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The President's Daily Brief

July 1, 1976

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~~Top Secret~~

Exempt from general
declassification schedule of E.O. 11652
except as provided in 5 D.C. O.G. 1.3
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the Director of Central Intelligence

July 1, 1976

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Lebanon: There was more sharp fighting in Beirut yesterday. Syria is still playing along with Libyan Prime Minister Jallud's mediation attempts and with the Arab League mission in order to minimize its continued involvement in the fighting and consolidate its military positions. (Page 1)

Europe-USSR: Presidents Tito of Yugoslavia and Ceausescu of Romania and several West European communist party leaders gave speeches at the European communist party conference that underlined their independent positions. (Page 3)

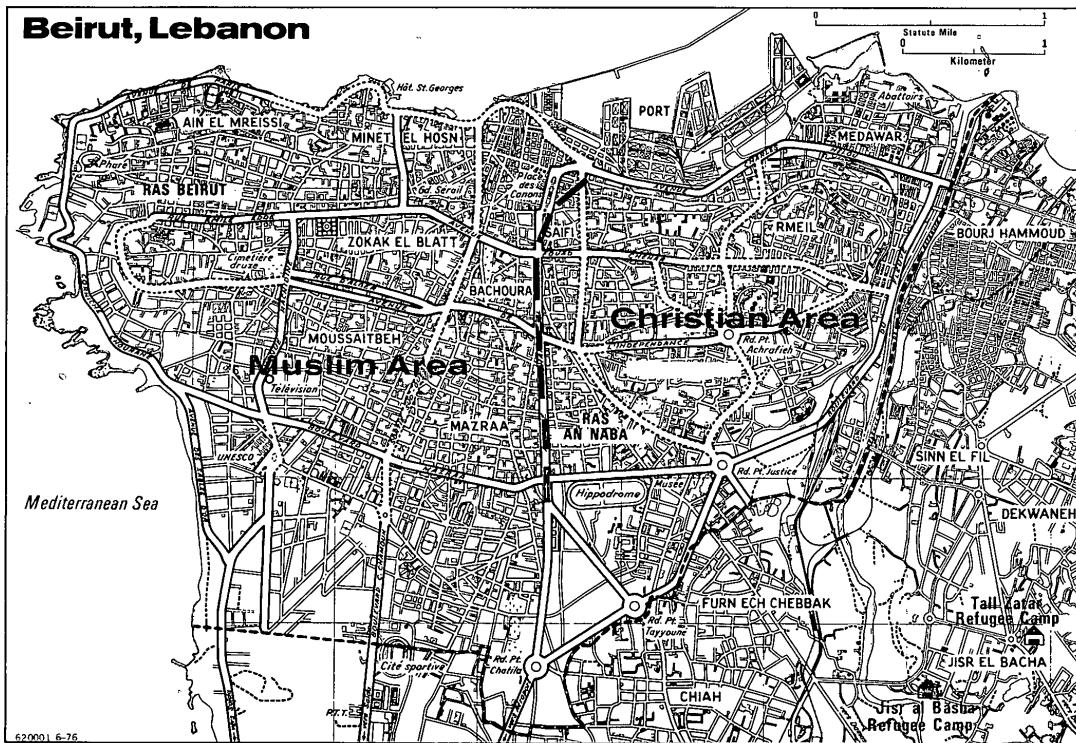
Cuba-Angola:

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Puerto Rico Summit: European reactions thus far to the recent economic talks have been favorable. (Page 6)

Notes: USSR-China; Egypt; Peru; Rhodesia (Pages 7, 8, and 9)

FOR THE PRESIDENT ONLY



LEBANON: Heavy fighting continued yesterday in Beirut in the central portion of the city, in the port area, and in the vicinity of the airport.

Residential areas of west Beirut suffered another day of bombardment as the exchange of artillery fire between the eastern and western sectors of the city continued its gradual escalation. The US embassy reports that shortages of food and water are becoming serious in many areas of the capital. We cannot confirm Palestinian charges that Syrian forces have joined the Christian offensive in Beirut.

In eastern Lebanon, Syrian forces in the Bekaa Valley have tightened their encirclement of Balabakk and nearby leftist positions and are advancing westward. Elsewhere,

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Syrian units surrounding the southern port city of Sidon launched a heavy artillery attack there yesterday. The Syrians' principal aim is to tighten the blockade of the port area to prevent seaborne deliveries of arms to the Palestinians.

Libyan Prime Minister Jallud is still in Damascus negotiating with President Asad, even though Jallud announced on Tuesday that he was ending his mediation mission.

Asad apparently has convinced Jallud that Syria is still willing in principle to withdraw its forces from key Lebanese cities.

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Syria also authorized its representative at the Arab League foreign ministers' meeting that ended yesterday to say that Damascus is now ready to facilitate the transport of the Saudi and Sudanese contingents to Beirut to take up their duties as part of the League security force.

Damascus has been playing along with Jallud and with the League mission to buy time and forestall added Arab political pressure. Both missions have provided a useful facade for Syria's efforts to minimize its continued involvement in the fighting and to consolidate its military positions. The cease-fire called for last night by the League is not likely to have any immediate effect on the fighting.

Although the Syrians may temporarily mollify some of their critics, the other Arabs will not be misled for long. Libyan President Qadhafi, for example, is increasingly impatient with Syria and may order Jallud to cease his tacit cooperation with Damascus.

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Recent information indicates that the disease may have been brought into Lebanon by Palestinian troops who previously had been stationed in the vicinity of an outbreak of plague in the Suez Canal area. We have no further evidence of plague in Lebanon, but there is a good possibility that it has broken out there. The breakdown of sanitary services in Lebanon provides excellent conditions for proliferation of infected rats and fleas that transmit plague to man.

Troops entering Lebanon from other Arab countries could spread the disease to those countries when they return home.

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EUROPE-USSR: Yugoslav President Tito and Romanian President Ceausescu delivered, as anticipated, the two most independent speeches by ruling party leaders heard at the European communist party conference.

Tito stressed that Yugoslavia opposes any form of interference in the internal affairs of other parties. In a thinly veiled reference to the Soviet Union and Bulgaria, he asserted that the failure of Yugoslavia's neighbors to recognize national minorities and their rights is directly contrary to both basic human rights and Marxism, and undermines lasting peace and cooperation in Europe.

Ceausescu defended "socialist patriotism" and the role of the nation in international affairs. He called for effective safeguards against interference in Romania's domestic matters, and declared that the inevitable differences among parties--read, among others, the Soviets and Chinese--should be solved in a "principled spirit" via private, bilateral sessions.

Polish party chief Gierek took a cautious stance and placed more stress on the solidarity of the communist movement than on Poland's role. Warsaw is billing as more important a speech Gierek is to give tomorrow in Katowice, a key Polish industrial city.

Among Moscow's allies, Bulgarian leader Zhivkov declared that a party's attitude toward the USSR and the Soviet party represented the "most reliable criterion of loyalty" to the communist ideal. In condemning anti-Sovietism and Maoism, Zhivkov stressed that when inevitable differences between parties emerge, they should be resolved in a spirit of "proletarian internationalism," thereby asserting that the Soviet party is the first among equals.

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Czechoslovakia's Husak, East Germany's Honecker, and Hungary's Kadar, although supportive of Moscow, did not go as far as Zhivkov.

Speeches by the major West European leaders reasserted their independence from Moscow in no-nonsense terms.

Italian party chief Berlinguer said the development of Marxism had not kept pace with the reality of the world today. He also restated his party's intention to pursue an autonomous line without foreign interference and "within the framework" of Italy's international alliances--a reference to the party's acceptance of Italian membership in NATO and the EC.

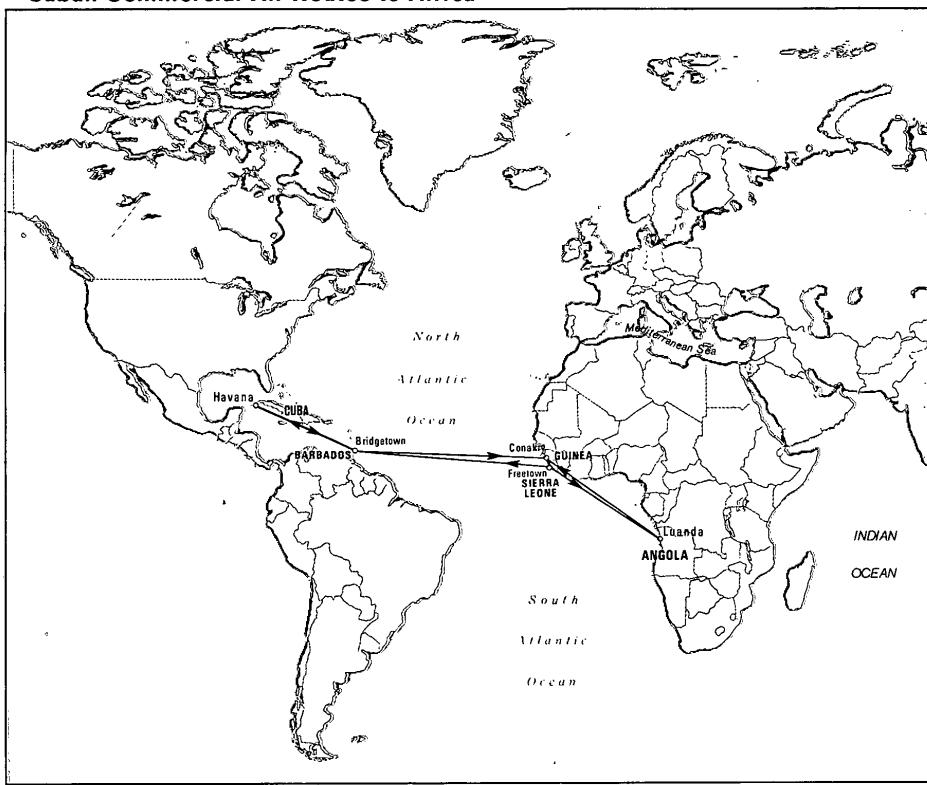
French party leader Marchais emphasized his party's adoption of a more independent stance by noting that it recently had discarded the concept of the "dictatorship of the proletariat." In addition, he came down hard on those parties in power which, in the name of peaceful coexistence, cooperate with governments in the West to the detriment of the local communist party. The French Communists have long believed that Moscow's relations with Paris have worked against their own interests.

In the most strongly worded speech, Spanish Communist leader Santiago Carrillo underscored his party's independence from Moscow with a demand that diversity be accepted, and a warning that failure to do so would result in a schism. With an eye toward his party's current struggle for legalization in Spain, Carrillo asserted that full democracy is essential for all "socialist states" and pointedly observed that socialism in Western countries would be brought about by pluralism rather than dictatorship.

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Cuban Commercial Air Routes to Africa



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CUBA-ANGOLA:

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Havana's regular commercial air service to Africa began on schedule on Tuesday.

Flights will leave Havana for Luanda, Angola, twice a week. The Bristol Britannia aircraft used on this run will be configured to carry 92 passengers. The twice-weekly Aeroflot flights between Havana and Luanda via Conakry by IL-62s are continuing.

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PUERTO RICO SUMMIT:

EC foreign ministers meeting in Luxembourg on Tuesday reacted positively to the results of the economic summit.

The ministers regarded the discussion of the general economic situation in the West as particularly useful and noted their satisfaction with talks regarding East-West relations and relations with the developing world. Initial press coverage from European capitals on the summit also has been generally favorable. Most commentators say it provided Western leaders a good opportunity to work out a general strategy for controlling the economic recovery.

The Italian press has given the summit heavy play, noting the willingness of other participants to express support for Italy. The need for Italy to adopt stringent economic austerity measures within the framework of greater political stability also has been emphasized.

In West Germany, Chancellor Schmidt's argument that only a few developing states would benefit from a common fund for raw materials evoked considerable interest. One leading newspaper noted that the US and West Germany have reached agreement on this issue, but that a common approach to developing countries was not worked out in Puerto Rico.

Press commentary on the summit from the UK, France, and Canada thus far has been sparse.

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General Secretary Brezhnev and other Soviet leaders who were in Moscow on June 18 reportedly signed off on the draft proposal to China that the two countries make a joint declaration on principles of mutual relations.

Brezhnev apparently was concerned that the proposal not be presented to the Chinese until after Mao's death. He approved it when assured that it would be held until that time.

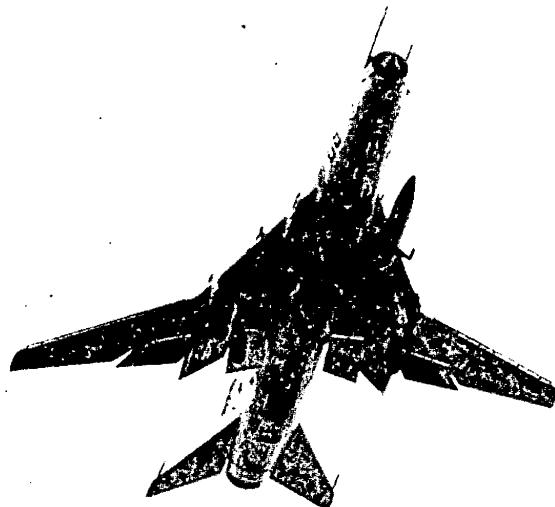
Politburo consideration of the subject suggests that Soviet preparations for the post-Mao era have accelerated. Moscow's awareness of coming change in China also is reflected in Soviet propaganda, which largely has avoided criticism of China's new premier, Hua kuo-feng, and has focused instead on Mao as the prime source of China's anti-Soviet position. Recent Soviet propaganda has commented approvingly on policies allegedly advocated by moderate members of China's leadership opposed to Mao.

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Egyptian

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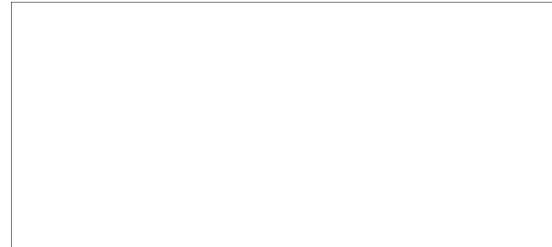
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A Peruvian air force purchase of Soviet fighter-bombers on apparently generous financial terms may be near completion. Peru previously has purchased only equipment for its ground forces from the USSR.



This would be the first introduction of this aircraft in the Western Hemisphere; Cuba does not have this model in its inventory.

The purchase, coupled with other unconfirmed reports that the Peruvians also are buying Soviet surface-to-air missiles, suggests that additional Soviet technicians and advisers will be arriving in Peru in coming months. In addition, it raises questions about Peru's intentions in acquiring sophisticated weapons that far exceed its reasonable defensive needs.

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The guerrilla war is beginning to erode the morale of Rhodesia's white civilian population.

So far, however, most whites still appear to support Prime Minister Ian Smith, and the Rhodesian army apparently has not yet been adversely affected by morale problems.

The attack by insurgents last April on motorists on the main highway to South Africa, combined with other recent incidents, has alarmed white civilians about travel in Rhodesia.

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In addition, morale among the reserve forces reportedly has dropped as the reservists are called away from their civilian pursuits more frequently and for longer periods.

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In April and May Rhodesia suffered a net loss of 1,460 whites through emigration, its highest since 1965. The government is trying to prevent the exodus of young whites due for military call-up.

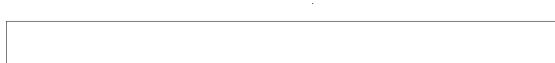
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The President's Daily Brief

July 2, 1976



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Exempt from general
declassification schedule of E.O. 14176
exemption category 5(b)(1)/(b)(3)
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July 2, 1976

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Lebanon: Christian forces yesterday launched what they expect to be the final attack on Tall Zatar refugee camp. (Page 1)

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Spain: The resignation yesterday of Prime Minister Arias may provide new impetus to the government's reform program. (Page 2)

Jordan-USSR: Another report on the Soviet air defense package offered King Husayn gives lower figures than those quoted by the Jordanian air force chief. (Page 3)

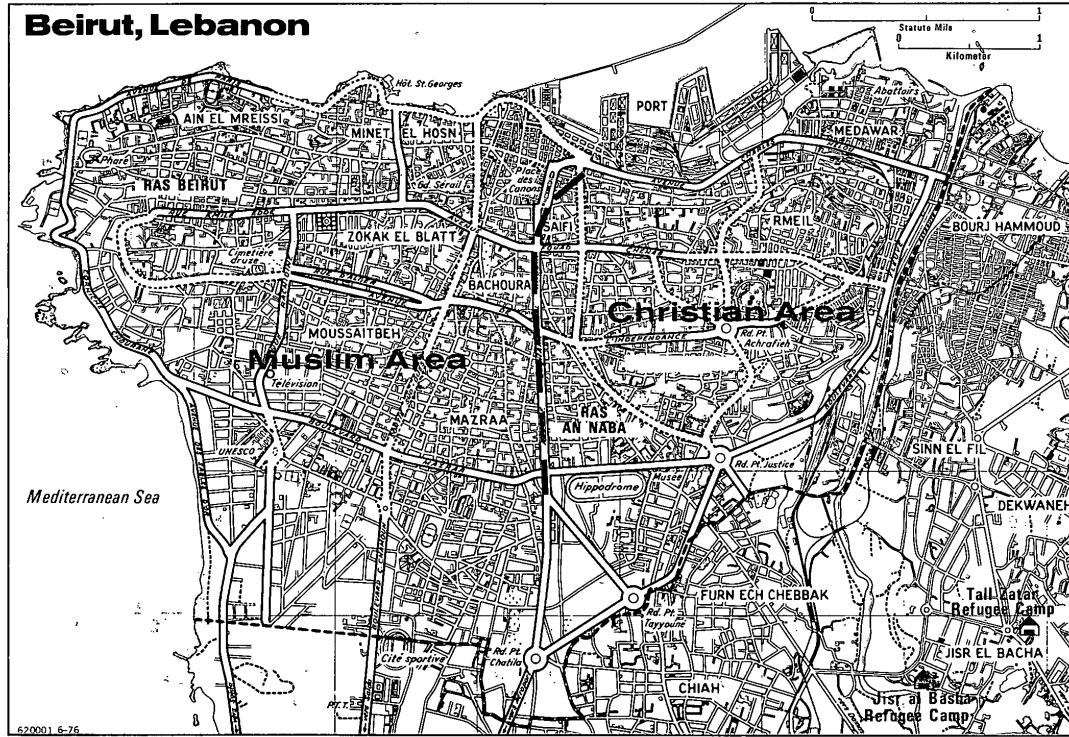
Ethiopia-Somalia: Ethiopia conducted a military exercise Tuesday near its border with Somalia and the French Territory of the Afars and Issas. (Page 4)

Angola: The government is trying to increase the efficiency of its army, apparently because of its concern over continuing guerrilla activity by Jonas Savimbi's National Union. (Page 4)

Jamaica: The state of emergency imposed in mid-June appears to be accelerating political polarization and solidifying Prime Minister Manley's alliance with the radical wing of his party. (Page 5)

Notes: Italy; Poland; USSR-Iran; Peru; Sudan (Pages 7, 8, and 9)

FOR THE PRESIDENT ONLY



LEBANON: Christian forces yesterday launched what they expect to be the final attack on Tall Zatar refugee camp. Palestinian defenders of the camp--estimated at 6,000--have reportedly been ordered not to surrender.

