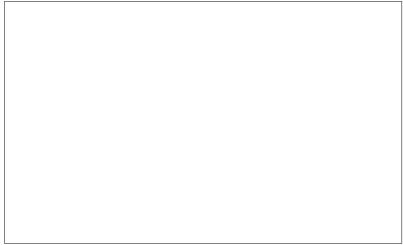
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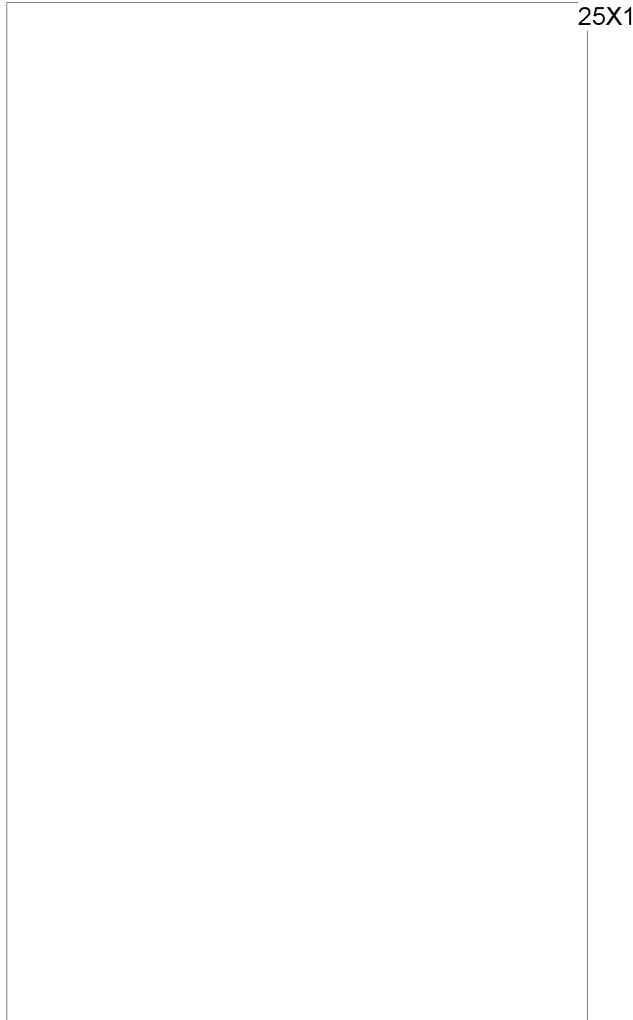
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*FOR THE PRESIDENT ONLY*



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CHINA: A meeting of the standing committee of the National People's Congress, China's legislature, opened yesterday in Peking chiefly to consider high-level government appointments and removals.

Changes are almost certain to include the replacement of the minister of culture, an ally of the four fallen leftists. Another probable candidate for replacement is Foreign Minister Chiao Kuan-hua.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*



25X1

25X1

*The Foreign Ministry appears, in any case, to be in for a major shakeup.*

Chinese ambassadors to Canada, West Germany, France, Italy, Japan, Turkey, and the United Nations have all been recalled, apparently permanently. Some of these men may be in line for new posts at home. Nearly all are identified to some degree with China's more outward-looking foreign policy of the 1970s.

This fact, in addition to the extensiveness of the Foreign Ministry shakeup, raises questions about a possible readjustment in current foreign policy lines. Since the death of Mao, the Chinese have been at pains to emphasize continuity in their foreign policy.

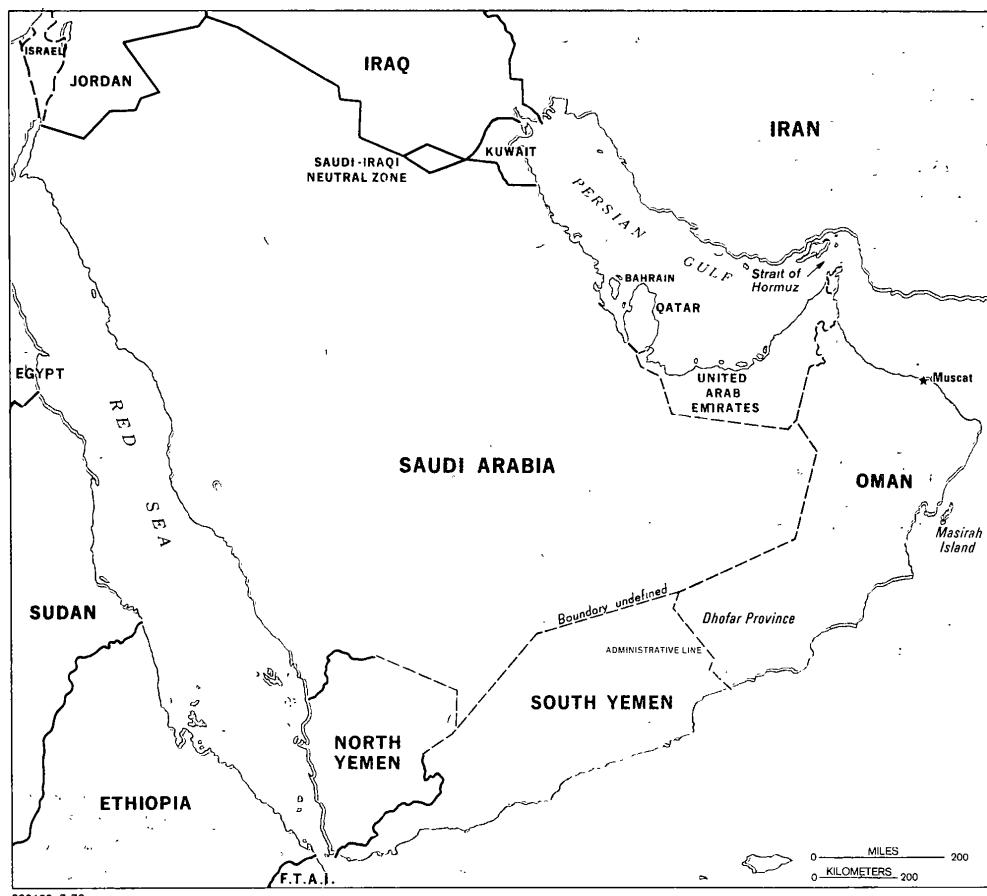
Yesterday party chairman Hua Kuo-feng--plainly trying to capitalize on the immense popularity of the late Chou En-lai--nominated Chou's widow for the position of one of the vice chairmen of the standing committee of the National People's Congress.

Wu Te, vice chairman of the congress and a good bet for chairmanship of the NPC--a position roughly equivalent to head of state--called for continued criticism of Teng Hsiao-ping. It has been rumored that Teng would be rehabilitated now that his major detractors have fallen, but Wu's comment strongly suggests that Teng's rehabilitation is unlikely in the near future.

\* \* \*

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*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

NOTES

Persian Gulf foreign ministers were unable to agree on a formula for closer cooperation on regional issues during a two-day conference in Oman last week.

The attendance of Iraq at the meeting ensured its failure. Iraqi leaders support regional cooperation only among Arab states--thus excluding Iran. They refuse, moreover, to discuss regional co-operation on security matters.

Iraqi diplomacy is aimed at blocking any regional formula that limits the movement of ships through the Strait of Hormuz. Iraq believes that Iran might use such restrictions against Iraq and its patron, the USSR.

Iran takes the position that the Persian Gulf is a closed sea from which foreign military power must be excluded. The Shah of Iran has been virtually the only advocate of a comprehensive multilateral security pact for the Gulf region. He regards such a pact as a way to consolidate Iran's already strong position and as a vehicle for employing Iran's power in a policing role.

Iran may be considering an adjustment of its policy toward Iraq in view of Baghdad's continuing refusal to cooperate on regional issues. The Shah may resume to some extent his previous policy of portraying Iraq as an agent of instability in the Gulf and seeking Baghdad's diplomatic isolation.

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*FOR THE PRESIDENT ONLY*

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*The outcome of elections for the Japanese lower house on December 5 should enable the ruling Liberal Democratic Party to retain its majority in the Diet and control of the government.*

The election is the LDP's first nationwide political test following the Lockheed scandal, the unprecedented indictment of a former prime minister, and an intense--and widely criticized--power struggle within the ruling party. Even so, the LDP should have little problem gaining 271 of the 511 seats at stake--enough to maintain full control of the legislative process in the lower house.

The extent of the LDP's victory 25X1 will play a major role in former deputy prime minister Fukuda's challenge to Prime Minister Miki

[redacted]

\* \* \*

*UN Secretary General Waldheim appears to have enough support to assure his re-election when the Security Council meets on Friday to choose a secretary general for the next five years.*

Waldheim is confident that he will be re-elected, apparently because he believes that China--a permanent Security Council member--will go along with his candidacy. Waldheim also claims that he has the support of Guyana, one of the two Security Council members from Latin America.

Yesterday former Mexican president Echeverria formally announced his candidacy. The Mexicans apparently are counting on the Chinese to veto Waldheim's re-election.

China's intentions, however, are not known. The Chinese could repeat their 1971 action of vetoing

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*FOR THE PRESIDENT ONLY*

Waldheim on the first secret ballot and then dropping their objections, permitting his election. The Chinese have repeatedly deflected requests for public support of Echeverria's candidacy by urging Mexico to round up broad third world support first.

Only the five permanent members can veto a candidate; the other four--the US, UK, France, and the USSR--support Waldheim's re-election.

\* \* \*

South African Prime Minister Vorster's meeting last week with a committee of the multiracial Namibian constitutional conference seems to have prevented a collapse of the conference, but to have made no progress.

The committee had requested the meeting because basic disagreements among the 11 delegations to the conference have stalled efforts to devise a multiracial interim government. Most of the white members of the committee have insisted on interim arrangements that would diffuse power among the existing ethnic homelands instead of setting up a strong central government as preferred by the nonwhites.

According to the US embassy, several who participated in the meeting indicated that Vorster stressed the urgency of reaching an early consensus on forming a government, but did not specifically encourage the white hardliners to compromise with the nonwhites.

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*FOR THE PRESIDENT ONLY*

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Soviet opposition to  
Saudi Arabia's increas-  
ingly active foreign  
policy in the Middle  
East and North Africa  
has led to unusually  
critical exchanges.

The New Times, an unofficial Soviet weekly often used to float trial balloons in foreign policy, ran an article on November 26 accusing the Saudis of promoting defense links between the US and Arab countries and supporting reactionary forces in Lebanon. One day later the Saudis responded, calling the USSR a "master of mischief and slander" against both communist and noncommunist governments.

Both states have previously avoided  
open hostile exchanges. 25X1

The USSR is also disappointed over<sup>25X1</sup> the lack of diplomatic relations with Saudi Arabia. The USSR broke these ties nearly 40 years ago 25X1

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

\* \* \*

*India is harvesting a bumper grain crop for the second consecutive year.*

Foodgrain production reached a record 118 million tons for the crop year ending in June 1976 and should range between 107 to 112 million tons this crop year. During the preceding four years, food output averaged only 102 million tons.

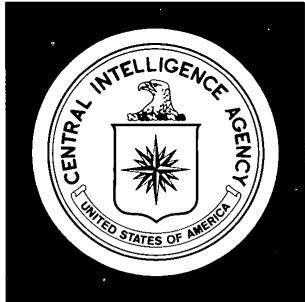
Grain import orders were suspended last spring. Barring a poor spring crop, which currently appears unlikely, no new import commitments are expected before mid-1977.

An overall economic upturn, in which the two good grain crops have been a major factor, is largely responsible for the calm political atmosphere that has prevailed in India since Prime Minister Indira Gandhi tightened her hold over the government in mid-1975. The absence of significant public discontent has enabled Gandhi to concentrate on restructuring the government along authoritarian lines and presumably played a large part in her recent decision to postpone national elections for a second year, until 1978.

*FOR THE PRESIDENT ONLY*

*Top Secret*

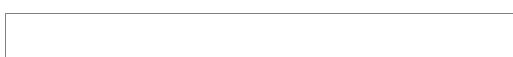
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# The President's Daily Brief

December 2, 1976

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*Top Secret*<sup>25X1</sup>

Exempt from general  
declassification schedule E.O. 11652  
exemptions apply: 5010, 5010-3  
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*FOR THE PRESIDENT ONLY*

December 2, 1976

Table of Contents

OPEC: Both the Shah of Iran and the President of Venezuela during the past two weeks have indicated that they are prepared to accept an OPEC price increase of less than 15 percent. This shift will allow an accommodation with Saudi Arabia and force other price hard-liners to cooperate. (Page 1)

Mexico: President Lopez Portillo devoted most of his inaugural address to economic policy, outlining measures designed to restore the confidence of both private business and the public in the government. (Page 1)

Libya-USSR: President Qadhafi will visit the USSR in early December, reportedly to seek new military and economic agreements. (Page 2)

Notes: Rhodesia; [ ] (Pages 4 and 5)

25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

OPEC: Both the Shah of Iran and the President of Venezuela during the past two weeks have indicated that they are prepared to accept an OPEC price increase of less than 15 percent.

This shift should allow an accommodation with Saudi Arabia and rule out a price hike of more than 10 percent. At least 9 of the 13 OPEC members now have indicated that they expect the price increase to be about 10 percent, and a majority may be willing to support a smaller increase. Without the support of Iran and Venezuela at the OPEC conference later this month, the other price hard-liners--Iraq, Libya, and Nigeria--will be forced to go along.



25X1

President Perez announced in an exchange of speeches with Italian President Leone in Rome on November 18 that an OPEC price hike of 10 percent "would already be dangerous." Leone implied that Perez had given him assurances that Venezuela would support only a minimal oil price rise.

\* \* \*

MEXICO: President Lopez Portillo devoted most of his inaugural address to economic policy, outlining measures designed to restore the confidence of both private business and the public in the government.

The moderate and businesslike tone of the speech indicated that Lopez Portillo plans an orderly shift away from the expansionary fiscal policies of former president Echeverria.

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*FOR THE PRESIDENT ONLY*

Lopez Portillo said that continued economic disorder might cause domestic strife that could require the use of force. He said that in order to regain control of the situation a period of austerity will be necessary. He promised to cut government spending, reduce the heavy public sector deficit, control imports, and attack inflation.

The new President stated that he viewed land distribution as the wrong way to solve the urgent rural problem because peasants cannot produce efficiently on small parcels of land. Lopez Portillo will be under pressure to reverse the expropriations of land ordered by his predecessor. He most likely could not revoke the orders without risking a peasant uprising.

The new cabinet is composed of close associates of Lopez Portillo with strong administrative records rather than well-known political figures, suggesting that he will aim for administrative efficiency.

\* \* \*

*LIBYA-USSR: President Qadhafi will visit the USSR in early December, reportedly to seek new military and economic agreements.*

The Soviets would probably be willing to provide Libya with some additional military equipment on a cash basis, although the Libyans have no real need for more hardware. Deliveries are still pending on about one third of the estimated \$730 million in arms agreements concluded in 1974. Qadhafi is clearly interested in Soviet technical assistance for economic development projects and may ask for a substantial increase in Soviet economic technicians.

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*FOR THE PRESIDENT ONLY*

Rumors circulating in Tripoli that Libya and the USSR will sign a friendship treaty during Qadhafi's visit are probably unfounded. Although Qadhafi has recently been moving toward warmer ties with Moscow, he remains deeply suspicious of the Soviets and is unlikely to commit himself to the tangible and symbolic ties that a friendship treaty implies. He has consistently refused to grant the Soviets base rights in Libya or even permission for naval visits [redacted]

25X1

The USSR would no doubt be wary of concluding a treaty with Libya. An alliance with Tripoli would not improve Soviet stature among the Arab states, but it would cause deep concern in Egypt. Moreover, the Soviets know Qadhafi's erratic nature and they would be hesitant, after the embarrassment of Egypt's abrogation early this year of its friendship treaty, to run the high risk of having another treaty annulled.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

*A Zimbabwe Peoples' Army delegation arrives in Geneva today to join in the talks on Rhodesia.*

The organization announced earlier that its delegation would be an independent group at the conference, but the delegates have now stated that they will "strengthen" Robert Mugabe's group, the militant fact 25X1 of the Zimbabwe African National Union.

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[redacted] The presence of the military leaders--who take a hard line toward settlement terms--is likely to further complicate efforts to reach an agreement. [redacted]

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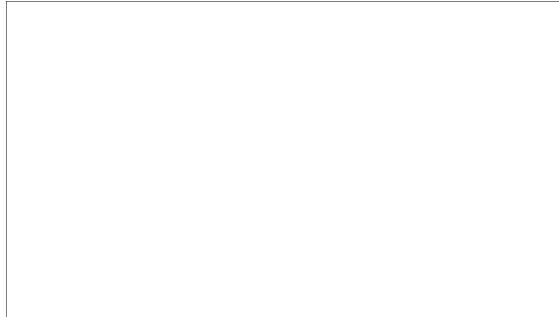
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# The President's Daily Brief

December 3, 1976

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~~Top Secret~~ 25X1



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*FOR THE PRESIDENT ONLY*

December 3, 1976

Table of Contents

China: The standing committee of the National People's Congress yesterday announced the appointment of former Chinese ambassador to the United Nations Huang Hua to replace Chiao Kuan-hua as foreign minister. (Page 1)

Rhodesia: Guerrilla activity in Rhodesia declined during November, apparently as the result of cross-border strikes by Rhodesian security forces and their activity against guerrilla bands within the country. (Page 2)

Pakistan-France: [redacted] 25X1  
[redacted] 25X1  
[redacted] 25X1

Note: Thailand-Indochina (Page 4)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

*CHINA: The standing committee of the National People's Congress, China's legislature, ended its three-day session yesterday with the announcement of only one major personnel change--replacement of the foreign minister.*

Former Chinese ambassador to the United Nations Huang Hua, who was recalled to Peking a few days ago, has replaced Chiao Kuan-hua as foreign minister. Huang is one of China's most seasoned diplomats and played an important role in the early stages of China's opening to the US.

His appointment suggests that Peking does not plan any major departures from its current foreign policy line. In fact, the statement announcing the end of the session included a reference to continuation of Mao's revolutionary line on foreign affairs, a euphemism for the decision to institute a relationship with the US.

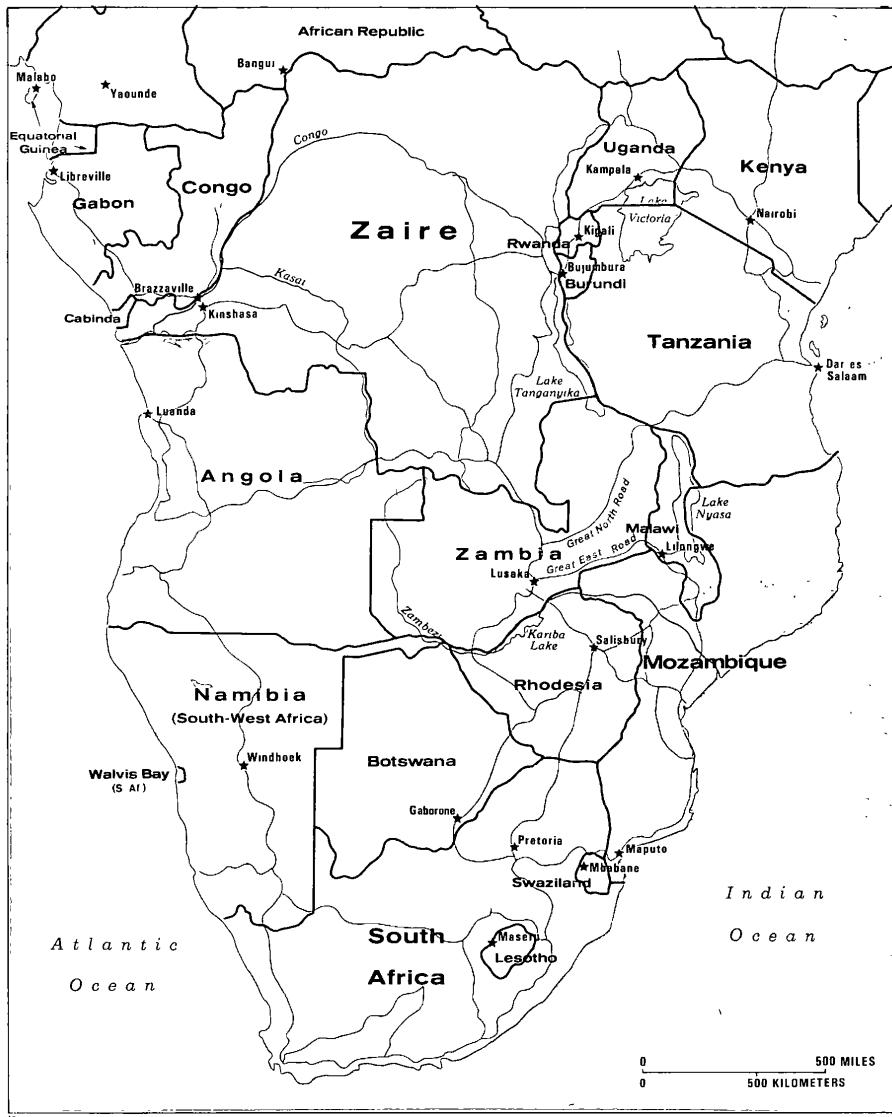
The removal of former foreign minister Chiao Kuan-hua was apparently based on his attitude on domestic affairs and not on his conduct of foreign policy.

*An unusual feature of the NPC session was the pairing of party chairman Hua Kuo-feng and Defense Minister Yeh Chien-ying in several speeches and announcements.*

Press treatment of the two as almost equals is an indication of Yeh's importance and suggests that Hua shares some power with him. Adulation of a top leader--and reports of the meeting contained a good deal of this--was however, exclusively reserved for Hua.

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*FOR THE PRESIDENT ONLY*

RHODESIA: Guerrilla activity in Rhodesia declined during November, even though the rainy season, which usually helps the insurgents and hampers the security forces, began early in the month.

Cross-border strikes by Rhodesian security forces against rebel camps in Mozambique, which have continued intermittently since the end of October, are apparently paying at least short-term military dividends.

The raids have destroyed sizable quantities of munitions, demonstrated the vulnerability of both the guerrilla camps and their Mozambique defenders, and probably forced the insurgents to move farther back from the border. Security forces also have retaliated against Mozambican military units that initiated border actions; in at least one case, the Rhodesians used jet fighters.

Inside Rhodesia, the security forces killed nearly 250 guerrillas last month, according to government communiques.

The insurgents will probably make a stronger showing in the weeks ahead. The heavy rains are beginning to provide improved vegetative cover for the guerrillas, and their ranks will be augmented by black Rhodesians recruited over the past year. Some of these recruits are currently being moved from Mozambique to more secure training camps in Tanzania, where Chinese instructors have long been stationed.

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*FOR THE PRESIDENT ONLY*

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PAKISTAN-FRANCE:



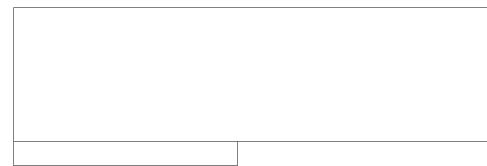
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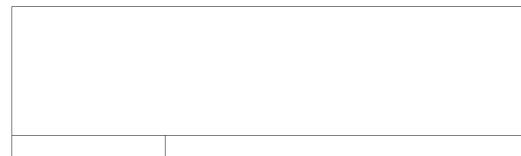
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTE

*Relations between Thailand and its Indochinese neighbors have suffered since the military takeover in Bangkok on October 6.*

The anti-communist and specifically anti-Vietnamese rhetoric of the new Thai leaders sparked a vitriolic response from Hanoi that has continued unabated.

Despite its rhetoric, the Thai leadership has moved to halt the deterioration in relations.

25X1

The Thai foreign minister has publicly endorsed Vietnam's application for UN membership and has explained Bangkok's resettlement of Vietnamese refugees in Thailand.

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Vietnam has so far discouraged all Thai overtures.

*FOR THE PRESIDENT ONLY*

*Top Secret*

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# The President's Daily Brief

*December 4, 1976*

2 25X1



~~Top Secret~~

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*FOR THE PRESIDENT ONLY*

December 4, 1976

Table of Contents

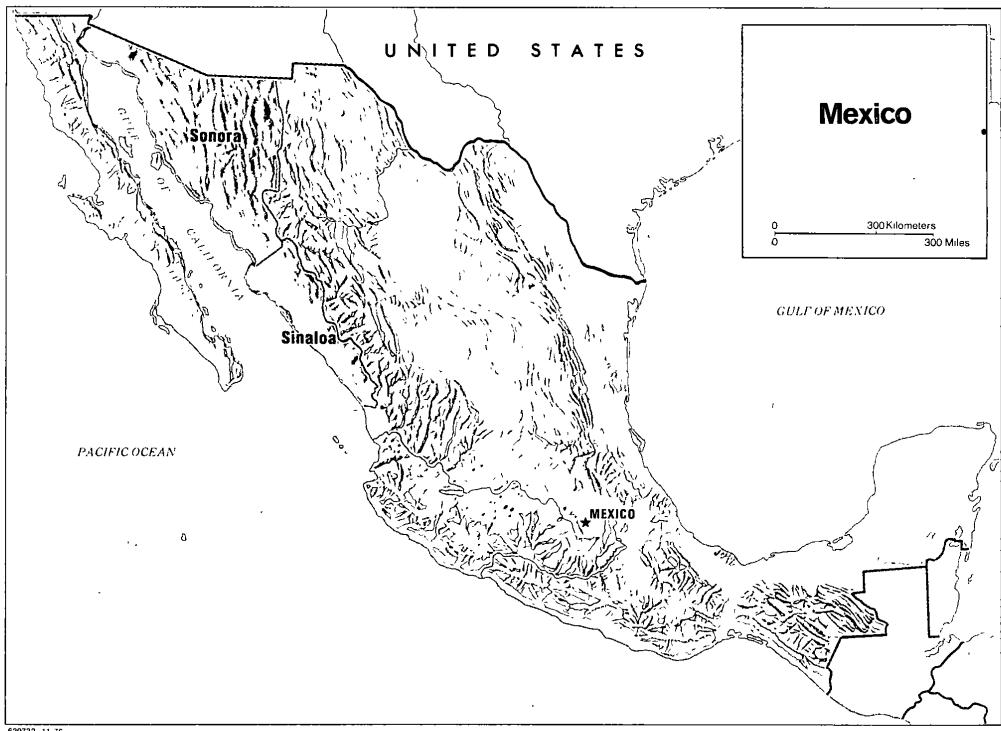
Mexico: President Lopez Portillo faces his first test of political strength in the state of Sinaloa, where thousands of landless peasants have invaded private farms. (Page 1)

Poland: Party leader Gierek's speech to the Central Committee plenum on Wednesday will do little to lessen the widespread feeling in Polish society that the regime is drifting. (Page 1)

Lebanon: The unresolved questions of the Palestinians' future role in southern Lebanon and the confiscation of heavy weapons held by Christian, Palestinian, and leftist militias continue to pose the most serious obstacles to full implementation of the cease-fire. (Page 2)

Notes: USSR; Iran-Iraq-USSR; [redacted] South Korea (Pages 4, 5, 25X1 and 6)

*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

MEXICO: President Lopez Portillo faces his first test of political strength in the state of Sinaloa, where thousands of landless peasants have invaded more private farms.

Encouraged by former president Echeverria's massive land expropriations last month in neighboring Sonora state, the peasants--some of them reported to be armed--have set up temporary shelters on land north of the Sinaloa state capital and are preventing owners from planting or harvesting crops. Landowners hope to get court orders to evict the invaders.

Violence, now a real possibility, has so far been avoided by handing over some of the land the Sinaloan peasants wanted and by a decision of the peasants to cease their demands until the new administration assumed office.

Lopez Portillo will probably try to calm the situation by promising the peasants that their demands will be considered. He has indicated that further land distribution is not the solution to the rural problem. If the situation gets out of hand, the new President probably will use the army to restore order.

\* \* \*

POLAND: Party leader Gierek's speech to the Central Committee plenum on Wednesday will do little to lessen the widespread feeling in Polish society that the regime is drifting.

In his low-key and defensive speech, Gierek admitted that serious economic difficulties exist but tried to allay public fears about the future. He said that the new five-year plan would be redirected to put more stress on supplying consumer goods, especially food, and less emphasis on investment for producer goods. These changes do not, however, mean a massive redirection or retrenchment of the Polish economy, as some Western news services have implied.

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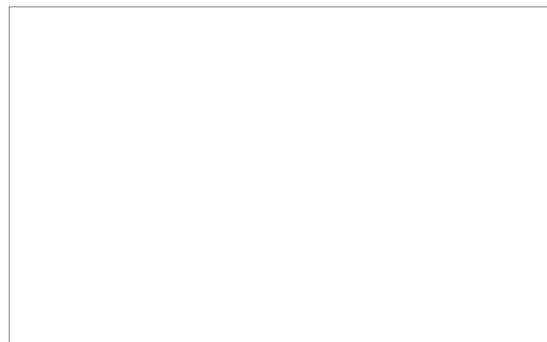
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*FOR THE PRESIDENT ONLY*

Gierek gently chided workers for low productivity, for not understanding how complicated the development process is, and for forgetting how far Poland has come in the past five years. He was much more severe on his internal critics, particularly the dissident intellectuals.

*We agree with the US embassy's conclusion that Gierek's main task will be to muddle through the year ahead and that he is counting on better harvests and increased industrial production from new factories to pull his leadership out of the current crisis.*

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**LEBANON:** *The unresolved questions of the Palestinians' future role in southern Lebanon and the confiscation of heavy weapons held by Christian, Palestinian, and leftist militias continue to pose the most serious obstacles to full implementation of the cease-fire.*

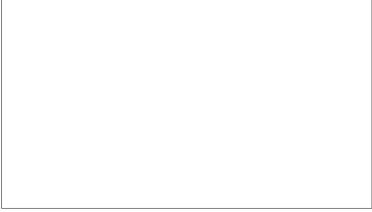
Neither Christian nor Muslim leaders, who remain wary of each other's intentions as well as of Syria's aims, are willing to be the first to hand over arms. The Palestinians, moreover, have maintained that the 1969 Cairo agreements regulating fedayeen activity in Lebanon allow them to retain weapons within refugee camps and in the southern border region. The question of arms collection is certain to be a principal item of discussion at next week's expected first meeting of the quadripartite committee of Syria, Egypt, Saudi Arabia, and Kuwait, which was set up at the Riyadh summit to interpret the Cairo accords.