As the battle for Tall Zatar grows even more severe, fear of Palestinian and leftist reprisals has gripped Beirut. The greatest concern is for some 70,000 Christians who live in Muslim-controlled areas of Beirut and its environs.

Muslim leftist leaders and Salah Khalaf--the ranking Palestinian leader in the absence from Lebanon of Yasir Arafat--are reportedly trying to prevent unauthorized acts of vengeance and have publicly promised that "peaceful" Christian enclaves will not be attacked. Neither Palestinian nor leftist leaders, however, are capable of controlling the numerous factions that operate throughout Beirut.

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[redacted] Jumblatt reportedly told an Arab League official this week that he was prepared to consider any form of negotiation if the Christians would withdraw to their former positions around Tall Zatar.

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Arab League Secretary General Riyad and his two-man peace committee left for Beirut yesterday despite the fact that their call for a cease-fire yesterday has been totally disregarded.

The committee will have virtually no impact on the situation until the Christians have achieved their victory over Tall Zatar, and even then the prospects for negotiating a truce are bleak.

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The Saudi and Sudanese contingents of the league security force have entered Lebanon and reportedly were stationed yesterday on the outskirts of Beirut.

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SPAIN: The resignation yesterday of Prime Minister Arias, reportedly at the request of King Juan Carlos, may provide new impetus to the government's reform program. The move came as a surprise to the cabinet, which must also resign.

Juan Carlos has been displeased for some time with Arias' failure to provide strong leadership for the government's liberalization efforts. The King has hesitated until now to replace the Prime Minister because he could not be sure the rightist-dominated Council of the Realm, a 17-man advisory body, would approve a reform-minded successor. Juan Carlos apparently now feels more confident that he can prevail on the Council to nominate someone of his choice.

The King will select the new prime minister from a slate of three names the Council must submit within ten days. The King's secretary told Ambassador Stabler that the man chosen would be one of the present cabinet ministers.

The most likely candidate at this stage appears to be Interior Minister Fraga, the chief architect of the reform program and the dominant force in Arias' cabinet.

Fraga faces opposition from the right, however, for his strong support of reform and from the left for his role as chief of the internal security forces.

Another candidate is Foreign Minister Areilza, but he is distrusted by the right and the military because of his strong liberal image.

If the Council decides that both Fraga and Areilza are too liberal, a compromise candidate might be the young minister of the National Movement, Adolfo Suarez, who favors gradual reform.

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JORDAN-USSR: Another report on the Soviet air defense package offered King Husayn late last month gives lower figures than those quoted by General Aboud, chief of the Jordanian air force, which we reported in the Daily Brief June 30.

General Aboud claimed the Soviets offered Jordan 40 missile batteries. The armed forces commander, General bin Shakir who, like General Aboud, accompanied King Husayn to Moscow, told the US ambassador yesterday that the USSR agreed to provide up to 28 batteries.

Shakir went on to explain that the King is revising the Soviet proposal down to 24 batteries. The revision would eliminate the SA-2 system which the Jordanian air force considers old, inefficient, and requiring too much manpower; it would increase the number of SA-3 and SA-6 units reportedly offered by the Soviets.

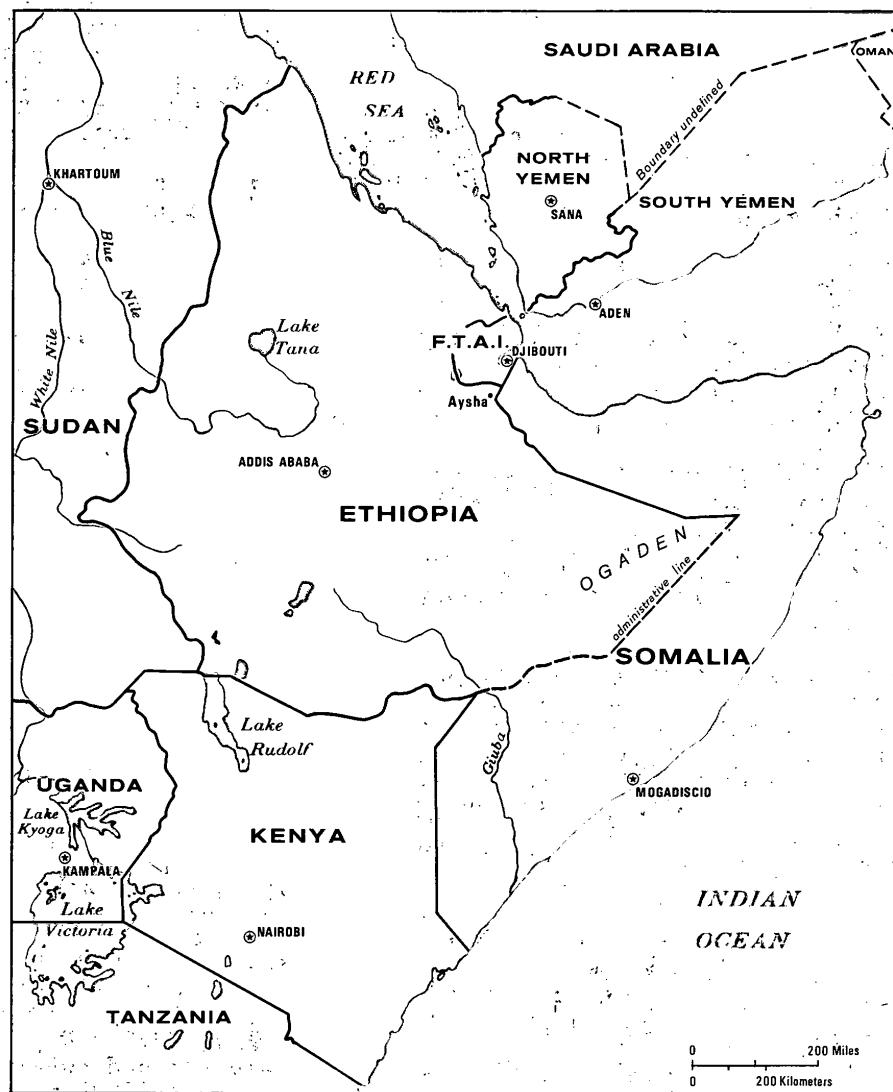
We are still not certain what number of missile batteries were actually offered. We compare the reported packages below.

Chief of Air Force General Aboud	Armed Forces Commander General bin Shakir	Revised Jordanian Package
40 batteries	28 batteries	24 batteries
9 SA-2	9 SA-2	0 SA-2
16 SA-3	9 SA-3	12 SA-3
15 SA-6	10 SA-6	12 SA-6
600 SA-7 (shoulder-launched)	100 SA-7	100 SA-7
unknown number of ZSU-23/4 (self-propelled antiaircraft gun)	60 ZSU-23/4	72 ZSU-23/4

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The Horn of Africa



ETHIOPIA-SOMALIA:

Ethiopia conducted a military exercise on Tuesday near its border with Somalia and the French Territory of the Afars and Issas.

The exercise apparently was intended as a show of force to demonstrate Ethiopia's resolve to contest any Somali moves into the FTAI. Addis Ababa does not normally station units in the tri-border area.

In response, Mogadiscio has ordered three battalions to move to the border area, according to a source of the US defense attache in Addis Ababa.

[redacted] the Somalis have sent a reconnaissance team across the border to observe the Ethiopian troops.

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General Teferi Benti, chairman of Ethiopia's ruling military council, told the US ambassador this week that Addis Ababa is not only concerned about Somalia's intentions toward the FTAI but is also watching Somali-supported insurgent activity in southern Ethiopia. This is the first official Ethiopian reference to infiltration across the southern border.

Teferi said the military council considers private Soviet assurances that Moscow will do its best to restrain Somalia to be "less than satisfactory." He urged US-Soviet collaboration to preserve peace in the area.

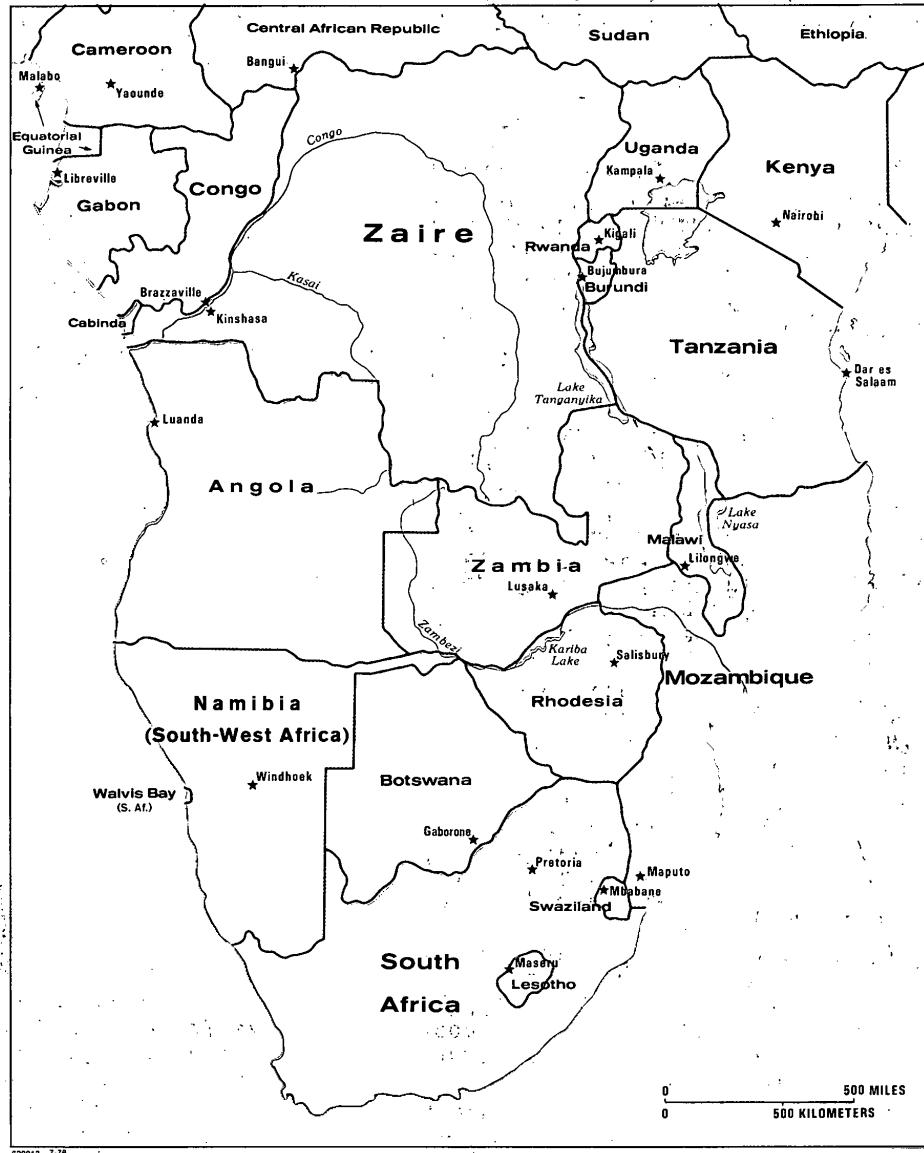
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ANGOLA: The ruling Popular Movement is working hard to increase the efficiency of its army, apparently because of its concern over continuing guerrilla activity by Jonas Savimbi's National Union.

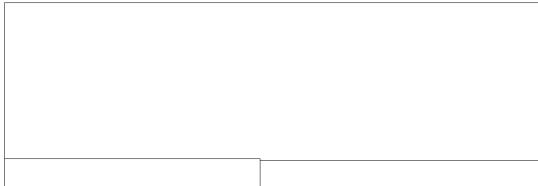
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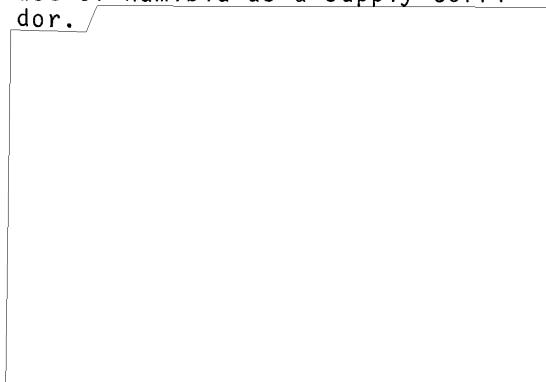
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The National Union, meanwhile, is said to have worked out an arrangement with South Africa for the use of Namibia as a supply corridor.

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JAMAICA: The state of emergency imposed on June 19 appears to be accelerating political polarization and solidifying Prime Minister Manley's alliance with the radical wing of his party.

The security minister has announced that 353 persons have been arrested, many of them leaders and organizers of the opposition Jamaica Labor Party. Labor Party leader Seaga has denounced the government's actions as a "political witch hunt" aimed at assuring victory by Manley and a majority of his party's candidates in the elections that must be held by next spring.

The partisan enforcement of the state of emergency has caused public opinion to turn against the government, according to the US

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embassy. Manley's failure so far to establish a tribunal to review the cases of persons detained also has undermined the government's credibility.

Manley, meanwhile, has publicly claimed that the security forces have uncovered evidence of subversion and terrorism aimed at overthrowing his government. A government-sponsored propaganda campaign has attempted to link the Labor Party with these "plots." Manley's campaign against Seaga and the Labor Party undoubtedly has been urged on him by the increasingly influential radical wing of his party.

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NOTES

Italy's Christian Democratic Party has called for a coalition with the Socialists and has offered the Communist opposition a limited consultative role in the formulation of government policies.

Christian Democratic chief Zaccagnini made clear that the Communists would be consulted on the new government's program, but said they would have to remain in the opposition rather than become part of the government's working majority in parliament, as the Socialists have been demanding.

Zaccagnini was vague about the format for discussions with the Communists, but implied that the negotiations would take place in parliament. The Christian Democrats in the past have resisted the idea of negotiating openly with the Communists in parliament on the grounds that such an arrangement would blur the distinction between the governing majority and the opposition.

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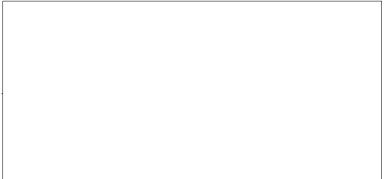
Polish officials are releasing more details about last week's disturbances.

The mayor of Radom, where the local party headquarters were gutted, has stated that 75 militiamen were hurt, eight of them seriously, in the "fighting," and that two demonstrators were accidentally killed by other workers. He said that all those who had been detained would receive deserved punishment.

Polish party leader Gierek will reportedly make a "major" speech today in his home town of Katowice where he can be confident of a large and warm welcome.

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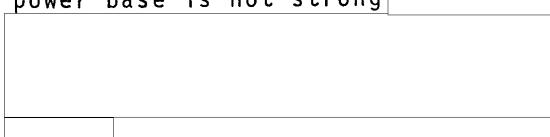
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Peru's military regime reacted swiftly yesterday to quell demonstrations, strikes, and limited violence in Lima and its port, Callao.

The disturbances followed the government's announcement of severe economic austerity measures. A 30-day state of emergency has been declared that suspends some personal freedoms, and a curfew has been imposed for Lima and Callao.

The incidents and the measures President Francisco Morales Bermudez has been obliged to take do not augur well for the stability of his government. The President's power base is not strong

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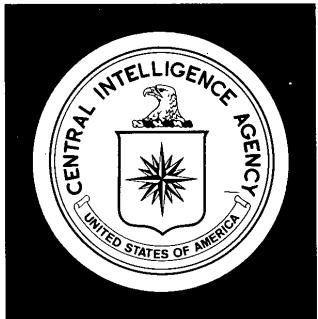
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Firing broke out in various quarters of Khartoum this morning. Sudanese President Numayri, who had just returned to the country, reportedly slipped away.

Since an attempted coup was promptly put down last September, there have been several reports of serious unrest in the military. In late May, several Sudanese officers were arrested in connection with an alleged Libyan-backed plot against Numayri, although they had made no overt move.

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July 3, 1976

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~~Top Secret~~^{25X1}

Exempt from general
declassification schedule of E.O. 14176
exemption category 5B(1), (2)(3)
declassified only on approval of
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LEBANON: Heavy fighting continued yesterday in Beirut. The refugee camp at Tall Zatar held out against sharp attacks by Christian forces.

Christian troops breached the camp's outer defenses, but their offensive was slowed by a Palestinian relief column that moved to within about a mile of Tall Zatar. New defense lines have been established deeper within the 75-acre camp.

The anticipated fall of Tall Zatar is likely to touch off even greater violence. Radical Christians are saying that the remaining refugee camps will be stormed, while the Palestinians vow reprisals.

The German embassy in Beirut has announced plans for an overland convoy to Damascus on July 4. As of yesterday, some 32 Americans and alien dependents had signed up for the convoy.

however, the usual convoy route has been closed. 25X1

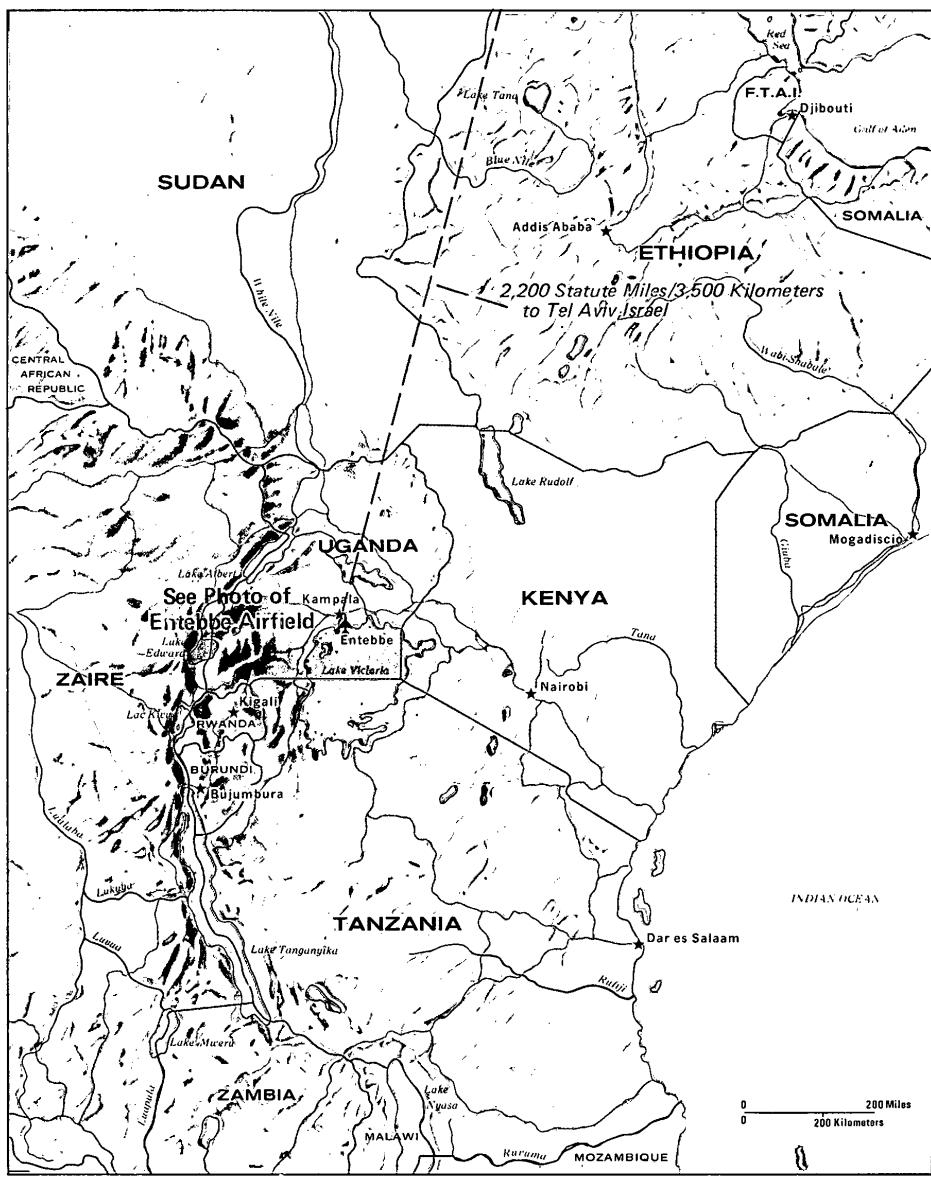
Arab League Secretary General Riyad and two Arab foreign ministers began meeting with Christian leaders yesterday in Beirut.