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*FOR THE PRESIDENT ONLY*

Small-scale clashes between Palestinian and Christian units in southern Lebanon do not appear likely to spark major renewed fighting in the area or damage the cease-fire elsewhere in the country. 25X1

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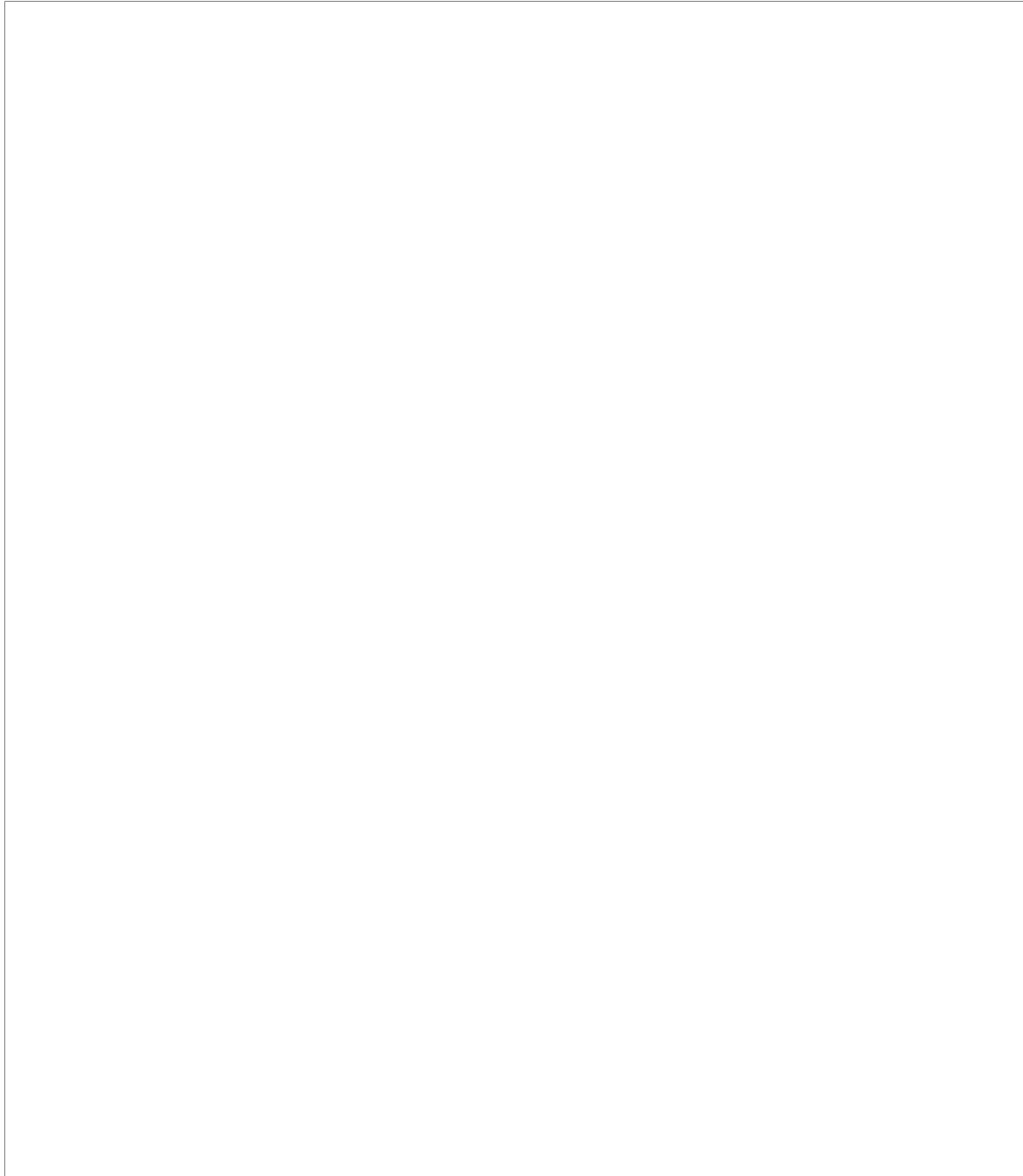
Although Iraqi units recently have begun withdrawing from Lebanon, we believe that several thousand Iraqi troops remain in the country, mainly in the south.

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*FOR THE PRESIDENT ONLY*

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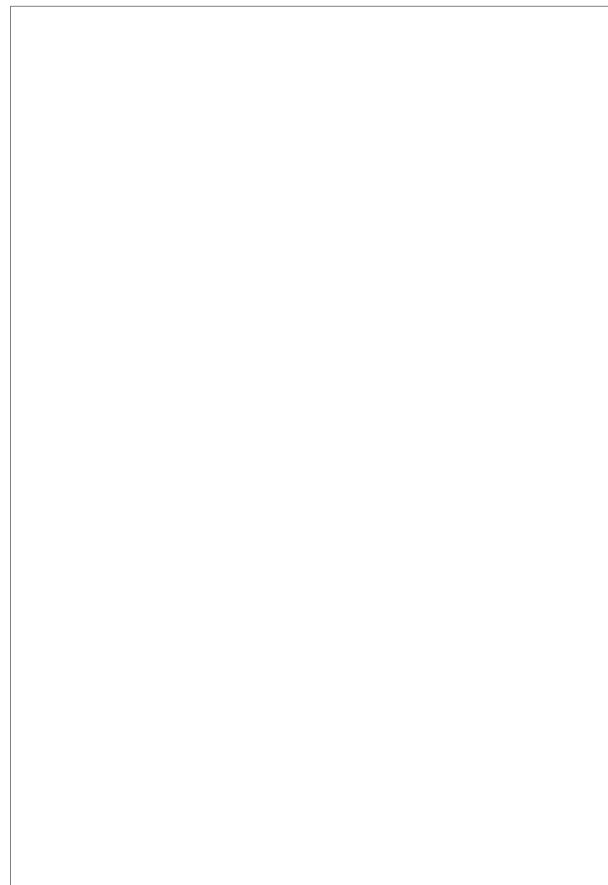


*FOR THE PRESIDENT ONLY*

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NOTES

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Iran has concluded its largest arms purchase from the USSR--reportedly valued at \$525 million



The arms deliveries are scheduled to begin immediately and to be completed by 1980.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*



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*Soviet aircraft deliveries to Iraq are at record levels.*

Through November, Iraq has received 73 jet fighters, more than twice the number shipped in 1975 and about 50 percent over the 1974 level.

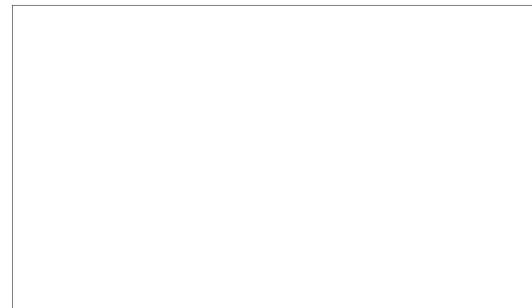


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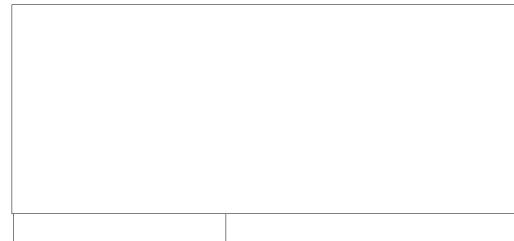


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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

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*The chief of the South Korean Central Intelligence Agency, Sin Chik-su, was removed from his post early today. Several other government changes were also announced.*

Sin has been one of the most influential men around President Pak in recent years, with major responsibilities in both domestic and foreign affairs. His removal now appears to be a direct result of scandals involving South Korean intelligence personnel in the US. Sin's replacement, Kim Chae-kyu, has a military and intelligence background and most recently was minister of construction.

The other appointees include new ministers of justice, construction, education, and reunification. There are rumors that the South Korean ambassador to the US will be replaced in the near future and that additional changes involving positions in economic planning will be made.

Leadership changes at year's end are routine in South Korea. The shuffle this year may be more sweeping than usual, however, as Pak attempts to bring in new faces for what he clearly sees as a troubled period in US - South Korean relations.

*Top Secret*

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# The President's Daily Brief

December 6, 1976

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~~Top Secret~~<sup>25X1</sup>



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declassification schedule of E.O. 11652  
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*FOR THE PRESIDENT ONLY*

December 6, 1976

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Table of Contents

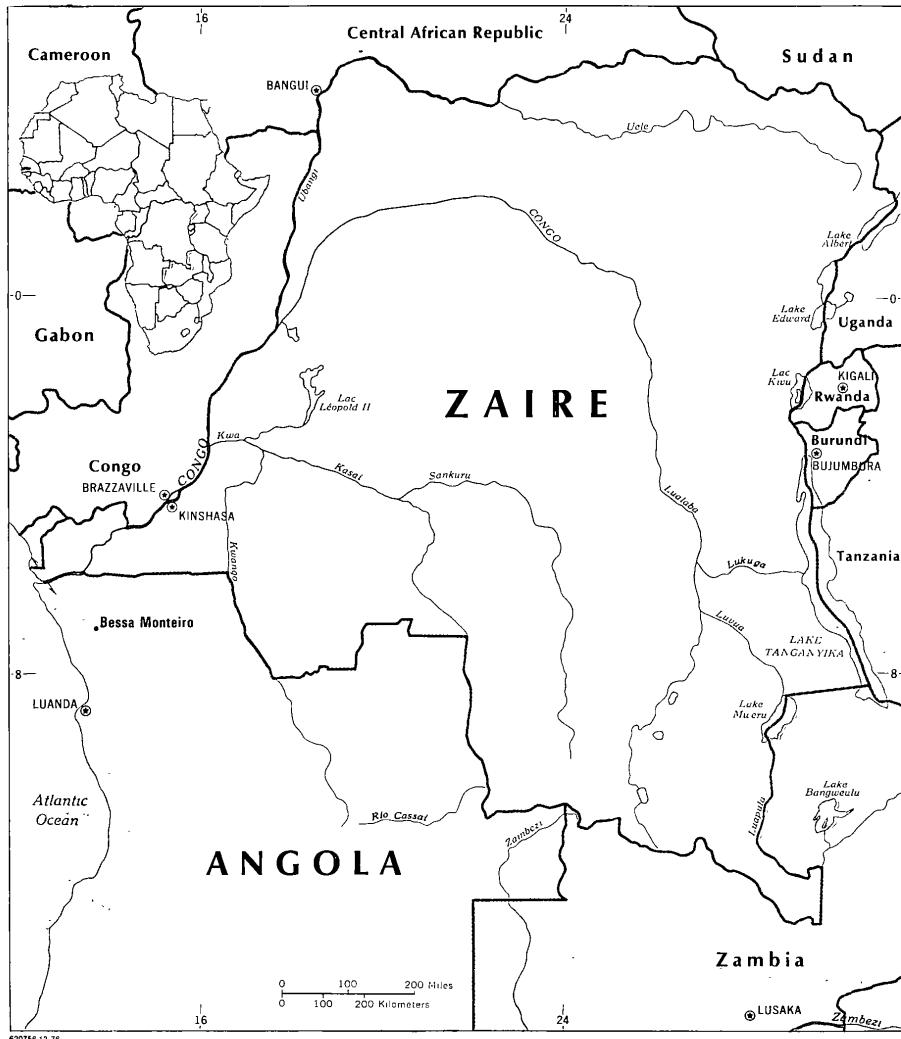
Zaire-Angola: [redacted] 25X1  
[redacted] 25X1  
[redacted] (Page 1) 25X1

United Kingdom: As a condition for securing a \$3.9 billion credit from the International Monetary Fund, the Labor government is likely to agree to cut its budget, including a reduction in defense expenditures. (Page 1)

Note: Japan (Page 3)

At Annex we discuss the dilemmas that continuing rapprochement has created for the Christian Democrats and Communists in Italy.

*FOR THE PRESIDENT ONLY*



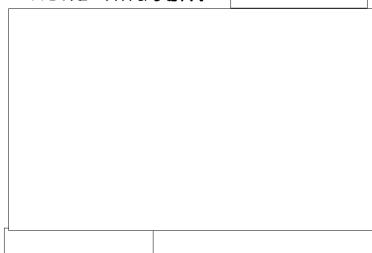
*FOR THE PRESIDENT ONLY*

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ZAIRE-ANGOLA:



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UNITED KINGDOM: As a condition for securing a \$3.9-billion credit from the International Monetary Fund, the Labor government is likely to agree to cut its budget, including a reduction in defense expenditures.

Defense spending, one of the largest items in the national budget, is an attractive and vulnerable target in the intense cabinet battle going on now over how to implement the terms for an IMF loan.

Left-wing Laborites will insist that the government honor its election pledge to bring British defense spending into line with France and West Germany. The UK currently spends about 5.5 percent

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

of its gross national product on defense compared to the 3.5 to 4 percent spent by France and West Germany respectively.

The Labor government has cut military spending four times since it returned to power in February 1974. Defense Secretary Mulley hopes the new slash can be held to around \$80 million, but it will probably be in the range of \$165 million.

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*FOR THE PRESIDENT ONLY*

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NOTE

*The ruling Liberal Democratic Party's fight in Japan to retain a majority of officially endorsed candidates in the lower house has fallen short.*

With unofficial returns in this morning for all 511 seats, 249 LDP candidates have been elected, just below the 256 needed. Independent candidates, however, did surprisingly well; 21 were elected, many of them conservatives who may affiliate with the LDP in the new Diet.

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*FOR THE PRESIDENT ONLY*

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ITALY



*Italian Prime Minister Andreotti is grappling with the most difficult combination of economic and political problems to confront an Italian government leader in years. Andreotti's dilemma is that his Christian Democratic minority government must rely on Communist cooperation to enact and implement an urgently needed economic stabilization program, while the Christian Democratic leadership is searching for ways to revive a non-Communist governing coalition.*

*Prime Minister Andreotti* Unable to muster support for such a coalition among their traditional allies following last June's election, the Christian Democrats have been forced to bargain for Communist abstention in parliament in order to install Andreotti's government and enact austerity measures required to halt the worsening of the economic situation, particularly spiraling inflation and the growing balance-of-payments deficit. In return for their abstention--and for keeping labor protest within manageable limits--the Communists have received key parliamentary posts previously denied them and a larger consultative role in government policy making.

Communist Problems

Communist leaders appear convinced that unless they work with the Christian Democrats and demonstrate a responsible attitude toward Italy's pressing economic and social problems, they cannot achieve membership in the government without triggering unacceptable levels of domestic and international uncertainty. The major risk for the Communists is that their traditional working-class base will become increasingly alienated by the party's acquiescence in austerity measures that will hit hard

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

at lower-income groups. This risk is offset somewhat by the failure so far of the other leftist parties to present themselves as credible alternatives or to develop the kind of organizations necessary to compete with the Communists' vote-gathering machinery.

The longer the de facto partnership between the Communists and Christian Democrats continues, the more likely it becomes that Italians will view any governmental success as a by-product of collaboration between the two parties. This, in turn, would tend to make Communist chief Berlinguer's three-year-old offer of an "historic compromise" with the Christian Democrats look less threatening.

The Christian Democrats

The Christian Democrats face a dilemma in weighing the probable consequences of closer collaboration with the Communists against the implications of an attempt to put together a government more insulated from Communist influence.

Perhaps the greatest limit on the Christian Democrats' freedom of maneuver stems from their long-time emphasis on anti-Communism. The party, in fact, managed to retain its plurality in the June election by draining right-wing support from the smaller parties--such as the neo-fascists--with a very tough anti-Communist campaign. Any move toward more formal collaboration with the Communists would seriously jeopardize the Christian Democrats' base of support among anti-Communist voters and would severely strain the cohesion of the Christian Democratic leadership.

Governmental Problems

Closer relations with the Communists would create serious internal problems for the Christian Democrats, but as they look to the future the Christian Democrats can draw little comfort from the fact that a non-Communist majority still exists in parliament. The Christian Democrats' former allies might eventually be persuaded to rejoin them in the government, but any attempt by the Christian Democrats to push the Communists to the sidelines would risk incurring the kind of Communist opposition that would make Italy even harder to govern.

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*FOR THE PRESIDENT ONLY*

Moreover, the Socialists, whose support the Christian Democrats must have to form a non-Communist government, would not be likely to go along unless the Christian Democrats were willing at least to seek Communist support for government programs. The Socialists are well aware that Communist abstention or support in parliament is frequently necessary to offset Christian Democratic defections during votes on controversial social and economic programs. The Socialists also want to ensure that the Communists share some of the responsibility for potentially unpopular government decisions.

The Christian Democrats thus face unpalatable choices, whether they move toward more formal collaboration with the Communists or try to put more distance between themselves and Berlinguer's party. Neither the Communists nor the Christian Democrats want to force the issue now, and it is likely that their uneasy rapprochement will continue for at least several more months. Most factors in the Italian political equation seem likely to drive the Communists and Christian Democrats closer together rather than farther apart.

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# The President's Daily Brief

December 7, 1976

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declassification schedule of E.O. 11652  
due to statute (EP 1)(c) and (D)  
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*FOR THE PRESIDENT ONLY*

December 7, 1976

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Table of Contents

25X1

Mexico: [redacted] 25X1  
[redacted] (Page 1)  
Iraq - Palestinians - Arab States: [redacted] 25X1  
[redacted] 25X1  
(Page 2)

Notes: Cuba; France; China-USSR (Pages 4 and 5)

At Annex we discuss Syria's foreign policy following Arab endorsement of the Lebanese cease-fire in late October.

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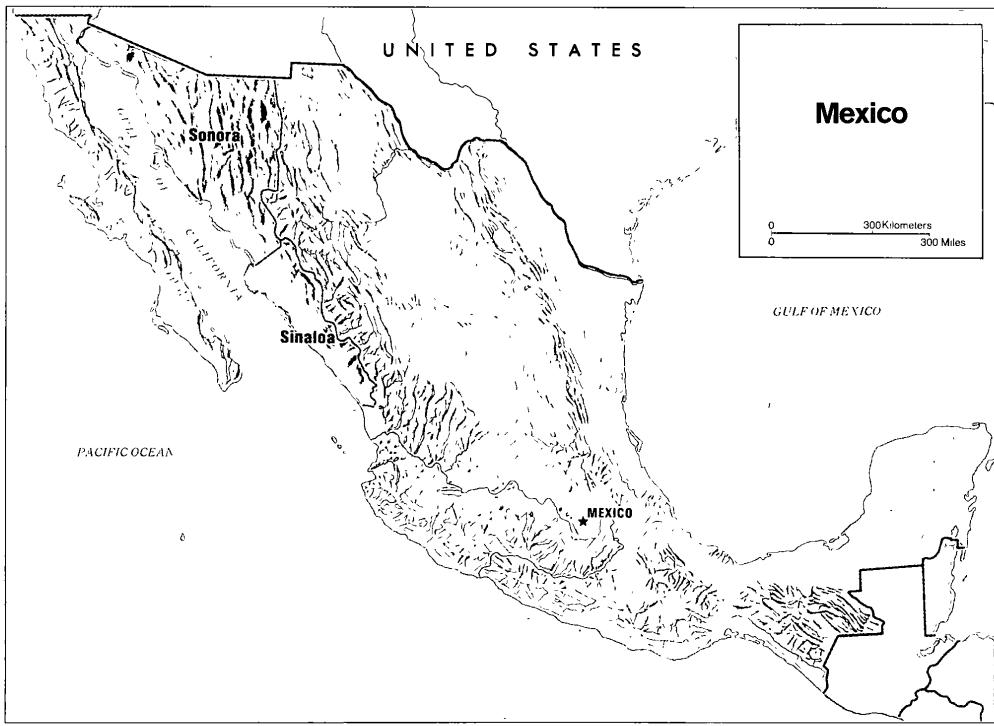


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*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

*The Lopez Portillo government apparently has reached an agreement with protesting peasants in the northwest state of Sinaloa.*

According to press reports, peasant leaders have agreed to withdraw within 48 hours from the fertile land that they invaded last week. Government officials reportedly are trying to persuade landowners in Sinaloa to cede an additional 5,000 hectares (12,000 acres) to the peasants; last month, Sinaloan landowners gave peasants about 13,500 hectares (33,000 acres). 25X1



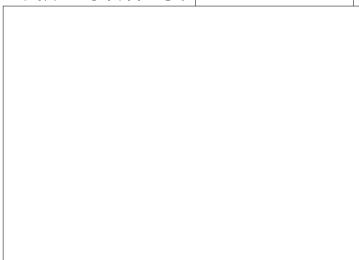
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IRAQ - PALESTINIANS -  
ARAB STATES:

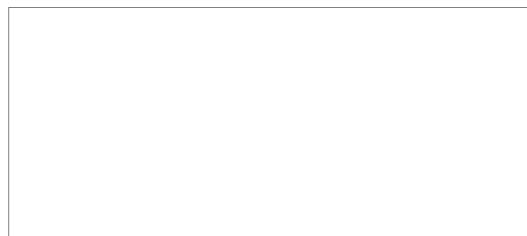


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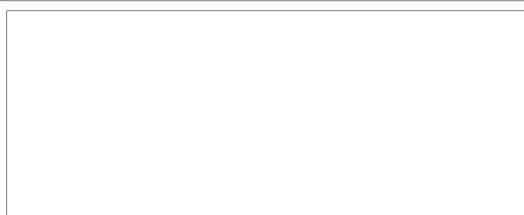
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NOTES

*The top power structure in Cuba remains largely unaltered despite nominal changes instituted last week.*

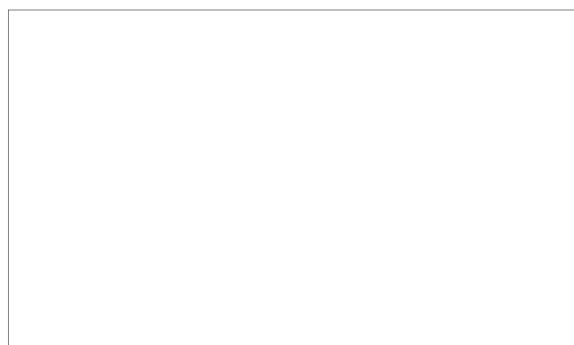
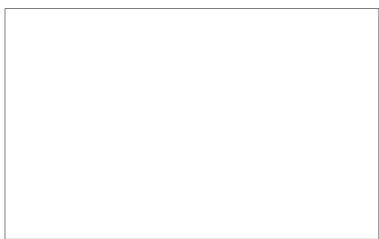
Fidel Castro--now Cuba's president--is in supreme command, and his younger brother Raul is still the number-two man in the regime.

Osvaldo Dorticos was removed from both the presidency, which he had held since 1959, and from his post as chief of the Central Planning Board. Health problems rather than political difficulties are probably responsible for Dorticos' reduced status.

The only other significant change is the replacement of Raul Roa--aged 70 and in poor health--as foreign minister by Isidoro Malmierca Peoli. Malmierca is 46, has traveled extensively, speaks English, and was a member of the pre-Castro communist party. He may owe his appointment to Cuban hopes of improving relations with the US.

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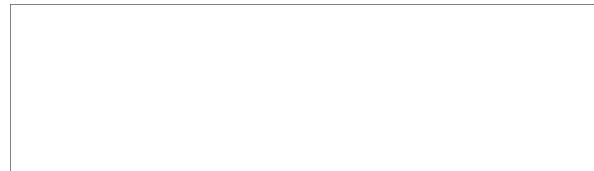
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*FOR THE PRESIDENT ONLY*

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Chinese diplomats con-  
tinued to express skep-  
ticism in conversations  
with US and other offi-  
cials that any new So-  
viet proposals will pro-  
duce progress in Sino-  
Soviet border talks.

A Chinese official in Moscow has asserted that recent Soviet gestures were actually aimed more at Washington than Peking. A second diplomat did not entirely rule out the possibility of movement but noted that progress would depend on what the USSR had to offer.

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*FOR THE PRESIDENT ONLY*

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**SYRIA**

*Syrian President Asad's position both at home and abroad has strengthened since the Arab heads of state endorsed the Lebanese cease-fire in late October. The halt in fighting--even without progress toward a Lebanese political settlement--has brought to a stop most public expressions of discontent within Syria as well as effective pressure on Damascus from Egypt and the USSR, and the possibility of a conventional military move by Iraq.*

*Asad's improved political position has opened the way for him to focus on foreign policy concerns beyond Lebanon and is almost certain to make him push harder for progress in wider Middle East peace negotiations. It will not, however, make him any more willing to offer significant concessions to Israel.*

Syria's strategy now is to marshal as much Arab and international support as possible to press the US and Israel to resume serious peace negotiations. To minimize political risks and to avoid the appearance of making concessions, Asad probably will work through Arab states with close ties to the US, particularly Jordan and Egypt.

**Strategy Toward Jordan**

Asad's immediate aim is to strengthen further his close ties to Jordan. During his current visit to Amman, he is likely to urge on Jordanian King Husayn a joint announcement of the two states' intention to create--sometime in the future--a federation or confederation of the two countries.

The Syrians undoubtedly believe that such a demonstration of Jordan's support and confidence, following Syria's victory in Lebanon, will remind the US, Israel, and Asad's Arab critics that Damascus holds a significantly stronger position in the region, and that its views on Lebanese and Middle East peace negotiations must be accommodated.

King Husayn probably will endorse the principle of closer political cooperation. He will delay indefinitely, however, implementing any scheme that would cede to others significant influence over Jordan's internal security or foreign and military policy.

**Coordination with Egypt**

Asad is now willing to put aside his public criticism of the second Sinai accord while he attempts to work through

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

Sadat to make gains in negotiations. Asad plans to visit Cairo on Saturday.

The Syrians prefer that Sadat take the lead in arranging a new round of talks. Asad recognizes that Egypt has had more experience than Syria in dealing with the US, and he prefers that Egypt suffer the public criticism that would accompany a failure to get talks going again.

Working with Egypt also helps Syria in its relations with the other Arabs. It particularly pleases the Saudis, who provide budgetary support to Syria, fund the predominantly Syrian Arab peacekeeping force in Lebanon, and control use of the Arab oil weapon.

The rapprochement between Syria and Egypt also helps undercut Asad's radical Arab critics. The Palestinians and the Iraqis succeeded in delaying the establishment of a Syrian-backed peace in Lebanon when they had active backing from Egypt, but without Egyptian support they have had to acquiesce in the Syrian occupation.

As long as the Syrian-Egyptian rapprochement holds, the Palestinians will find it much more difficult to play the Syrians and Egyptians off against one another. Cooperation between Cairo and Damascus reduces chances that the Palestinians will be able to veto any formula arranged for the return of an Arab delegation to Geneva. It also makes less likely Palestinian use of a future meeting of the Palestine National Council--the Palestinian parliament--to reduce Syria's control of the fedayeen.

Peace Talks

Syria has equivocated publicly for months about the utility of reconvening the Geneva conference. If Damascus believes it can make significant progress in peace negotiations, there is no doubt that it will be willing to return to the conference. Damascus' renewal last month of the mandate of the UN observer force on the Golan Heights without significant political wrangling reflects in part Syria's interest in avoiding an obstructionist image at a time when the Arabs are pushing for a resumption of serious negotiations.

Asad is not likely to abandon his position that the Palestinians must be represented at Geneva from the start of any new round of talks. If he perceives that progress may be possible on substantive issues, however, he might agree to the formation of a joint Arab delegation--which Egypt would support--that would include Palestine Liberation Organization representatives but not have the PLO present as an organization.

This would have the advantage, from Syria's point of view, of facilitating control of the PLO by the moderate Arab states.

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*FOR THE PRESIDENT ONLY*

It would also have the advantage of putting both the PLO and Israel on the defensive. Neither would like such a formula, but both would be concerned about the possible political costs of rejecting it outright.

On substantive matters, Syria in the coming months will press for negotiations aiming at the return of the Arab territories occupied by Israel in exchange for an end to "all forms of aggression."

Israel and Lebanon

Asad's successful pursuit of his Lebanon policy against the wishes of the Palestinians, Iraqis, Egyptians, and Soviets almost certainly has reinforced his conviction that perseverance pays off. We anticipate that the net effect of the Lebanese involvement will be to make Asad more confident and determined than ever to maintain pressure on Israel, and to give Israel no excuse to refuse either to participate in negotiations or to turn to military action.

Syria will continue, for example, to reaffirm its support for the creation of a Palestinian state. This worries the Israelis and also disarms Asad's fedayeen critics, who argue that his Lebanese policy was directed against the Palestinians.

The presence of approximately 30,000 Syrian troops in Lebanon serves as an implicit threat to Israel, even though they are dispersed throughout the country and pose no immediate threat to Israel's security. The Syrian troops are likely to remain for some months even if the Lebanese cease-fire holds and will tend to create new political problems between Israel and Syria. Having not protested so far, however, the Israelis will be in an awkward position to counter this threat.

Syria has begun to rebuild the Syrian-controlled Saïqa fedayeen group in Lebanon and has moved small units of the Syrian-dominated Palestine Liberation Army into the Arqub region of southern Lebanon. These actions are not directed at Israel, but, because they expand Syrian control in Lebanon, will also raise Israeli concern.

Syria has indicated in the public media its desire to move its forces into the southern Lebanese port of Tyre to eliminate the last important source of resupply for the Palestinians and leftists. It has delayed doing so to deny Israeli forces an excuse to move into southern Lebanon in force. Should the Syrians decide they cannot risk a move into Tyre, they are likely to conclude also that continued tension and occasional skirmishing between the fedayeen and Lebanese Christian and Israeli forces in the border area--despite the adverse impact on Lebanese stability--serve Syria's interests in dealing with Israel.

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*FOR THE PRESIDENT ONLY*

Continued tension, the Syrians might calculate, would oblige the Israelis to choose between a Syrian presence in the border area and low-level fedayeen cross-border terrorism.

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# The President's Daily Brief

*December 8, 1976*



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*FOR THE PRESIDENT ONLY*

December 8, 1976

Table of Contents

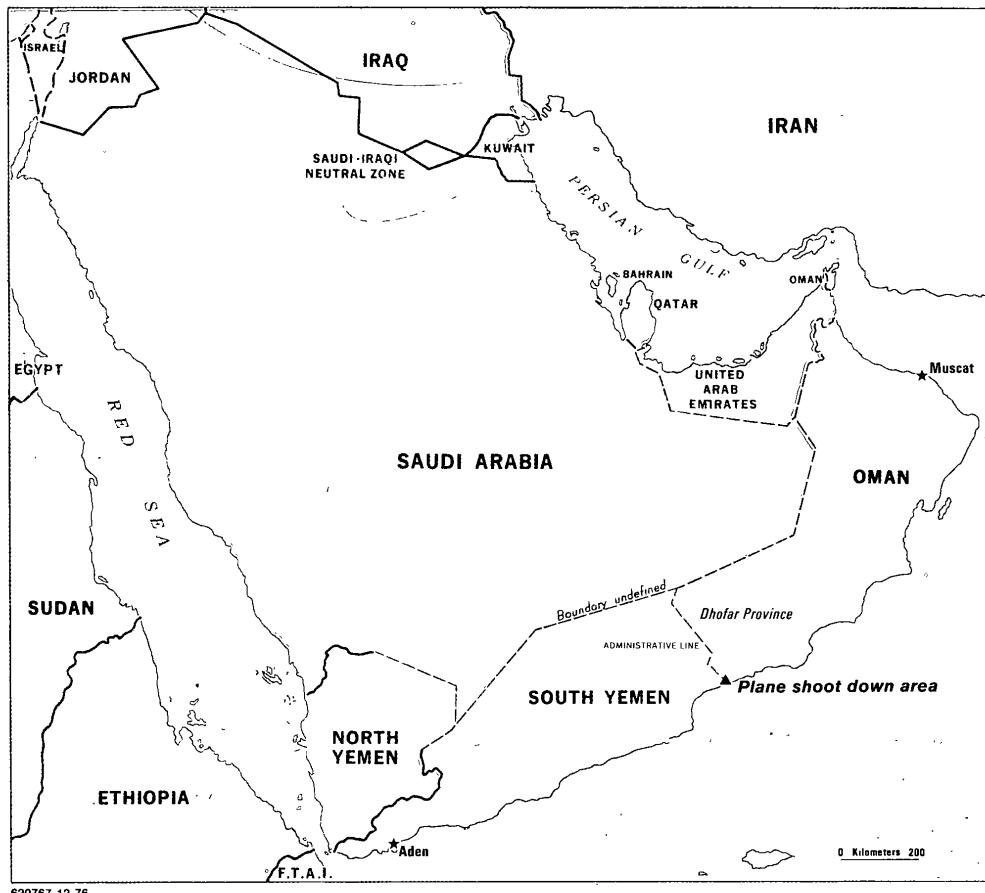
Iran - South Yemen - Saudi Arabia: Iran may be considering limited military action against South Yemen if diplomatic efforts fail to secure the release of a recently captured Iranian fighter pilot. (Page 1)

Lebanon: Renewed tensions in southern and northern Lebanon may further complicate efforts by the Syrian-dominated security forces to begin collecting heavy weapons. [redacted] 25X1  
[redacted] (Page 2)

Rhodesia: The Rhodesian guerrilla leaders who arrived in Geneva last week to join the settlement conference have been playing a low-key role. (Page 4) 25X1

Notes: USSR (underground nuclear test); Turkey-Cyprus; USSR (space launch); China (Pages 5, 6, and 7)

*FOR THE PRESIDENT ONLY*

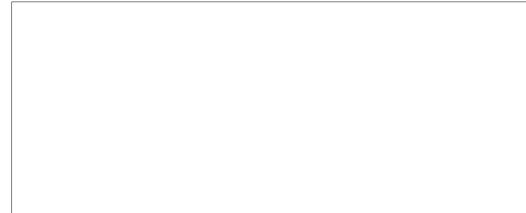


*FOR THE PRESIDENT ONLY*

IRAN - SOUTH YEMEN -  
SAUDI ARABIA: *Iran may  
be considering limited  
military action against  
South Yemen if diplo-  
matic efforts fail to  
secure the release of  
a recently captured  
Iranian fighter pilot.*

Iran has twice publicly threatened unspecified "future actions" if South Yemen does not return the pilot of an Iranian F-4, one of two aircraft downed by South Yemeni antiaircraft fire on November 24. The aircraft was on a probable reconnaissance mission near Oman's disputed border with South Yemen, although Iran and Oman claim the plane was unarmed and on a routine training mission over Oman. The pilot was captured and the co-pilot killed during the incident.