The Christians apparently were willing to abide by a cease-fire as of midnight last night, provided all parties agreed to adhere to the 1969 Cairo accords restricting the movement of the Palestinians within Lebanon. 25X1

The leftists and Palestinians are said to have agreed to a cease-fire, but have not responded to the Christians' conditions. 25X1

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EAST AFRICA



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July 3, 1976

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<u>Lebanon:</u> The Tall Zatar refugee camp withstood Christian military pressure yesterday. Heavy fighting also was reported elsewhere in Beirut. (Page 1)	25X1
<u>Israel-Uganda:</u> [redacted]	25X1
<u>Mozambique-Rhodesia:</u> [redacted]	
(Page 4)	25X1
[redacted]	25X1
<u>Peru:</u> An air of tension prevails in the wake of the demonstrations and strikes on Thursday. (Page 5)	25X1
<u>Notes:</u> China-Taiwan; Poland; EC; Sudan; Mexico; Israel; Ethiopia; Iraq-Algeria; (Pages 7, 8, 9, and 10)	

FOR THE PRESIDENT ONLY

Meanwhile, some Christians are increasingly talking of expelling the Palestinians from Lebanon altogether. Followers of Interior Minister Shamun are considering adopting this position, and Phalanges chief Pierre Jumayyil has publicly advocated the redistribution of Palestinians among the Arab states.

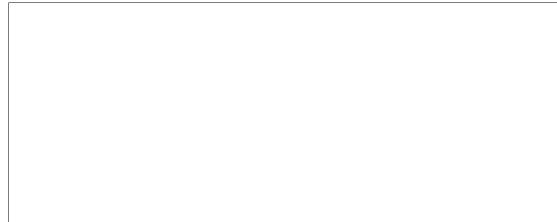
The hardening Christian position will complicate efforts to achieve a cease-fire. The Arab League peace-keeping forces are unlikely to be of much help. The newly arrived Saudi and Sudanese contingents apparently are sticking close to the Beirut airport area.

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ISRAEL-UGANDA: [redacted]

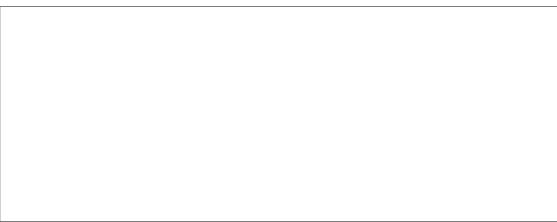
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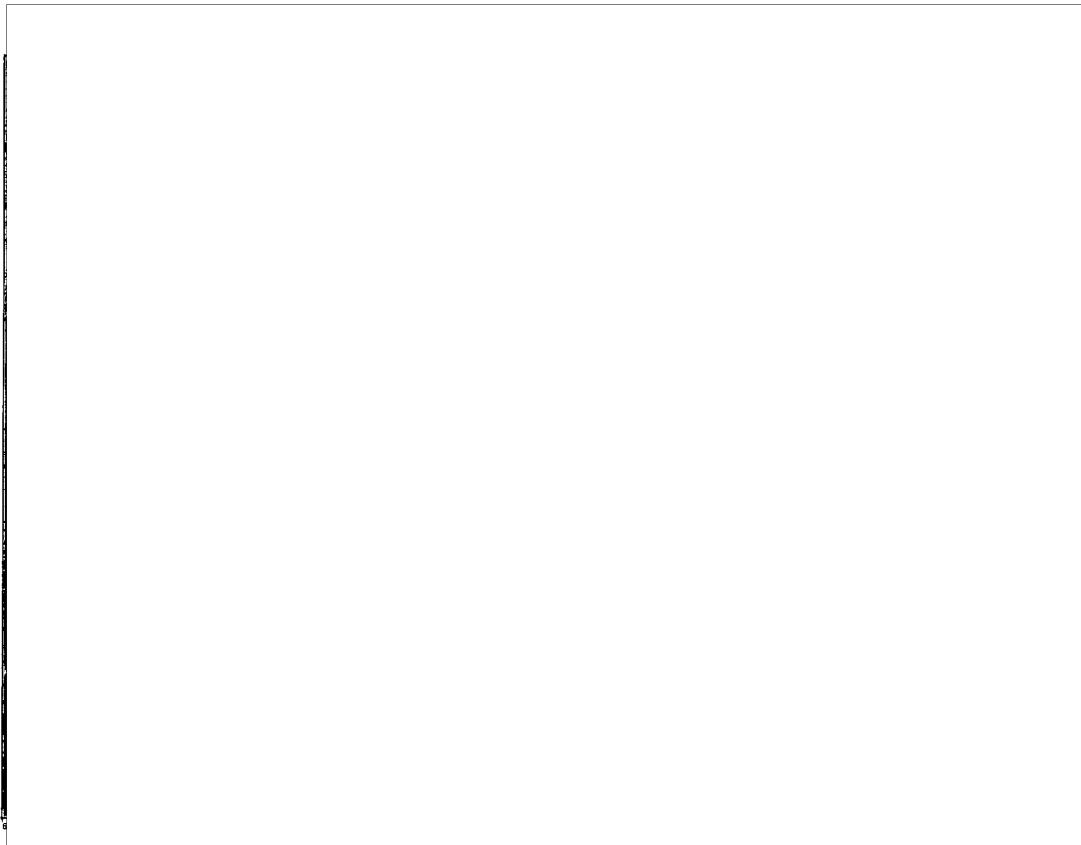
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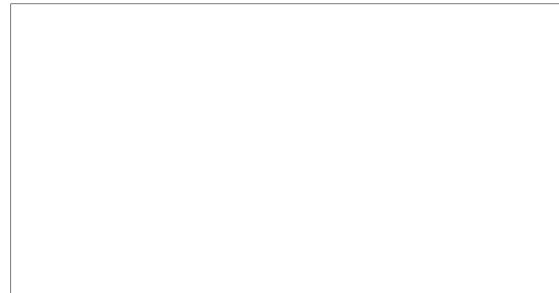


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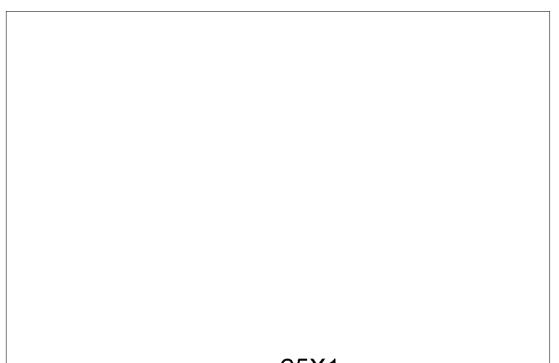
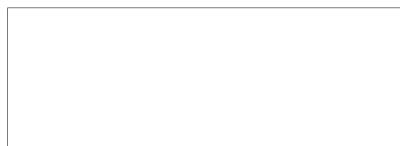
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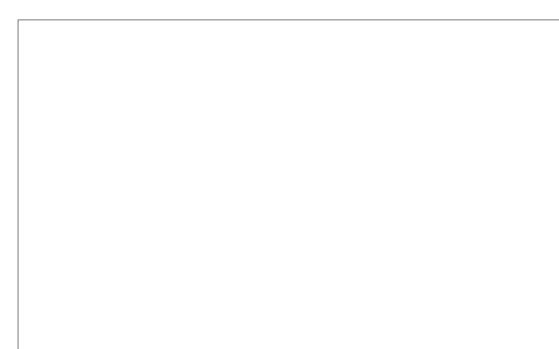
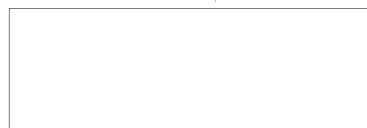
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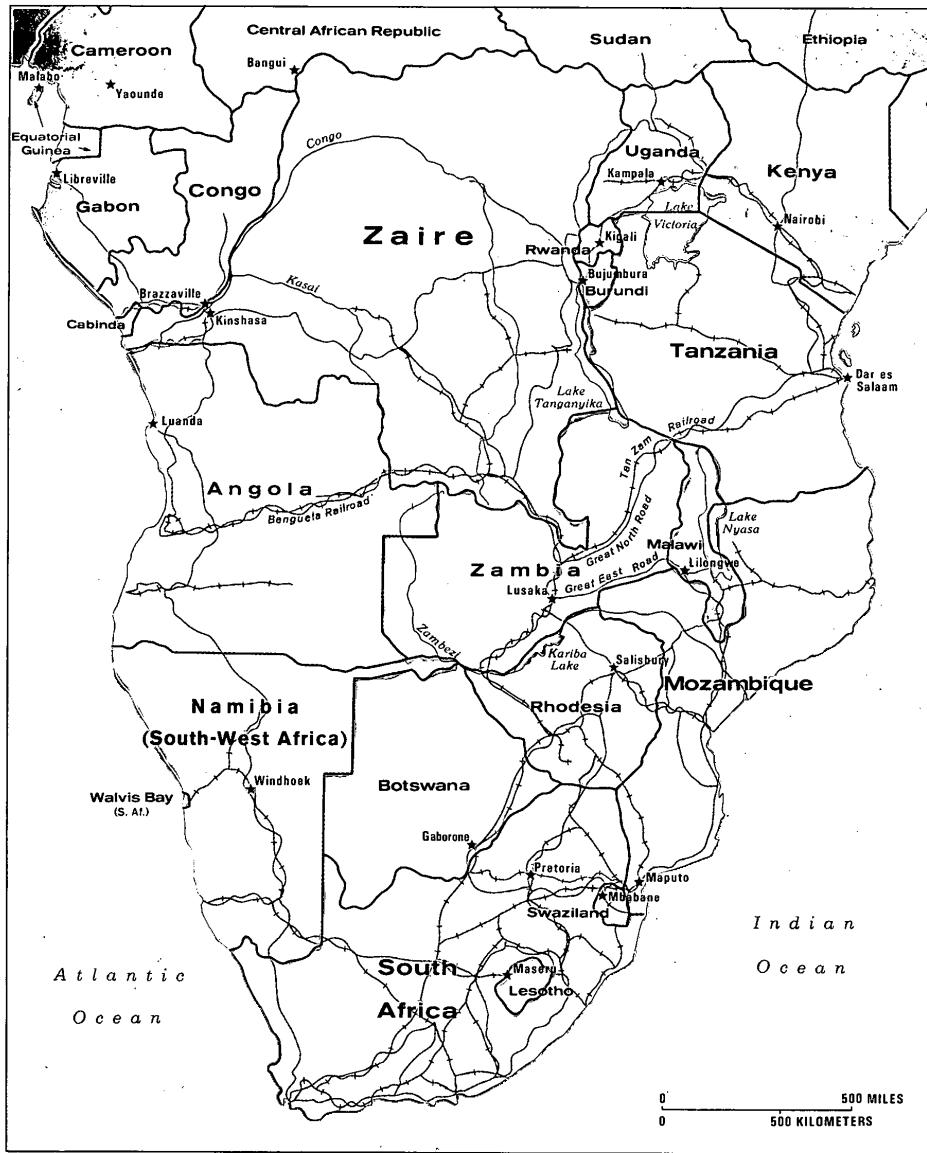


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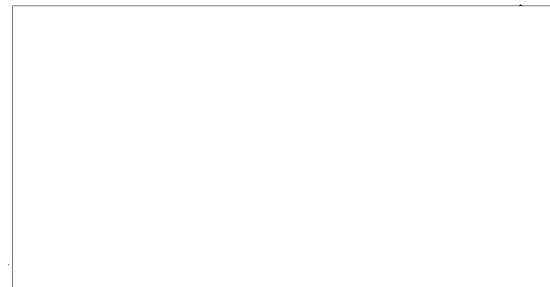
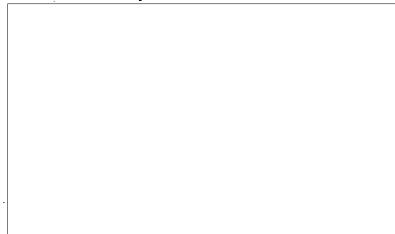


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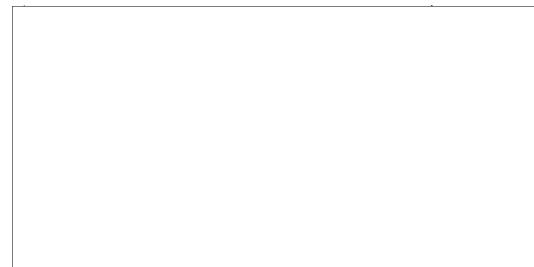


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MOZAMBIQUE-RHODESIA:

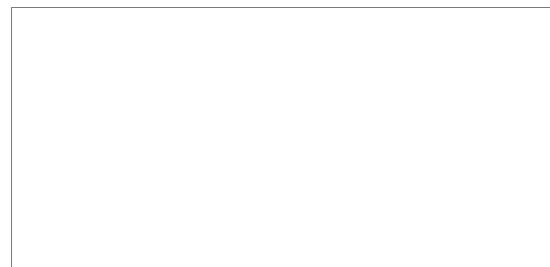
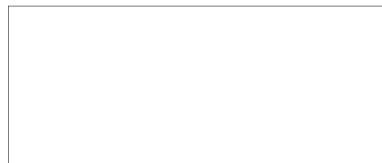


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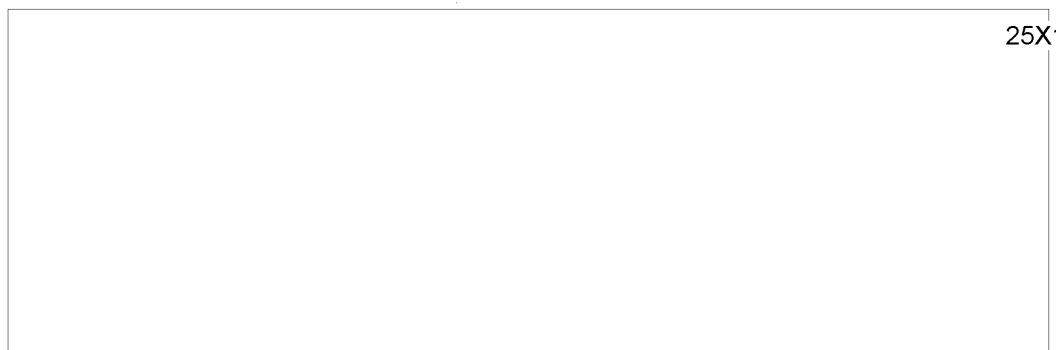


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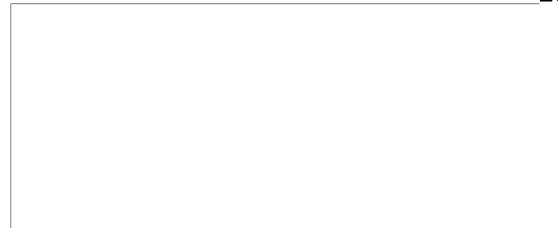


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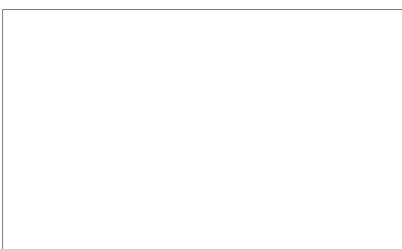
PERU: The country was calm but tense yesterday following demonstrations and strikes on Thursday in at least ten cities.

The government apparently is determined to suppress opposition to its new economic austerity measures. Senior officials are concerned that communists and leftists will try to exploit the situation. Troops have orders to fire on curfew violators and some tanks and armored personnel carriers have been used to reinforce police patrols.

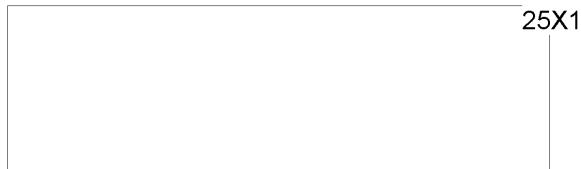
In a bid to reduce discontent over price hikes, the government has announced that it would double the subsidy on basic foodstuffs. Nonetheless, prices for basics will rise substantially.

The most serious potential challenge to the government thus far has been mounted by the nation's truck drivers, who agreed not to purchase gasoline at the new doubled rates. In effect, this decision constitutes a general strike that could have a crippling effect on the country.

* * *



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--continued.

Peru has been purchasing sophisticated weaponry, including Soviet tanks and artillery, for prestige purposes and to bolster its position vis-a-vis Chile. Even so, the fact remains that Peru's defensive requirements do not call for the acquisition of such equipment.

--continued

NOTES

Chinese Nationalist
military authorities
reported that Chinese
forces on the mainland
this morning fired 122-
mm. field artillery
just to the west of the
Nationalist-held island
of Kinmen (Quemoy).

This is the first time in many
years that the Chinese have fired
live rounds at one of the offshore
islands.

25X1

25X1

the Chinese do not seem to be in
any position to threaten Kinmen
Island, which has a large number
of Nationalist troops in strong
defensive positions. Peking
doubtless also recognizes the dip-
lomatic risks, especially with
the US, that any attack on Nation-
alist territory would entail.

* * *

In a conciliatory speech
yesterday, Polish party
chief Gierek played down
the seriousness of last
week's disturbances.

Gierek implicitly admitted that
his regime had made a mistake and
promised to consult extensively
with workers on future price changes.
He also said that on the basis of
these discussions, the government
would work out a "modified concep-
tion" of the price changes that
would be presented to the Polish
people "in due time."

If the party carries through on the
promise of genuine and widespread
consultations, it eventually may
recoup some of its authority.
Gierek, however, risks an even fur-
ther erosion of his--and the
party's--credibility if the promise
is empty and the leadership per-
sists in implying that the distur-
bances were minor and that workers
always have been consulted.

--continued

* * *

EC interior and justice ministers this week approved new measures to increase cooperation to combat terrorism and other forms of organized international crime.