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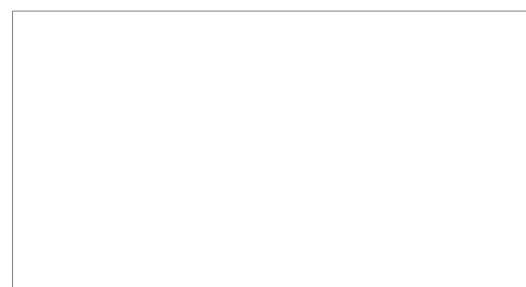
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*FOR THE PRESIDENT ONLY*



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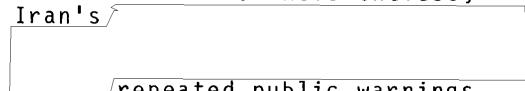
*FOR THE PRESIDENT ONLY*



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The Shah would have to weigh carefully the political costs of military action against an Arab country--even an outsider such as South Yemen--and consider larger questions such as how military action would affect the future sale of US arms to Iran. Nevertheless, Iran's



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/repeated public warnings that he would act alone to combat radical influences in the Gulf all suggest he is at times willing to pay that price.

\* \* \*

LEBANON: Renewed tensions in southern and northern Lebanon may further complicate efforts by the Syrian-dominated security forces to begin collecting heavy weapons.

Implementation of the plan for disarmament has been delayed until 25X1 next week and may be set back further if the tensions continue.



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In the wake of renewed fighting between Israeli-backed Christian troops and Palestinian and leftist forces in southern Lebanon, Israel has stepped up its naval patrols along the southern Lebanese coast.

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*FOR THE PRESIDENT ONLY*

Israel's continuing warnings that it will not tolerate the presence of a non-Lebanese military force to police the border area gives President Sarkis little room to find a compromise solution. There is no Lebanese force capable of maintaining security in the south, and efforts to create a strictly Lebanese force with an acceptable balance of Christians and Muslims would cause a potentially dangerous delay in implementing other parts of the cease-fire agreement.

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The quadripartite committee of Syria, Egypt, Saudi Arabia, and Kuwait, set up at the Riyadh summit to interpret the Cairo accords, is expected to meet this week. Israel may be hoping that its present attitude may encourage this group to consider disarming Palestinian units in the south. 25X1

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*FOR THE PRESIDENT ONLY*

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RHODESIA: *The Rhodesian guerrilla leaders who arrived in Geneva last week to join the settlement conference have been playing a low-key role as part of Robert Mugabe's nationalist delegation.*

The US mission in Geneva reports that Mugabe, leader of the Zimbabwe African National Union delegation, has appeared much more relaxed and confident since the arrival of the military leaders. 25X1

[redacted]

Nkomo has told the US mission that he believes the guerrillas can be more fully controlled now that their leaders are at the conference. He hopes to take advantage of their presence by resuming negotiations on military coordination between his own ZAPU forces and the ZANU guerrillas. 25X1

Despite the outward harmony, there are continuing reports of disunity within the ZANU faction. [redacted] 25X1

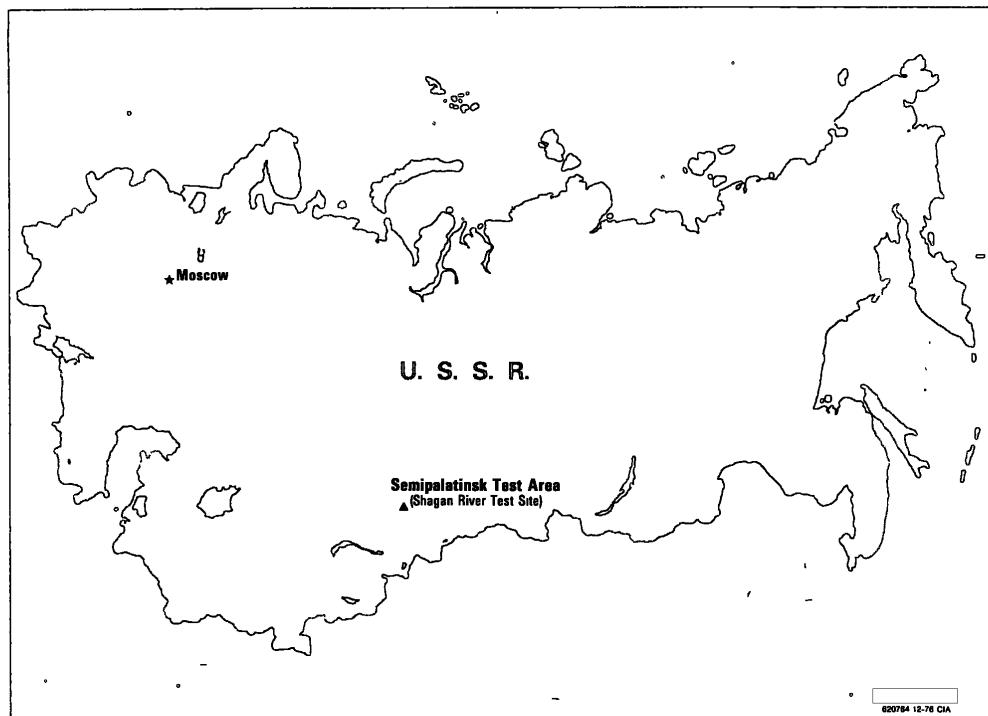
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There may be as many as five basic subgroups within ZANU, and Mugabe's delegation remains an extremely fragile coalition.

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*FOR THE PRESIDENT ONLY*

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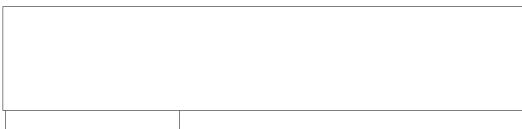
The USSR conducted an underground nuclear test yesterday at the Shagan River Test Site at Semipalatinsk, Kazakhstan.

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This is the fourth test in this general yield range at Shagan River this year. It is the 17th Soviet underground test in 1976--about the same rate of testing as in recent years.

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The Turkish government, apparently concerned over the possibility of a new US proposal on Cyprus, is accelerating the expulsion of Greek Cypriots still living in the Turkish zone in the north.

The Turks had originally planned to relocate most of the Greek Cypriots by next summer, but the new timetable reportedly calls for moving most of those in the Turkish zone--some 4,000--by the end of the year. Another 4,000 have been expelled during the year.

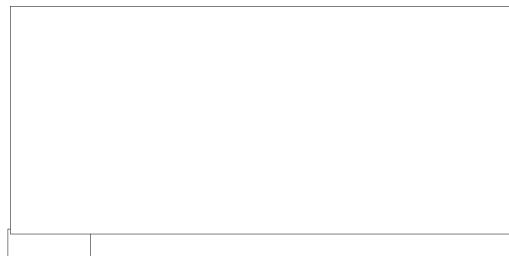
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*FOR THE PRESIDENT ONLY*

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The USSR evidently is preparing for a manned space launch this month, perhaps as early as next week.



The Soviets appear to be preparing to re-man the Salyut 5 space station. If so, they probably will send up a crew in a two-man Soyuz vehicle. Salyut 5 is an operational intelligence collector that has been in orbit since June. Two cosmonauts were aboard the station for 48 days in July and August; an attempt to re-man Salyut 5 in mid-October was not successful.

Alternatively, the pending operation could involve a manned test of a new spacecraft.

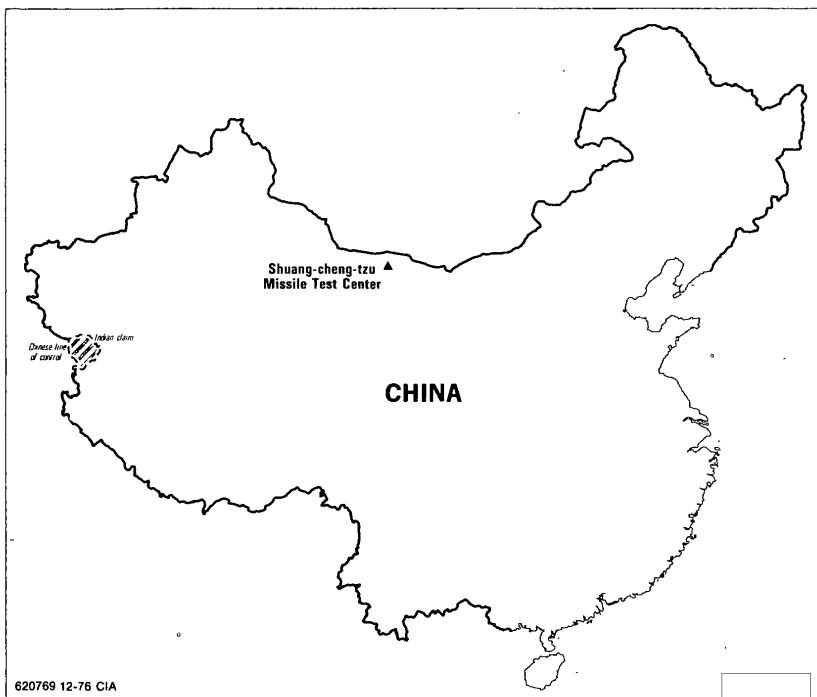
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*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

\* \* \*

China launched a satellite yesterday from the Shuang-cheng-tzu missile test center.

The satellite has been confirmed in orbit, [redacted]

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This is China's third space shot since late summer. The others were only partially successful or failed. China's last successful [redacted] launched 25X1 in November 1975.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

*December 9, 1976*

2

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(1)(2), (3)  
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*FOR THE PRESIDENT ONLY*

December 9, 1976

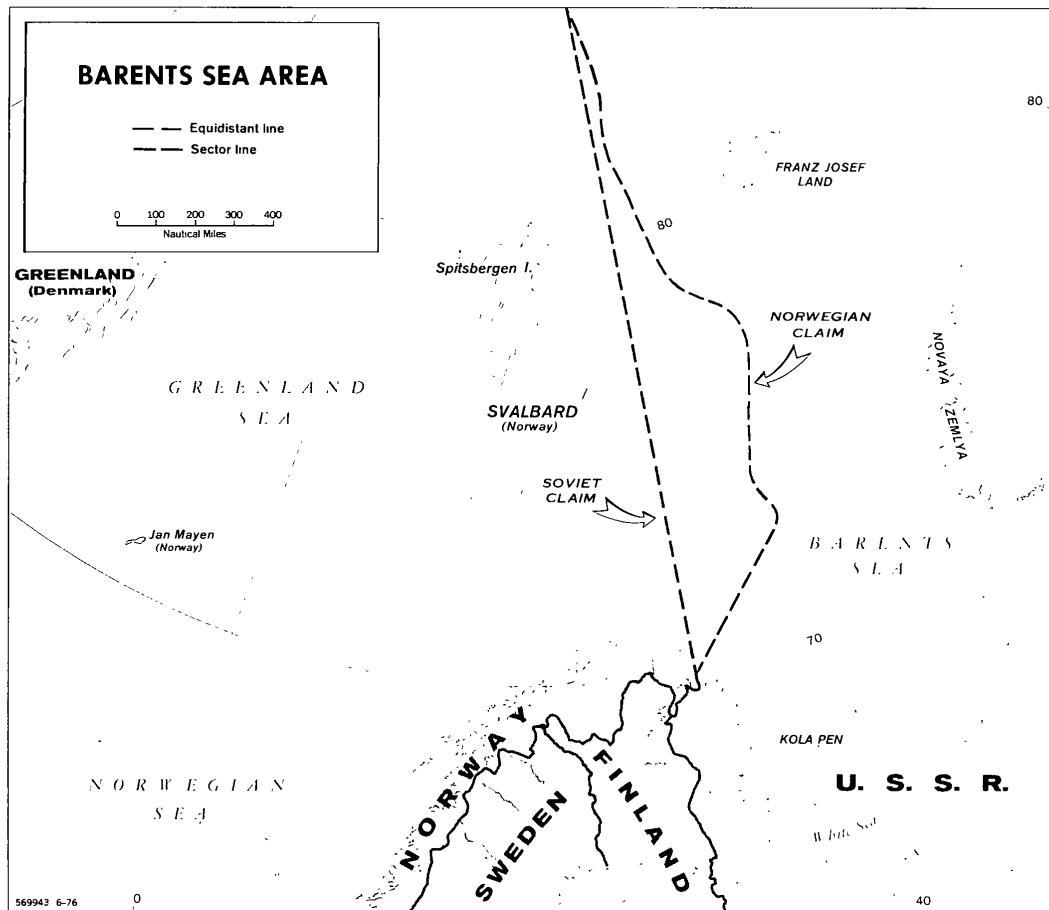
Table of Contents

Lebanon: The appointment as prime minister yesterday of Dr. Salim Ahmad al-Huss, a close adviser to President Sarkis on economic matters, indicates the President's preference for a cabinet of technocrats, subject to his control. (Page 1)

USSR-Norway: The USSR may declare a restricted fishing zone encompassing nearly the entire Barents Sea. (Page 1)

Notes: Israel-Kenya; Japan; USSR-Turkey; Somalia-Ethiopia  
(Pages 3, 4, and 5)

*FOR THE PRESIDENT ONLY*



*FOR THE PRESIDENT ONLY*

**LEBANON:** *The appointment as prime minister yesterday of Dr. Salim Ahmad al-Huss, a close adviser to President Sarkis on economic matters, indicates the President's preference for a nonpolitical cabinet of technocrats, subject to his control, to guide Lebanon's post-war reconstruction and reunification. Al-Huss is a Muslim.*

According to press reports, Christian faction leader Camille Shamun voiced his support for the appointment, removing a major obstacle to the confirmation of al-Huss as prime minister. Shamun earlier had opposed a technocrat-dominated cabinet and has insisted that the Christian faction be strongly represented in any new government.

Both Muslim and Christian leaders may now increase pressure on Sarkis to facilitate the appointment of figures loyal to their respective factions to remaining cabinet posts and other major positions.

\* \* \*

**USSR-NORWAY:** *The USSR may declare a restricted fishing zone encompassing nearly the entire Barents Sea.*

The Soviet delegate to the recent North Atlantic fishing conference in Madrid told US representatives that his government might extend its fishing waters by January 1, 1977. Both the Japanese and Polish delegates claimed to be fully aware of Soviet intentions. The Polish delegate confirmed that his government had received a note describing Soviet intentions to establish protected zones in most of the Barents Sea. The Soviets are reported to be taking this action in anticipation of the exclusion of foreign trawlers from waters inside the 200-mile economic zone the EC plans to establish next month.

Norway also plans to declare a 200-mile economic zone and to establish a fish conservation zone in waters around Svalbard--an area from which the Soviets take an annual catch of approximately 450,000 tons of fish.

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*FOR THE PRESIDENT ONLY*

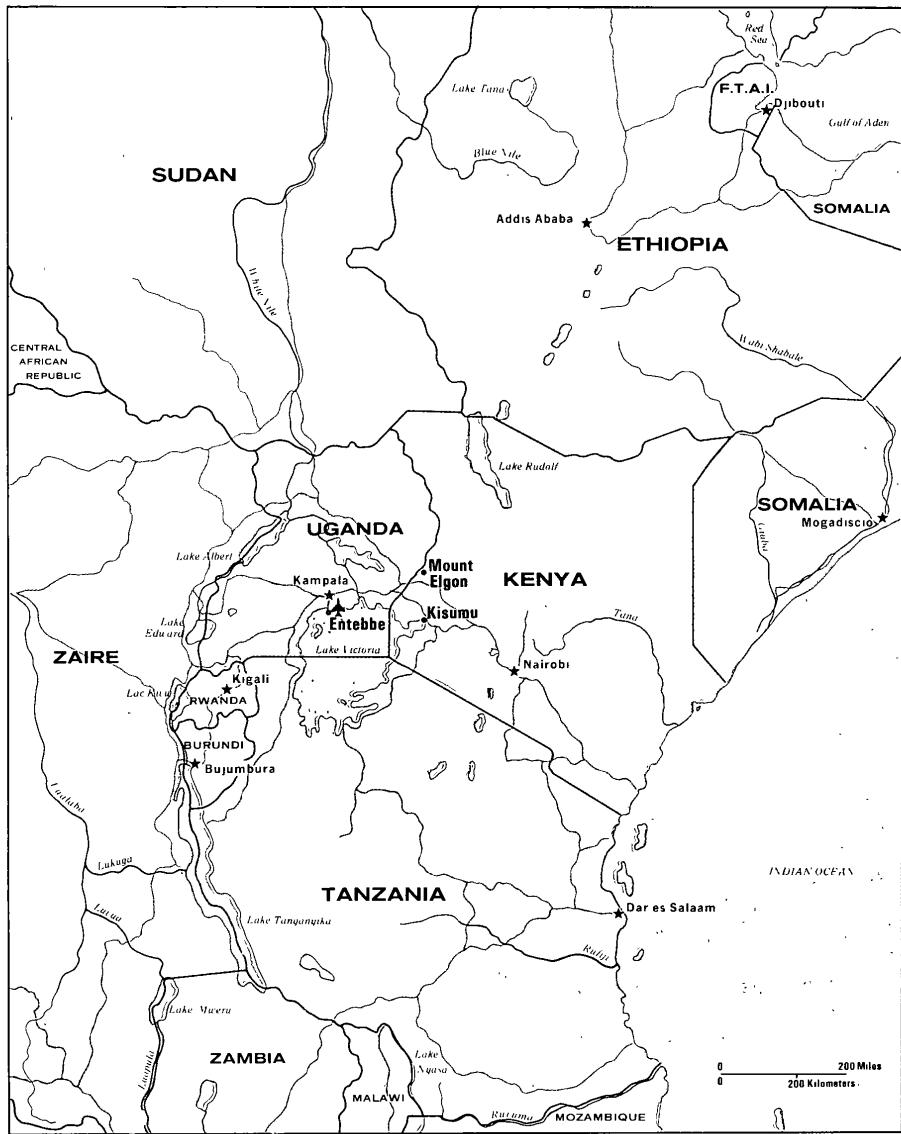
Norway and the Soviet Union have been unable to reach agreement on demarcation of the Barents Sea in the Svalbard area. Norwegian officials were struck last month by the inflexibility of the Soviets over a compromise on the demarcation line. Moscow's current tack is to refuse to recognize any dispute in the Barents Sea, a position that may harden during bilateral negotiations this week.

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*FOR THE PRESIDENT ONLY*

## EAST AFRICA



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Israel [redacted]  
[redacted] Kenya [redacted]  
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*Leaders of Japan's Liberal Democratic Party are consulting on the selection of a replacement for Prime Minister Miki, who has reportedly decided to resign.*

*The most likely candidate for the post is former deputy prime minister Fukuda. Fukuda was endorsed by a solid majority of Liberal Democratic legislators before the lower house election.*

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

Liberal Democratic leaders will probably need a week to consult party members before announcing Miki's successor. The party is likely to endorse its candidate at a general meeting on December 20, with the Diet formally electing the new prime minister a few days later.

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Soviet

Turkey

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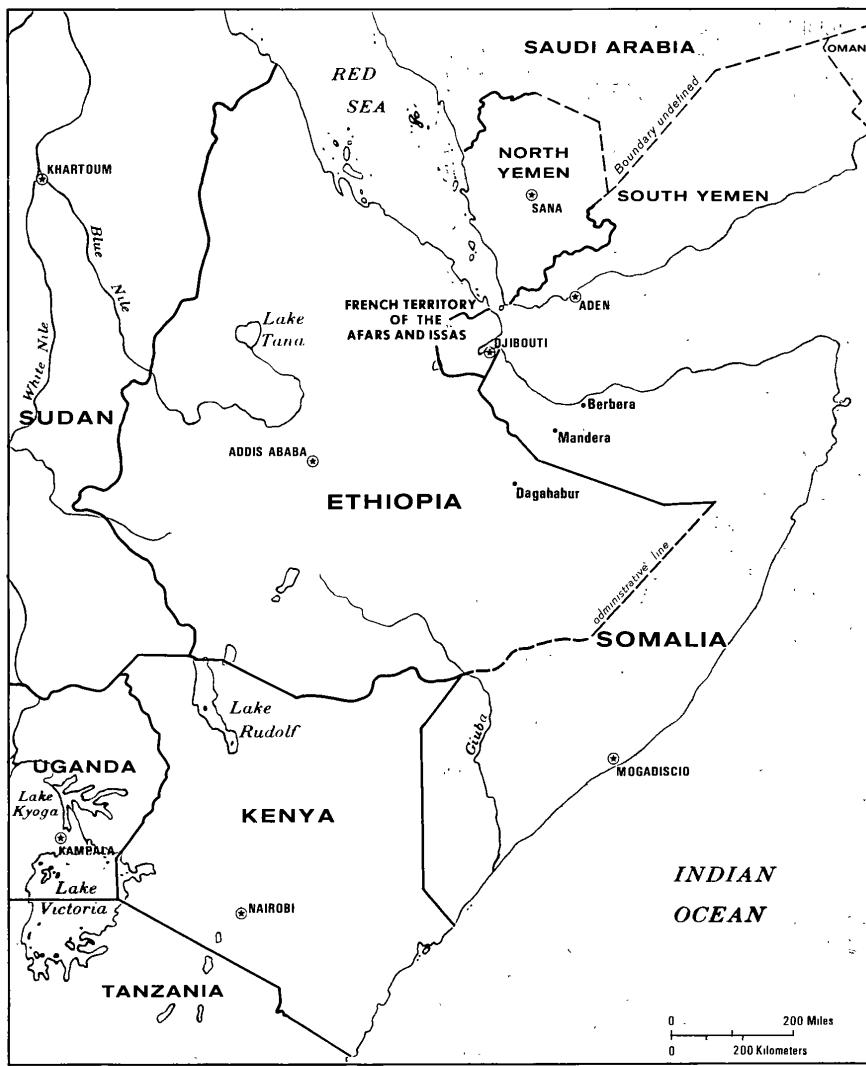
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*FOR THE PRESIDENT ONLY*

## The Horn of Africa



*FOR THE PRESIDENT ONLY*

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*Somali military reports indicate that President Siad's government is concerned that Ethiopian military moves near the northern sector of the border between the two countries might presage an Ethiopian attack.*

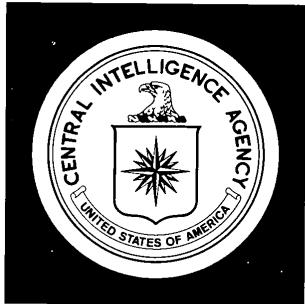
According to the Somali reports, Ethiopia moved a mechanized brigade on December 4 to reinforce an infantry brigade at Dagahabur. The Ethiopians also sent several reconnaissance units to towns close to the Somali border. We have not detected a Somali military alert, but the army has taken some precautionary steps.

We have no confirmation of large-scale Ethiopian troop movements, but the army has probably shifted some troops in response to the steadily increasing Somali-supported insurgent activity in the area. The Ethiopians believe the Siad regime is supporting guerrilla activity inside Ethiopia in part with a view to tying down troops that might be used against Somalia should the two countries go to war over the French Territory of the Afars and Issas when France grants the territory its independence next year.

*FOR THE PRESIDENT ONLY*

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# The President's Daily Brief

December 10, 1976



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*FOR THE PRESIDENT ONLY*

December 10, 1976

25X1

Table of Contents

<u>South Korea:</u> [redacted]	25X1
[redacted] (Page 1)	25X1

USSR-Libya: The communique issued after Libyan President Qadhafi's visit to the USSR from December 6-9 reflects the substantial strengthening of bilateral ties over the past two years. (Page 1)

Notes: Rhodesia; France-Canada; USSR - East Germany (Pages 3, 4, and 5)

At Annex we discuss the issue of uranium development in Australia.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

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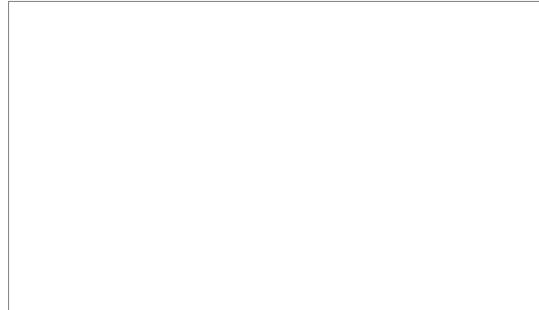
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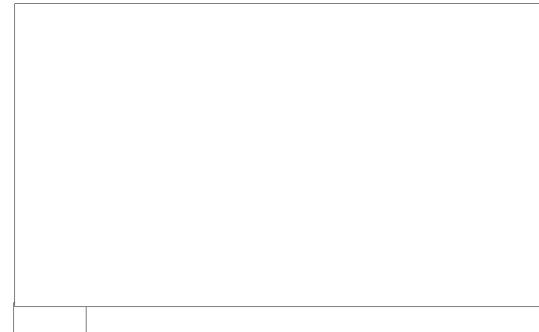
SOUTH KOREA: [redacted]



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USSR-LIBYA: *The communique issued after Libyan President Qadhafi's visit to the USSR from December 6-9 reflects the substantial strengthening of bilateral ties over the past two years.*

The communique referred several times to the importance of friendship and cooperation, implying that the two sides may be working toward a protocol on consultations or principles. Neither side at this juncture is likely to be interested in a formal friendship treaty that would suggest a more tangible relationship.

Several aspects of the joint statement revealed the differences that continue to separate the two sides:

--There was no mention of the Geneva conference on the Middle East, which Qadhafi denigrated in his public remarks in Moscow.

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*FOR THE PRESIDENT ONLY*

--References to Israel were softer than usual, presumably a concession to Soviet efforts to return the protagonists in the Middle East to the Geneva forum.

--The failure to refer to the Palestine Liberation Organization as the sole representative of the Palestinian people as well as the handling of the issue of Palestinian statehood was certainly dictated by Tripoli's ties with the more radical fedayeen groups.

The four days of talks produced several agreements:

--A shipping agreement that could increase Soviet merchant marine use of Libyan facilities.

--A program for cultural cooperation, which will presumably be limited by Libya's long-standing distrust of the USSR.

--The initialing of a document on economic and technical cooperation.

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*FOR THE PRESIDENT ONLY*

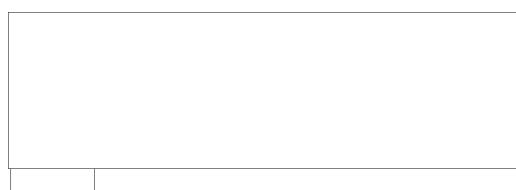
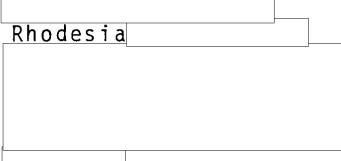
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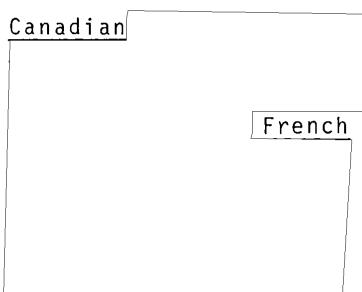
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East German [redacted]  
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Moscow [redacted]  
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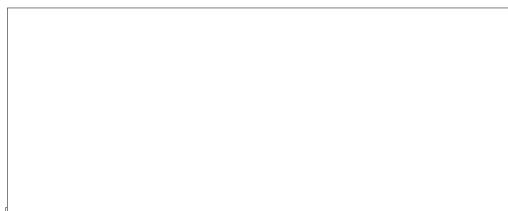
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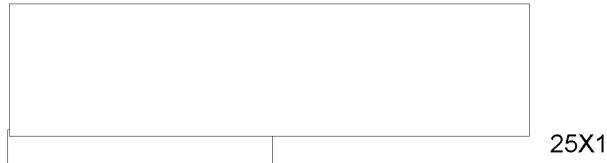
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AUSTRALIA

*In contrast to the restrictive policies of its predecessor, the year-old Fraser government favors early development of Australia's vast uranium resources. The government is moving cautiously on the highly controversial issue but has already allowed resumption of some uranium mining. If existing curbs on exports and on mining in the Northern Territory are lifted, Australia will become a major supplier of uranium within the next decade.*

Australia has about one fifth of the uranium reserves outside communist countries. With no plans for a nuclear power industry within the next 10 years, the Australians could export nearly all their uranium output. If the government allows producers to carry out their present plans, Australia could be exporting several thousand tons of uranium oxide per year by the end of the decade. Uranium then would become Australia's number-one export, bringing in over \$1 billion annually.

Foreign ownership in companies involved in uranium projects is limited to a maximum of 25 percent. The government also retains strict control over safeguards and marketing regulations.

Uranium development has become one of Australia's hottest public issues. Some public opinion polls indicate that a majority of the population favors uranium development for use in nuclear power; others show that Australians think nuclear development would have harmful effects on future generations. Many unions are vehemently opposed to all uranium mining.

The government has put off two politically sensitive policy decisions--whether to allow mining in the Northern Territory and whether to permit uranium exports--pending the outcome of a special environmental inquiry by a commission charged with forming guidelines for Australian uranium policy.

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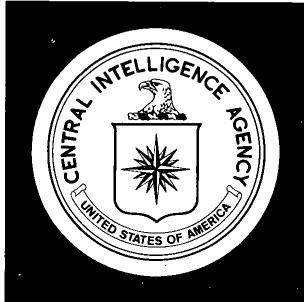
*FOR THE PRESIDENT ONLY*

The commission recently gave tacit approval for changing export policy and for mining outside the Northern Territory but also recommended stringent safeguards, government controls, and further public debate. A second report, dealing specifically with the Northern Territory, will not be ready until after the first of the year.

The government, meanwhile, will continue removing impediments to uranium development. Since the commission's first report, Canberra has announced that existing export sales commitments will be met, subject to the guidelines of the Nuclear Nonproliferation Treaty, and that projects outside the Northern Territory may proceed with environmental impact studies, a necessary prelude to mining approval.