A consultative mechanism was established among ministries responsible for internal security matters. As a first step, the ministers agreed:

- to increase the exchange of data on past incidents;
- to trade information on tactics and training of internal security forces;
- to exchange police personnel;
- to facilitate direct police contacts for dealing with airplane hijackings, nuclear security problems, and natural and accidental disasters.

The mechanism was set up outside the EC treaty framework in part to meet French objections. Paris has opposed past EC Commission efforts to place cooperative undertakings--the protection of nuclear materials, for example--on a Community basis, arguing they essentially involve police functions that fall outside the EC's jurisdiction.

* * *

Sudanese President Numayri seems to have foiled another coup attempt by military elements.

Forces loyal to Numayri had the situation under control in Khartoum yesterday and were conducting mopping-up operations in various parts of the capital, according to the US embassy. Rebel strength appears to have been centered in an armored unit on the outskirts of Khartoum. We do not yet know the identity and political views of those behind the move to oust Numayri.

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* * *

The Mexican government's chief concerns in Sunday's presidential election are to avoid an embarrassingly low voter turnout and to head off any disruptive terrorist attempts.

Jose Lopez Portillo, the candidate of the Institutional Revolutionary Party that has governed without interruption for 47 years, is unopposed. The only serious opposition party could not agree on a candidate. Both houses of congress also are up for election.



The 23rd of September Communist League recently has increased its terrorist activities and may stage isolated attacks to try to interfere with the elections. The government will be taking extensive security precautions. The small extremist organization has killed 20 policemen in Mexico City this year.

* * *

Press reports indicate that Israeli security forces killed one Arab boy and wounded between 15 and 30 other Arabs yesterday in Nablus, the West Bank's largest town.

The violence stemmed from demonstrations protesting the Israeli government's decision to raise taxes in the occupied territory. The demonstrations ended a period of uneasy calm that had prevailed in the West Bank for the past five weeks. The bloodshed is likely to spark more trouble throughout the West Bank.

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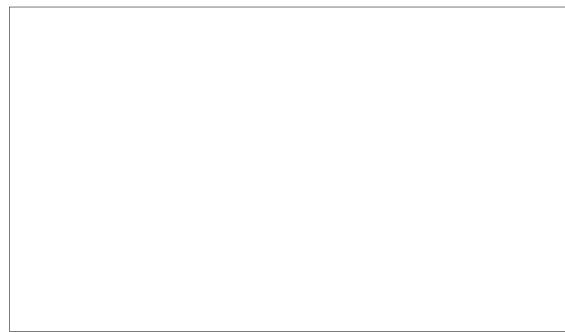
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Ethiopia's [redacted]



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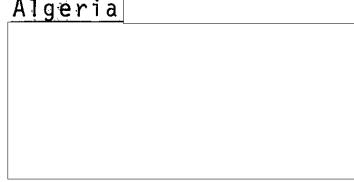
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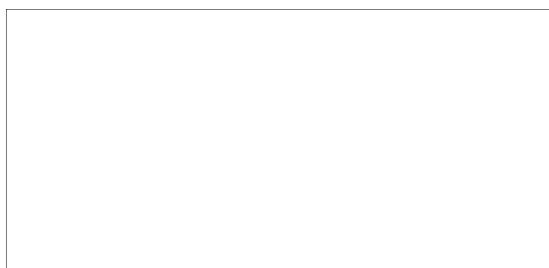
Iraq [redacted]

Algeria [redacted]



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Top Secret

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The President's Daily Brief

July 5, 1976



Top Secret^{25X1}

Exempt from general
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exemption category 5W(1)(C)(3)
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July 5, 1976

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- Lebanon: The fighting in Beirut continues to center on the battle for the Tall Zatar refugee camp. Arab League Secretary General Riyad is pursuing his mediation efforts. (Page 1) 25X1
- Kenya-Uganda: [redacted] 25X1
- Italy: The major parties have made a significant concession to the Communists by agreeing to give them the presidency of the Chamber of Deputies. (Page 3)
- Notes: China-Taiwan; Spain (Page 5)
- At Annex [redacted] Saudi Arabia. 25X1

FOR THE PRESIDENT ONLY

LEBANON: There has been no break in the fighting in Beirut and elsewhere despite an agreement by the Christians and the Palestinians last Friday to observe a new cease-fire.

The battle for Tall Zatar refugee camp in Beirut is still not completely over. The Christians continued their ground attacks and shellings yesterday and are now within the camp's perimeter. They appear to want to avoid being charged with conducting a blood-bath when the camp falls.

Fatah deputy chief Salah Khalaf has issued a statement describing the assault on Tall Zatar as part of a "Syrian plot" personally devised by Syrian President Asad. Khalaf also implicated--and threatened reprisals against--the rest of the Arab world. Palestinian relations with Arabs, he said, "will be a function of their positions on Tall Zatar."

In southern Lebanon, Syrian forces completed a limited withdrawal from the port city of Sidon on July 3, but leftist communications express pessimism that the withdrawal will be completed this week. The Syrians shelled a vessel trying to enter the port on Saturday.

After a brief visit to Damascus, Arab League Secretary General Riyad is back in Beirut to pursue his efforts to arrange an effective cease-fire.

The Christians are still demanding that the Palestinians adhere to their past agreements with the Lebanese government which placed strict restrictions on their activities. The Palestinians have thus far rejected this demand as an "impossible condition" and insisted instead that the Christians break off their attack on Tall Zatar and withdraw from the adjacent Jisr al Basha camp that was overrun early last week.

* * *

--continued

25X1

25X1 25X1

KENYA-UGANDA: [redacted]

[redacted] 25X1

The prospects for a Ugandan air attack have been reduced by the Israelis' reported destruction of eleven Ugandan jet fighters.

President Amin, meanwhile, has called for a UN Security Council meeting. There has been no outcry thus far from the Organization of African Unity members now meeting in Mauritius. The Kenyans may have felt that many OAU members would silently sympathize with their efforts against the terrorists and Amin.

[redacted]
Kenyan officials may have hoped that Amin would be sobered by the Israeli raid and less inclined to make threatening moves against Kenya because of the apparent close relationship between Kenya and Israel.

* * *

--continued

ITALY: The agreement among Italy's major parties to give the Communists the presidency of the newly elected Chamber of Deputies is a substantial concession to the Communists that may eventually become part of an arrangement under which the party would agree to cooperate with a government in which it holds no cabinet posts.

The parties also decided that the Christian Democrats would receive the presidency of the Senate and that the Socialists, Italy's third largest party, would receive a substantial number of second echelon posts in the parliament, which holds its first meeting today.

The Communists have been insisting that their new strength in parliament entitled them to the presidency of either the Chamber or the Senate, posts previously held only by governing parties. At the same time, the Communists have surfaced hints that such a concession might induce them to agree to an arrangement under which they would be consulted formally on a new government program and agree not to oppose it in parliament.

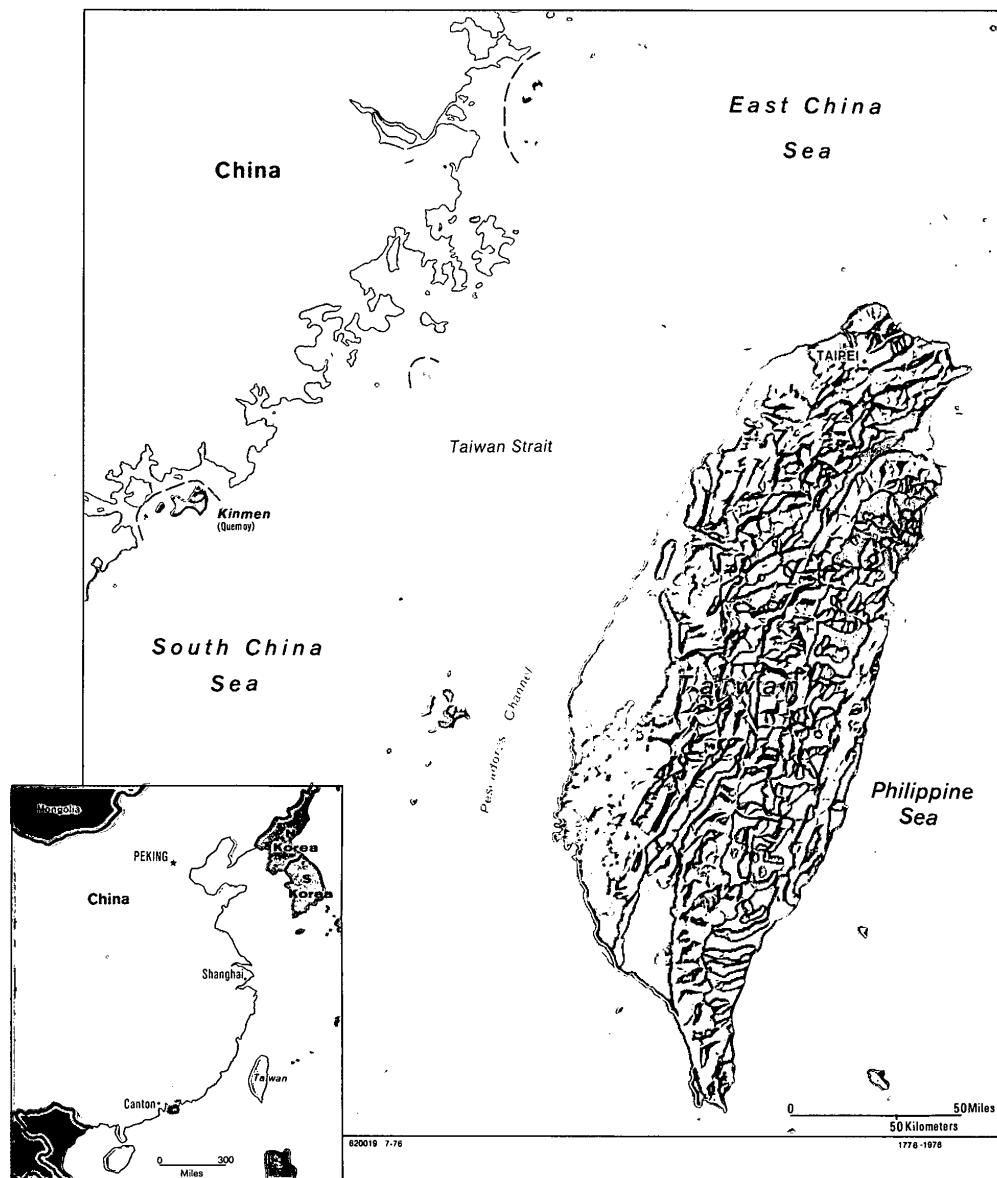
It is generally recognized in Italy that some degree of Communist involvement is necessary to the success of any economic recovery effort. It also is agreed, however, that it would be politically difficult, if not impossible, for the Christian Democrats to offer cabinet membership to the Communists at this time.

No timetable has been set for negotiations on a new government, although they could begin later this week.

Last week, the Christian Democrats officially proposed a coalition in which the Socialist Party would be their major partner and in which the smaller parties--excluding the neo-Fascists--would have limited roles. The Christian Democrats offered to consult with the Communists on the government's program provided they agreed to remain officially in the opposition rather than become part of the government's working majority in parliament as the Socialists have been demanding.

--continued

The negotiations are thus likely to center on an effort to define the Communists' role in a way acceptable to all three major parties. The Socialists have yet to comment on the substance of the Christian Democrats' proposal and have said only that they will not discuss it bilaterally with the Christian Democrats. The Socialists insist that the negotiations take place in a round-table format similar to that which produced the agreement on division of the parliamentary posts.



NOTES

The Chinese have not carried out any additional shellings in the Taiwan Strait area.

There has been no indication of any unusual land, sea or air activity in the area since the reported shelling of an unoccupied island near Kinmen (Quemoy) on July 3. The US embassy in Taipei reports that Chinese Nationalist officials are not unduly alarmed about the shelling. The Chinese Nationalists apparently have taken no military action [redacted]

25X1

[redacted]

25X1

Spanish King Juan Carlos' appointment of 43-year-old Adolfo Suarez as prime minister will give vigorous leadership to the stalled reform program and will end the generation gap that led to strained relations between the King and outgoing prime minister Arias.

Suarez is scheduled to be sworn in today for a five-year term and will name a new cabinet. Widespread dissatisfaction with the present economic situation suggests changes probably will center on new choices for the economic ministries.

Suarez came up through Franco's National Movement. As minister of the Movement in the previous cabinet, however, he led the way in deemphasizing it with his support of the newly passed law legalizing political parties. Pragmatic and articulate, Suarez has developed a close relationship with the King and supports his reform program.

The new reformist stance that Suarez has displayed has gained him enemies on the right but has increased his appeal to center groups. On the other hand, the leftist opposition parties do not believe he can break his ties with the Francoists and thus will be an ineffective reformer.

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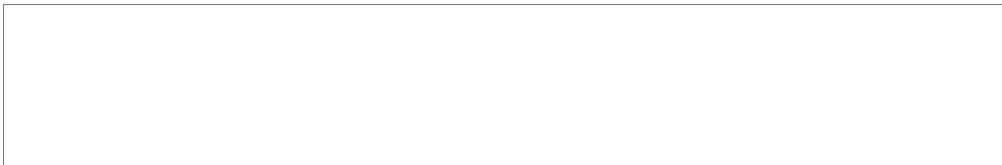


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SAUDI ARABIA



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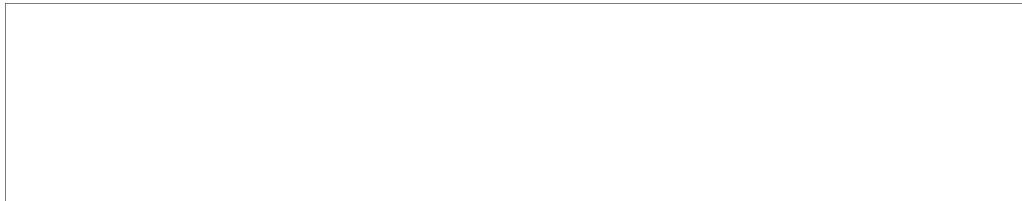


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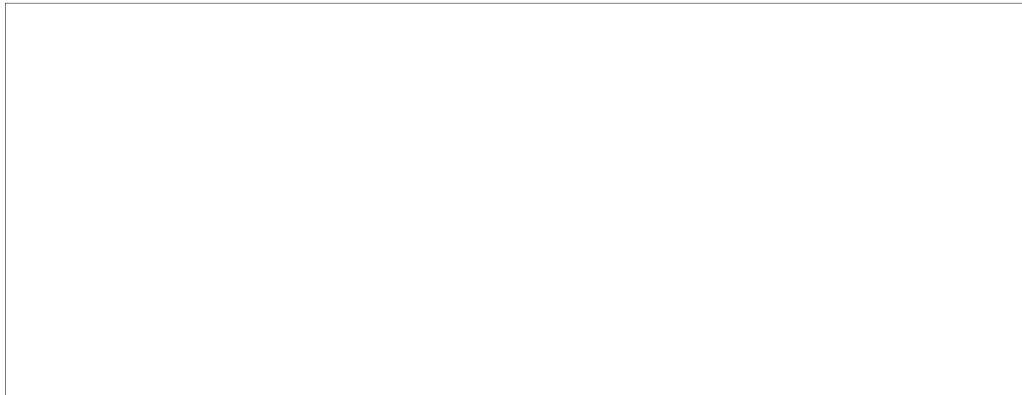
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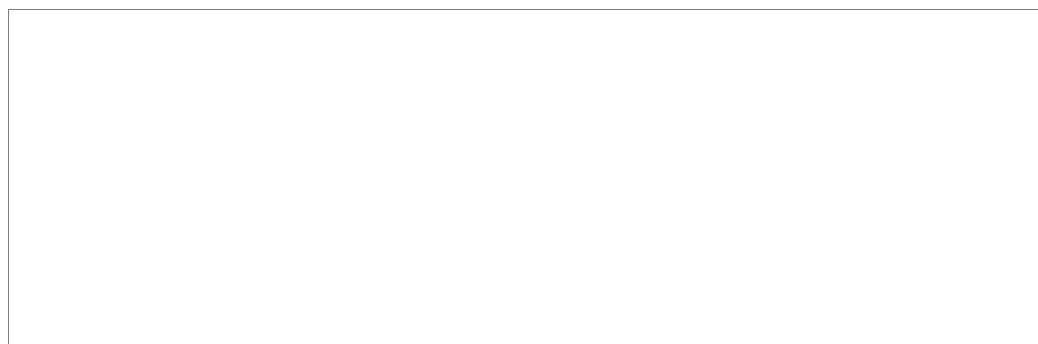
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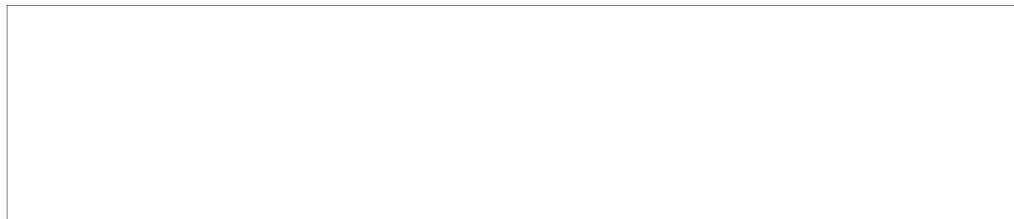
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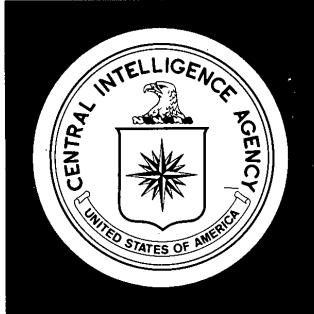
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FOR THE PRESIDENT ONLY