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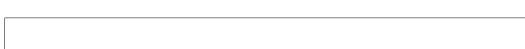


# The President's Daily Brief

December 11, 1976

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*FOR THE PRESIDENT ONLY*

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December 11, 1976

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Table of Contents

Mexico:

[redacted] (Page 1)

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USSR:

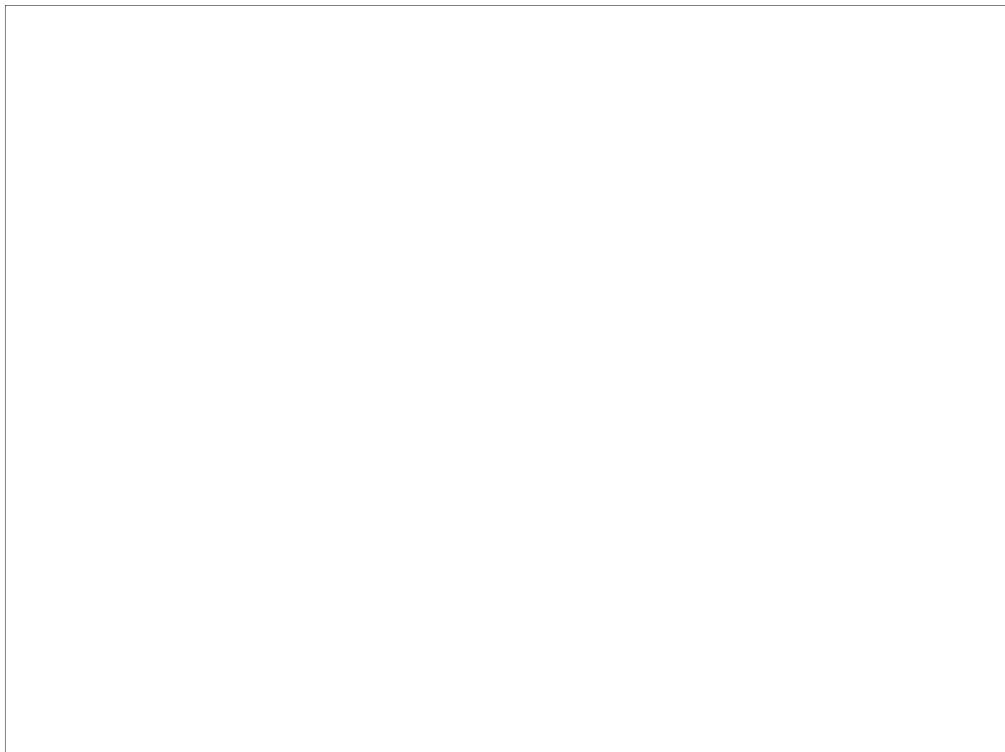
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Rhodesia: Prime Minister Smith apparently still hopes to negotiate with "moderate" nationalist leaders. (Page 3)

Notes: USSR-Somalia; Italy (Pages 4 and 5)

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MEXICO: [redacted]  
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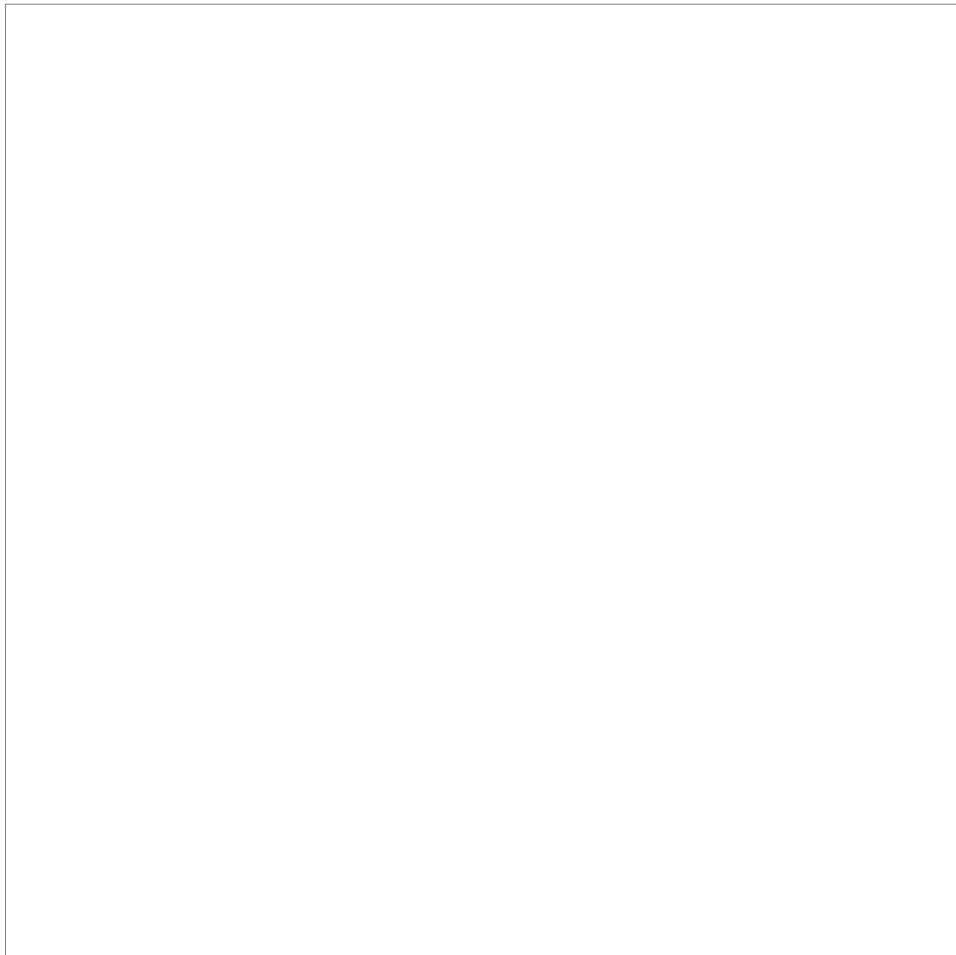
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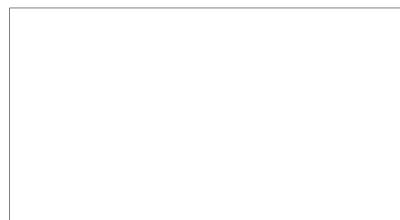
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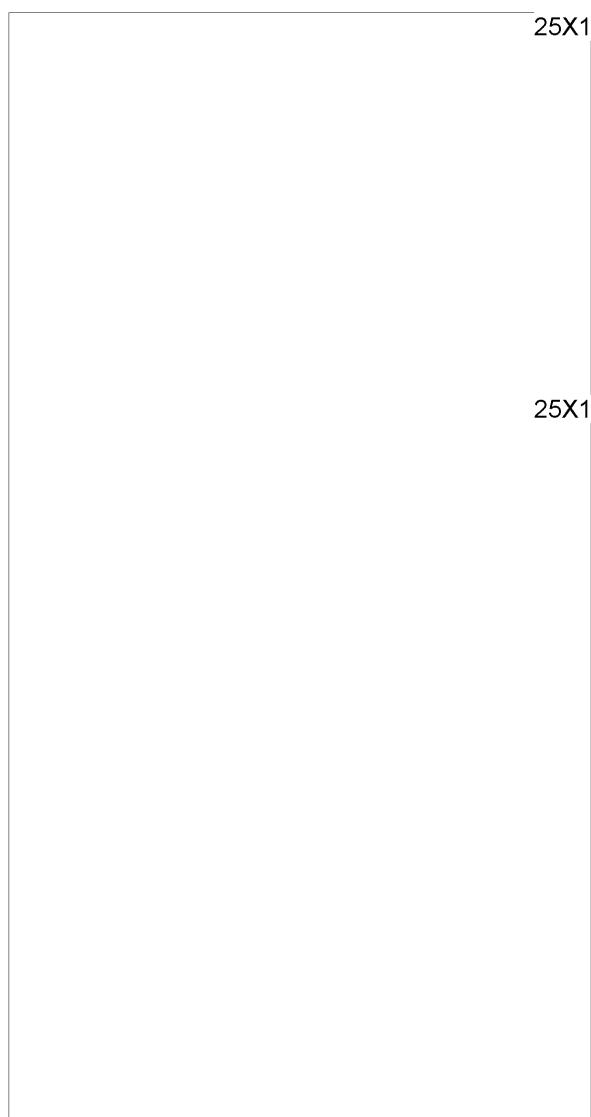


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RHODESIA: Prime Minister Smith apparently still hopes to negotiate a settlement with "moderate" nationalist leaders that would exclude Robert Mugabe and most of the Rhodesian guerrillas.

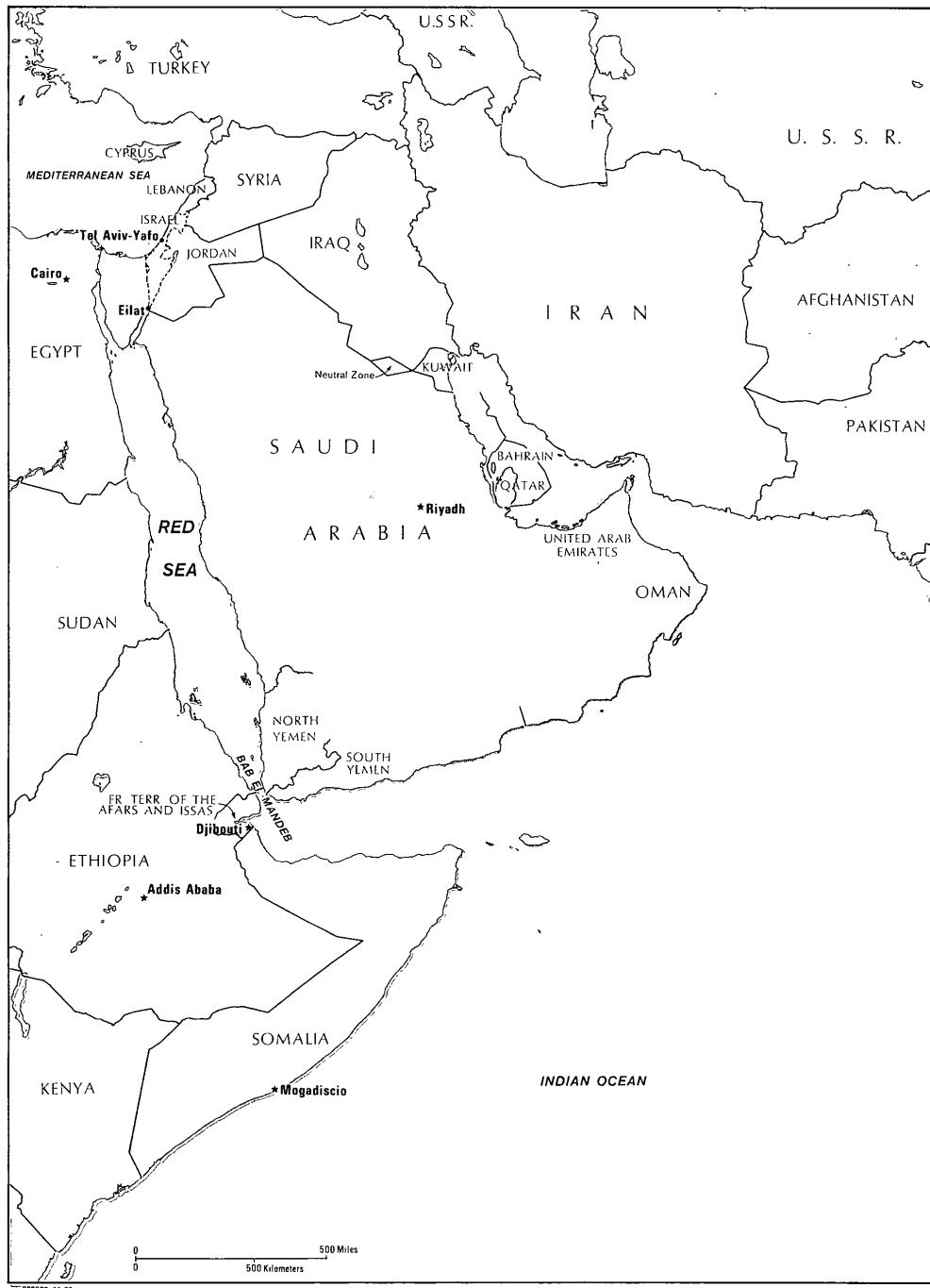
Rhodesian officials believe a new black party that will support a "moderate" settlement will soon be formed inside Rhodesia. They are said to believe that Bishop Muzorewa may be persuaded to join it if he is given a prestigious position. The officials hope that Joshua Nkomo--now allied with Mugabe in a "patriotic front"--and perhaps Ndabaningi Sithole may also be drawn into supporting such a settlement, giving it the backing of three of the four nationalist factions represented at Geneva.

Nkomo and Muzorewa have been in contact with representatives of the Smith government in recent months, but both nationalists remain highly suspicious of Smith's motives, and there has been little sign of agreement on settlement terms. Nkomo, in particular, fears that he will lose status among Rhodesia's blacks if he again negotiates unilaterally with Smith, and he seems determined to maintain his alliance with Mugabe.

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*FOR THE PRESIDENT ONLY*



*FOR THE PRESIDENT ONLY*

NOTES

*The two Soviet IL-38 naval aircraft stationed in southern Somalia conducted reconnaissance operations on Thursday against a US naval force in the Indian Ocean.*

This is the first such use of these antisubmarine aircraft by the Soviets since they began sending aircraft to Somalia in April 1975.

The US naval force was about 120 nautical miles off the southeast coast of Somalia at the time of the overflights.

The mission suggests that the Soviets intend to use the IL-38s for general reconnaissance in the Indian Ocean as well as for antisubmarine activity. The IL-38s currently in Somalia arrived on November 22

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*Current negotiations involving Italy's unions, the government, and industry are testing the Communist Party's ability to deliver labor cooperation in reducing the country's soaring wage costs.*

Prime Minister Andreotti's austerity program--a series of tax increases and public utility rate hikes approved by parliament last month--will not be very effective unless labor costs are reduced substantially.

During a month of negotiations, the unions have shown a willingness to reduce wage costs through indirect means--such as limiting absenteeism--but have resisted proposals to attack the problem directly through changes in the country's wage escalator mechanism, under which automatic quarterly wage hikes are granted in response to increases in the cost-of-living index. The unions have termed the

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*FOR THE PRESIDENT ONLY*

escalator "untouchable," but the government and potential foreign creditors, such as the EC and IMF, believe that a basic modification of the escalator is essential.

Revision of the escalator appears to depend mainly on whether the Communists--who dominate the largest of Italy's three major labor confederations--can bring a majority of the unions along on the issue. The Communists argue that the escalator should not be considered sacrosanct, but they have had trouble selling even their own unions on that position.

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# The President's Daily Brief

December 14, 1976

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*FOR THE PRESIDENT ONLY*

December 14, 1976

Table of Contents

USSR: An article by the director of the USSR's USA Institute appears to caution Pravda readers that a new administration in the US does not necessarily mean early progress for Soviet-US relations. (Page 1) 25X1

Egypt: [redacted] (Page 1) 25X1

Iran - South Yemen: Saudi Arabia and Kuwait have apparently arranged the release from South Yemen of the Iranian F-4 pilot shot down and captured on November 24. Nearly all of Iran's other demands have been met and the dispute now seems relegated to propaganda channels. (Page 2) 25X1

Rhodesia: [redacted] (Page 3) 25X1

West Germany - Brazil: [redacted] (Page 5) 25X1

Notes: USSR-Zaire; USSR-Poland (Page 6) 25X1

At Annex [redacted] Chinese [redacted] Taiwan 25X1

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

*USSR: An article by  
the director of the  
USSR's USA Institute  
appears to caution  
Pravda readers that a  
new administration in  
the US does not neces-  
sarily mean early  
progress for Soviet-  
US relations.*

Georgi Arbatov, director of the institute, went out of his way in an article that appeared Saturday in Pravda to put President-elect Carter and Secretary of State-designate Vance in a favorable light. He added, however, that "deep-seated factors and trends in American policy" will create difficulties in forwarding "detente." Arbatov concluded that the discussion of issues in the US is "still too vague to draw final conclusions about future US policy."

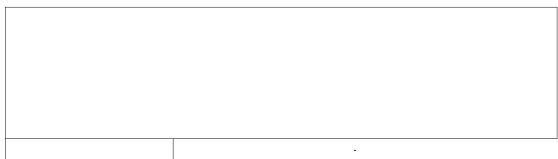
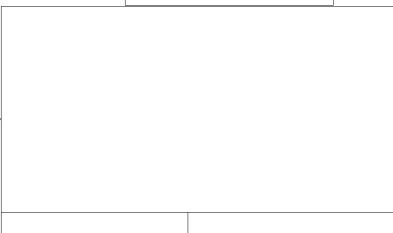
The article is consistent with other Soviet commentary which has argued that Soviet-US relations have been on a treadmill for the past year, and that it is up to Washington to take the initiative. The Soviet position, as presented in the media, is that such key issues as SALT, MBFR, the Middle East, and economic relations are stalemated, but that the US would find itself knocking on an open door in any demarche to the USSR. The public and private remarks of General Secretary Brezhnev in the past few weeks have added further weight to this view.

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EGYPT: [redacted]



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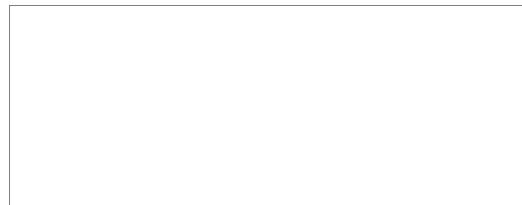
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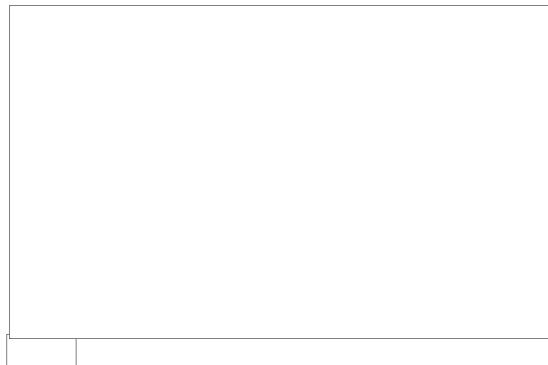
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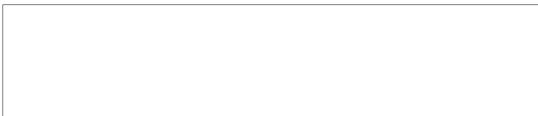


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**IRAN - SOUTH YEMEN:**

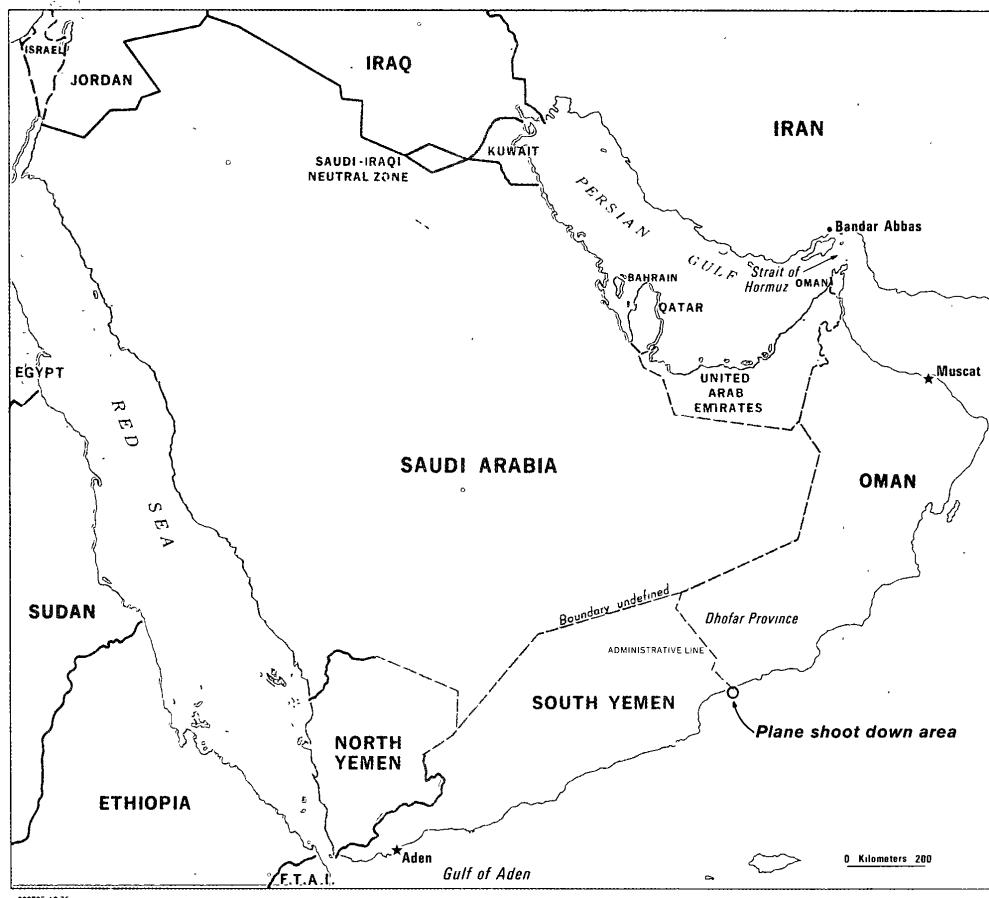
*Saudi Arabia and Kuwait have apparently arranged the release from South Yemen of the Iranian F-4 pilot shot down and captured on November 24. Iran appears to have taken steps to recover the wreckage of the plane.*

The Shah dispatched three Iranian destroyers and a logistic ship from Bandar Abbas yesterday for waters off Oman's Dhofar Province. Their mission is either to raise or destroy the downed plane, according to [redacted] the US defense attaché in Tehran. The aircraft is

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*FOR THE PRESIDENT ONLY*



*FOR THE PRESIDENT ONLY*

lying about three kilometers off South Yemen's shore in 15 meters of water. It is unlikely that the naval movements signal hostile intentions. South Yemen may have agreed to a formula whereby Iran will use the ships to recover or destroy the downed plane.

We do not know what concessions, if any, the Shah or those mediating the dispute made to South Yemen. According to one early report, South Yemen demanded that Saudi Arabia make some public acknowledgment that the Iranian plane had violated South Yemen's airspace.

Barring a last-minute hitch over the plane, the dispute now seems relegated to propaganda channels. Radical Arab states can be expected to intensify their attacks on Iran's military presence on the Arabian peninsula. 25X1

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RHODESIA: [redacted]

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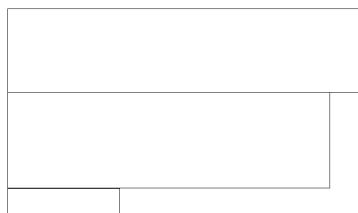
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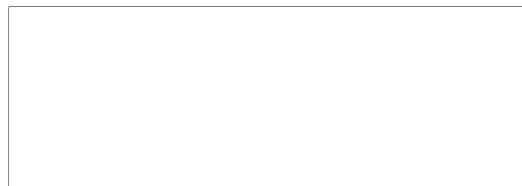
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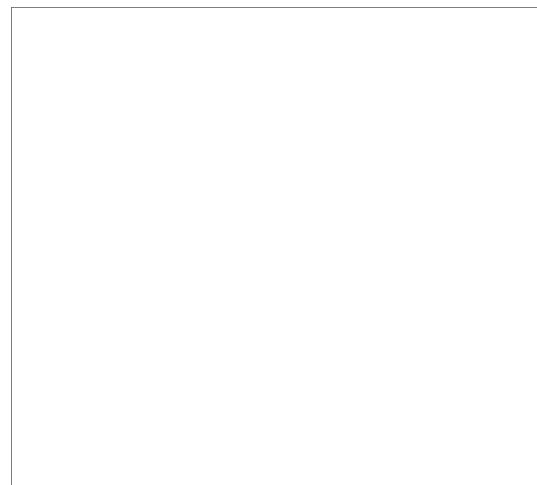
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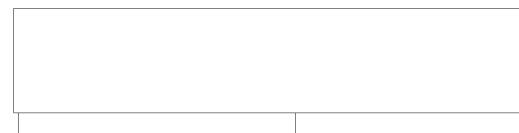
*Relations between Zaire and the USSR, brought to the verge of a diplomatic break during the Angolan war, have largely returned to normal over the past month.*



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*The visit of Soviet Premier Kosygin to Poland is a further indication of the USSR's concern over Warsaw's domestic difficulties.*

Kosygin's trip follows a visit by Polish party leader Gierek to the USSR last month and is ostensibly focused on the opening of the Katowice steelworks, which were built with Soviet assistance. Kosygin is likely to concentrate on economic matters in his talks with Polish officials.

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*FOR THE PRESIDENT ONLY*

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CHINA-[ ] TAIWAN

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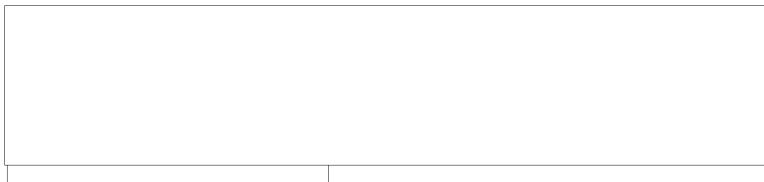
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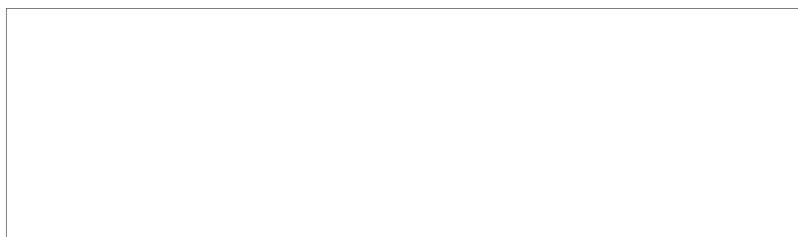
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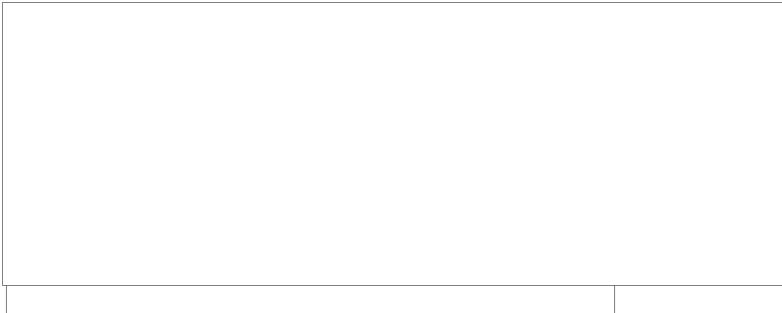


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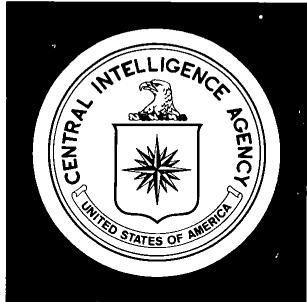
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# The President's Daily Brief

December 15, 1976

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*FOR THE PRESIDENT ONLY*

December 15, 1976

Table of Contents

USSR-US: The USSR has tasked the USA Institute with signaling a positive Soviet stance toward arms control negotiations-- normal posturing for the Soviets in the course of any change in US leadership. (Page 1)

Jamaica: Prime Minister Manley's People's National Party seems likely to win a narrow victory in today's general election. 25X1  
(Page 2)

Zambia: [redacted] 25X1  
[redacted] 25X1  
(Page 3)

Notes: USSR; Egypt-USSR; UK (Pages 5 and 6)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

*USSR-US: The USSR has tasked members of its USA Institute with signaling a positive Soviet stance toward arms control negotiations.*

Posturing of this type is normal for the Soviets in any change in US leadership, and it is not surprising that the USA Institute is being used to float trial balloons. Several weeks ago, officials of the institute privately stressed to US officials the importance of a SALT II agreement and the need for voluntary restraint.

Institute Director Arbatov, usually out in front of the Soviet consensus on disarmament matters, has indicated Moscow may be willing to agree to a five-year moratorium on peaceful nuclear explosions. Soviet officials usually take a hard line on the necessity of peaceful nuclear explosions and previously have insisted on excluding them from any discussion of nuclear weapons tests. The Soviets are aware of President-elect Carter's linkage of weapons tests and peaceful explosions in any prohibition or freeze.

Soviet officials may also be indicating a willingness to explore the establishment of regional nuclear fuel storage and reprocessing centers. Moscow has thus far given strong support to the London Suppliers Group, which is trying to limit the assistance given to potential nuclear weapons states, and the Soviets would probably go along with any effort to prevent the proliferation of national nuclear reprocessing.

The Soviets are clearly using these conciliatory remarks to encourage the US to consider measures of restraint in its own weapons programs. Arbatov suggested that any decision to slow down the B-1 bomber program

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*FOR THE PRESIDENT ONLY*

should be communicated privately to Soviet leaders. The deputy director of the institute said that on-site inspections and troop reductions would be difficult for Moscow to accept.

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JAMAICA: Prime Minister Manley's People's National Party seems likely to win a narrow victory in today's general election.

If Manley is returned to office, his restructuring of parliamentary districts, the support of young voters, and his tactical move toward the center will be chiefly responsible.

The minimum voting age has been lowered from 21 to 18 since the last general election, and people in this age group account for 37 percent of the eligible voters. These new voters, attracted by the People's National Party's social program, appear to favor that party by a wide margin.

Manley, however, will also need the votes of party loyalists who have considered abstaining because of grave reservations about where he is taking the country. To reassure wavering party members, the Prime Minister has toned down his more strident rhetoric and has seen to it that his left wing maintains a low profile. Although leading radicals are on the party's ticket, in nearly every case they are running in new districts rather than replacing incumbents.

Manley has also made an effort to accommodate the centrist wing of the party. Members were assigned to help draft the party platform, and attacks on the US have not been a central campaign theme.

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*FOR THE PRESIDENT ONLY*

*The Labor Party and its leader Edward Seaga have been hurt by poor campaign strategy.*

Rather than present their own clearly defined vision of where Jamaica should be headed, party leaders have simply run an anti-Manley campaign.

Seaga is counting heavily on the support of middle-class voters who have become increasingly disaffected with Manley. Businessmen of Chinese and Middle Eastern extraction in particular fear the racist rhetoric of some of the Prime Minister's young advisers.

*Manley, partly because of lack of money, waited until the last few weeks to launch his campaign while Labor Party leaders, after months of hard slogging, seemed to lose momentum.*

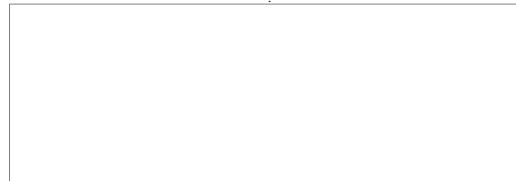
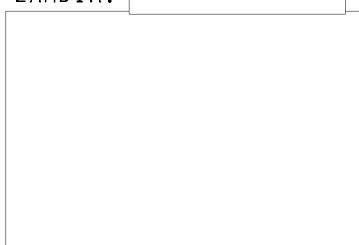
Manley has spent the closing days of the campaign on the hustings where his personal magnetism and rhetorical skill give him a decided advantage over Seaga.

Violence has been a serious concern in the course of the campaign. Beatings, stabbings, and shootings have been carried out daily by partisan thugs. This kind of trouble is likely to continue even after election day. 25X1

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ZAMBIA: [redacted]



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*FOR THE PRESIDENT ONLY*

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*FOR THE PRESIDENT ONLY*



*FOR THE PRESIDENT ONLY*

NOTES

The Soviets yesterday launched an SS-17 Mod 2 ICBM from the Tyuratam missile test range to an area in the mid-Pacific some 5,100 nautical miles away.

This is the first extended-range firing of the SS-17 Mod 2, which could be ready for the field next year.

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We are not certain why the Soviets are developing an SS-17 with a large, single re-entry vehicle. They may believe that a mixture of single re-entry vehicles and MIRV missiles will meet their particular targeting requirements.

\* \* \*

Egypt announced Monday that the Soviet trade delegation, scheduled to arrive in Cairo this week, will postpone its visit until next month.

The delegation is to discuss a new trade agreement and rescheduling of the Egyptian debt.

Talks between foreign ministers Gromyko and Fahmi in early November apparently made no progress toward improving relations between the two governments, and last month's preliminary discussions on renewal of the trade protocol did not go well.

--continued

*FOR THE PRESIDENT ONLY*

\* \* \*

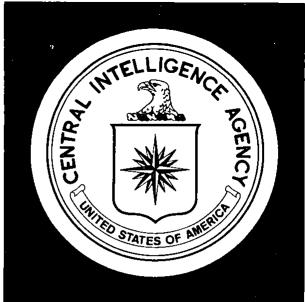
*British Chancellor of  
the Exchequer Denis  
Healey will announce  
today that the Labor  
government will again  
reduce defense spending.*

The cut, an additional \$165 million in fiscal year 1977, is part of an overall effort to pare the budget in order to meet conditions imposed for securing a \$3.9 billion credit from the International Monetary Fund.

The Labor government has cut military spending four other times since it returned to power in 1974. These reductions are in addition to de facto cuts brought about by inflation and the fallen value of sterling. London has tried to convince its allies that previous reductions have not harmed the UK's contribution to NATO, but another round of cuts will further undermine that argument.

*FOR THE PRESIDENT ONLY*

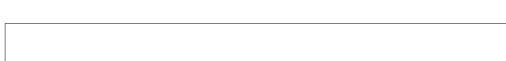
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# The President's Daily Brief

December 16, 1976



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~~Top Secret~~ 25X1

Exempt from general  
declassification schedule of E.O. 14176  
exempted category: E.O. 14176 (2)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

December 16, 1976

Table of Contents

Jamaica: Prime Minister Manley's landslide victory in the general election yesterday may encourage him to accelerate efforts to create a one-party state. (Page 1)

Cuba-USSR: Cuba's second-ranking official, Raul Castro, is on his third visit of the year to the USSR. Soviet arms deliveries to Cuba have increased by about one third over the past year. (Page 1)

Zaire: President Mobutu, watching Rhodesian developments with increasing concern.