Top Secret



The President's Daily Brief

July 6, 1976

Top Secret² 25X1

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July 6, 1976

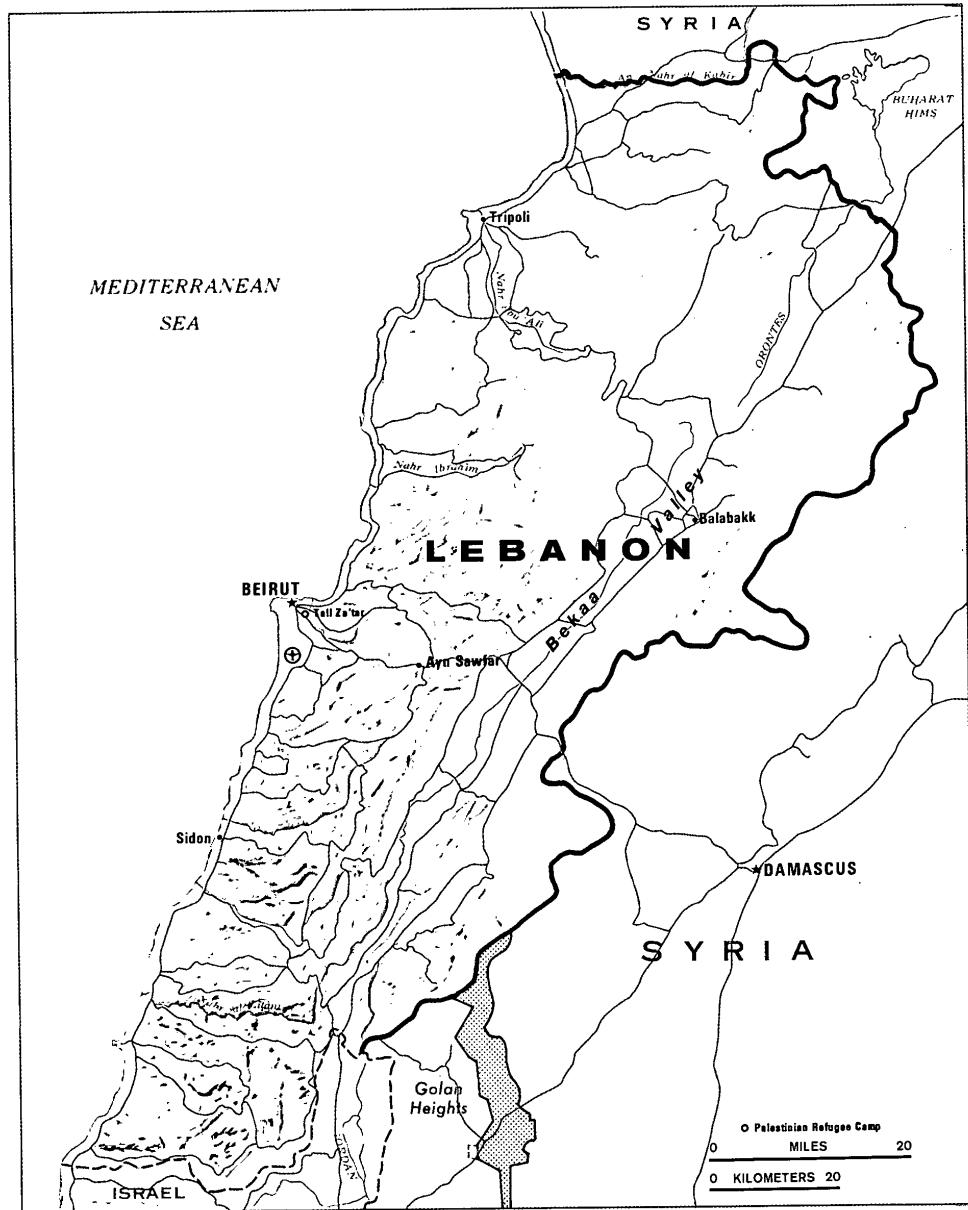
Table of Contents

Lebanon: Renewed fighting has caused cancellation of talks aimed at negotiating a cease-fire. (Page 1)

USSR-Syria: Syrian Foreign Minister Khaddam arrived in Moscow yesterday for a four-day visit. (Page 1)

Cuba: Two Cuban merchant ships carrying troops from Angola docked Saturday at Mariel. (Page 2)

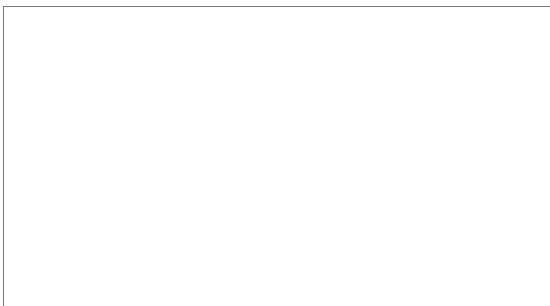
FOR THE PRESIDENT ONLY



620020 7-78

LEBANON: Talks that had been scheduled to resume today toward negotiation of another cease-fire apparently have been canceled because of renewed fighting.

Syrian Foreign Minister Khaddam and Phalanges officials met Palestinian leader Yasir Arafat Sunday 25X1 at Ayn Sawfar.



Fighting continued yesterday in several other areas, particularly just south of Tripoli where the Palestinians have opened up a new front. Syrian forces are maintaining their blockade of Sidon and of towns in the northern Bekaa Valley.

USSR-SYRIA: Syrian Foreign Minister Khaddam arrived in Moscow yesterday for a four-day visit.

His trip, which had not been announced beforehand by either side, is the first high level Syrian-Soviet contact since Premier Kosygin's visit to Damascus early last month.

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CUBA: Two Cuban merchant ships carrying troops from Angola docked Saturday at Mariel.

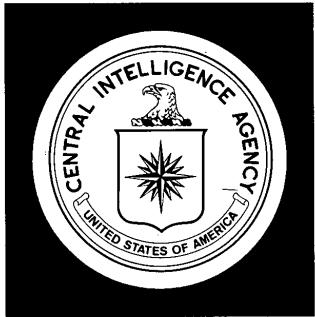
We do not know how many troops were aboard, but the two ships could accommodate 1,000 to 1,500 men.

A convoy from Angola that included at least one troop transport arrived in Mariel on June 9. A Western press correspondent, who saw busloads of troops in Havana shortly after the ship's arrival, put the number at "about 600." A third convoy of three Cuban ships is now in southern African waters and may be returning to Cuba soon.

We still lack information about whether the returning troops are simply being rotated home or if Havana is reducing its troop level in Angola.

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The President's Daily Brief

July 7, 1976

2

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July 7, 1976

Table of Contents

Lebanon: Palestinian and leftist forces in northern Lebanon are still attacking Christian villages. Their offensive has reduced the likelihood of an early resumption of negotiations.
(Page 1)

China: The power balance in the party leadership has changed somewhat as a result of the death of Politburo member Chu Te.
(Page 2)

Sudan: Elements of an ultraconservative religious sect, backed by Libya, apparently were primarily responsible for the abortive coup.
(Page 3)

Notes: USSR [redacted] Jordan - Saudi Arabia; USSR-Rhodesia; 25X1
China-Taiwan; USSR (spacecraft); Spain
(Pages 5, 6, and 7)

FOR THE PRESIDENT ONLY



620026 7-76

LEBANON: *Leftist and Palestinian forces intensified their attacks yesterday on Christian villages in northern Lebanon.*

The new offensive is in retaliation for the continuing Christian assault on Tall Zatar refugee camp in Beirut and is intended to draw Christian forces away from the camp. The thrust of the Palestinian-leftist attack has been through Christian areas populated mainly by Greek Orthodox communities, which have generally been spared involvement in the war.

The Palestinians said yesterday they had taken the town of Chekka following a heavy bombardment. 25X1

Chekka is astride one of the few 25X1 Christian-controlled access routes to the larger Christian town of Zagharga--the home town of President Franjiyah--which may be the ultimate target of the Palestinian-leftist offensive. Although Zagharga is relatively well defended and has withstood numerous attacks from surrounding Muslim villages, it is located on the periphery of the Christian core area and could be blockaded.

25X1

25X1

--continued

[Redacted Box] 25X1

The Palestinian offensive in the north has dampened hopes for an early resumption of serious negotiations.

According to press reports, the Syrians sent Libyan Prime Minister Jallud to Beirut on Monday with a "new" peace plan. The plan is in fact only a restatement of previous Syrian demands that the Palestinians return captured assets of the Syrian-controlled Saïqa organization and accept as a basis of negotiations the political reform agreement brokered by Damascus last January. In exchange, the Syrians would resume high-level settlement talks and negotiate a timetable for the withdrawal of their troops from Lebanon.

The Syrians apparently hope that the Palestinians' losses in Beirut will force them to reconsider. Damascus also probably hopes that Foreign Minister Khaddam, who made a surprise trip to Moscow on Monday, will be able to elicit Soviet help in pressing Palestinian leaders to accept Syria's ground rules for negotiations.

* * *

CHINA: The death yesterday of Chu Te, a Politburo member and leading moderate spokesman, has somewhat altered the balance of power in the party leadership.

Despite his 90 years, Chu reportedly was outspoken in defense of ousted vice premier Teng Hsiao-ping and scornful of some of the party's younger, more radical leaders. Chu was a highly respected party elder, and his moderate views probably played an important role in containing the anti-Teng campaign.

--continued

Chu's death reduces to five the number of people on the Politburo's elite standing committee. Of these, only Defense Minister Yeh Chien-ying can clearly be counted as a member of the moderate camp. Premier Hua Kuo-feng, also a standing committee member, has apparently avoided firm factional alliances, although his policy preferences appear to be generally moderate.

With yet another vacancy at the highest level of the party--four standing committee members have died in just over one year--the jockeying for position in anticipation of the post-Mao era is likely to intensify further.

Chu's funeral, which probably will take place in a few days, should be the occasion for the first major leadership turnout since the funeral of Chou En-lai in January. It will provide an indication of whether any of Teng Hsiao-ping's second-echelon associates have also fallen victim to the campaign against him.

* * *

SUDAN: Elements of the ultraconservative Ansar religious sect apparently played a major role in the abortive coup last Friday, which evidently had substantial Libyan backing.

The Ansar sect, which has long been at odds with President Nu-mayri, has about three million members scattered throughout the central part of the country. The intended beneficiary of the coup attempt was Ansar leader Sadiq al-Mahdi, who has been living in exile in Libya for the past few years.

Libyan President Qadhafi almost certainly provided material support for the coup plotters and may have facilitated the secret return

--continued

of some exiled Ansar members to help organize the move. Sudan's close identification with Egyptian President Sadat and his Middle East negotiating policy probably is at the root of Libya's intriguing against Numayri.

Sudan broke diplomatic relations with Libya yesterday. Numayri is playing up the coup attempt as a Libyan-directed invasion requiring urgent UN attention. [redacted]

25X1

[redacted]
25X1

The Sudanese government has imposed special security precautions that will remain in effect for the next few days.

A dusk-to-dawn curfew has been established, and a 1,500-man Sudanese brigade that has been stationed along the Suez Canal since October 1973 has been airlifted back to Sudan.

Numayri's hold on power will continue to be determined largely by his ability to retain the loyalty of key military units. Any moves to censure the army for its reported tardiness in coming to Numayri's defense last week could weaken his standing with the armed forces.

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NOTES



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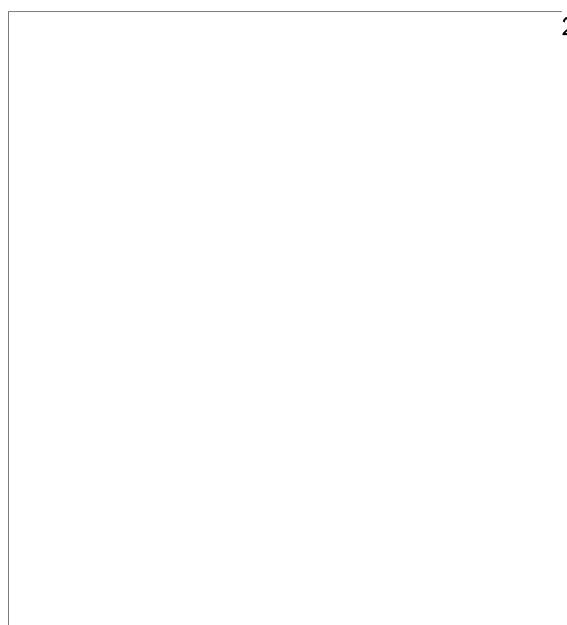


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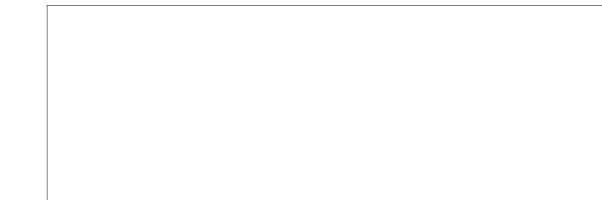
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The USSR may be preparing its people for increased Soviet or Cuban support for guerrilla operations against Rhodesia.

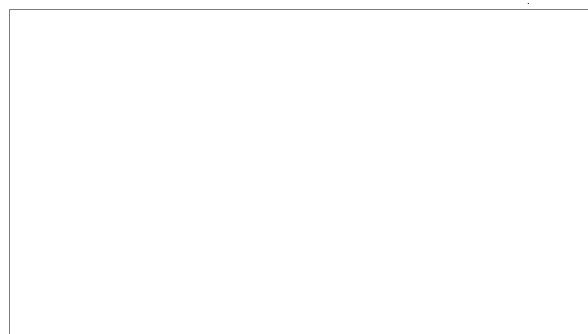
A Pravda column of July 2 labeled as "straightforward military aggression" Rhodesia's recent air strikes and cross-border operations against Mozambique and its alleged "diversionary" acts against Zambia. Pravda also noted the Rhodesian government's threats to take punitive military action against Tanzania and other black African states bordering Rhodesia and suggested that such threats are part of a Rhodesian-South African plan to suppress the Rhodesian 25X1 insurgents.



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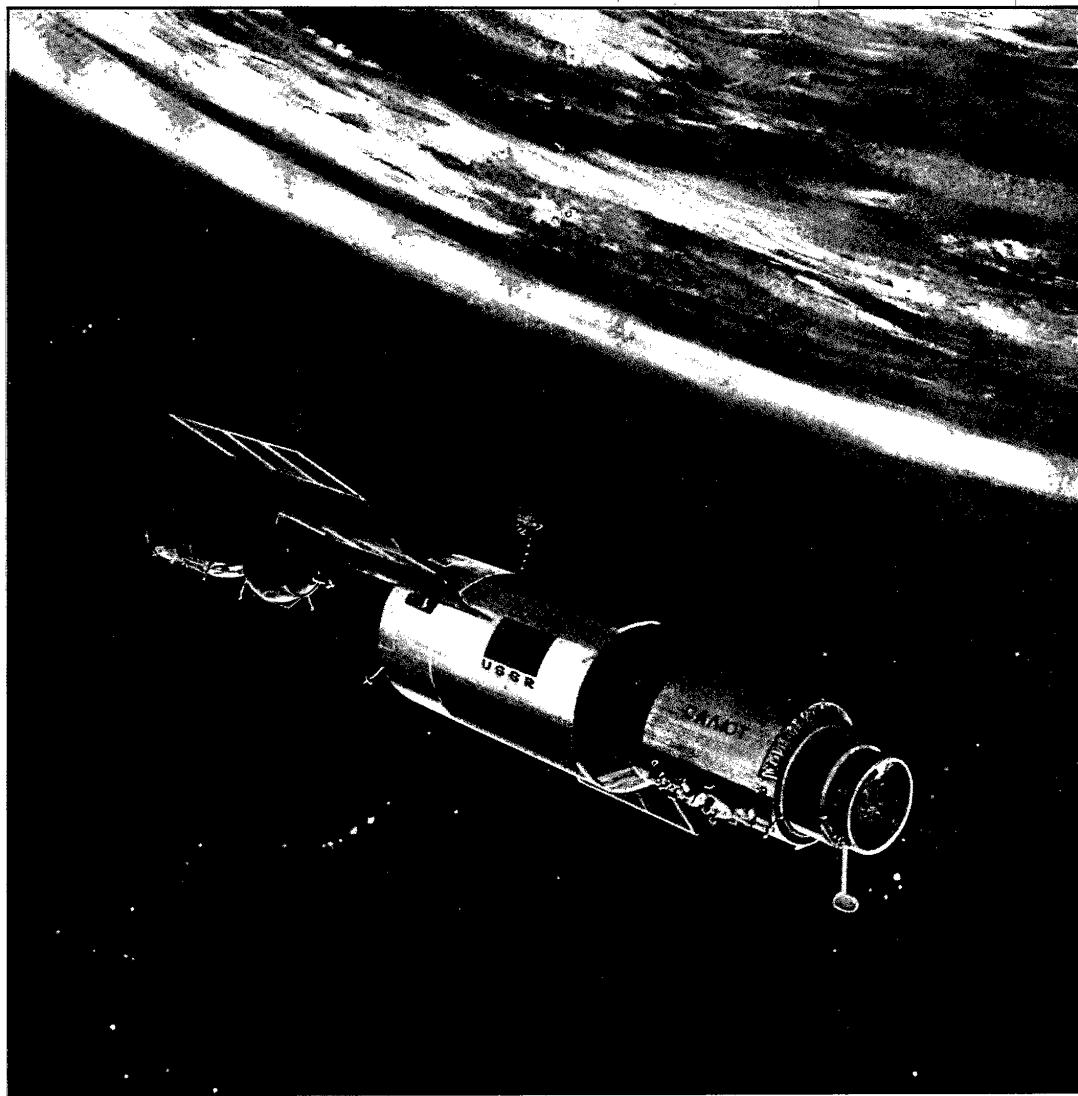
The Chinese artillery shelling of a small island near Kinmen (Quemoy) last weekend apparently was a response to Chinese Nationalist firing at the same island several hours earlier.



We still do not have sufficient information to explain the unusual air and naval activity that has occurred during the past two months in southern Fukien Province opposite Taiwan. It is evident, however, that the activity is not of a magnitude that would suggest a Chinese attack on Nationalist territory, a judgment Nationalist officials have also made.

--continued

25X1



620007 7-76 CIA

Soyuz 21

Artist's concept of Soyuz 21 (smaller vehicle) as it is docking
with Salyut 5, the military space station (large vehicle).



* * *

25X1

[Redacted]
The spacecraft, which has a two-man crew, probably will dock today with the Salyut 5 space station launched on June 22.

25X1

[Redacted]
The cosmonauts probably will remain aboard Salyut 5 for about 90 days. A manned mission of this duration would break the record of 84 days established by the US Skylab 2 in 1974.

* * *

Prime Minister Adolfo Suarez' address to the Spanish people last night may help break the deadlock in negotiations on a new cabinet and persuade centrist oppositionists to join the cabinet.

Suarez pledged to accelerate the pace of political reforms and invited the opposition to cooperate in the struggle to achieve a "modern democracy." He made no effort to pander to the far right.

So far, members of Christian and Social Democratic factions--groups that have refused to join the opposition coalition with the Communists--have turned down cabinet posts pending further assurances about the new government's commitment to political liberalization.

King Juan Carlos [Redacted]

[Redacted] seems determined to have a government that will not discourage leftist cooperation.

25X1

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The President's Daily Brief

July 8, 1976

2

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exempt under E.O. 13651
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25X1

July 8, 1976

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Lebanon: Christian forces launched a counteroffensive in northern Lebanon and reportedly control Tall Zatar refugee camp except for a small area where snipers are still holding out.
(Page 1)

25X1

Cuban-Angola: Cuban losses from guerrilla attacks since the civil war in Angola have been more serious than those suffered during the war itself, [redacted]
(Page 2)

Kenya-Uganda: [redacted]
[redacted] *(Page 3)*

25X1

OAU: African leaders attending the 13th annual summit of the Organization of African Unity found little common ground during their meeting in Mauritius that ended Tuesday. *(Page 4)* 25X1

Notes: Israel; USSR; Spain; UK *(Pages 6 and 7)*

FOR THE PRESIDENT ONLY



LEBANON: Christian forces yesterday launched a counteroffensive against Palestinians and leftists in northern Lebanon.

They have apparently retaken Chekka and are attacking Amyun. The Syrians have increased pressure in the north by shelling Tripoli [redacted]

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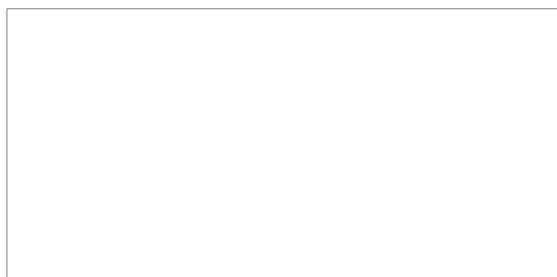
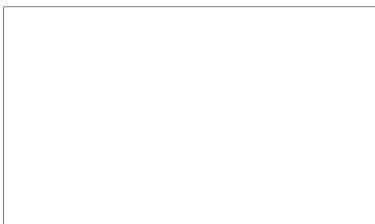
[redacted] are sending troops to help the Christians in the Chekka area.

The Tall Zatar refugee camp [redacted]

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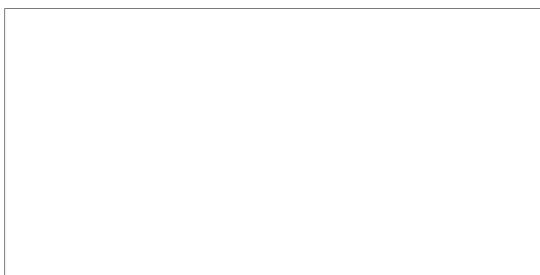
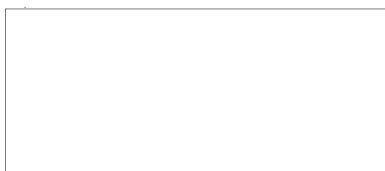
[redacted] is under Christian control except for a "small triangle" in its northern quarter where snipers are still holding out. The Christians have begun to level the rest of the camp with bulldozers and will send Palestinian prisoners--some 1,000--in groups of ten to west Beirut, the Muslim part of the city.

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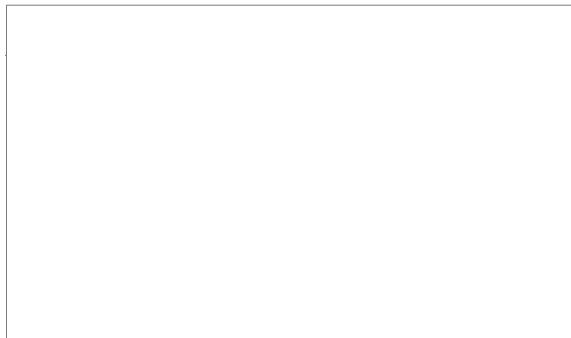
CUBA-ANGOLA: Cuban losses from guerrilla attacks since the civil war in Angola have been more serious than those suffered during the war itself.



25X1

25X1

[redacted] the nature of the fighting in which the Cu^{25X1} are now engaged tends to result in a high casualty rate. This is particularly true in southern Angola where Jonas Savimbi's UNITA has singled out the Cubans as targets. 25X1

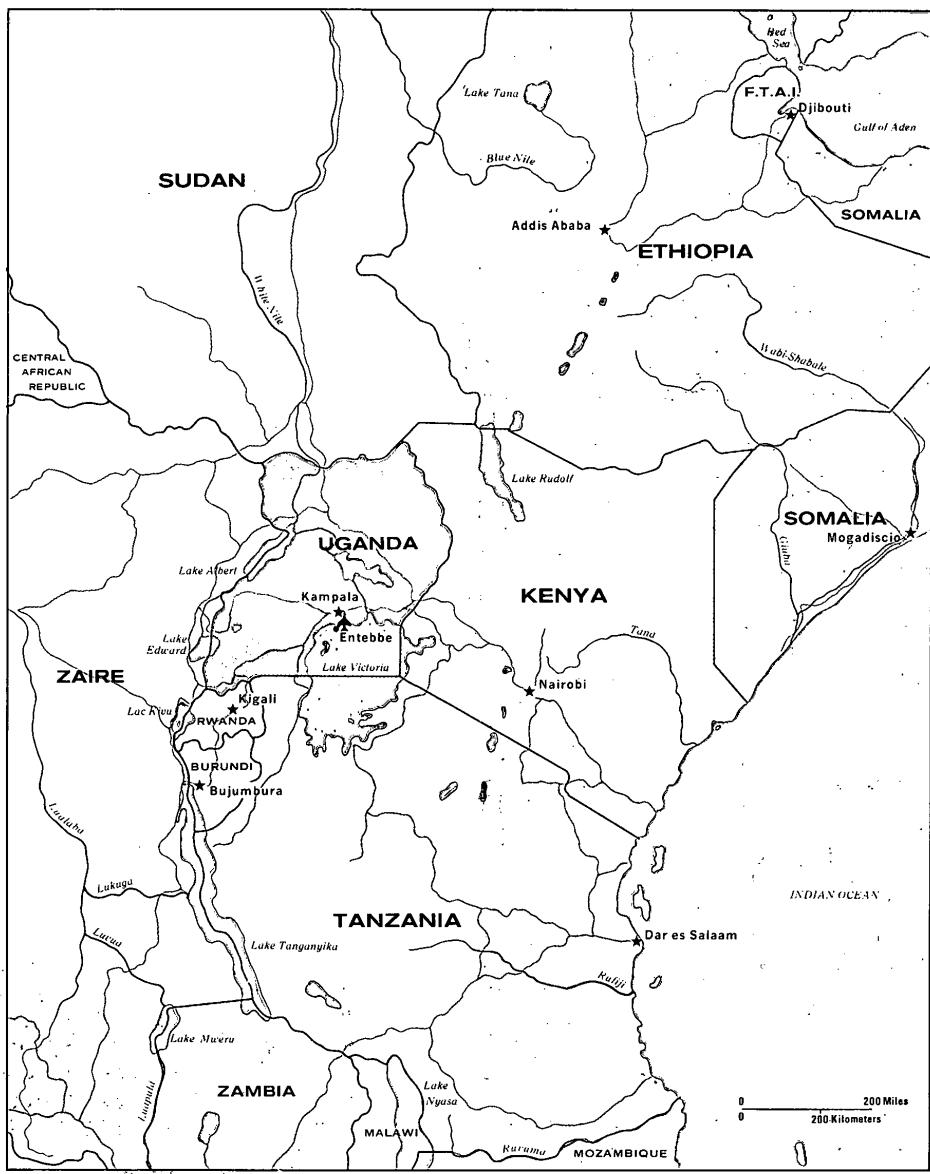


Havana's few public references to casualties sustained in Angola have been oblique and reassuring. Officials continue to credit the Popular Movement with all military operations and successes.

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EAST AFRICA

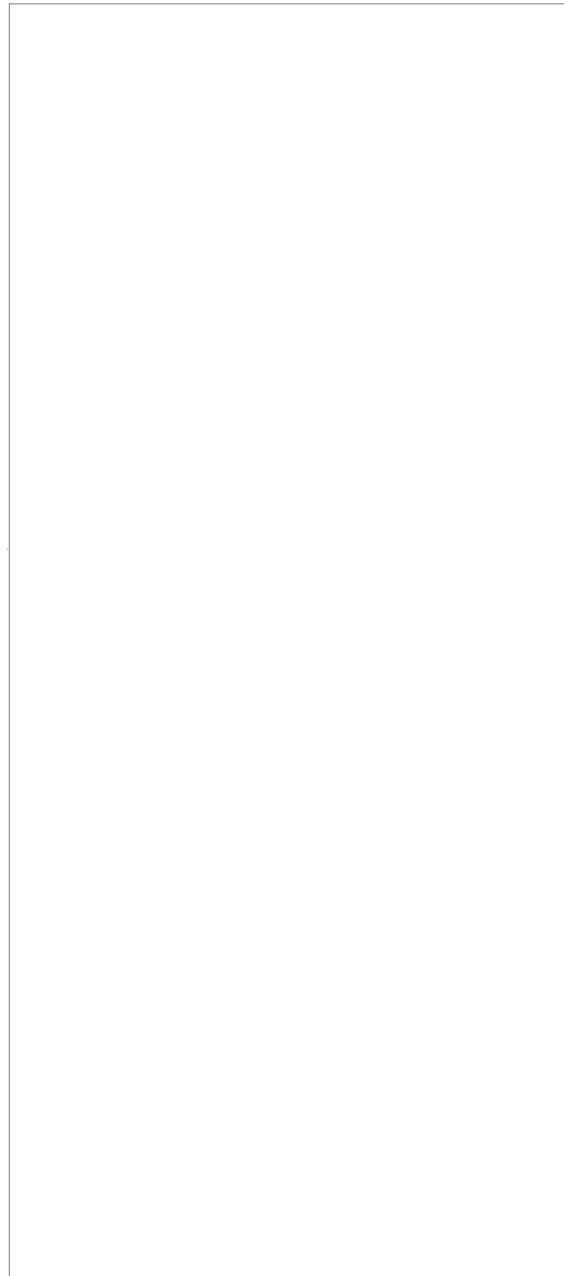


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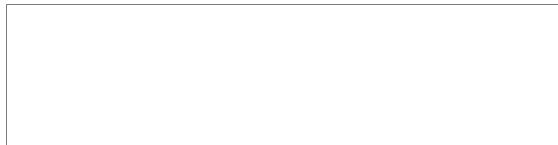
25X1 25X1

KENYA-UGANDA: 



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25X1



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OAU: African leaders attending the 13th annual summit of the Organization of African Unity found little common ground during their meeting in Mauritius that ended Tuesday.

Only nine of the OAU's 48 heads of state showed up--the fewest in the organization's history. They adopted rhetorical resolutions on South Africa and Rhodesia, but largely sidestepped the major territorial disputes involving member states.

The summit called for increased support to Namibian insurgents, expansion of the guerrilla struggle to South Africa itself, and a more effective economic boycott of the South African government. No headway was made in reconciling Rhodesia's badly factionalized nationalists, but the conferees reiterated that all aid for the insurgents must be channeled through the OAU's liberation committee based in Tanzania.

Although the Israeli rescue operation in Uganda shook the conferees, they apparently did not formally affirm support for the Arab-promoted UN resolution equating Zionism with racism or call for Israel's ouster from the UN. The summit did endorse a Liberian resolution condemning Israel's "aggression" and calling on the UN Security Council to take measures against Israel.

The US was condemned for vetoing Angola's admission to the UN. Some delegates also spoke openly of US collaboration with South Africa. In private discussions with

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US observers, however, most delegates were more curious about possible results from the talks between Secretary Kissinger and South African Prime Minister Vorster than they were critical of the US for talking with Vorster.

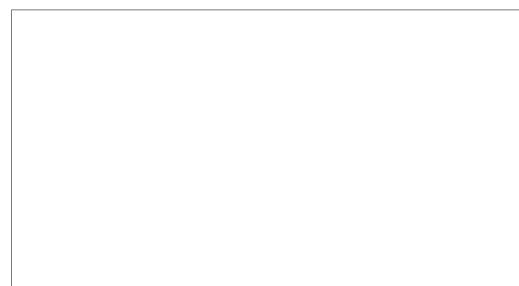
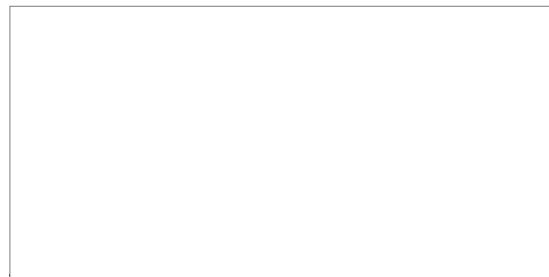
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NOTES

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25X1

Israel



25X1

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Two Soviet cosmonauts
are now aboard the Sal-
yut 5 space station.
Their Soyuz 21 space-
craft docked with the
military space station
yesterday.



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* * *

The new Spanish cabinet announced last night includes committed reformists in two key posts; the appointments support Prime Minister Suarez' promise to press ahead with political liberalization.

The new foreign minister, Marcelino Oreja, is a young Christian Democrat with firm democratic credentials who has moved up from the post of undersecretary. The new interior minister is Rodolfo Martin Villa, generally regarded as one of the most liberal young politicians to emerge from the Franco regime.

Most of the 10 newcomers in the 20-man cabinet are political moderates or technocrats. There are no representatives of the far right. The opposition is not represented, but some opposition parties have indicated a willingness to open a dialogue with the new government.

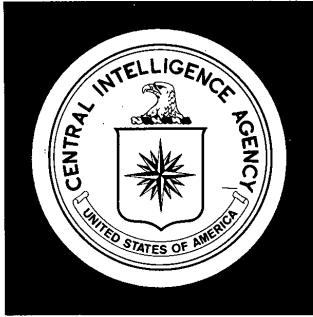
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The UK is being pressed by its partners in the European Community to devalue the "green pound"--the monetary unit used in British agricultural trade within the Community.

The "green pound" has remained stable since last October despite the plunge in sterling.

Several Community members want London to bring the two rates, which differ by 20 percent, more nearly into line. Such a move would substantially raise the prices Britons pay for imported foodstuffs--which provide half the country's food supply--and could thereby weaken union support for the new pay agreement with the government, the cornerstone of London's anti-inflation program.

Top Secret



The President's Daily Brief

July 9, 1976



Top Secret

25X1

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July 9, 1976

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Lebanon: Christian and Syrian forces seem to have gained the upper hand in the north. The Israelis evidently are continuing to take a relatively relaxed view of the situation.
(Page 1)

USSR: Our early July estimate of the Soviet grain crop, assuming normal weather, is 195 million metric tons. (Page 3) 25X1

Kenya-Uganda: [redacted] 25X1

Saudi Arabia - Syria: Saudi Arabia's first substantial aid payment this year will help ease Syria's serious financial problems. (Page 6)

Notes: Cuba; Hungary (Page 7)

FOR THE PRESIDENT ONLY



620038 7-76 CIA

LEBANON: *Christian forces, with Syrian support, apparently have blunted the Palestinian and leftist offensive against Christian villages in northern Lebanon.*

25X1

The Christians reportedly regained Chekka and another village on Wednesday and were able yesterday to take control of the main access route to the town of Zagharta. [redacted]

In Beirut, heavy clashes continued yesterday in the central part of the city and in the suburbs surrounding Tall Zatar refugee camp. Muslim and Palestinian units trying to break the siege of Tall Zatar evidently have begun sending "suicide squads" into neighboring Christian communities.

The Palestinians' desperation over the situation at Tall Zatar apparently prompted charges yesterday from Palestine Liberation Organization chairman Yasir Arafat that Syria is planning an imminent attack on Beirut.

Syrian troops and artillery have supported the attack on Tall Zatar, but there is no direct evidence that substantiates Arafat's claim. President Asad did meet with top Syrian military and political leaders on Wednesday, possibly to gain endorsement of a new initiative in Lebanon. 25X1

--continued

The Israelis apparently still believe that events in Lebanon pose no immediate threat to their security and are continuing their tacit endorsement of Syria's role there.

In a recent conversation with the US ambassador, Israeli Defense Minister Peres--who is usually suspicious of Syrian aims--cautiously indicated that Israel could tolerate a consolidation of Syrian control in Lebanon. According to Peres, this would be less damaging to Israel's security than a leftist-Palestinian takeover. Peres also discounted speculation that President Asad is seeking to transform Lebanon into an anti-Israel confrontation state.

The Israelis probably remain concerned, however, that Syria's military presence in Lebanon could ultimately work to Israel's disadvantage. Prime Minister Rabin, for example, has repeatedly expressed the view that Asad could eventually be forced by Arab and domestic pressures to reverse his course and seek an accommodation with the Palestinians and Lebanese leftists that would isolate the Christians.

25X1

Tel Aviv has long hoped that the Christians will be able to maintain 25X1 a strong political position in order to prevent the Palestinians from posing a threat to Israel. [redacted]

* * *

--continued

USSR: Assuming normal weather, our early July estimate of the Soviet grain crop is 195 million metric tons--unchanged from the mid-June estimate. Later today the Department of Agriculture will publicly release a crop estimate of the same size. The actual crop could be substantially higher or lower depending on the weather in the next month.

We estimate that the winter grain crop, which will soon be harvested, will be 45 million metric tons. Crop conditions in most of the European USSR, the major winter grain area, remain unusually favorable. Continuation of wetter-than-normal weather in the northern European USSR, could, however, cause delays and above-average losses.

Overall prospects for spring grains continue to be good, and production is now estimated at 150 million tons. Conditions west of the Urals which favored winter grains also have fostered the development of spring grains. In contrast to the rather uniform crop development in this area, crop conditions east of the Urals are uneven in the main spring grain areas.

Soviet grain requirements are especially difficult to estimate this year because of the legacy of last year's disastrous harvest.

Moscow's requirements will depend on the rate of rebuilding poultry and hog inventories, on the rate of recovery in meat production, and on the replenishment of grain stocks. More claims on Soviet grain supplies may come from Eastern Europe, especially Poland. Large increases in grain exports to Eastern Europe and in grain reserves, as well as a rapid buildup of livestock herds, would require substantial additional grain imports.

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The large Soviet import contracts for grain and soybeans in recent months indicate that Moscow is giving high priority to rebuilding its livestock sector. So far, the Soviets have bought an estimated 13.6 million tons of grain for delivery beginning this month. This figure includes 6.5 million tons from the US, 1.6 million tons of which was purchased during the past week. Under the US-Soviet grain agreement, there remains a minimum Soviet commitment of 2.2 million tons.

The Soviets also have bought 2 million tons of soybeans, of which 1.5 million tons probably will come from the US.

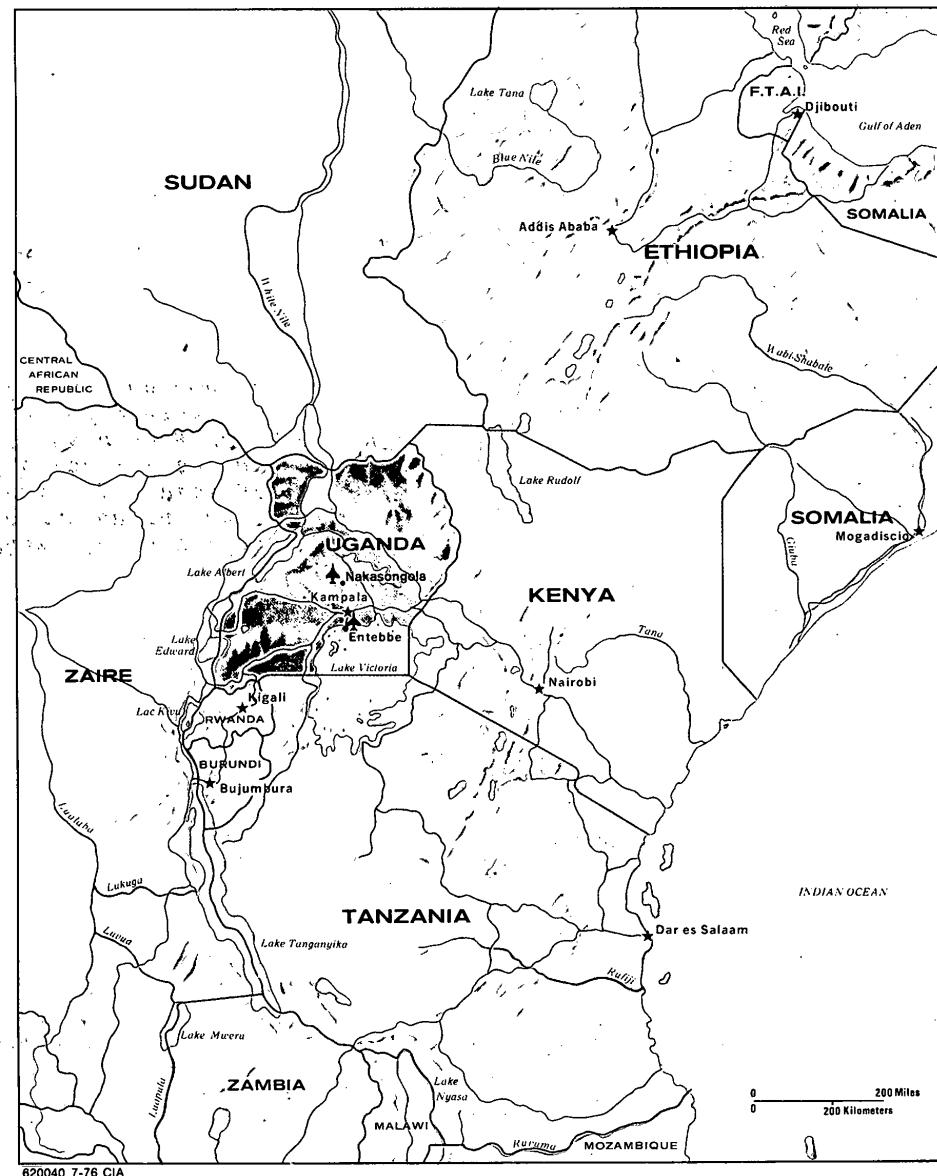
There is no reliable information on the likely scale of Soviet grain imports for the balance of the crop year. Balance of payments considerations may be critical.