(Page 2)

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Notes: OPEC; Egypt; Israel-UK; EC; Somalia-Kenya-Ethiopia  
(Pages 4, 5, and 6)

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**JAMAICA:** Prime Minister Manley's landslide victory in the general election yesterday may encourage him to accelerate efforts to create a one-party state.

He first will have to neutralize the media and increase his control of the security forces. During the campaign, Manley appointed a sympathizer to head the special election police force in key districts, and he attempted to force the press to submit to some censorship.

We expect Manley will continue to pursue close ties with Cuba. Relations between the two countries could be further strengthened by reinstatement of the visit Fidel Castro had been scheduled to make last May.

Manley has indicated a willingness to take a fresh look at relations with the US.

Any sustained improvement in relations, however, is likely to depend on a commitment from the US to provide substantial assistance in budget and balance-of-payments support. We see little likelihood that Manley will alter his relatively prudent attitude toward the major US aluminum companies.

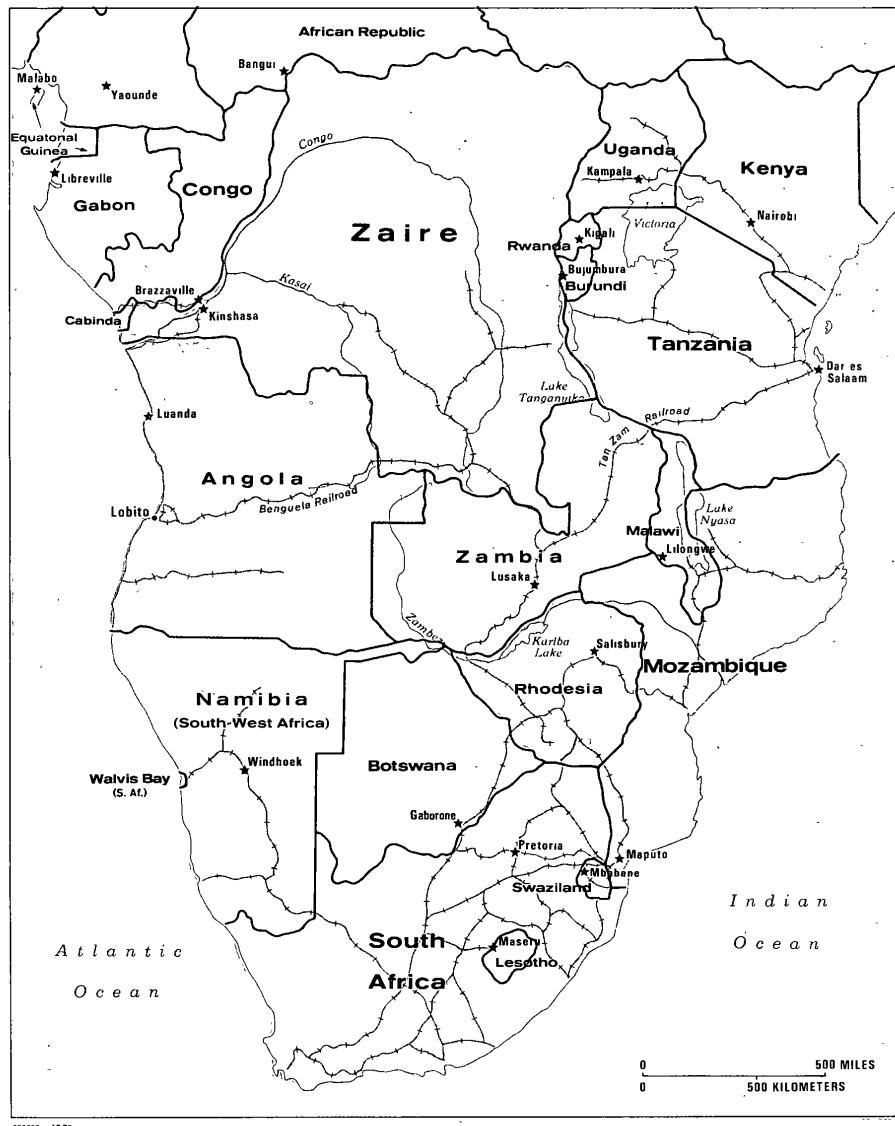
\* \* \*

**CUBA-USSR:** Cuba's second-ranking official, Raul Castro, is on his third visit of the year to the USSR.

Discussions presumably will touch on future policy in southern Africa, with Castro reassuring the Soviets that Cuban moves will not prove embarrassing to the USSR.

The presence of Carlos Rafael Rodriguez, Cuba's principal negotiator with the Soviets and the number-three man in the Cuban hierarchy, suggests that a request for additional Soviet economic assistance is high on Castro's agenda.

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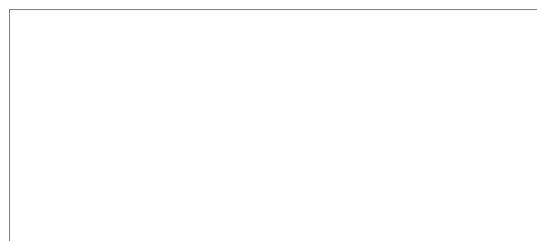


*FOR THE PRESIDENT ONLY*

*Soviet arms deliveries to Cuba have increased by about one third over the past year.*

The increase can be largely attributed to the Soviet program to replace equipment that Cuba sent to Angola.

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We believe Soviet arms deliveries to Cuba in 1977 will roughly equal the 1976 level. This would allow Cuba to replenish equipment already sent to Angola and to bring inventories to the levels that have generally prevailed since 1968.

\* \* \*

*ZAIRO: President Mobutu is watching Rhodesian developments with increasing concern.*

Mobutu's open opposition to the Popular Movement during the Angolan civil war has left him with little political influence among other South African leaders as to the course of events in Rhodesia. He is aware that a Rhodesian civil war or the assumption of power there by a radical regime would have serious consequences for Zaire.

Mobutu's major concern is for safe and economic transportation routes. Zaire has always had to rely on external transportation routes to carry a large share of its imports and exports. The disruption of Angolan facilities--the Benguela

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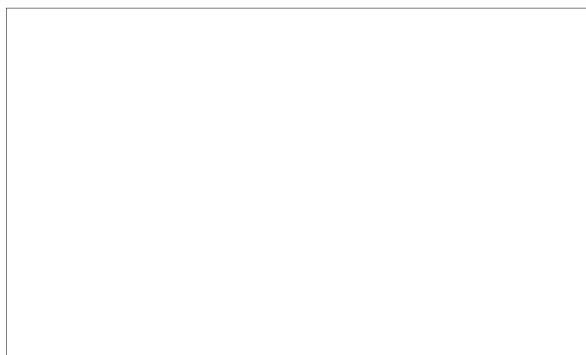
*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

railroad and the port of Lobito-- has forced the Zairian government to divert a large share of its traffic to South African ports via Zambian and Rhodesian rail lines. In addition, the Zairian copper belt purchases coke, coal, and corn worth \$37 million from Rhodesia annually.

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*Lacking membership in the club of front-line presidents that has played such a prominent role in seeking a solution to the Rhodesian problem, Mobutu is concentrating on improving his position with some of his neighbors and with the USSR.*



Nigerian Foreign Minister Garba is tentatively scheduled to visit Kinshasa this month, and the Zairian commerce minister is in Moscow to initial several commercial and cultural accords.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

*The first day of the conference of the Organization of Petroleum Exporting Countries concluded with no apparent substantive progress on the highly contentious oil price issue.*

Iraqi Oil Minister Karim said after the meeting that the price issue is not likely to be resolved until Friday at the earliest. Saudi Oil Minister Yamani's pre-conference statement, calling for a further six-month price freeze, evoked a negative response among many OPEC representatives. The outcome of the price debates remains uncertain.

\* \* \*

Egypt's [redacted]

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Fahmi announced yesterday that he had invited Waldheim to visit the Middle East in January. The Egyptians want the onus for any delay in the conference to be on Israel should Waldheim's efforts fail.

Egypt sponsored a UN General Assembly resolution last weekend calling for the convocation of the conference no later than the end of March.

\* \* \*

Israel recently took delivery of the first of three 500-ton small attack submarines from the UK.

The other two submarines apparently are scheduled for delivery in mid-1977. Israel is considering buying additional submarines after evaluating the performance of the first three.

The new submarines probably will be used in the Mediterranean for coastal defense [redacted]

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*FOR THE PRESIDENT ONLY*

\* \* \*

*EC foreign ministers meeting this week in Brussels approved tough measures sharply reducing the catch third-country fishermen will be allowed to take in EC waters next year.*

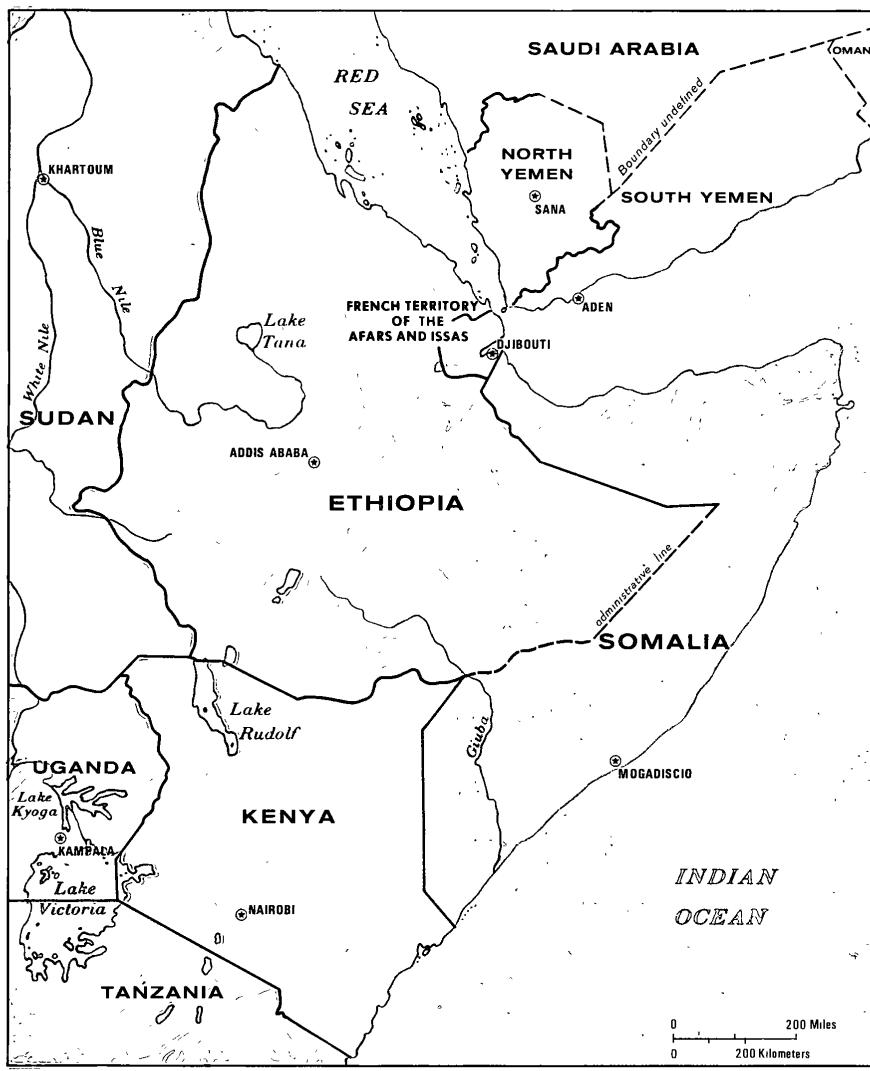
The Community will establish a 200-nautical mile fishing zone in the North Atlantic and North Sea on January 1. Those states that have not negotiated a reciprocal fishing agreement with the Community--the USSR, Poland, East Germany, Spain, Portugal, Sweden, and Finland--will be allowed to continue fishing EC waters for three months, but at substantially reduced levels. Bulgaria and Romania, which only recently began to fish in EC waters, will be excluded totally on January 1.

States that desire to continue fishing within the EC's 200-nautical mile zone after April 1 must negotiate new agreements with the EC Commission.

The Soviets and the East Europeans will be most seriously affected by the EC measures; the Soviet catch would be reduced by almost 60 percent under the new regulations. The EC is prepared to negotiate an agreement that would allow the Soviets an annual catch of about 60,000 tons--the amount EC trawlers now take in the Barents Sea. The Soviets and the East Europeans, however, refuse to recognize the EC's authority to negotiate for the Nine.

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### The Horn of Africa



*FOR THE PRESIDENT ONLY*

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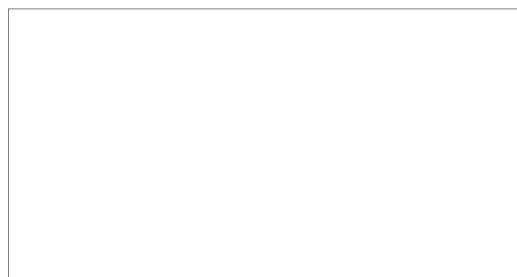
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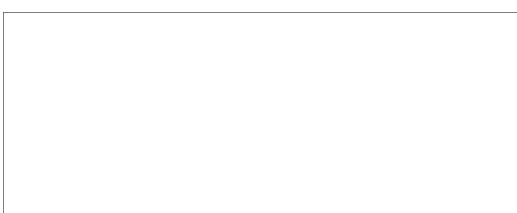
Somalia [redacted]  
Kenya [redacted]  
Ethiopia.



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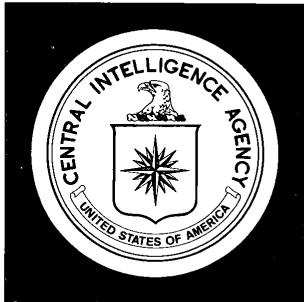


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# The President's Daily Brief

*December 17, 1976*

2

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December 17, 1976

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Table of Contents

OPEC: [redacted]

[redacted]

(Page 1)

Palestinians-Israel: Leaders of the Palestine Liberation Organization seem to be signaling willingness to adopt a moderate approach to possible negotiations with Israel, but the Israelis are disregarding the signals. (Page 2)

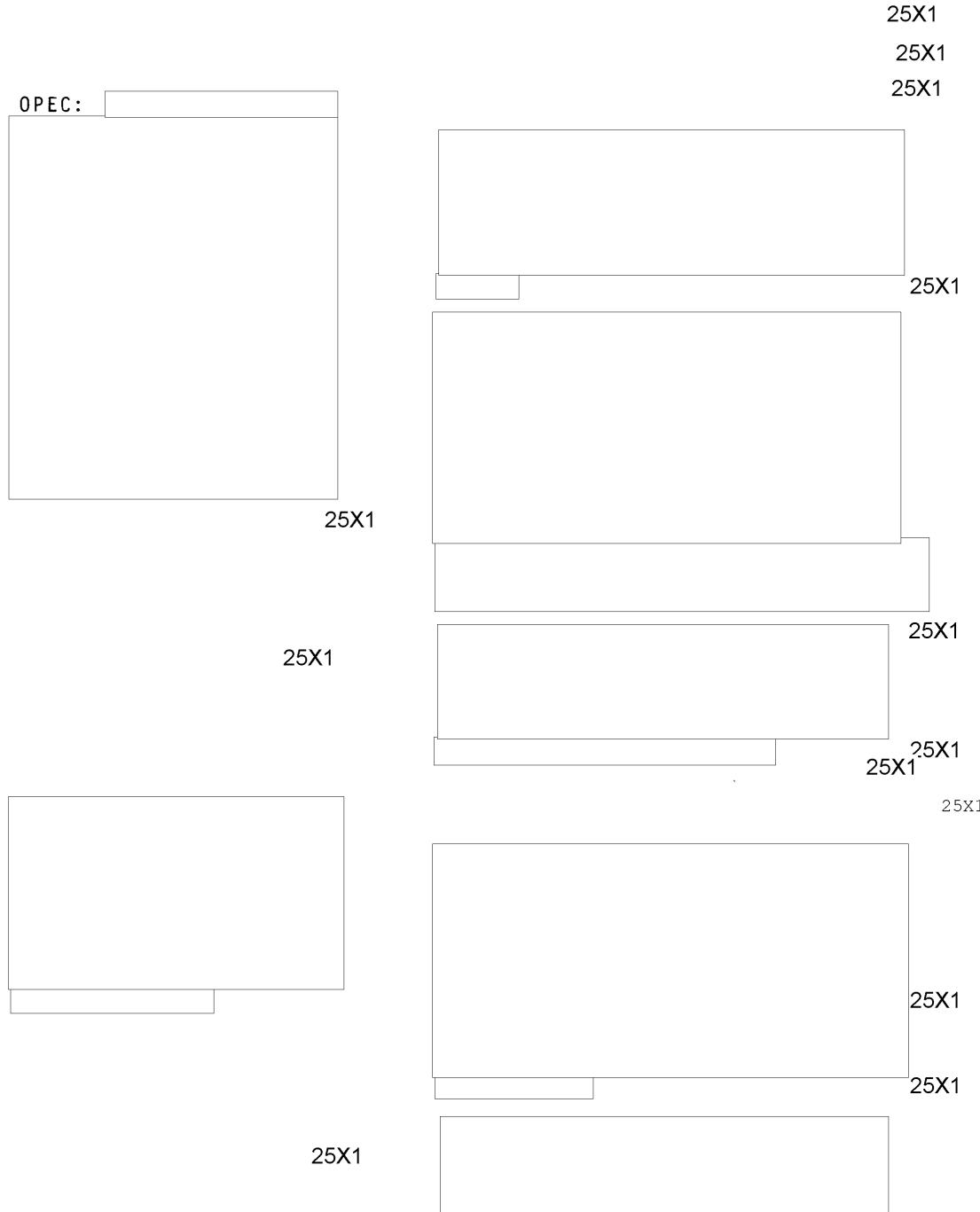
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Notes: Turkey-Israel; [redacted]; France (Pages 6 and 7) 25X1

At Annex [redacted] 25X1

*FOR THE PRESIDENT ONLY*

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\* \* \*

*Soviet media treatment of the OPEC meeting has been sympathetic to the call for a price increase for oil, but higher oil prices will be a mixed blessing for the Soviets.*

*Soviet hard-currency earnings will rise because of the higher prices Moscow will be able to charge European importers for its oil. There have been reports that the Soviets were holding back on new oil delivery contracts with East European countries pending a decision in Qatar.*

*The Soviets will be hurt by higher Arab oil prices, although the quantities purchased from the OPEC countries are relatively small. The Soviet trade balance will feel the effects of any economic downturn in the West caused by an increase in world oil prices.*

\* \* \*

**PALESTINIANS-ISRAEL:**  
*Leaders of the Palestine Liberation Organization seem to be signaling their willingness to adopt a moderate approach to possible negotiations with Israel without committing themselves publicly to concessions that might deprive them of bargaining power.*

*At the meeting of the PLO's 42-man central committee this week, unidentified Palestinians apparently let it be known to the press that PLO chief Yasir Arafat was making a major effort to get the rest of the committee behind him in agreeing to accept a negotiated settlement.*

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*FOR THE PRESIDENT ONLY*

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The committee's final communique, however, broke no new ground. Arafat may have judged it unwise to push the central committee on the issue. He faces possible challenges to his authority from both supporters of Syria--who are moderates--and from the extremists who object to any softening of the PLO line.

*If a meeting of the Palestine National Council is held early next year, the PLO will presumably return to a discussion of negotiating positions.*

A meeting of the PNC, the Palestinian "parliament," is long overdue and widely considered imminent, but there are some indications that Arafat is in no hurry to see it held. The rejectionist fedayeen groups have promised to attend a council meeting, and Arafat presumably fears a concerted effort to oust him.

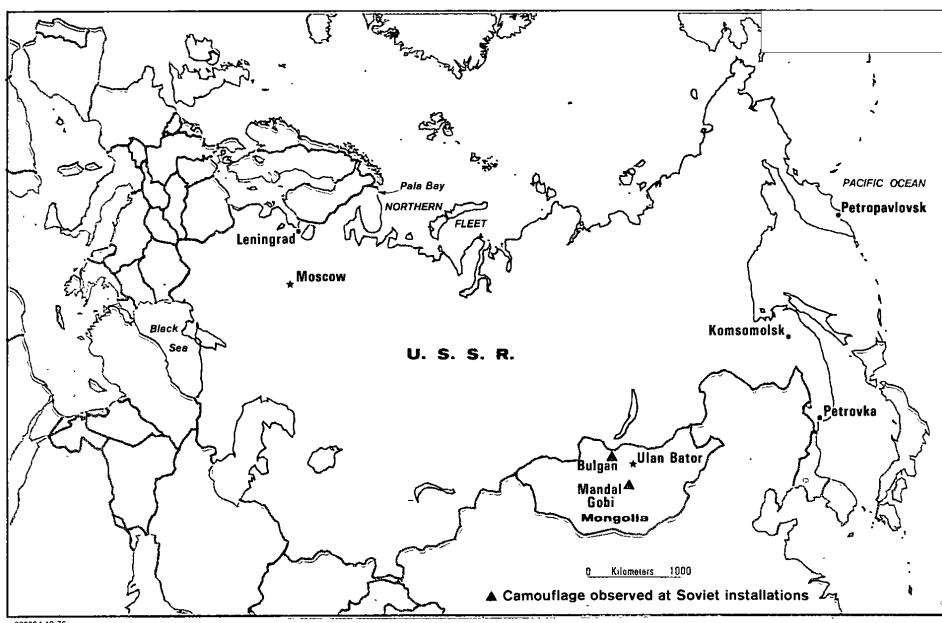
*Israeli leaders are for now disregarding the PLO signals in the belief that the Palestinians do not in fact have anything of substance to offer that would satisfy Israeli demands.*

The Israelis also continue to hope that their refusal to deal with the PLO will eventually force the organization's Arab patrons to back off from support for Palestinian statehood. Several Israeli officials have expressed confidence to the US embassy that most Arab states do not want a strong PLO and that, in the final analysis, no Arab state will mortgage progress on its own territorial issues to the interests of the Palestinians.

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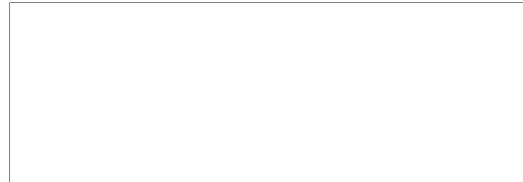
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*On the procedural question of PLO representation at the Geneva conference, the Israelis still insist that they will not negotiate with the organization, but they are giving mixed signals on the feasibility of dealing with a joint Arab delegation.*

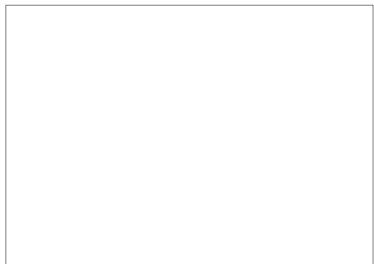


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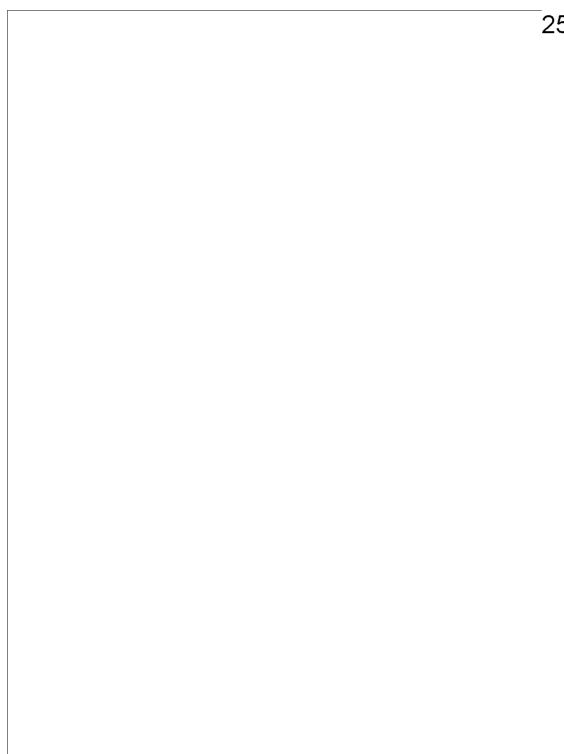
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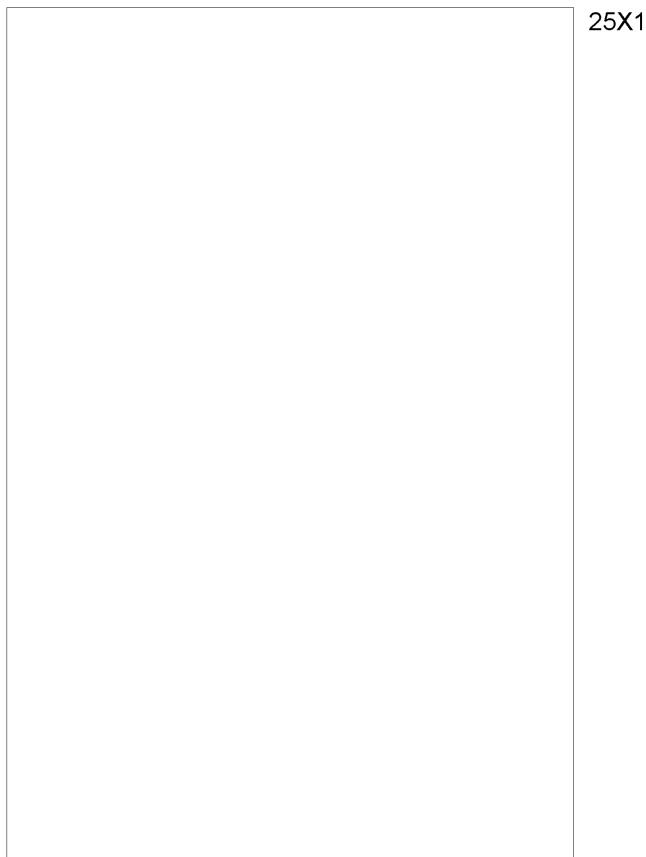
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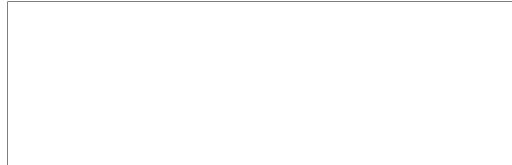
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NOTES

Turkish [redacted]  
[redacted] Israel,

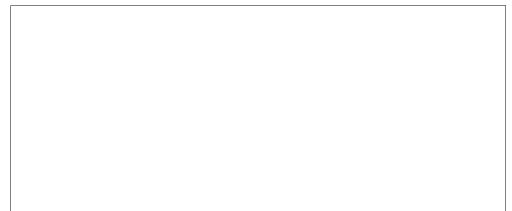


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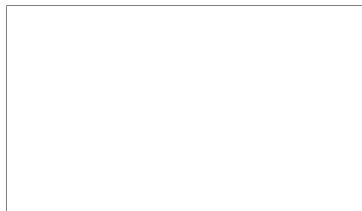


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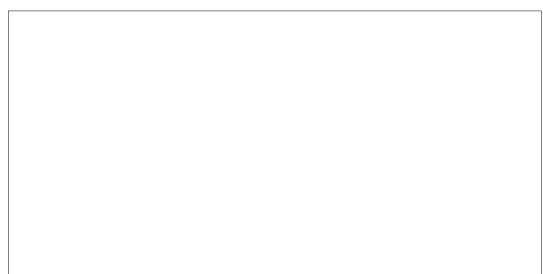
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*FOR THE PRESIDENT ONLY*

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\* \* \*

*French President Giscard announced yesterday that France will no longer sell nuclear spent-fuel reprocessing plants to developing countries.*

The announcement apparently will not affect the planned sale of a reprocessing plant to Pakistan, although the French would apparently welcome a Pakistani decision to cancel the contract.

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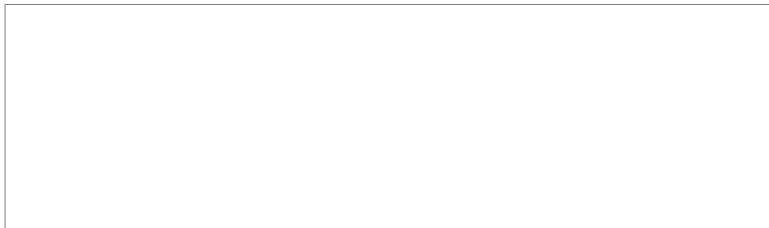
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# The President's Daily Brief

*December 18, 1976*

2

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*FOR THE PRESIDENT ONLY*

December 18, 1976

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Table of Contents

OPEC:

[redacted] (Page 1)

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Iran - South Yemen: Saudi diplomatic efforts to arrange the release of the Iranian F-4 pilot shot down and captured by South Yemen last month have apparently stalled, possibly as a result of the Shah's stiffening demands. (Page 2)

USSR: The USSR this week launched two large spacecraft using a single launch vehicle in what apparently was the first test in a new program. (Page 3)

Zaire-Zambia: President Kaunda of Zambia and President Mobutu of Zaire are meeting to discuss ways to expedite the reopening of the Benguela railroad which runs through Angola. (Page 4)

Note: Syria-Lebanon (Page 6)

At Annex we discuss a new milestone in the Brezhnev cult in the USSR.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

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OPEC:

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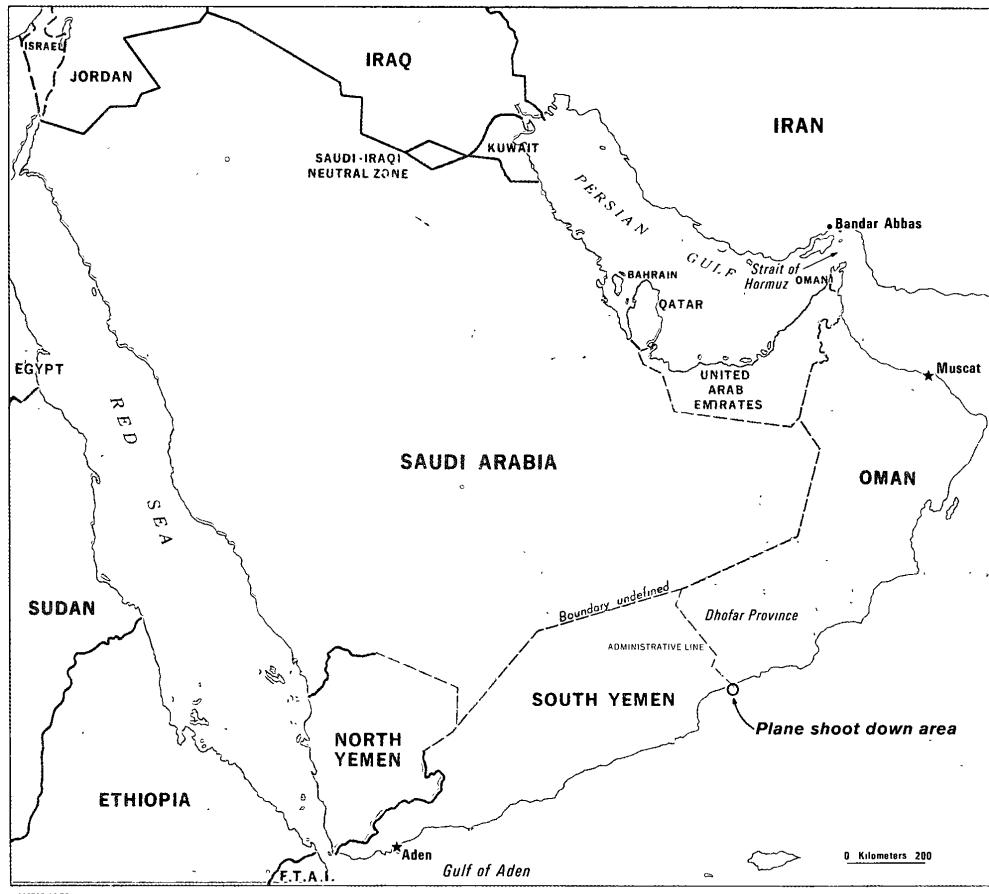
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*FOR THE PRESIDENT ONLY*



*FOR THE PRESIDENT ONLY*

**IRAN - SOUTH YEMEN:**

*Saudi diplomatic efforts to arrange the release of the Iranian F-4 pilot shot down and captured by South Yemen last month have apparently stalled, possibly as a result of the Shah's stiffening demands.*

The pilot was originally to have been flown from Aden in a Saudi plane earlier this week, but he has not yet been released.