Outlays for grain and soybean purchases to date have reached nearly \$3 billion. Moscow has shown a willingness, however, to continue spending heavily for grain imports despite its hard-currency deficit and growing indebtedness. Nonetheless, it probably is increasingly concerned over these problems.

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EAST AFRICA



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25X1

25X1

KENYA-UGANDA

25X1

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SAUDI ARABIA - SYRIA:

25X1

The Saudis had been withholding aid this year to underscore their displeasure over Syria's continuing dispute with Egypt. Damascus' willingness to reach even a superficial reconciliation with Cairo at the Saudi-sponsored meeting in Riyadh late last month obviously prompted Saudi approval of the new grant.

The decision to provide assistance also reflects Riyadh's concern that Syrian President Asad's position has been seriously weakened by his political and military problems with Lebanon, Iraq, and Egypt.

The Saudis' grant may reflect a decision to resume their assistance program for Syria. This would strengthen Damascus' capability to pursue its military campaign in Lebanon and its economic development programs at home. Riyadh's move could also encourage the smaller Persian Gulf states that often follow Saudi Arabia's lead to resume financial aid to Syria.

Saudi assistance to Syria during 1975 exceeded \$400 million; total Arab aid was approximately \$800 million.

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NOTES

A third convoy of Cuban ships probably returning troops from Angola is to leave Africa on July 13.

Two of the ships in the convoy have carried troops previously. One is able to transport up to 700 troops and the other between 500^{25X1} and 700 troops. If the ships leave on schedule, they should arrive in Cuban waters in early August.

* * *

Hungary's increase in the prices of meat products on Monday apparently provoked no adverse public reaction.

The Hungarian success will compound Poland's embarrassment over its mishandling of proposed price hikes. Unlike Warsaw, Budapest has raised prices periodically on a number of food items without incident. The recent Hungarian price increases, however, were less drastic and covered fewer foodstuffs than those proposed in Poland.

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The President's Daily Brief

July 10, 1976



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25X1

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Lebanon: Christian forces are continuing their advances in the north. Clearing operations are still going on at Tall Zatar.
(Page 1)

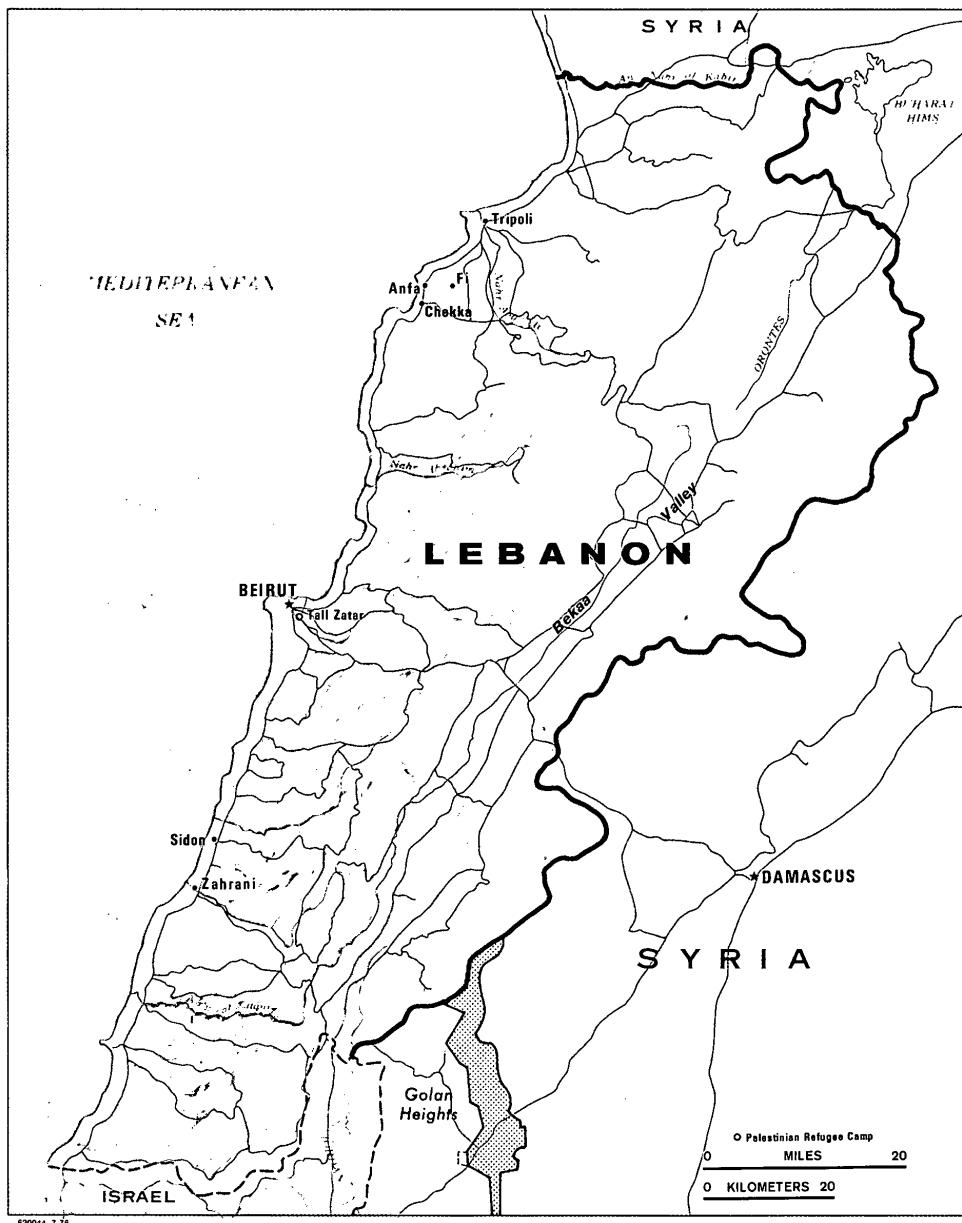
Kenya-Uganda: The Kenyan and Ugandan armies remain on alert, but there apparently have been no new troop movements near the border. (Page 1) 25X1

World Rice Situation: We estimate a record world rice harvest ranging from 335 to 340 million metric tons for the current crop year, about 4 percent above last year's record crop.
(Page 2) 25X1

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

Notes: West Germany; USSR; Spain; Italy; Greece-Turkey; Vietnam-Thailand (Pages 4, 5, 6, and 7)

FOR THE PRESIDENT ONLY



LEBANON: Christian forces are continuing their advances in the north.

25X1

Yesterday they moved north of Chekka as far as Anfa and Fi.

Clearing operations are still going on at Tall Zatar against pockets of Palestinian snipers. The rest of Beirut was quieter than usual yesterday, although bombardments and armed clashes continue along the city's central confrontation line and in its southwest suburbs.

25X1

the Syrians are still shelling Sidon in the south and have again set fire to an oil refinery at Zahran that was already seriously damaged. The Syrians are almost certainly trying to keep the refinery closed in order to deny vital fuel supplies to Beirut.

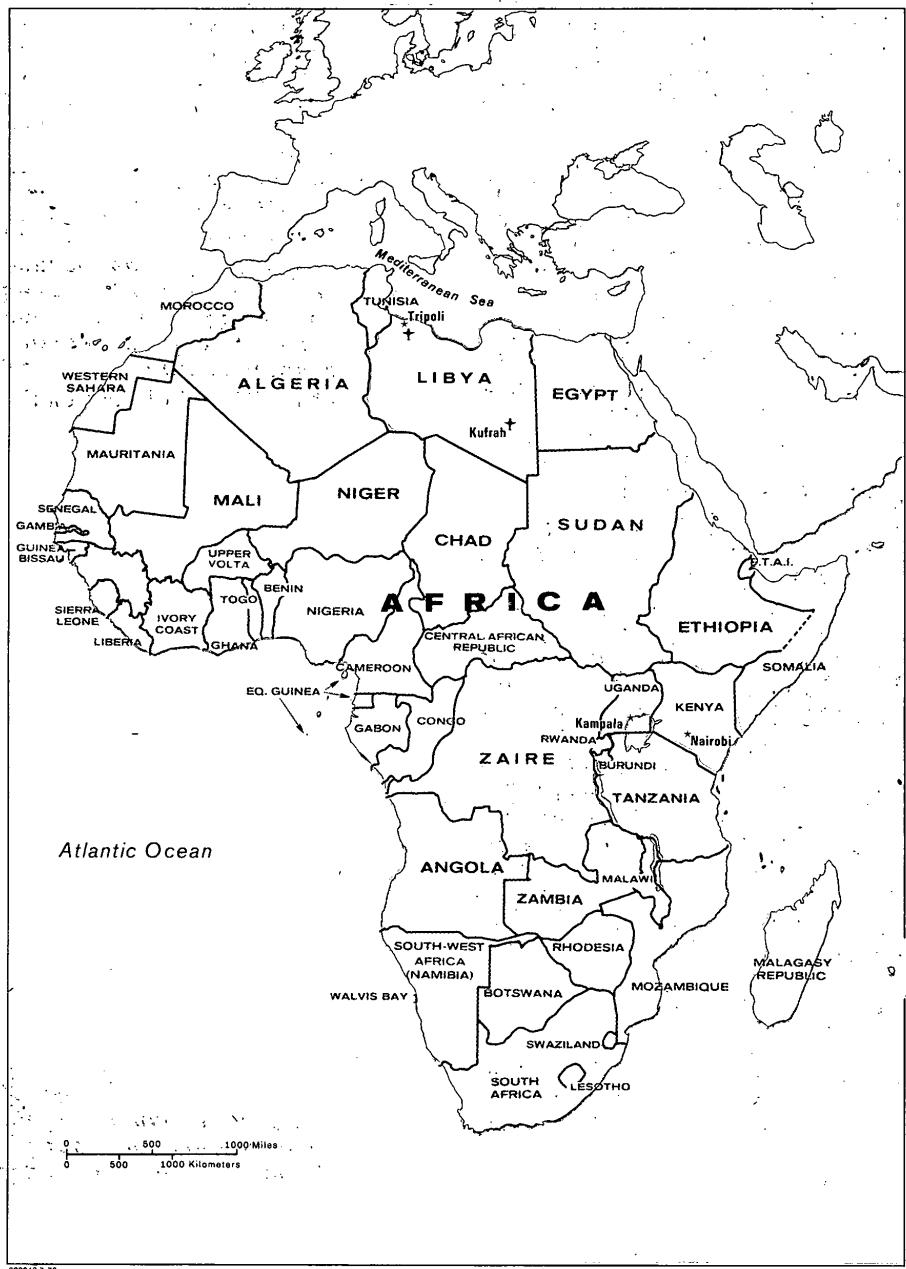
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25X1

KENYA-UGANDA: The Kenyan and Ugandan armies remain on alert, but there apparently have been no new troop movements near the border.

All rail traffic bound for Uganda was stopped for 15 hours on Thursday. In another action obviously aimed at Kampala, Nairobi has announced that it will soon insist on cash payment in Kenyan shillings for all freight shipments by rail across Kenya. Uganda already is short of foreign exchange.

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25X1

Conflicting reports continue to filter in regarding the reported deployment to Uganda of Libyan Mirage-5 fighters.

We still cannot confirm whether any Libyan fighter aircraft are in Uganda, although the Libyans apparently are at least preparing for such a move.

[redacted]
the
Libyans are building up their logistics support capability at Kufrah, an air base about 900 kilometers (560 miles) south of Tobruk.

25X1

Kufrah would be the logical base from which the Libyans would stage an air deployment to Uganda. A nonstop flight from Kufrah to any air base in Uganda--a distance of around 2,800 kilometers (1,740 miles)--would be well within the range of Mirage-5 aircraft fitted with reserve fuel tanks but carrying no external ordnance.

* * *

WORLD RICE SITUATION:
We estimate a record world rice harvest ranging from 335 million to 340 million metric tons for the current crop year, about 4 percent above last year's record crop. Nearly every Asian country except China and Vietnam is expecting a larger crop this year. Outside Asia, production is expected to be up by 11 percent.

Rice available for export in 1976 should reach nearly 10 million tons--over 30 percent more than was exported last year. This volume is probably more than the market will absorb, and some major exporters--including the US, Pakistan, and Thailand--may end the season with large carryover stocks.

The 24-month decline in world rice prices can be expected to continue through most of 1976. The extent will depend on stock rebuilding

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policies, consumption levels in the major importing nations, and prospects for the 1976 fall harvest. World stocks may be rebuilt to levels seen prior to the rice shortages of the 1973-74 crop year.

The Department of Agriculture estimates US rice supplies available for export in 1976 at 2.7 million to 2.9 million tons. Of this amount, it forecasts that total commercial and PL-480 exports will account for 1.8 million tons, down 17 percent from last year's record level.

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PERU: [redacted]

25X1

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[redacted]

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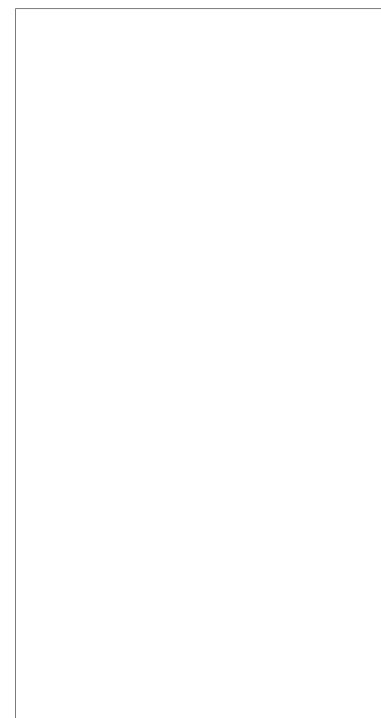
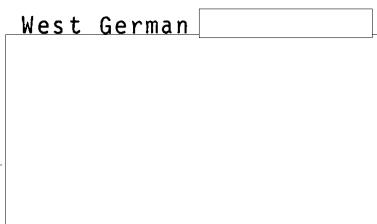
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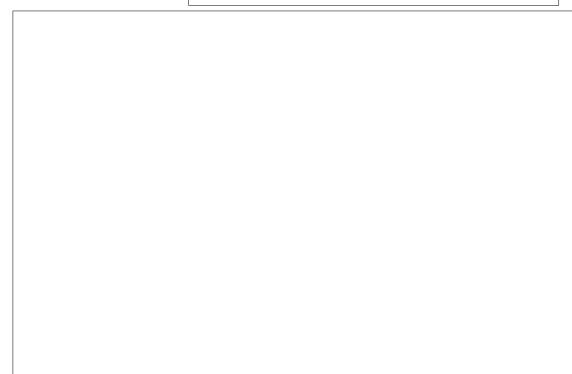
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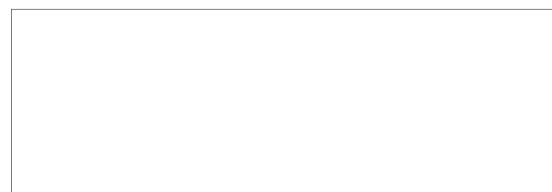
West German



25X1



25X1



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Soviets

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25X1

* * *

The nationwide postal strike in Spain presents the new government with its first major challenge.

The postal workers, who walked out earlier this week, have demanded a pay increase of 35 percent. They have apparently turned down a government offer of half that amount.

If the government takes a repressive stance, as it has done previously when strikes affect important public services, it risks losing the support of the moderate opposition, which the cabinet is trying to win for its reform program. Should it accede to the strikers' demands, workers in other sectors are likely to come forward with their own grievances.

The interior minister reportedly will delay until Monday placing the postal workers under military jurisdiction in the hope that further negotiation will produce a settlement.

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* * *

Italian Christian Democrat
Giovio Andreotti appears
to have the inside track
to be named the new
prime minister-designate
in the wake of the resig-
nation yesterday of Prime
Minister Aldo Moro.

Andreotti, 57, was budget minister in the outgoing cabinet and has been prime minister twice previously.

He is generally considered to have the best chance of finding an accommodation with the Socialists, whose participation in the formation of a non-Communist coalition government is essential.

A minority Christian Democratic government may have to be formed as an interim measure if the Socialist Party continues to reject any government proposal that does not include the Communists at least as part of the parliamentary majority.

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Greek and Turkish lead-
ers are trying to reduce
tensions created by the
coming activities of a
Turkish seismic research
vessel in the Aegean
Sea.

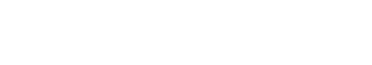
Greek concern has lessened about the Turkish military exercise in the Aegean extending from July 4 to 13. It seems likely that the maneuvers will end without incident before the research ship enters the area.

The Greek defense minister stated publicly on July 7 that no violations of international law had been noted during the Turkish exercise. Conciliatory statements by the Turkish president and foreign minister late last week and Turkish press reports that Ankara is still considering the Greek proposal for a non-aggression pact also have had a calming effect.

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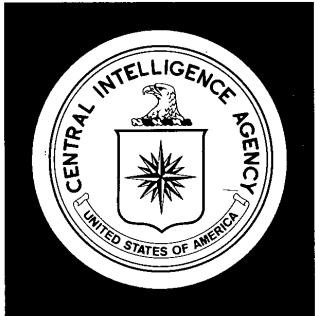
The Vietnamese have invited a Thai delegation to Hanoi in August to normalize relations.



A Vietnamese effort to establish diplomatic relations in May 1975 failed because Bangkok refused to return to Hanoi all US-supplied aircraft and ships brought out of Saigon after the collapse of the Thieu regime. A month later, Thailand rebuffed a Vietnamese bid to renew talks.

Vietnam is no longer emphasizing its claim to US-supplied equipment and may be willing to sidestep this issue. Hanoi may also believe that recent Thai government decisions on a US residual presence have opened the way for improved Vietnamese-Thai relations. Thai Foreign Minister Phichai has recently publicly stated his willingness to go to Hanoi for new talks.