South Yemeni officials have apparently agreed to hand over the pilot on December 20 but his return could be delayed again if the method of recovering the wreckage of the downed plane is not satisfactorily settled. The Shah is now insisting that a team of Iranian officers be present when the aircraft is raised, and that the presence of Saudi observers would be insufficient.

*If there is opposition to the Iranian involvement, the Shah is apparently prepared to destroy the wreckage rather than allow Aden to raise it alone.*

Iran has dispatched a destroyer and a fleet auxiliary to the general area of the downed plane, which is lying about a quarter mile offshore near the South Yemen - Oman border. They are presumably prepared to interdict any unilateral South Yemeni efforts at recovery.

The Saudis have agreed to sound out the South Yemenis on Iranian participation in the recovery operation, although the Saudis apparently believe that a Saudi presence ought to be sufficient. The Iranians have given no indication of willingness to budge on the issue.

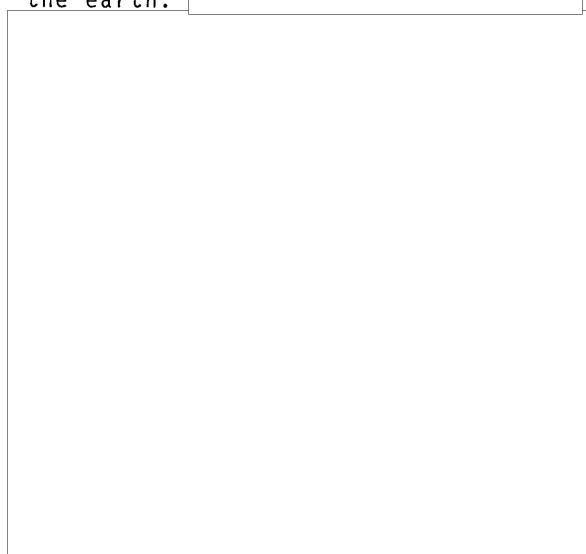
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*FOR THE PRESIDENT ONLY*

USSR: The USSR this week launched two large spacecraft using a single launch vehicle in what apparently was the first test in a new program.

This test may be related to the USSR's manned space effort, possibly research and development of a ferry vehicle. The two spacecraft, launched from the Tyuratam missile test range, were deorbited after completing a single revolution of the earth. [redacted]



Several pieces of information lead us to believe these spacecraft are related to the Soviet manned space program: [redacted]

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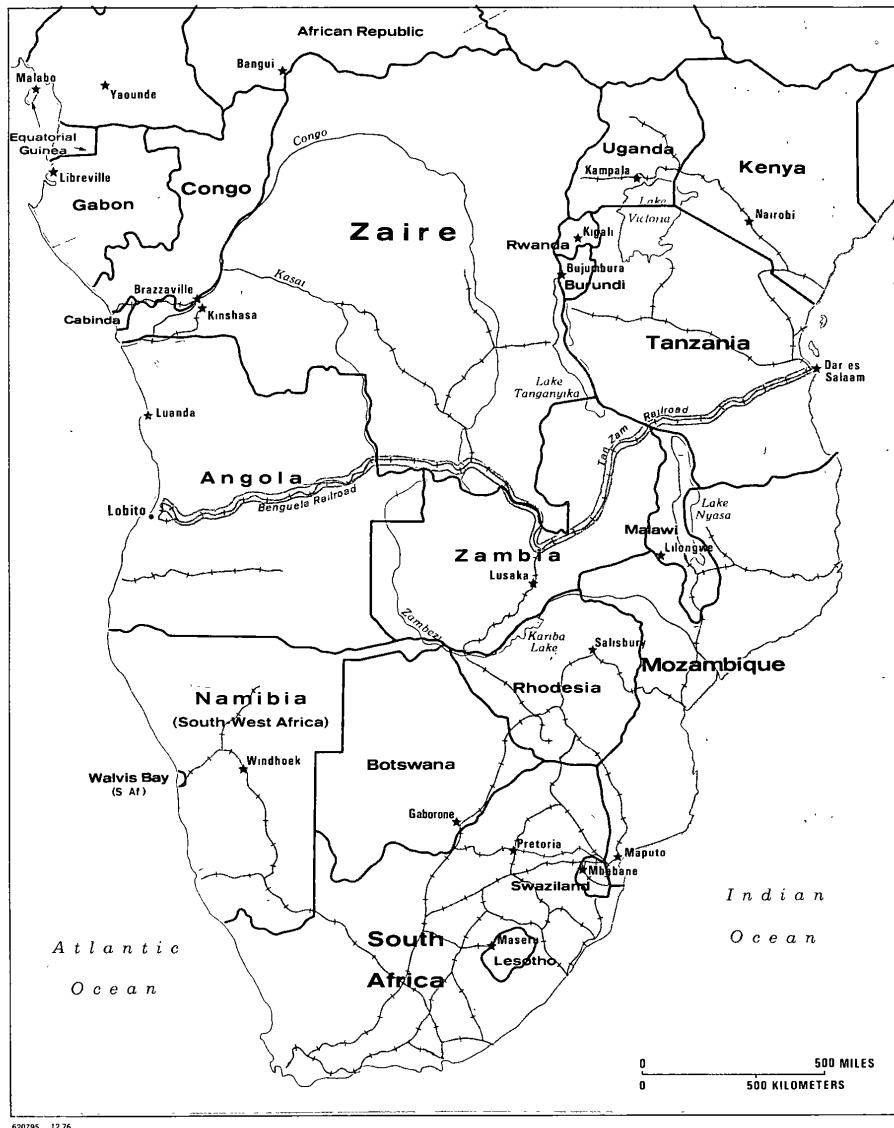
[redacted] and the spacecraft landed in the recovery area for manned spacecraft.

We believe that the spacecraft remained intact during re-entry, suggesting that they could be related to a new Soviet ferry vehicle program and could have been used to test a new type of re-entry method. Other vehicles intended to re-enter the atmosphere safely separate into several pieces prior to re-entry, and only a portion lands intact.

\* \* \*

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*FOR THE PRESIDENT ONLY*



*FOR THE PRESIDENT ONLY*

ZAIRE-ZAMBIA: President Kaunda of Zambia and President Mobutu of Zaire are meeting to discuss ways to expedite the reopening of the Benguela railroad which runs through Angola.

In the mid-1970s, Zambia shipped half of its exports, including most of its copper, on this railroad. The closure of the route in 1975 because of the insurgency in Angola forced Zambia to divert its shipments to the Tanzam railroad and other routes. Although the Tanzam can carry most of Zambia's exports now, Kaunda would like to have the option of using the Benguela route.

Zaire too is interested in the re-opening of the Benguela route because the Rhodesian railroad it normally uses has come under frequent attack by Rhodesian guerrillas.

Relations between Zambia and Angola will have to be improved and the National Union forces--who oppose the Neto regime in Angola and are based in Zambia--will have to be restrained before Zambia will be able to use the railroad through Angola.

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Kaunda has recognized the Neto government, and the two countries are taking steps to open diplomatic missions.

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*FOR THE PRESIDENT ONLY*

Zaire also wants to improve relations with Angola and has cut off nearly all of its support of Angolan groups still fighting the Neto government.

Wider Southern African issues may also be discussed by Kaunda and Mobutu, especially the Rhodesian situation, in light of the lack of progress at the Geneva talks. Kaunda may see Mobutu as another moderate voice to temper the more radical views of presidents Neto and Machel.

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*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

NOTE

*We have new photography on Syrian troop dispositions and of a new airfield in the Christian sector of Lebanon.*

U-2 photography [redacted] confirms the return of Syrian units-- sent to the Iraqi border last summer--to their normal positions along the Golan Heights. Syria withdrew the division-size force last month in apparent reciprocation for Iraqi withdrawals. 25X1

In Lebanon, satellite photography of mid-November shows a new airfield in the early stages of construction in a Christian-controlled area southwest of Tripoli. The Christians are probably planning to use the airstrip as an alternative point of entry for arms should they lose access to port facilities. Leftist and Palestinian forces began construction of airfields in southern Lebanon for similar purposes last summer.

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*FOR THE PRESIDENT ONLY*

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A NEW MILESTONE IN THE BREZHNEV CULT:  
HIS FORTHCOMING 70TH BIRTHDAY

*Leonid Brezhnev will celebrate his 70th birthday tomorrow, and the regime's handling of this event may shed a new light on his relationship with his colleagues and his attitude toward the succession.*

Neither the Party Congress in February nor the Central Committee plenum in October took significant steps toward resolving the impasse over whether and how to provide a successor to Brezhnev. Instead, there has been evidence suggesting that Brezhnev has improved his position to some extent since the Congress and that he intends to try to remain in office indefinitely.

This apparent enhancement of Brezhnev's position has been accompanied by a growing "cult of personality," although his colleagues differ markedly in their willingness to employ the most eulogistic formulations. The 70th birthday celebration will provide an indication of whether we are about to see a new stage in the development of the cult, and it may help to resolve some of the uncertainty about the present limits of his power.

*Until this year, a cautious and gradual approach had been used in developing the new Brezhnev cult, but it has more recently taken a sizeable step forward.*

In October this year, Andrey Kirilenko, in a widely noted speech on the occasion of his own 70th birthday, went so far as to refer to "the Central Committee headed by Brezhnev," a formulation widely used for Khrushchev, but until now rarely for Brezhnev. Over the past few years, the tendency to bestow awards and honors upon Brezhnev has also gradually accelerated.

Praise for Brezhnev linked to the upcoming birthday celebration has already considerably surpassed attention lavished upon Khrushchev on a similar occasion in April 1964.

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*FOR THE PRESIDENT ONLY*

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*Growth of the Brezhnev cult has been accompanied by statements intended to convey an impression that his authority has similarly been enhanced.*

Brezhnev's authority, especially in the making of high-level personnel appointments, nevertheless still appears to be conditional and dependent on the agreement of his colleagues. Moreover, while the limits of his power clearly are broader than they were a year ago, Brezhnev's efforts to extend them further appear to be meeting resistance.

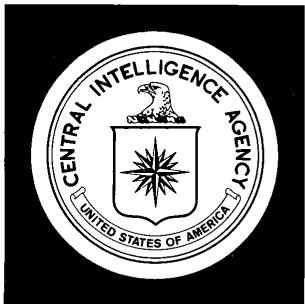
Controversy behind the scenes has probably accompanied preparations for celebrating Brezhnev's 70th birthday. His success in overcoming opposition to the most eulogistic rites will provide a measure of the extent of his present power.

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# The President's Daily Brief

December 20, 1976

2



~~Top Secret~~ 25X1

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*FOR THE PRESIDENT ONLY*

December 20, 1976

Table of Contents

Israel: Prime Minister Rabin's decision to break with his coalition partner is likely to advance the timetable for Israel's national elections and make it almost impossible to reconvene the Geneva conference by March 1977. (Page 1)

Syria-Egypt: Syrian President Asad and Egyptian President Sadat, now meeting in Cairo, will probably reach a tactical agreement on the direction in which they want to move in coordinating negotiating strategies, enhancing Arab solidarity, and cementing bilateral ties. (Page 2)

Notes: USSR-Spain; China; International Wheat (Pages 4 and 5)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

*ISRAEL: Prime Minister Rabin's decision to break with his conservative National Religious Party coalition partner is likely to advance the timetable for holding Israel's national elections, now scheduled for next October.*

The departure of his coalition partner leaves Rabin in charge of a minority government controlling only 57 of the 120 seats in the Israeli Knesset.

Rabin is likely to demand early elections in hopes of forestalling a challenge to his position by his principal rival in the Labor Party, Defense Minister Peres, and undermining the growing strength of Yigael Yadin's newly created Democratic Movement. Rabin may be calculating that the Labor Party will now close ranks around him in order to avoid a major internal power struggle that would further erode the party's popular support.

*Although Rabin's decision was based on domestic considerations, his action will make it almost impossible to reconvene the Geneva conference by March 1977.*

It is likely to take at least three months to prepare for new elections should Rabin call them. The Israeli Prime Minister almost certainly will argue that he has no mandate to commit Israel to peace negotiations before the elections are held.

Rabin's move is likely to have little impact on the Arabs' overall negotiating strategy. They probably will continue to press for a resumption of talks, possibly before and certainly immediately after the Israeli elections. The Arabs may even be encouraged by the prospect of earlier elections, on the assumption that once the voting is out of the way the Israelis will have no excuse for delaying the negotiating process.

\* \* \*

--continued

*FOR THE PRESIDENT ONLY*

*SYRIA-EGYPT: Syrian President Asad and Egyptian President Sadat, now meeting in Cairo, will probably reach a tactical agreement on the direction in which they want to move in coordinating negotiating strategies, enhancing Arab solidarity, and cementing bilateral ties.*

Sadat, who is under more serious economic and political pressures than Asad, is banking on some negotiating progress within the coming year to shore up his domestic position and refurbish his Arab leadership credentials.

Sadat has succeeded in recent weeks in gaining Asad's acknowledgment that he should take the lead in formulating the Arabs' negotiating strategy. The Egyptian President is likely now to try to determine whether Asad accepts Egypt's negotiating objectives--an end to belligerency in exchange for the establishment of a Palestinian state and Israeli withdrawal to the 1967 borders. Although Asad probably agrees with these objectives, he is less optimistic than Sadat about the prospects for achieving such an agreement.

Asad is likely to press for closer military cooperation and encourage Sadat to improve his relations with the USSR in order to reopen the Soviet military supply line and strengthen the Arabs' military options in case negotiations fail. Asad believes that Sadat has seriously reduced his room for maneuver by cutting his ties with the Soviets and weakened the Arabs' negotiating position by relying on US diplomacy.

The future role of the Palestine Liberation Organization is almost certain to figure prominently in the current discussions. Sadat is likely to reiterate his opposition to any move to unseat PLO chief Arafat that would weaken Egyptian influence within the PLO.

--continued

*FOR THE PRESIDENT ONLY*

The two leaders will probably try to find a way to force the Palestinians to moderate their position, in an effort to ensure that the PLO does not become an impediment to negotiations and to make it difficult to deny the PLO a role in the Geneva conference.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

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China probably has begun to liquidate some of its domestically held gold reserves.

Over the past month the London branch of the Bank of China entered the London and Zurich forward gold markets for the first time and sold 15 metric tons of gold for \$63 million.

Peking's expectation that gold prices will fall is probably the major factor in these sales, but other reasons could include a desire to change the composition of its reserves and a need to prepare for debt service obligations due next year.

--continued

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

China's domestic gold reserves consist of about 213 tons purchased in Western Europe in the late 1960s plus an unknown amount from domestic production. The amount sold thus far can be absorbed easily by the market.

\* \* \*

*Record wheat harvests and overall sluggish demand have depressed world wheat prices and increased competition among exporters in the international market.*

The International Wheat Council is estimating world wheat production at 410 million tons for the 1976/77 marketing year--a 16-percent increase over 1975/76 levels. The Council estimates that import demand for wheat will fall to 60 million tons this year from the 1975/76 level of 67 million tons.

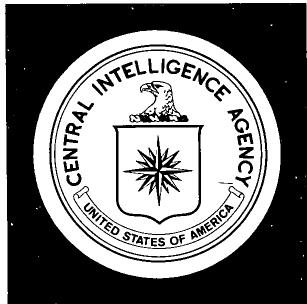
Faced with a smaller market and large surplus, some exporting countries have turned to price reductions and have suspended export taxes to promote wheat sales. Argentina has suspended its wheat export tax, reduced its prices, and devalued the peso in an effort to capture a larger share of the market, especially in South America. Argentine wheat delivered to Western Europe is currently priced \$8 to \$12 per ton cheaper than US wheat.

There is market speculation that the Soviets may substitute Argentine wheat for as much as 500,000 tons of US corn. US sales to Eastern Europe may be similarly affected.

Canada, a very aggressive seller during its summer and fall harvest season, has since backed off somewhat. With an exportable surplus of 8 million tons, the Australians should become more aggressive in the international wheat market.

*Top Secret*

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# The President's Daily Brief

December 21, 1976

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Exempt from general  
declassification schedule of E.O. 14176  
excluded under authority 5 U.S.C. 1412(d)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

December 21, 1976

Table of Contents

<u>Israel:</u> Prime Minister Rabin's decision to resign and force an early national election is likely to arrest a decline in his popular standing and strengthen his shaky position within the Labor Party, at least in the short run. (Page 1)	25X1
<u>China:</u> [redacted]	25X1
[redacted] (Page 3)	25X1
<u>France-Pakistan:</u> [redacted]	25X1
[redacted] (Page 4)	25X1
<u>Note:</u> West Germany (Page 6)	25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

*ISRAEL: Prime Minister Rabin's decision to resign and force an early national election--possibly in April or May--is likely to arrest a decline in his popular standing and strengthen his shaky position within the Labor Party, at least in the short run.*

Rabin will now try to secure broad Labor Party backing for his continued leadership and to place his stamp on the party's campaign platform at its convention in late February.

Although party conservatives and some moderates had been leaning toward the more hawkish Defense Minister Peres, they are likely to unite behind Rabin rather than precipitate a bitter and possibly suicidal leadership struggle. Peres, who was caught by surprise along with everyone else, will probably shelve his drive for the leadership rather than risk the onus of causing Labor to lose its 28-year hold on power by challenging Rabin now.

*If Rabin succeeds in rallying the party around him, he is likely to seek a moderate plank on Middle East peace negotiations in the party platform.*

Rabin apparently would like to have a plank sufficiently vague to mollify party conservatives, yet moderate enough in tone to satisfy Labor doves and Labor's long-standing left-wing coalition partner, the Mapam party, which controls seven seats in parliament.

By adopting a moderate stance, Rabin may also calculate that Labor can win back support among moderate splinter groups, independents, and disgruntled Labor supporters who appear to be turning increasingly to Yigael Yadin's new Democratic Movement party. Yadin's party, according to a recent public opinion poll, has already made serious inroads into Labor's strength and could win as many as 12 seats in parliament if an election were held now.

--continued

*FOR THE PRESIDENT ONLY*

*Should Rabin's gamble misfire, he risks losing the initiative to the conservative Likud opposition bloc.*

Significant gains by Likud in the election could force Labor into a national unity government that would tie its hands on peace negotiations with the Arabs.

The National Religious Party is almost certain now to turn more to the right in search of political allies and could well link up with Likud. The party's moderate old-guard leadership would be reluctant to establish more than a tactical working relationship with Likud, but the militant young faction is likely to press hard for a formal alliance--possibly even a merger of the two groups--especially if Rabin begins to falter.

Such an alliance at present would control at least 44 of the 120 seats in parliament and might attract the Free Center party, with four seats, and the supporters of the hawkish General Ariel Sharon, who has a small popular following of his own. Labor and Mapam now hold 53 seats.

Out of the government, the National Religious Party may also feel less hesitant about backing efforts of the radically right-wing Gush Emunim movement to establish Jewish settlements all over the occupied West Bank. Such action would provoke serious Arab demonstrations there that could be politically embarrassing to Rabin's government and possibly complicate his position in future Middle East peace talks.

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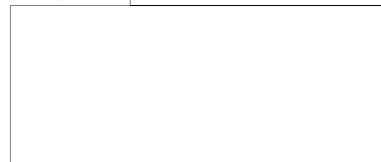
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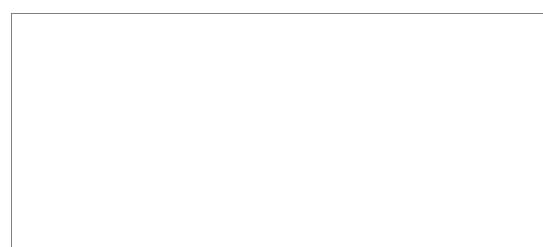


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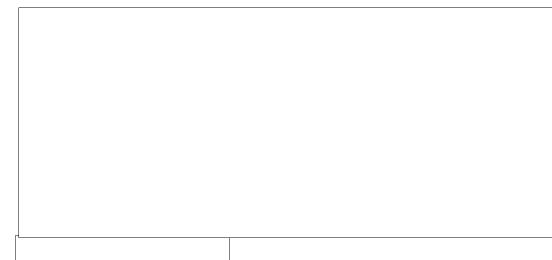
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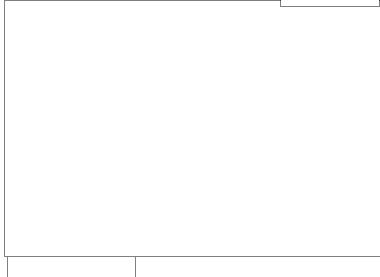
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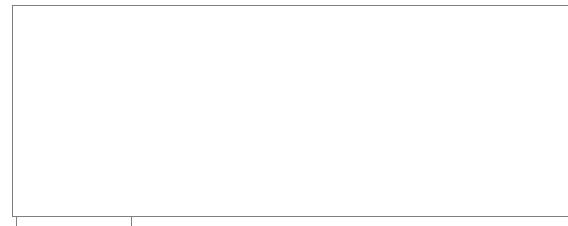
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FRANCE-PAKISTAN: [redacted]



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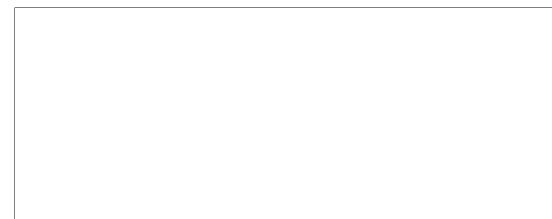
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTE

*A West German Foreign Office spokesman said yesterday that West Germany will no longer export nuclear technology that could enable other countries to develop nuclear weapons.*

The official said existing agreements will not be affected by the new decision. He specifically stated that West Germany will not cancel its agreement to sell Brazil plants for uranium enrichment and spent fuel reprocessing.

The Foreign Office spokesman made his remarks in commenting on France's decision last week to embargo sales of nuclear reprocessing equipment.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

December 22, 1976

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

*FOR THE PRESIDENT ONLY*

December 22, 1976

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Table of Contents

25X1

Saudi Arabia: [redacted]

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(Page 1)

25X1

Egypt-Syria: The plans revealed yesterday for eventual unity between Egypt and Syria probably will never come to fruition, but the announcement underscores, primarily for the benefit of the US and Israel, the two countries' determination to be united on Middle East peace negotiating tactics. (Page 2)

Syria-Jordan: Syrian President Asad's desire to strengthen Syrian-Egyptian relations in preparation for the next round of Middle East peace negotiations has led him to mute further talk of federation with Jordan. (Page 3)

USSR-Japan: The USSR apparently has decided to resume normal relations with Japan in the aftermath of the MIG-25 incident. (Page 4)

Notes: South Yemen - Iran; Lebanon; China-USSR (Pages 6 and 7)

*FOR THE PRESIDENT ONLY*

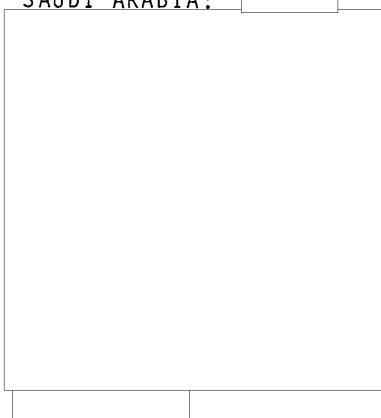
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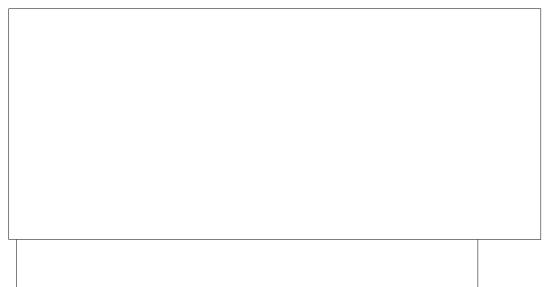
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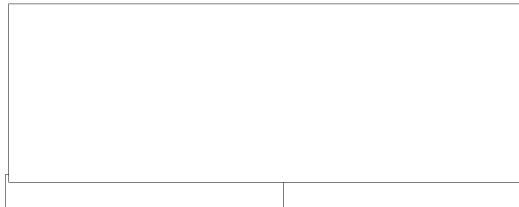
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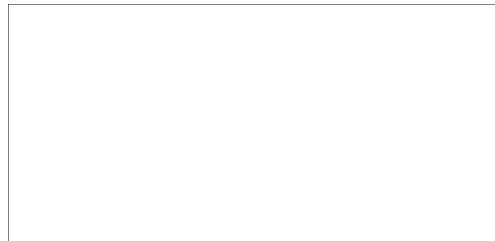


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*EGYPT-SYRIA: The plans revealed yesterday for eventual unity between Egypt and Syria probably will never come to fruition, but the announcement underscores, primarily for the benefit of the US and Israel, the two countries' determination to be united on Middle East peace negotiating tactics.*

Egypt and Syria probably do not intend to work toward a full merger. Their joint declaration on the subject and subsequent remarks by the Syrian and Egyptian foreign ministers mentioned "relations of unity" rather than "union." A separate communique issued by the presidents of the two countries made only scant reference to the unified political command to be established to lay the basis for "unity."

Syrian President Asad and Egyptian President Sadat, who probably still harbor private suspicions about each other, no doubt view the unified political command as a useful mechanism for keeping each other in line.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

This is particularly true of Asad, who undoubtedly fears that Sadat, despite his disclaimers, could again adopt an independent negotiating policy, as he did last year in pursuit of the second Sinai agreement. Asad probably looks on the joint command as a means of better ensuring that Sadat will coordinate policy and of preventing Sadat from again moving too far ahead of Syria and the other Arab countries.

Sadat, for his part, has become increasingly concerned over the last year about Asad's rising stature in the Arab world and particularly about Syria's efforts to gain control over the Palestine Liberation Organization. He probably sees the joint command as a way of maintaining some Egyptian influence over both the Palestinian movement and Syrian negotiating policies.

*SYRIA-JORDAN: President Asad's desire to strengthen Syrian-Egyptian relations in preparation for the next round of Middle East peace negotiations has lead him to mute further talk of federation with Jordan.*

The Syrians are reluctant to move toward more formal ties at present because of their desire to work out a common Middle East negotiating strategy with Saudi Arabia as well as Egypt.

Asad knows that President Sadat and the Saudis are already deeply suspicious of growing political cooperation between Syria and Jordan and would probably oppose a federation. The Saudis balked over financing the Jordanian Hawk missile deal with the US earlier this year partly because of their mistrust of Husayn's ties with Syria.

--continued

*FOR THE PRESIDENT ONLY*

Asad is likely to continue to foster closer relations with Husayn, taking special care to allay Jordanian fears of Syrian domination. Whether these ties take the form of a formal arrangement probably matters little to Asad.

*The Syrians at present regard Husayn primarily as a useful channel both for gaining a sympathetic hearing for their views in Washington and for exploring ideas with the US for avoiding a negotiating impasse.*

Asad clearly hopes that closer military cooperation will ensure Jordanian support in disputes with Iraq, or any future war with Israel.

Husayn believes close relations with Syria are essential to prevent Jordan from becoming isolated in the Arab world and to enable it to strengthen its position against the Palestine Liberation Organization. Husayn is in direct competition with the PLO for the loyalty of the Palestinians, particularly those within Jordan, where more than half the population is Palestinian.

\* \* \*

**USSR-JAPAN:** *The USSR has apparently decided to resume normal relations with Japan in the aftermath of the MIG-25 incident.*

Late last week, the Soviets informed the Japanese that they were ready to schedule two economic meetings they had threatened to postpone because of Japan's handling of the MIG-25 incident. They also promised the Japanese an early meeting to work out the problems for Japan that result from the USSR's recent imposition of a 200-nautical-mile exclusive fisheries zone.

--continued

*FOR THE PRESIDENT ONLY*

The USSR issued a great deal of propaganda on Japan's handling of the MIG-25 incident, but the only concrete retaliation seems to have been the seizure of an abnormally large number of Japanese fishing boats in September and October for alleged violations of Soviet territorial waters.

The Soviets were reluctant to carry out their threats to retaliate in other economic areas because Soviet-Japanese economic cooperation benefits the USSR as much as it does Japan. The USSR, moreover, did not want to give China an advantage with Japan's new leaders by prolonged remonstrances over the MIG-25 affair.

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*FOR THE PRESIDENT ONLY*

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NOTES

South Yemen has released the surviving pilot of the Iranian reconnaissance plane shot down last month.

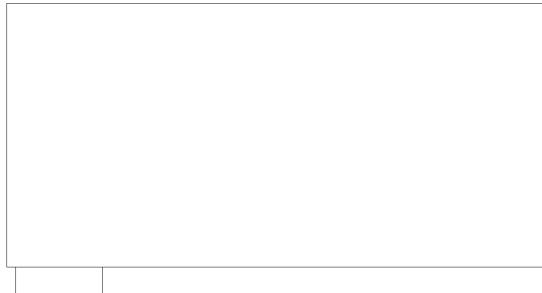
Progress has also been made on the more difficult issue of recovering the aircraft--an F-4--which crashed off the South Yemeni coast.

Iran has been concerned lest a communist government gain access to the plane in the course of salvage operations. According to an official statement from Saudi Arabia, which has acted as intermediary in negotiations, Saudi "experts" will participate in the salvage operations and the aircraft will be returned to Iran.

\* \* \*

*The quadripartite committee charged with overseeing the truce in Lebanon--composed of representatives of Syria, Egypt, Saudi Arabia, and Kuwait--is unable to agree on a course of action for collecting heavy weapons from the combatants.*

All the parties have been caching their weapons since the cease-fire, and there is little likelihood that any will hand them over voluntarily. Camille Shamun's National Liberal Party has taken a step toward turning in heavy arms, but a spokesman has made it clear that the party will turn no arms over to the Lebanese government until the quadripartite committee has adopted a 25X1 definitive plan.



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*FOR THE PRESIDENT ONLY*

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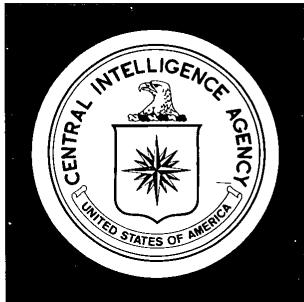
*For the second time in  
little over a month,  
Soviet and East European  
diplomats have walked  
out of a Chinese state  
banquet.*

Chinese Vice Premier Li Hsien-nien had sharply criticized the USSR during a reception for the visiting South Yemeni head of state, charging that Moscow will be the "main source" of a new war and lambasting Soviet "expansion" in the Arab countries.

Li's accusations are the first high-level Chinese comment on Soviet activities since the Sino-Soviet border talks reopened in Peking earlier this month.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

December 23, 1976

2

~~Top Secret<sup>25X1</sup>~~



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

*FOR THE PRESIDENT ONLY*

December 23, 1976

Table of Contents

25X1

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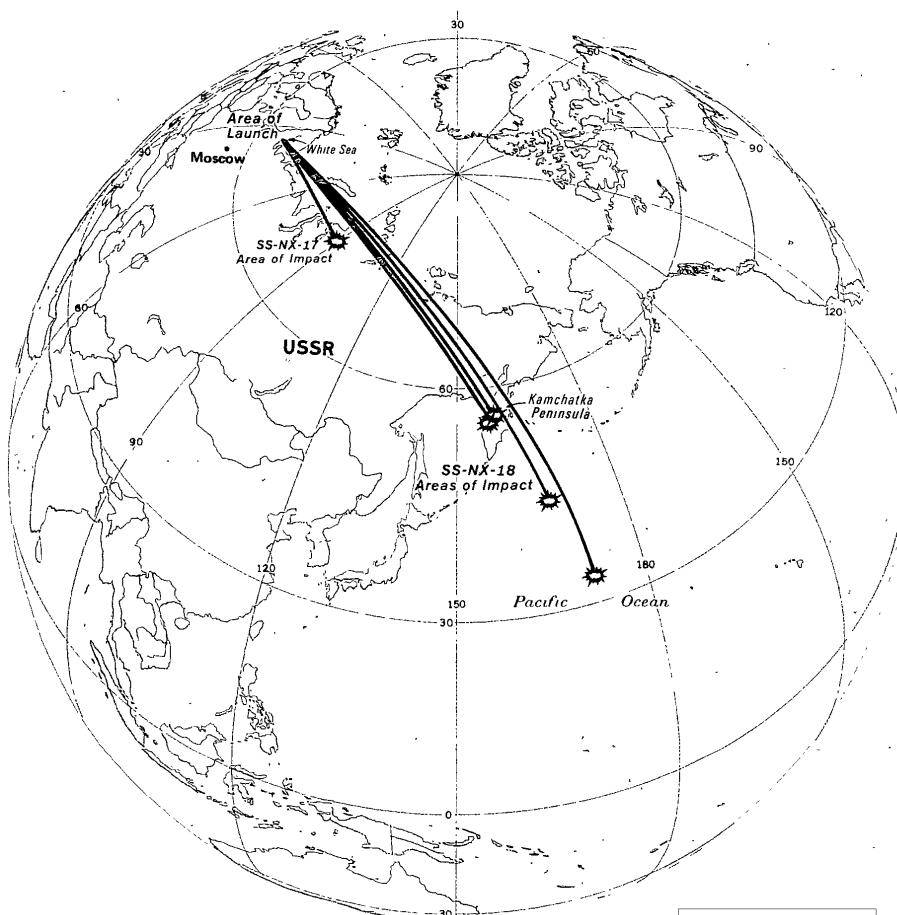
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USSR: [redacted] 25X1  
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[redacted] (Page 5) 25X1

Notes: China (political); China (naval) (Pages 6 and 7)

At Annex, we discuss activity aimed at a Rhodesian settlement,  
the focus of which has shifted back to southern Africa.

*FOR THE PRESIDENT ONLY*

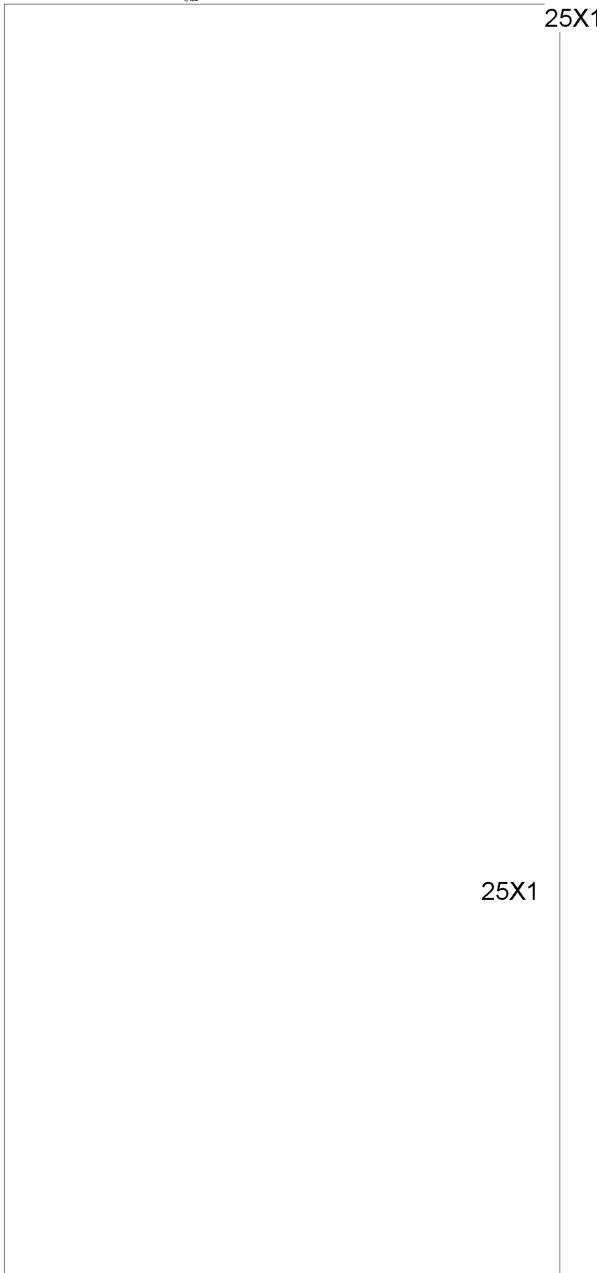


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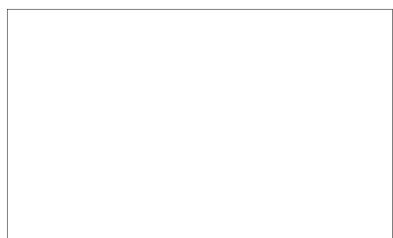
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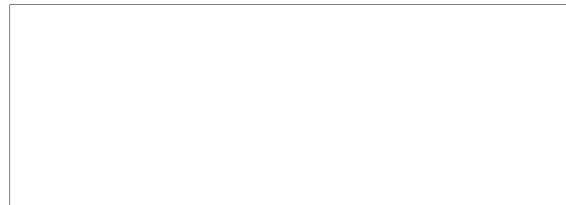


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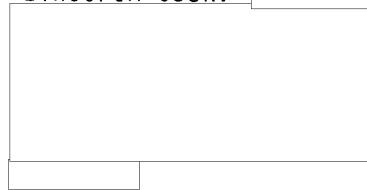
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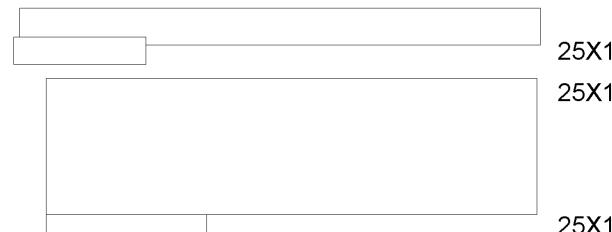
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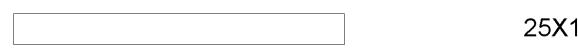


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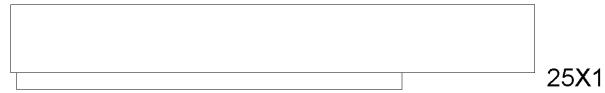


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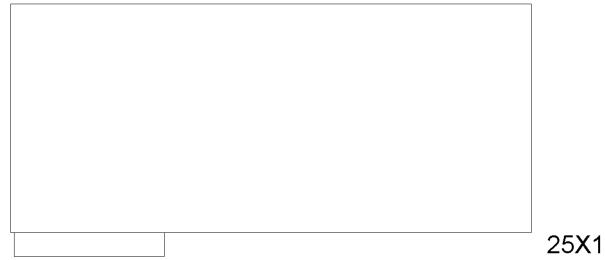
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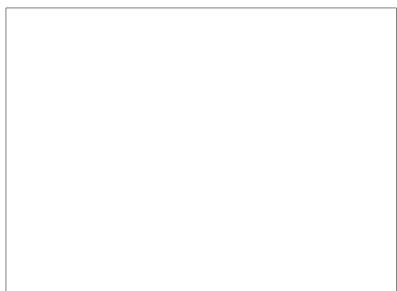
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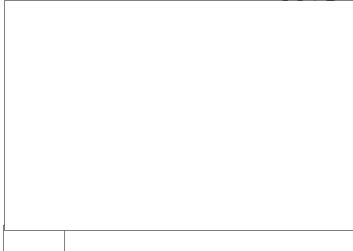
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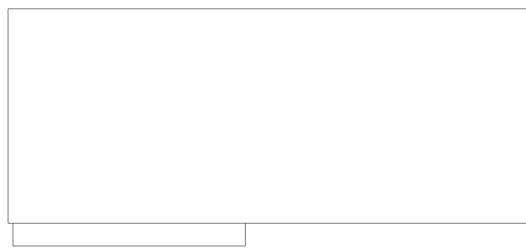
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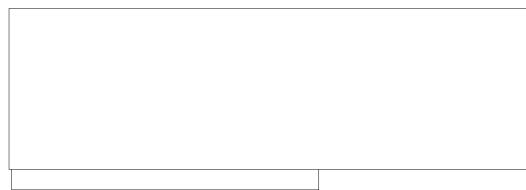
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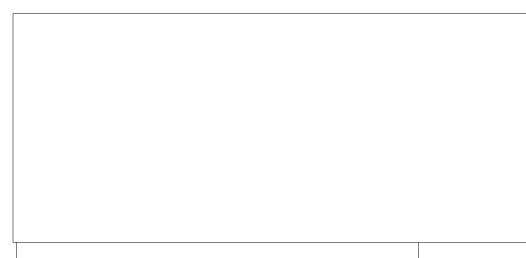
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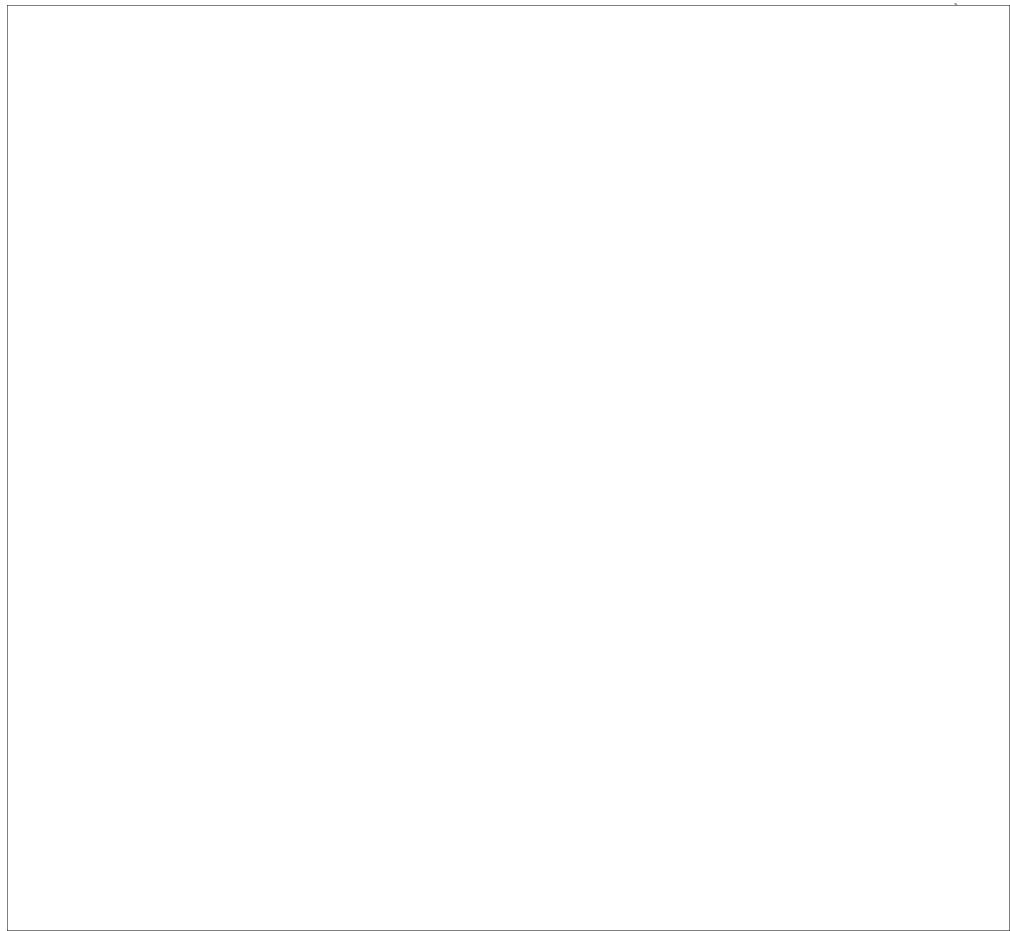
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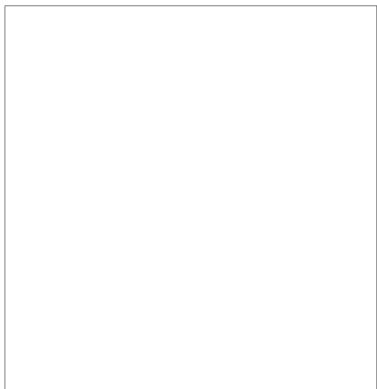
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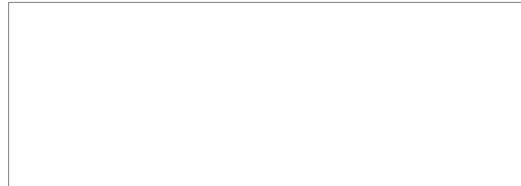
*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

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Chinese Politburo member and Peking party boss Wu Te appears to be in serious political difficulty, probably because of his persistent criticism of ousted vice premier Teng Hsiao-ping.



Wu was the last senior official to call for criticism of Teng--in a speech at the end of November. Moreover, he has not appeared in public since December 9, and he was the only active Politburo member in Peking who failed to show up at two major economic meetings in the past week.

Wu is the highest ranking Chinese official so far caught up in Peking's attempts to rebuild a leadership that has been stripped by deaths and purges in the past year. His current problems are further evidence that uncertainty over Teng's future role is at the center of the current confusion in Peking.

\* \* \*

Recent satellite photography shows that the Chinese have launched three large naval support ships; all are in an advanced stage of fitting out and could be operational early next year.

The new ships are the largest in the Chinese navy and are the first to carry helicopters.

The largest of the three--photographed [redacted] at a shipyard in the northeast--is a replenishment ship capable of refueling surface ships at sea and is the first ship in the Chinese navy to have such a capability.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

The other two support ships, seen at a Shanghai shipyard, appear to be designed to support submarines. If so, they would be the first large submarine-support ships in the Chinese navy.

The three ships should give the Chinese the capability to support warships and submarines at a considerable distance from coastal waters.

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*FOR THE PRESIDENT ONLY*

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RHODESIA

*The focus of activity aimed at a Rhodesian settlement has shifted back to southern Africa after the adjournment of the Geneva conference last week. Little substantive progress was made during a month and a half of negotiations; the conference confirmed and reinforced the wide differences among the participants.*

The British hope to reconvene the conference next month after a period of bilateral consultations. Most of the parties seem to believe that further talks are in their interest, but the time and place of the next round of bargaining are uncertain. In the interim, the four nationalist delegations and the Smith government's representatives are maneuvering to strengthen their positions.

The deep divisions among the nationalists remained largely unchanged during the negotiations, and were a major cause of delays at the conference. Despite efforts by the front-line African presidents to achieve a common nationalist position, the factions still do not agree on the shape of an interim government for Rhodesia.

Patriotic Front

*The Patriotic Front, a loose alliance of the delegations led by Joshua Nkomo and Robert Mugabe, was a major new element among the nationalists at Geneva.*

Born out of mutual needs and mutual suspicions and viewed by its leaders as a temporary expedient, the Front survived and the two delegations maintained a common position during the conference. The Front may have enhanced the stature of its leaders by virtually dominating publicity on the nationalist side during much of the proceedings, and Nkomo and Mugabe are likely to continue their association for a while longer.

Nkomo's Zimbabwe African People's Union generally favors a more flexible approach toward settlement terms than does Mugabe's Zimbabwe African National Union. Nkomo apparently almost broke with Mugabe over the latter's intransigence on the question of

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

an independence date for Rhodesia, but he probably believes he needs Mugabe for now because the alliance helps the ZAPU leader's image among militant Rhodesian blacks.

The numerical strength of ZAPU forces is far below that of ZANU. Although some limited military coordination is possible, a reintegration of their forces is unlikely. Tribal and personal rivalries run deep and have been further embittered this year by armed clashes between the two groups.

Neither Nkomo nor Mugabe is a military leader in his own right, and each sees the settlement talks as his best avenue to power in Rhodesia. Unlike Nkomo, however, Mugabe's position within his faction is shaky. Factional strife within ZANU remained beneath the surface in Geneva, but several groups apparently are still vying for control, and efforts to forge a new, stronger leadership appear to be making little progress. There were indications that Mugabe would have been more willing to compromise on settlement terms if he had not been under pressure from some ZANU military leaders to remain firm.

Some ZANU military leaders have indicated that they would like to see the settlement talks collapse, apparently because they believe a military victory over the Rhodesian army would increase their influence in a new black government. They may have been sobered recently by the poor performance of their forces and the success of the Rhodesian army in cross-border raids on their guerrilla camps in Mozambique.

The military leaders almost certainly cannot block a resumption of the negotiations. They are sure to continue their efforts to increase the military pressure against the Smith government during the current rainy season.

Rival Delegations

*Ndabaningi Sithole, who disputes Mugabe's claim to the leadership of ZANU, led a rival delegation to the conference and may have strengthened his position somewhat.*

Sithole, who founded ZANU in 1963, was written out of the faction's leadership last year by most of the other ZANU leaders. His claim was reinforced, however, by the insistence of the front-line presidents

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*FOR THE PRESIDENT ONLY*

that he be invited to Geneva as the equal of the other delegation leaders, and by fighting in the guerrilla camps between his supporters and followers of Mugabe.

Sithole still appears the weakest of the four delegation leaders. He apparently has no direct access to the guerrillas and probably needs the talks to retain any hope of a leadership position in a black government. Sithole's position at Geneva could hurt him among his ZANU constituency, since he appeared more willing to compromise on settlement terms than Mugabe did.

If the nationalists associated with the Patriotic Front indeed strengthened their positions during the Geneva conference, it was probably at the expense of Bishop Abel Muzorewa, who leads the African National Council. At least two of Muzorewa's lieutenants apparently defected to Mugabe and Nkomo

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Muzorewa remains a factor to be reckoned with because of his impressive personal standing among Rhodesia's blacks. His proposal that a prime minister for the interim government be elected rather than appointed has little chance of acceptance by the other nationalists, but the bishop probably thinks it may be his only chance to become the first leader of a black government.

Muzorewa does not have any organized military support and, unlike Nkomo and the ZANU leaders, he lacks any strong backers among the front-line presidents. Leaders of the African National Council have conducted exploratory talks about cooperation with the other black delegations, but nothing has come of the talks. Muzorewa has also had some tentative contacts with members of the Rhodesian government, but he apparently realizes that any attempt to work out a separate deal with Prime Minister Smith would damage his standing among the blacks.

Front-Line Countries

*Despite differences over tactics, the front-line countries will continue their efforts to bring black rule to Rhodesia.*

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

Tanzania, Zambia, Mozambique, and Botswana first began to work together for a peaceful settlement in 1974. Angola joined the group earlier this year, but its main concern has been with Namibia, and it has played a relatively minor role in the deliberations over Rhodesia.

The front-line presidents are expected to meet again before the talks reconvene--possibly before the end of the year--and also will be consulting with the nationalist leaders. The presidents probably will continue to urge the nationalists to agree among themselves on settlement terms, but they will also consider additional steps to strengthen the military effort against the Smith regime.

The presidents do not agree on which nationalist leader should head a new Rhodesian government, but they apparently are determined not to let this interfere with their joint efforts. The presidents might agree to back the Patriotic Front if the alliance manages to hold together and agrees on how to set up an interim government. Zambian President Kaunda has been the main supporter of Nkomo, while Mozambican President Machel prefers Mugabe and the ZANU military leaders. The presidents clearly are frustrated by the repeated failures of their attempts to bring unity to the nationalist movement, and they realize that despite Muzorewa's personal popularity, the Front commands at least the nominal loyalty of virtually all of the Rhodesian guerrillas.

*Fear of a civil war like the one in Angola last year probably has been a major factor in the reluctance of the presidents to introduce substantial numbers of Cuban or other communist forces into the Rhodesia situation.*

At their last meeting in November, the presidents agreed to seek increased military aid mainly from African nations, but decided that a larger role for the communist powers would only be a last resort. Kaunda, however, fears that the presidents soon will have no alternative but to ask for a greater communist presence.

The Rhodesian Government

*Rhodesian Prime Minister Smith clearly wants the negotiations to continue, but he and the white community seem prepared*

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*FOR THE PRESIDENT ONLY*

*to resist the demands of the nationalists for an immediate transfer of effective power under an interim government.*

Smith and other government officials apparently still have hopes of arranging a separate deal which would exclude Mugabe and the ZANU military leaders. Past efforts to deal with Nkomo and Muzorewa have made little headway, however, and it is unlikely that any of the prominent nationalists will agree to settle with Smith.

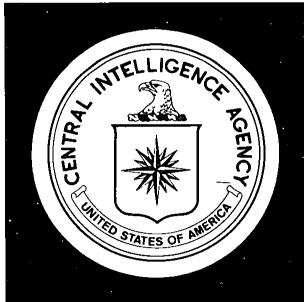
Moderate blacks, including businessmen and tribal leaders, reportedly are organizing a new political party inside Rhodesia. Although they claim that the government has not encouraged their efforts, Smith probably will explore the possibility of reaching a settlement with the party if it gets off the ground.

The government believes its recent raids into Mozambique have been highly successful in disrupting guerrilla plans for an offensive in Rhodesia. Rhodesian officials realize that such raids help to improve white morale, which could suffer again if the fighting intensifies and there is no settlement in sight.

*FOR THE PRESIDENT ONLY*

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# The President's Daily Brief

*December 24, 1976*

2



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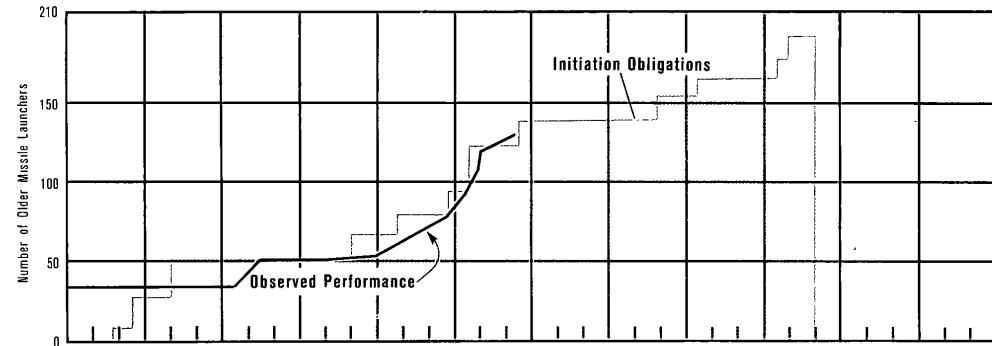
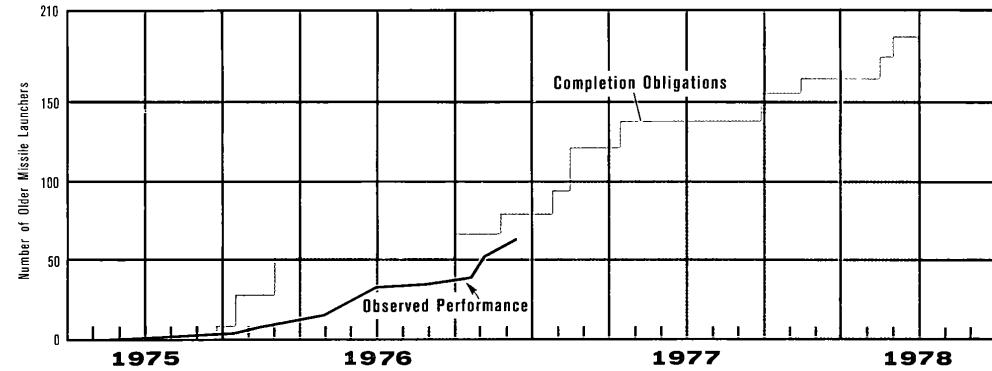
*FOR THE PRESIDENT ONLY*

December 24, 1976

Table of Contents

		25X1
<u>USSR:</u> Satellite photography [redacted]		25X1
[redacted] shows that the Soviets have started dismantling at least 11 more of the older SS-7 and SS-8 ICBM launchers and have completed dismantling at least 12 others. (Page 1)		25X1
<u>South Africa:</u> [redacted]		25X1
[redacted]	(Page 1)	25X1
<u>Nigeria:</u> Nigerian head of state Obasanjo recently outlined his government's views on relations with the US and its policies toward southern Africa. (Page 3)		25X1
<u>At Annex</u> [redacted]	OPEC [redacted]	25X1
		25X1

*FOR THE PRESIDENT ONLY*

**STATUS OF DISMANTLING OF OLDER SOVIET MISSILE LAUNCHERS****INITIATIONS****COMPLETIONS**

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**Status of Soviet ICBM Dismantling**

Obligations	March 1	June	July	August	September	October	November	December
Required number of launchers with:								
Dismantling Complete	51	51	51	51	51	67	67	79
Dismantling Initiated	0	16	28	28	44	56	56	60
	51	67	79	79	95	123	123	139
Observed Performance								
(Dec 4- Mar 29)	(Mar 22- May 17)	(Jul 9- Aug 3)	(Aug 4- Sep 6)	(Sep 7- Oct 19)*	(Oct 12- Nov 5)*	(Nov 9- Dec 9)*		
8	13-16	33	33	39	51	63		
43	38-35	20	46	69	70	69		
	51	53	79	108	121	132		

\*Photographic coverage of the 209 SS-7 and SS-8 launchers was incomplete.

*FOR THE PRESIDENT ONLY*

USSR: Satellite photog-  
raphy [redacted]

shows that the Soviets have started dismantling at least 11 more of the older SS-7 and SS-8 ICBM launchers and have completed dismantling at least 12 others. Additional dismantling activity could have occurred, however; of the total 209 older ICBM launchers, only 113 were photographed in the course of this mission.

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Available information indicates that at least 132 Soviet launchers are in varying stages of dismantlement; 63 are considered fully dismantled and 69 in process. Of the 69 partially dismantled launchers, 20 are unusable in the sense that none could be returned to operational status in less time than would be required for new construction.

By early December, the Soviets should have finished dismantling 79 launchers and have had 44 others in the process of dismantlement. During December, they should have started dismantling 16 additional launchers for a total of 60 in process.

A D-1 submarine with 12 missile tubes may have been launched in September and could begin sea trials this spring. When it does, the total number of launchers in the process of dismantlement should be 72. We do not expect the Soviets to launch another ballistic missile submarine before spring.

By the end of April, the Soviets should have completed dismantling a total of 139 launchers. 25X1

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SOUTH AFRICA: [redacted]

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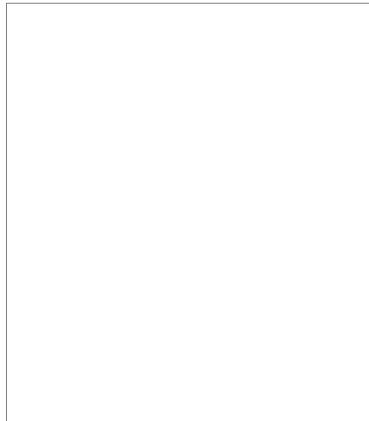
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

*NIGERIA: Nigerian head of state Obasanjo recently outlined his government's views on relations with the US and its policies toward southern Africa.*



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Speaking to Senator [redacted] Obasanjo expressed Nigeria's hope for good relations with the incoming US administration. He also expressed the hope that the US will accept Nigeria's view of its special role in Africa.

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In discussing efforts toward black majority rule in southern Africa-- a prime aim of the current Nigerian military regime--Obasanjo emphasized that US influence is a key factor. He expressed the hope that the US would increase diplomatic and economic pressure on the governments of Rhodesia and South Africa.

By stressing the US role, Obasanjo may well have been preparing to blame the US if there is no progress toward black majority rule in southern Africa.

*Obasanjo pointed to the Angola issue as the main factor in US-Nigerian policy differences over the past year.*

He questioned whether the US had stopped supporting rival Angolan groups. Obasanjo said the next

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*FOR THE PRESIDENT ONLY*

move in Angola is up to the US, which should formally recognize the Popular Movement government.

Obasanjo urged the US not to treat African affairs--such as Angola--within the context of East-West competition.

The Nigerian head of state reaffirmed Nigerian skepticism about US initiatives on Rhodesia. He acknowledged that some progress has been made in the recent Geneva talks, however, and said he expects further progress under the incoming US administration.

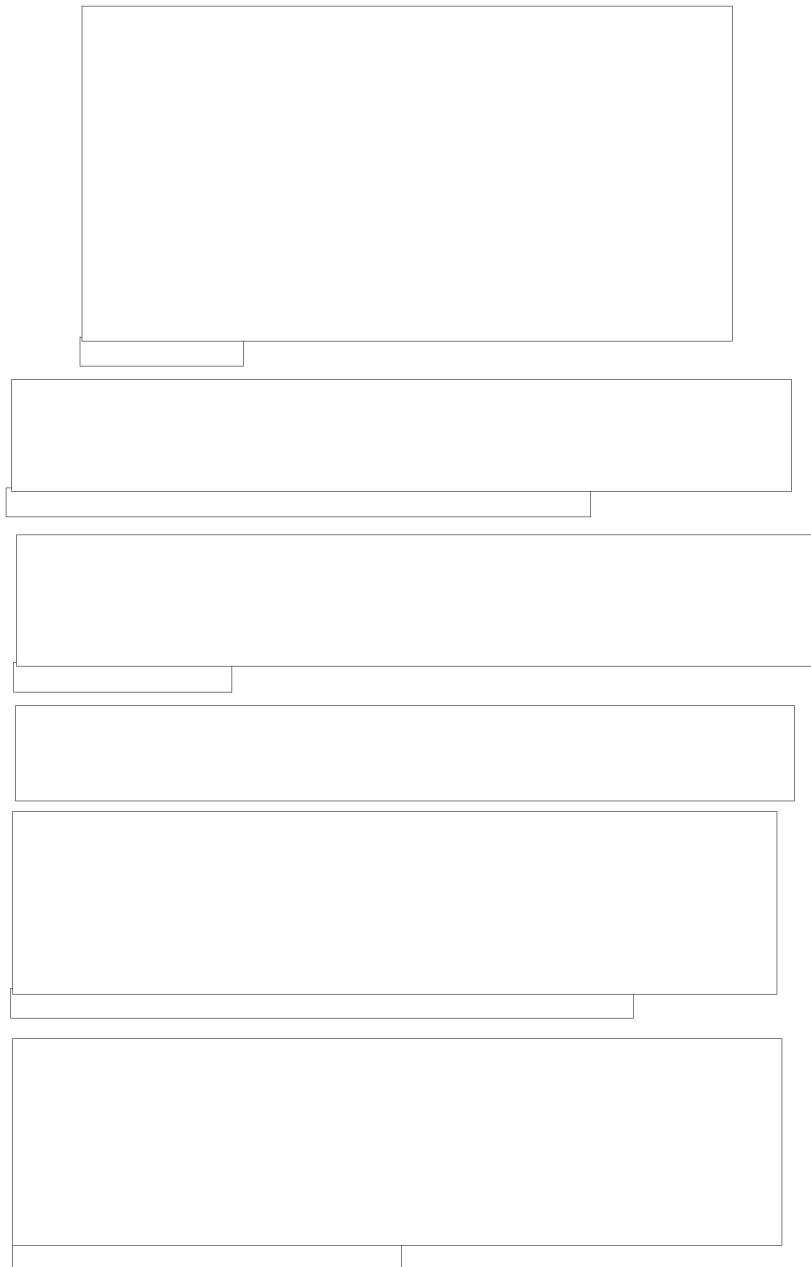
Obasanjo said he hopes the US will work with the British to establish an interim Rhodesian government in which the UK would have the main role, fortified, if necessary, by a Commonwealth defense force.

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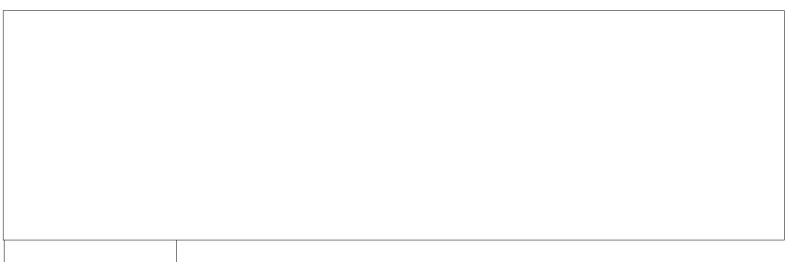
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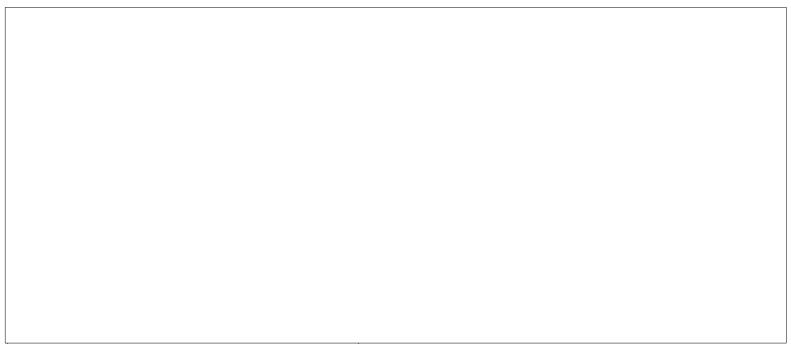


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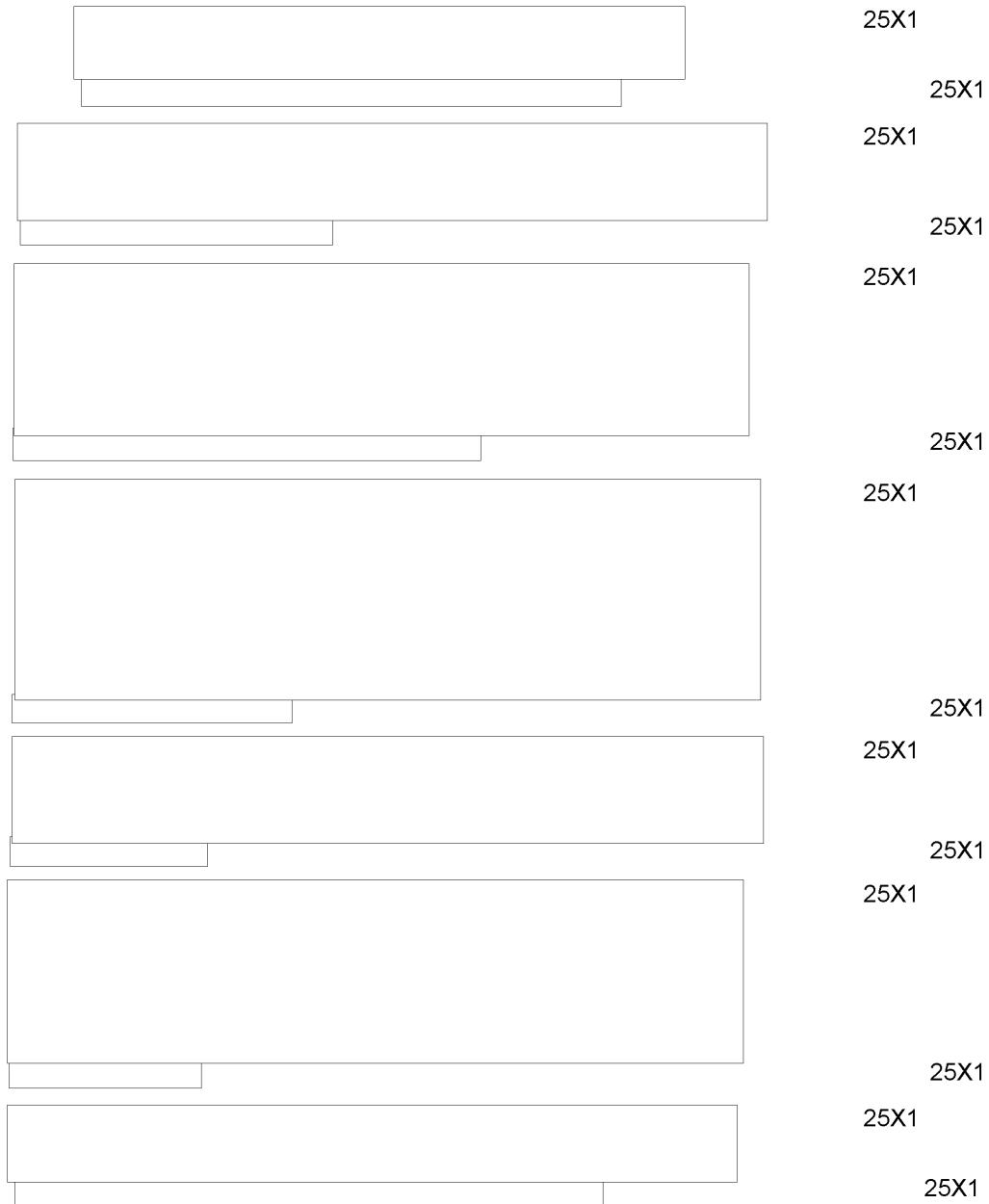
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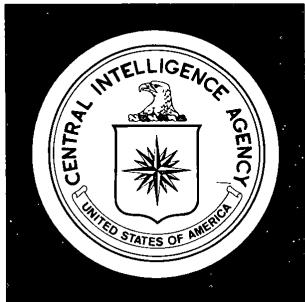
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# The President's Daily Brief

December 28, 1976

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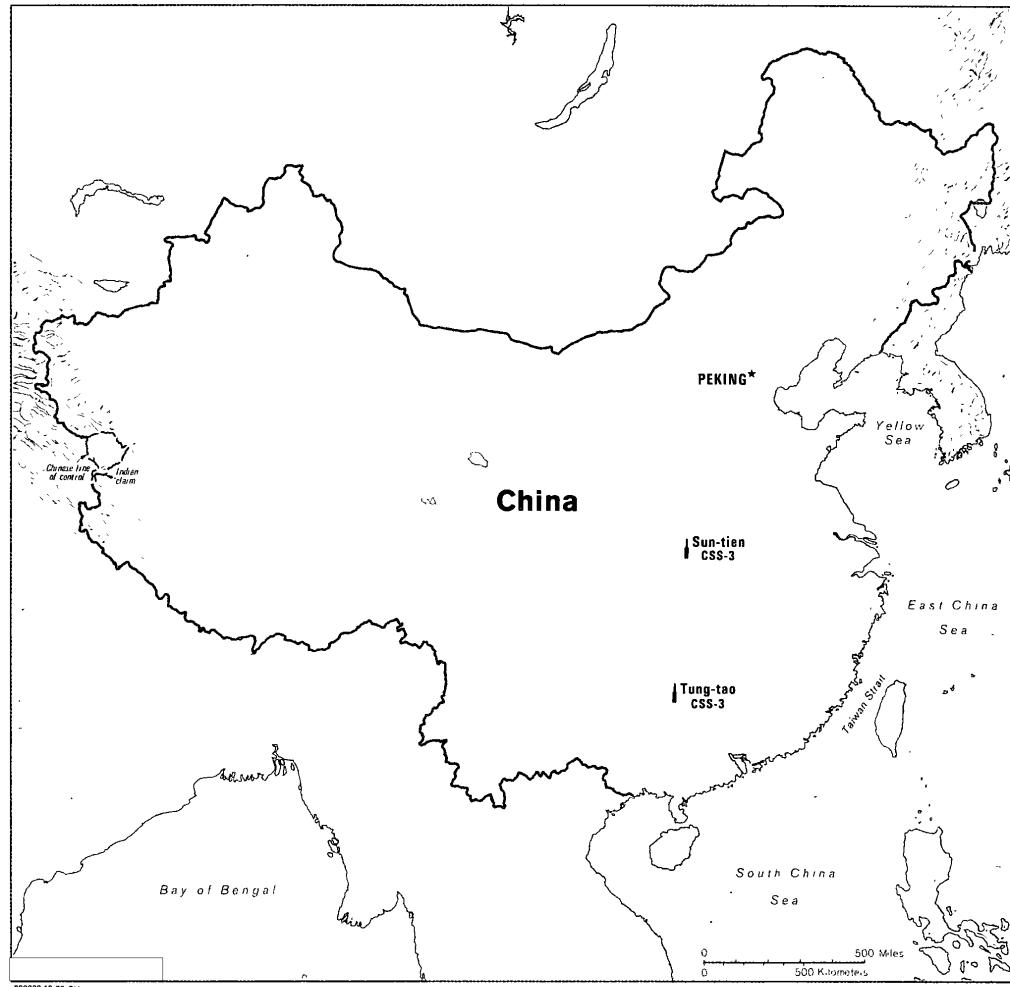
December 28, 1976

Table of Contents

China: Recent satellite photography shows that the Chinese are building what appear to be two new ICBM silos in central China. (Page 1)

Notes: USSR; South Africa; Rhodesia-Mozambique-Tanzania  
(Pages 2 and 3)

*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

*CHINA: Recent satellite photography shows that the Chinese are building what appear to be two ICBM silos in central China. The silos are in an early stage of construction, but work is progressing rapidly.*

The Chinese have been developing two ICBMs--the CSS-3 and CSS-X-4--for deployment in silos, but we cannot yet determine which missile will be placed in the new silos.

The more likely candidate is the CSS-3, a missile with a range of 3,600 nautical miles that just became operational within the past year. China has only two operational silos for the CSS-3--one at Sun-tien and the other at Tung-tao. The Chinese this year twice successfully test-fired the missile--the first CSS-3 launches in nearly five years.

We cannot rule out the longer range CSS-X-4 as a candidate for the new silos, but the case for that missile is weaker. The Chinese have used the CSS-X-4 as a booster for all six of their space shots during the past year and a half, but it has not been successfully tested as a ballistic missile since 1971.

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*FOR THE PRESIDENT ONLY*

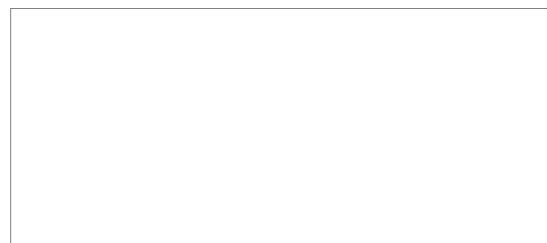
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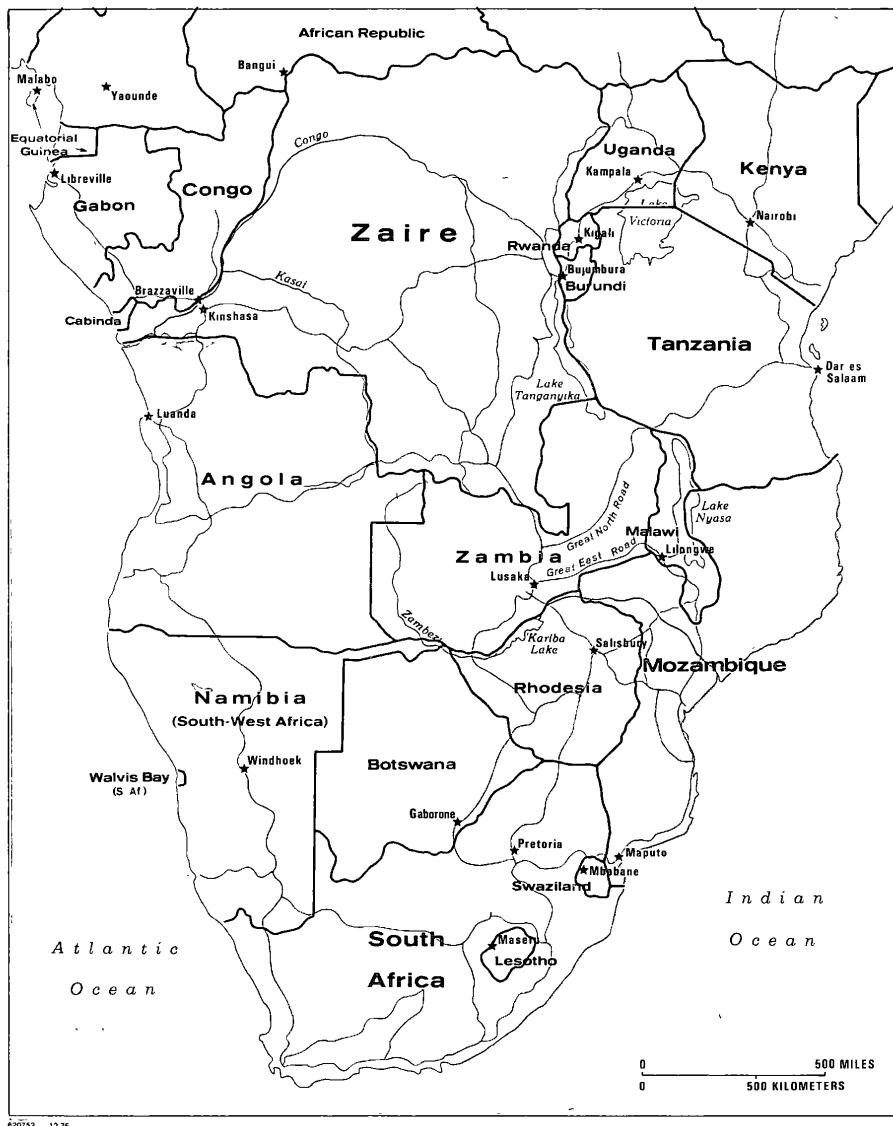
*Rioting in South African black townships near Cape Town over the Christmas holiday weekend followed patterns set in earlier violent outbreaks.*

Students in two townships, in a continuing effort to organize a sustained anti-government campaign, proposed that the Christmas weekend be used to mourn those who had died in earlier riots. When the students tried to enforce their call for action, the resistance of some black workers led to violence. Clashes left some 24 dead and nearly 100 wounded.

The student action in the Cape Town townships seemed less well organized than efforts last August in Soweto to enforce a worker boycott and appears to be subsiding.

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*FOR THE PRESIDENT ONLY*



*FOR THE PRESIDENT ONLY*

The South African police intervened quickly. Earlier government sweeps through the townships to pick up student leaders probably also contributed to the students' inability to carry through their attempted action.

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*A raid by Rhodesian security forces into Mozambique in mid-December inflicted a dozen or more casualties on a Tanzanian army unit,*



This is the first evidence we have seen of Tanzanian casualties in the Rhodesian guerrilla war. The Tanzanians have had a small contingent helping to guard the guerrilla camps in Mozambique and recently increased this force to perhaps 2,000 men. 25X1

The Rhodesian security force may not have known the Tanzanians were there, or may not have made any distinction between Tanzanians, Mozambicans--who also guard the camps--and guerrillas.

As a result of the Rhodesian raid, which involved several airplanes and helicopters, the Tanzanian troops are asking for air defense weapons, especially SA-7 surface-to-air missiles. The authorization of the use of such a weapon by Tanzania would represent a considerable increase in its involvement in the Rhodesian guerrilla effort.

*Top Secret*



# The President's Daily Brief

December 30, 1976

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*FOR THE PRESIDENT ONLY*

December 30, 1976

Table of Contents

USSR-US: The USSR within the past few weeks has become less negative about the future of Soviet-US relations. (Page 1)

Notes: USSR-Libya; USSR; China (Pages 2 and 3)

At Annex we present excerpts from the concluding section of an interagency intelligence memorandum entitled "Peru and Chile: Reassessment of the Potential for Conflict."

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

*USSR-US: The USSR within the past few weeks has become less negative about the future of Soviet-US relations.*

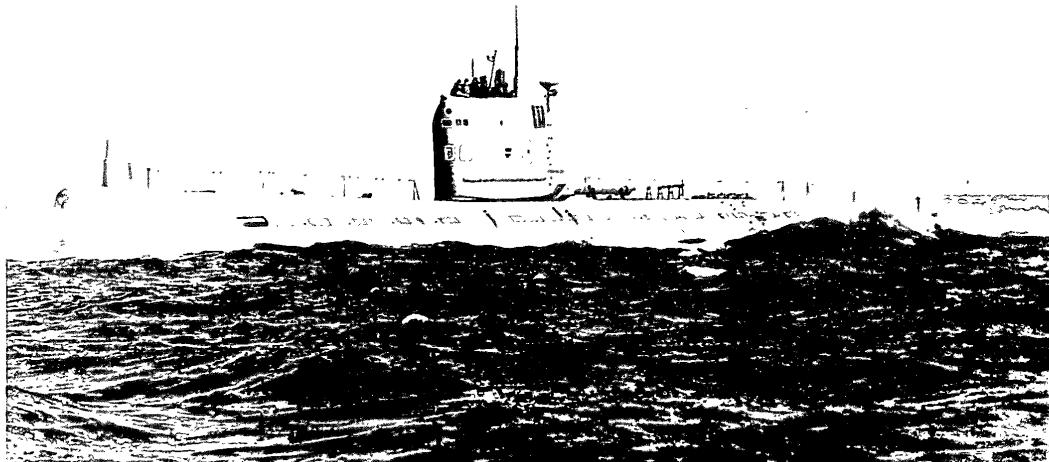
USA Institute Director Arbatov now is taking the line that there is reason for optimism on Soviet-US ties and that the problems raised during the US Presidential campaign were "imaginary" and "unessential." In English-language broadcasts on Tuesday, he referred to US public opinion polls strongly favoring the policy of detente.

Several weeks ago Soviet media appeared to be emphasizing that a new administration in the US did not necessarily mean progress for Soviet-US relations. In an article in Pravda on December 11, Arbatov referred to a new skepticism in the US about Soviet policy and concluded that the effects of the US campaign could complicate future relations.

The Soviet media are treating more evenhandedly certain members of the new US administration who had been heavily criticized, particularly Zbigniew Brzezinski. Yesterday's Pravda cited Brzezinski's support for SALT. Other Soviet reporting has noted President-elect Carter's pledge to give "priority attention" to strategic matters. Carter's support for a weapons freeze has been called an example of a "positive attitude" toward negotiations to limit nuclear weapons.

Party chief Brezhnev, commenting on future Soviet-US relations, urged that a SALT II agreement be concluded at the "earliest possible date," according to a Tass report. He credited Carter with an "understanding of the urgency" of the problem, and appeared to link a summit meeting with progress on this issue. The mention by Tass of a summit is particularly noteworthy in view of the dearth of such references in recent months.

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*The F-class submarine*

*FOR THE PRESIDENT ONLY*

NOTES

The Libyan navy has acquired its first submarine, a Soviet-built F- class torpedo attack boat.

The submarine, flying a Libyan flag

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arrived in Tripoli on December 27.

Libya is only the second country, after India, to receive the F-class, the principal diesel-powered torpedo attack submarine in the Soviet navy.

We do not know whether the Libyans are capable of operating their new submarine without Soviet supervisory personnel on board. They almost certainly will be unable to maintain it without Soviet help. Although Libyan naval personnel have received submarine training for about two years, the Soviets have experienced problems in training them.

Libya has on order at least 24 ships, including about five more F-class submarines, an unspecified number of Osa guided-missile patrol boats, six to ten French guided-missile patrol boats, four Italian missile corvettes, and several Spanish-built submarines.

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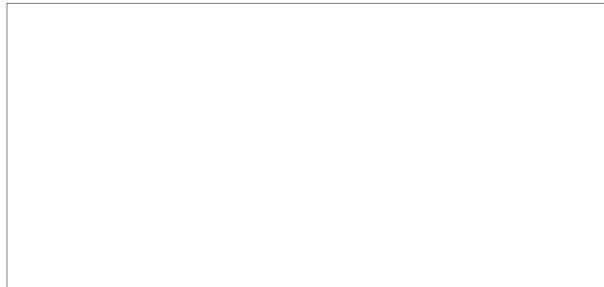
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*FOR THE PRESIDENT ONLY*

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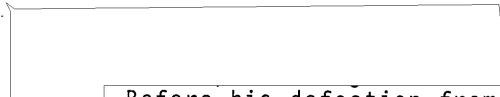


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*An officer of China's National People's Congress, Chen I-sung, has suggested that the US, Japan, Europe, and China should cooperate to oppose Soviet "hegemonism."*

Initial press reports of the interviews Chen granted to Japanese newspapers indicate that he also suggested that the US could append to documents normalizing relations with China a statement that it was concerned about peace in the western Pacific. Such a statement, according to Chen, would serve to allay US fears of a Chinese military seizure of Taiwan.

Chen's comments are said to be personal views, but he is not likely to discuss sensitive political issues without some official guidance. The significance of Chen's comments, however, cannot be fully assessed until full accounts of the interviews are available in Washington.



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Before his defection from Taiwan in 1973, he had been politically active in a variety of movements against the Taipei government and had a reputation for political naivete.

Chen is in Tokyo on what appears to be a personal visit. According to press reports, he plans to travel to the US.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

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PERU-CHILE

*We present here excerpts from the concluding section of an interagency intelligence memorandum entitled "Peru and Chile: Reassessment of the Potential for Conflict."*

Peru's continuing faulty perception that Chile is able and willing to wage war has made Peruvians feel defensive, contributed to nationalistic sentiments, and increased the possibility of a Peruvian miscalculation. Some Peruvian officers continue to believe that the US is secretly arming Chile.

Nevertheless, we do not believe that Peru or Chile, particularly the latter, would initiate hostilities in the next year. Chile probably would not attack Peru under any circumstances.

With serious economic problems, both countries are focusing heavily on domestic concerns and must cultivate the good will of international trade and finance groups. An accidental border conflict, as opposed to deliberate attack or provocation, also seems less likely than two years ago since each side is aware of the risk and has taken steps to minimize it.

We believe continued inability to resolve the Bolivian corridor issue at present offers the most likely potential cause of a breakdown in relations between Peru and Chile. Moreover, as Peru continues to acquire sophisticated military hardware and pursues its plan to double the army's strength in the next two years, the possibility for miscalculations will increase.

The Chileans would not in our judgment seek a confrontation over the corridor but their recent refusal to discuss the Peruvian counterproposal indicates that neither will they permit Peru to impose conditions. Some Chilean officers are in fact convinced that the Soviet Union is encouraging Peru to use the corridor issue to provoke a clash with Chile.

The increased importance of the Bolivian corridor question raises the possibility of US involvement as an arbiter. The 1929 treaty establishing the

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

Peru-Chile border stipulated that the US President would settle any dispute over provisions of the treaty. The US government was not a party to the treaty and has never officially accepted the role of arbiter, but this does not negate the possibility that one or more parties might appeal to the President.

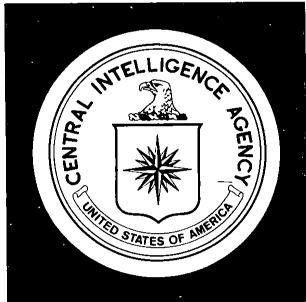
While it is evident that, out of mutual self-interest, both Peru and Chile should welcome improved relations, the particular issues separating them are coupled with general notions of nationalistic pride. Resolution of their differences is further complicated by the positions of Bolivia and Ecuador.

Aside from the difficult corridor question, the Bolivians are determined not to be victimized in a Chilean-Peruvian clash and are acquiring new weaponry to strengthen their defenses. They might even join in the conflict if they thought they could thereby secure an outlet to the sea.

The government of Ecuador is displeased with Peru's refusal to renegotiate the boundary in the Amazon region, and according to one report, might conceivably side with Chile in the later stages of any clash with Peru, thus compelling the Peruvians to fight on two fronts.

The arms buildup will continue throughout the area, and miscalculation or misperception on the part of Chile or Peru could conceivably lead to conflict. Nevertheless, both sides remain defensive. There appears to be little possibility that either country will initiate hostilities over the next year.

*Top Secret*



# The President's Daily Brief

*December 31, 1976*

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[Redacted]

~~Top Secret~~

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the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

December 31, 1976

Table of Contents

Spain: The release on bail of Communist leader Santiago Carrillo and seven other party officials will probably ease tensions and give a boost to government negotiations with the opposition. (Page 1)

Egypt: President Sadat's suggestion that any future Palestinian state should be linked with Jordan is not a new idea with him, and he is not likely to press it now unless he can secure Syrian agreement. (Page 2)

Canada: Canada's more stringent policy on the export of nuclear equipment and materials may substantially reduce its foreign sales for some time. (Page 3)

Notes: USSR; China; Bangladesh-China (Pages 5 and 6)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

SPAIN: The release on bail of Spanish Communist leader Santiago Carrillo and seven other party officials--who were arrested last week--will probably ease tensions and give a boost to government negotiations with the opposition.

Only hours after Carrillo left prison, the Spanish government announced the abolition of the controversial Public Order Court that had handled his case; the government also removed terrorist offenses from military jurisdiction. Political and terrorist cases will now be handled by ordinary civilian courts.

These moves, which have long been demanded by the opposition, will anger rightist diehards. The greatest immediate danger in the present situation is that Carrillo will become a target for right-wing terrorists.

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The Communist Party remains banned. It cannot operate openly as a political party, but the government allows it considerable freedom to participate in broad opposition activities.

[Redacted]

One formula for Communist participation in the elections would be a tacit agreement allowing party members to run as "independents" or as part of a leftist coalition. The question of Communist participation will probably be addressed later during specific negotiations between the government and the opposition on the elections.

The tension over Carrillo's arrest may have increased pressure on the government to tighten its control over the security forces, which are widely believed to be too tolerant of far-rightist excesses and too harsh with the emerging left.

It was announced on December 23 that the director general of security and the heads of the two paramilitary national police forces--the civil guard and the armed police--would be replaced. Two more high security officials were removed on December 27.

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*FOR THE PRESIDENT ONLY*

These changes, which show signs of high-level and even royal involvement, are probably an extension of earlier initiatives by King Juan Carlos and Prime Minister Suarez to replace politically oriented Francoist holdouts in the military and security forces with officers more willing to do the government's bidding.

\* \* \*

*EGYPT: Egyptian President Sadat's suggestion in an interview with The Washington Post published yesterday that any future Palestinian state should be linked with Jordan is not a new idea with Sadat, but it is one he has not pressed for two years and one he is unlikely to press now unless he can secure Syrian agreement.*

Sadat was somewhat cautious in discussing the issue with the Post, but he seemed to be trying to give the impression for US benefit that he retains sufficient strength to force such a suggestion through Arab councils. It is questionable whether he does have this much influence.

In an effort to facilitate peace negotiations in 1974, Sadat urged the Palestine Liberation Organization to allow Jordan to negotiate with Israel for the return of the West Bank, on the understanding that the territory might thereafter be turned over to the Palestinians as an independent state or semi-autonomous region linked to Jordan.

His proposal was defeated at the Rabat summit in October 1974, when the Arab states stripped Jordan of negotiating authority for the West Bank and designated the PLO the sole representative of the Palestinian people. Sadat has deferred to this Arab position since then.

Sadat's credibility among the Arabs was damaged too badly by the second Sinai agreement last year to allow him any longer to pursue an

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*FOR THE PRESIDENT ONLY*

independent negotiating course or to press positions with which the other key Arab states are not in agreement. In fact, in another interview published yesterday in an Arab magazine, he did not mention the possibility of Palestinian-Jordanian linkage at all.

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*CANADA: Canada's new, more stringent policy on the export of nuclear equipment and materials may substantially reduce its foreign sales for some time.*

Canadian Foreign Minister Jamieson announced on December 22 that future shipments of Canadian reactors and uranium would be restricted to states that have either ratified the Non-Proliferation Treaty or have accepted international safeguards on their entire nuclear programs. It is the latter condition that broadens the traditionally stringent Canadian safeguards policy.

By requiring that its customers place their entire nuclear programs under international safeguards, Canada is attempting to assure that not only Canadian-supplied equipment, but all materials a country receives or produces itself, fall under the international inspection regime.

Despite Canadian warnings for some time that additional restrictions would be imposed on its nuclear sales abroad, neither the nine West European members of the EC nor the Pakistanis have met the Canadians' requirements that would permit continued commerce between the countries. Recently Ottawa rejected the latest Pakistani counter-offer on safeguards coverage, and it is increasingly unlikely that the two countries will be able to work out a nuclear supply agreement.

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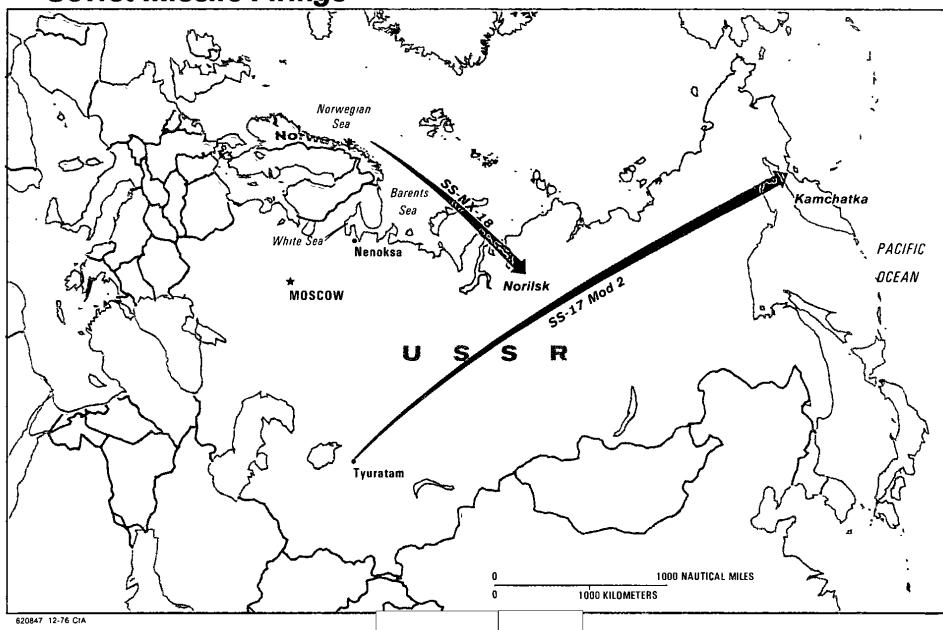
The problem with the Europeans is more complex. Under a 1973 agreement between IAEA and EURATOM--not yet in force--international safeguards have been accepted in principle by EC states. On the assumption that the EURATOM-IAEA safeguards agreement will soon enter into force, Canada has been supplying the Europeans for the past several years. France, however, as a non-NPT country, has now rejected the blanket application of IAEA safeguards to its facilities. To get around this obstacle to the implementation of the IAEA-EURATOM agreement, some EC countries will have to pass national legislation accepting IAEA safeguards.

Canadian uranium shipments to Europe could still continue if the Canadians agreed to accept a provisional application of IAEA safeguards to EC countries, other than France, pending formal national legislation and to deal with the French on a case-by-case basis. Canada, however, has also raised broader nonproliferation issues, such as restraints on technology transfer, that the Europeans may find difficult to accept.

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### Soviet Missile Firings



25X1 25X1

*FOR THE PRESIDENT ONLY*

NOTES

*The recent spate of Soviet SS-NX-18 firings suggests that the new missile--which has been tested with both a single re-entry vehicle and with MIRVs--will be ready for loading on operational D-IIIIs by next summer.*

Two SS-NX-18 SLBMs were fired yesterday from a submarine--probably a D-III--in the Norwegian Sea to Norilsk, a distance of approximately 1,350 nautical miles. [redacted] 25X1  
[redacted] 25X1

*An SS-17 Mod 2 was fired yesterday from the Tyuratam test center to Kamchatka.*

This variant of the SS-17 carries a single re-entry vehicle on a new post-boost vehicle, uses the same booster as the MIRVed SS-17, and has been tested at least nine times this year. We expect that this version will probably be operational next year.

\* \* \*

*Chen I-sung, vice-chairman of China's National People's Congress, has reaffirmed in the course of interviews with Japanese newsmen--now available in fairly complete versions--Peking's three preconditions for normalization of relations with the US.*

These are abrogation of the US-Taiwan defense treaty, withdrawal of US forces from Taiwan, and severance of diplomatic relations with Taipei. Chen said China would continue its refusal to promise that it would not forcefully incorporate Taiwan. Chen offered only the assurance that, in principle, China will seek a peaceful reunification, if circumstances allow.

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*FOR THE PRESIDENT ONLY*

Chen's statements are a further indication of China's interest in progress toward establishing full diplomatic relations with the US early in the life of the incoming administration. They may also be intended to give an appearance of a conciliatory stance by Peking as a means toward ending US insistence on a Chinese guarantee not to use force in Taiwan, a demand Peking has repeatedly turned aside.

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Bangladeshi strongman Zia ur-Rahman will begin an official visit to China on Sunday.

A Bangladeshi Foreign Ministry official told the US embassy that Zia will seek assistance in areas such as water management and defense aid. The official said Zia particularly wants small arms and the reactivation of an ordnance plant China built when Bangladesh was still part of Pakistan.

China, which is gradually improving relations with India, is likely to treat Zia's request for military aid cautiously. Chinese military aid to Bangladesh to date has been limited and has served to maintain rather than to improve Bangladesh's armed forces.

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