Top Secret



The President's Daily Brief

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~~Top Secret~~^{25X1}

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Lebanon: Syria may have introduced substantial numbers of additional troops into eastern and northern Lebanon over the past few days. (Page 1)

Egypt-Libya: Egypt and, to a lesser extent, Libya have been engaged in intensive efforts to transship arms through their ports to leftist and Palestinian forces in Lebanon. (Page 2)

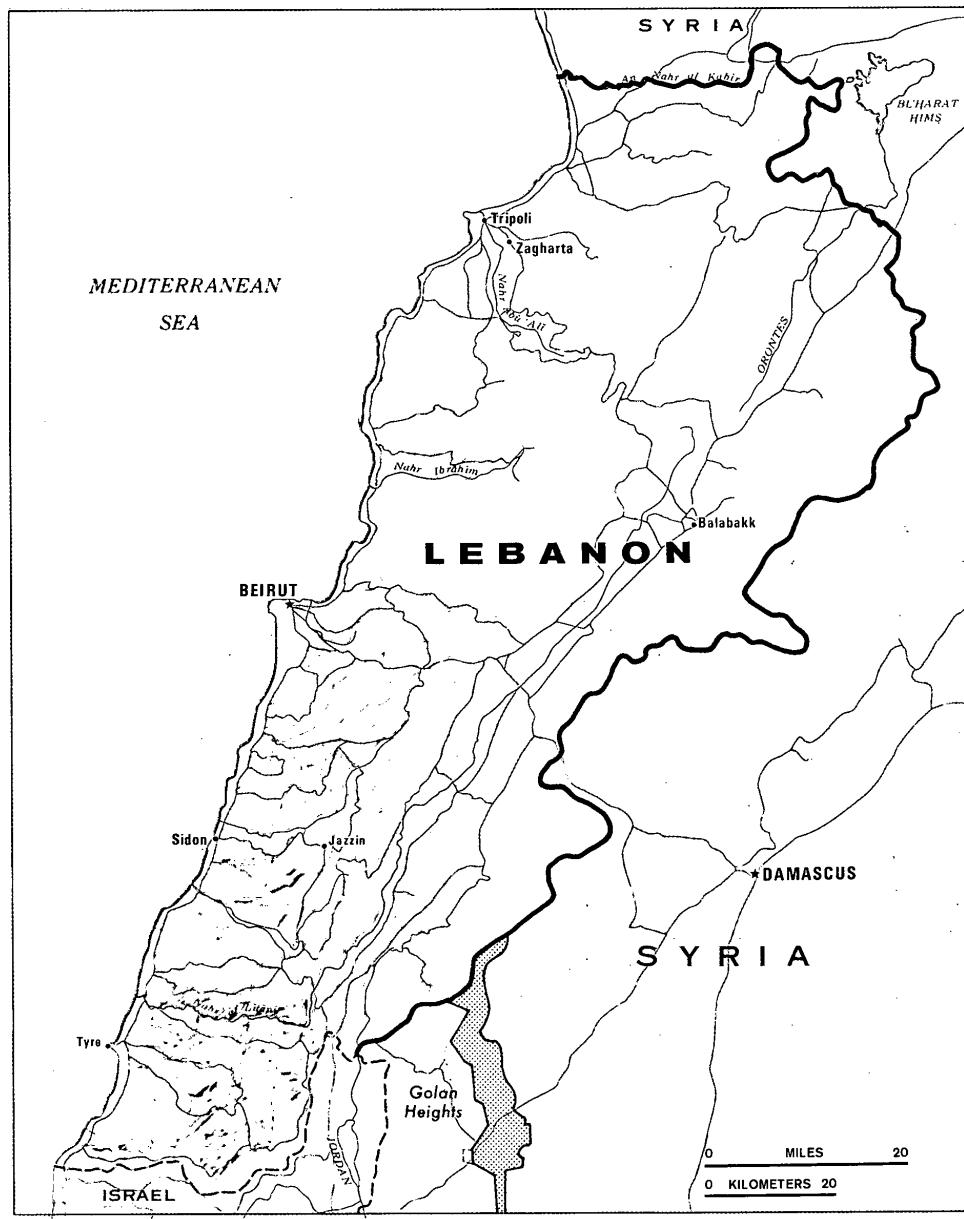
Libya: The US embassy in Tripoli believes Libyan President Qadhafi will probably sponsor additional and more spectacular terrorist attacks against Israeli targets. (Page 3)

Kenya-Uganda: Nairobi has undertaken economic measures against President Amin's regime, while Kampala is reportedly taking reprisals against Kenyans in Uganda. (Page 4)

Ethiopia: Major Mengistu Hailemariam, strongman and first vice chairman of the ruling military council, and his supporters have begun a purge of their suspected military and civilian opponents. (Page 5)

Notes: Namibia; USSR-Iraq; Peru (Pages 6 and 7)

FOR THE PRESIDENT ONLY



620050 7-76

LEBANON: Syria may have introduced substantial numbers of additional troops into eastern and northern Lebanon over the past few days.

25X1

This force is composed primarily of troops drawn from minority religious groups. They probably are considered less likely than regular Syrian units to balk at orders to attack Palestinians in Lebanon.

Tall Zatar camp in east Beirut has been captured, according to Beirut radio broadcasts.

Syrian troops intensified their attacks over the weekend on Palestinian and leftist positions north of Tripoli. South of the city, Syria apparently is working with Christian forces to encircle and blockade the port. The Christians are making steady gains in this area, and only a handful of leftist strongholds remain. Syrian troops continue their heavy shelling of Sidon.

The military reverses suffered by Palestinian and leftist forces have prompted increasingly urgent calls for help by Fatah chief Arafat and Lebanese socialist leader Jumblatt.

Arafat has appealed to Egypt and apparently Libya to assist the Palestinians militarily, and Jumblatt has requested aid from Saudi Arabia, Algeria, and Iraq.

Egyptian leaders met on Saturday to consider the Palestinians' request. We do not know what, if anything, was decided. War Minister Gamasy is reported to be firmly opposed to Egyptian intervention of any kind.

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EGYPT-LIBYA: Egypt and, to a lesser extent, Libya have been engaged since mid-June in intensive efforts to tranship Iraqi and possibly Soviet and East European arms through their ports to leftist and Palestinian forces in Lebanon.

We cannot determine the quantity of arms delivered to Egypt and Libya or how many shipments have been transferred to Lebanon, but several shiploads are reported to have gone through the Syrian blockade to southern Lebanese ports.

An Iraqi airlift to Egypt, apparently consisting primarily of small arms for Lebanese leftists, began on June 10. Egyptian officials have told the US embassy that they are receiving Iraqi arms for the [redacted] Lebanese.

25X1

Egypt may also be receiving East European arms for transshipment.

25X1

recent unusual Egyptian transport flights to Dresden, East Germany, may have picked up some arms from East European sources.

Most of the arms thus far delivered under Libyan auspices probably have come from Tripoli's own stocks,

25X1

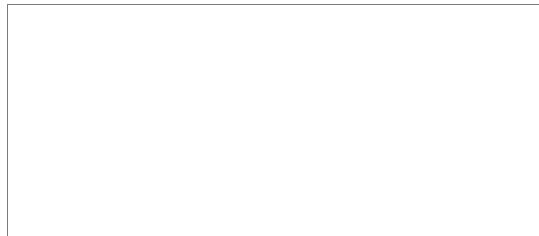
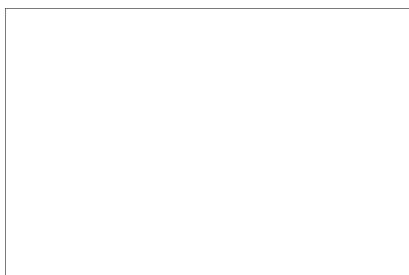
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Syrian forces have been able to prevent the arrival of some arms carriers at the Lebanese port of Sidon, but several ships apparently have successfully run the blockade or have unloaded their supplies at Tyre, a port farther south that remains in leftist hands.

* * *

LIBYA: *The US embassy in Tripoli believes that Libyan President Qadhafi--humiliated by the Israeli raid into Uganda last week to rescue hostages of a hijacking--will probably sponsor additional and more spectacular terrorist attacks against Israeli targets.*

A recent editorial in a government-controlled Libyan newspaper described the Israeli raid as an insult to the "dignity of the Palestinian revolution" and the Arab 25X1 people. The editorial, which the embassy believes had Qadhafi's personal approval, strongly suggested that the hostages should have been dealt with more harshly. 25X1

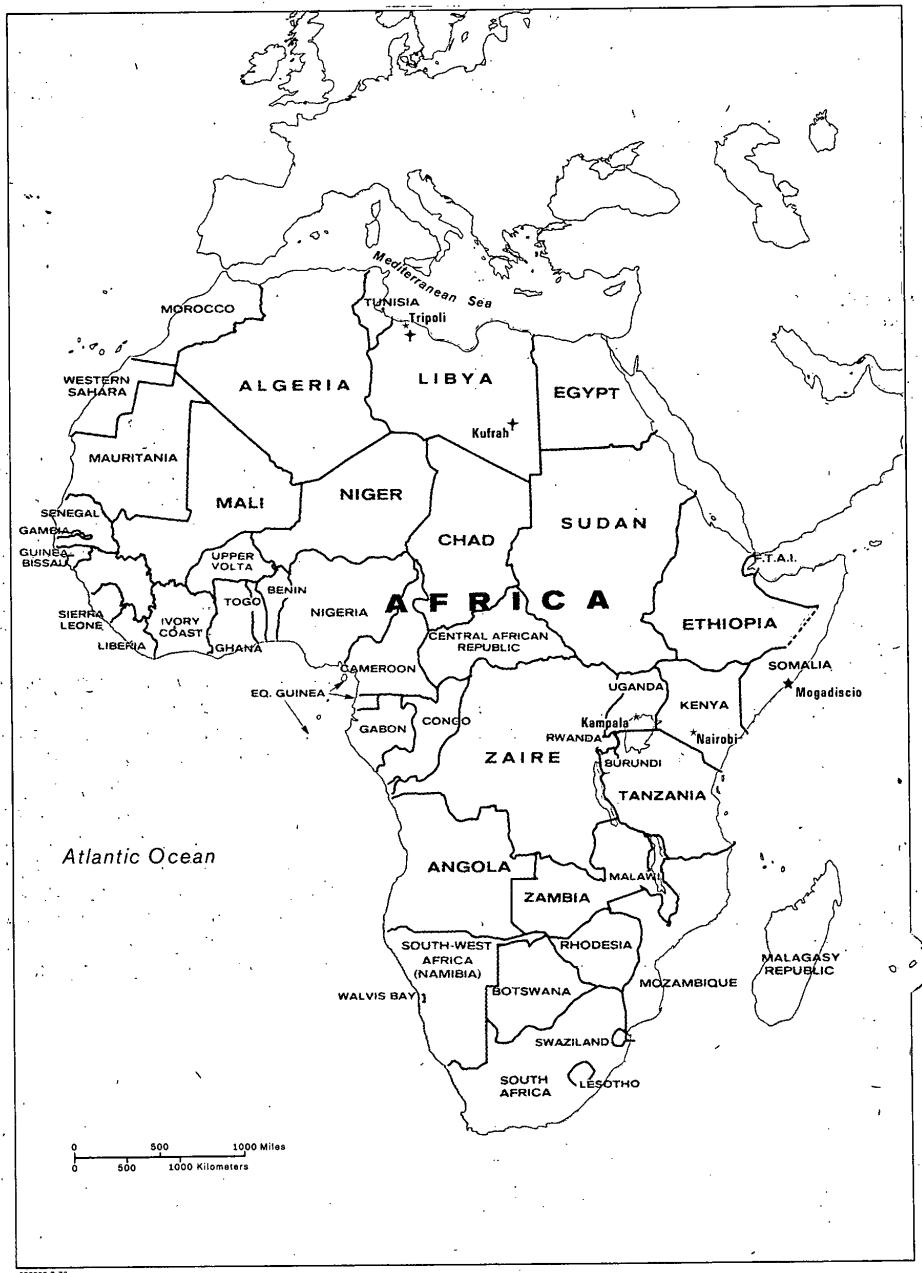


25X1

Libya's cooperation with the international terrorist Carlos, whose agents are also believed to have been involved in the hijacking, is also well documented. Carlos has used Libya as a base of operations since the kidnaping in Vienna last December of the OPEC oil ministers.

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620052 7-78

KENYA-UGANDA: Nairobi has undertaken economic measures against President Amin's regime, while Kampala is reportedly taking reprisals against Kenyans in Uganda.

[redacted] Kenya has denied that a blockade is in force, but it has previously employed this move [redacted] 25X1 against Uganda's vulnerable economy.

The Nairobi press is describing killings and widespread reprisals by Amin's security forces against Kenyans in Uganda. We cannot confirm officially sanctioned reprisals, but Kenyan expatriates are probably regarded as fair game by ill-disciplined soldiers and other Ugandans who see an opportunity to seize the property of the Kenyans.

Both armies remain on alert, but the Kenyan forces [redacted]

[redacted] -are some distance from the border and are making no move that Amin could interpret as a provocation. Uganda apparently sent more [redacted] 25X1 artillery to the border on July 10. [redacted]

25X1 25X1

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ETHIOPIA: Major Men-gistu Hailemariam, strongman and first vice chairman of the ruling military council, and his supporters have begun a purge of their suspected military and civilian opponents.

The supreme military commander in Eritrea Province was killed Saturday in Addis Ababa in a shoot-out with troops sent to arrest him. 25X1 He had been called to the capital to discuss the Eritrean rebellion.

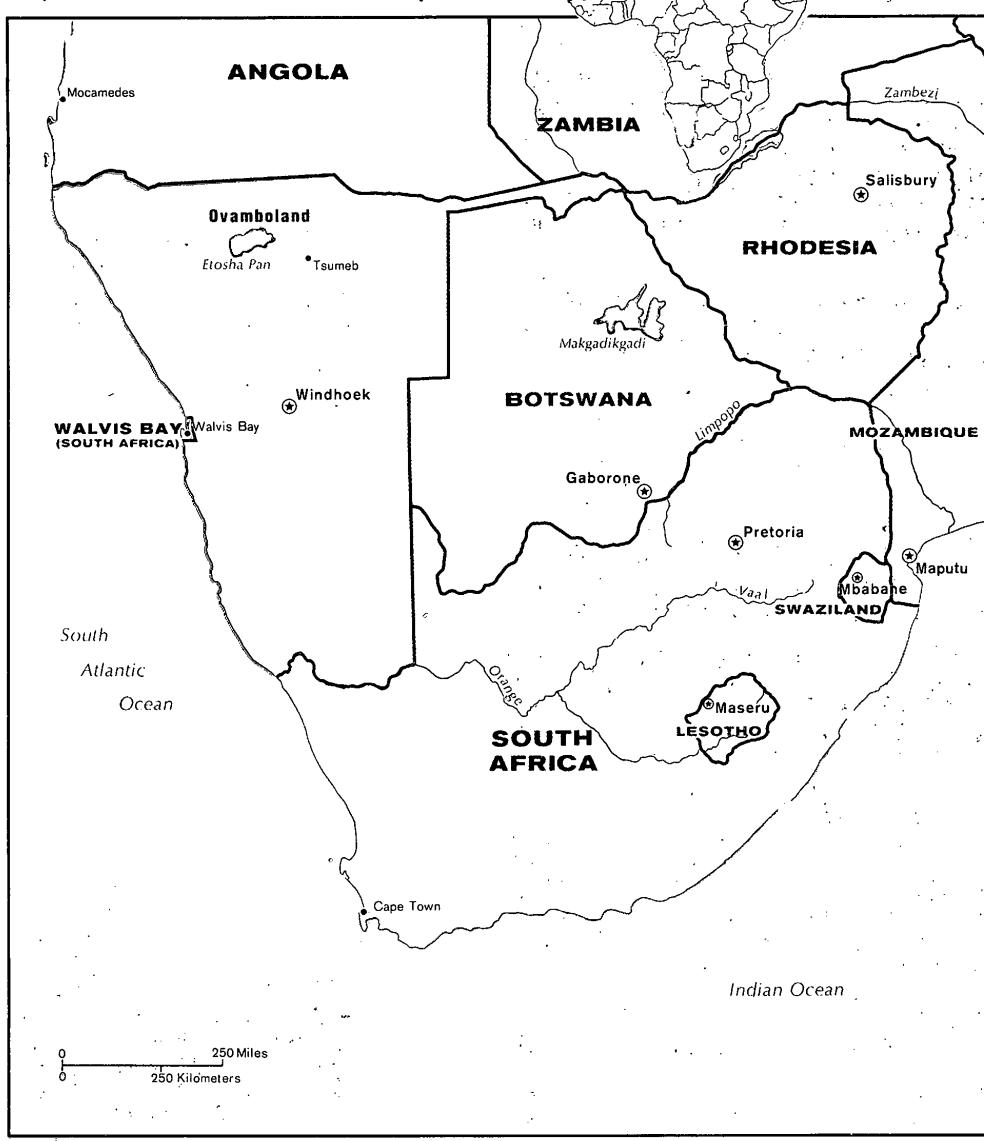
We have no evidence that the commander in Eritrea was actively plotting against the government. He was popular with his troops, however, and a potential leader of organized opposition to the council.

Troops in Eritrea have denounced the socialist policies and authoritarian rule of the council several times during the past year. They have called for a political settlement of the guerrilla war and have refused to fight the rebels. The death of their commander, far from quieting their dissatisfaction, will probably harden their antagonism toward the council.

25X1

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NAMIBIA (SOUTH-WEST AFRICA)



620048 7-76

NOTES

Insurgents of the South-west African Peoples' Organization based in Angola are operating more aggressively near the Namibian border, and recently have penetrated farther south into Namibia than before.

Last week guerrillas operating just inside Namibia killed four persons and seized a fifth. Other guerrilla bands abducted nine more people. This is the highest rate of deaths and abductions to date in a single week of SWAPO raids.

South African authorities have confirmed that a ten-man guerrilla group from Angola reached the copper mining area around Tsumeb where all but two of the band were killed early this month. This is the deepest known penetration by a group of this size.

Most of the victims of SWAPO raids have been leaders or members of the Ovambo tribe who have collaborated with the South African administration.

* * *

Soviet Premier Kosygin's visit to Iraq in late May reportedly resulted in an agreement in principle for more Soviet arms and further economic assistance.

Details of the agreements will be worked out when Iraqi leader Saddam Husayn goes to Moscow later this year.

Iraq has now received nearly all the arms it has ordered from the USSR--valued at nearly \$2 billion. It has also drawn or allocated the entire \$550 million of economic aid previously extended by the Soviet Union.

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* * *

The brief military rebellion in Peru staged Friday by a rightist army general was easily put down by forces loyal to President Morales Bermudez. The principal winner in the showdown appears to have been leftist Prime Minister and army commander Fernandez Maldonado.

25X1

Morales Bermudez [redacted]

25X1

position remains uncertain. Despite the show of loyalty to him, he must still contend with mounting economic problems and basic political divisions in the armed forces.

Top Secret

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July 13, 1976

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July 13, 1976

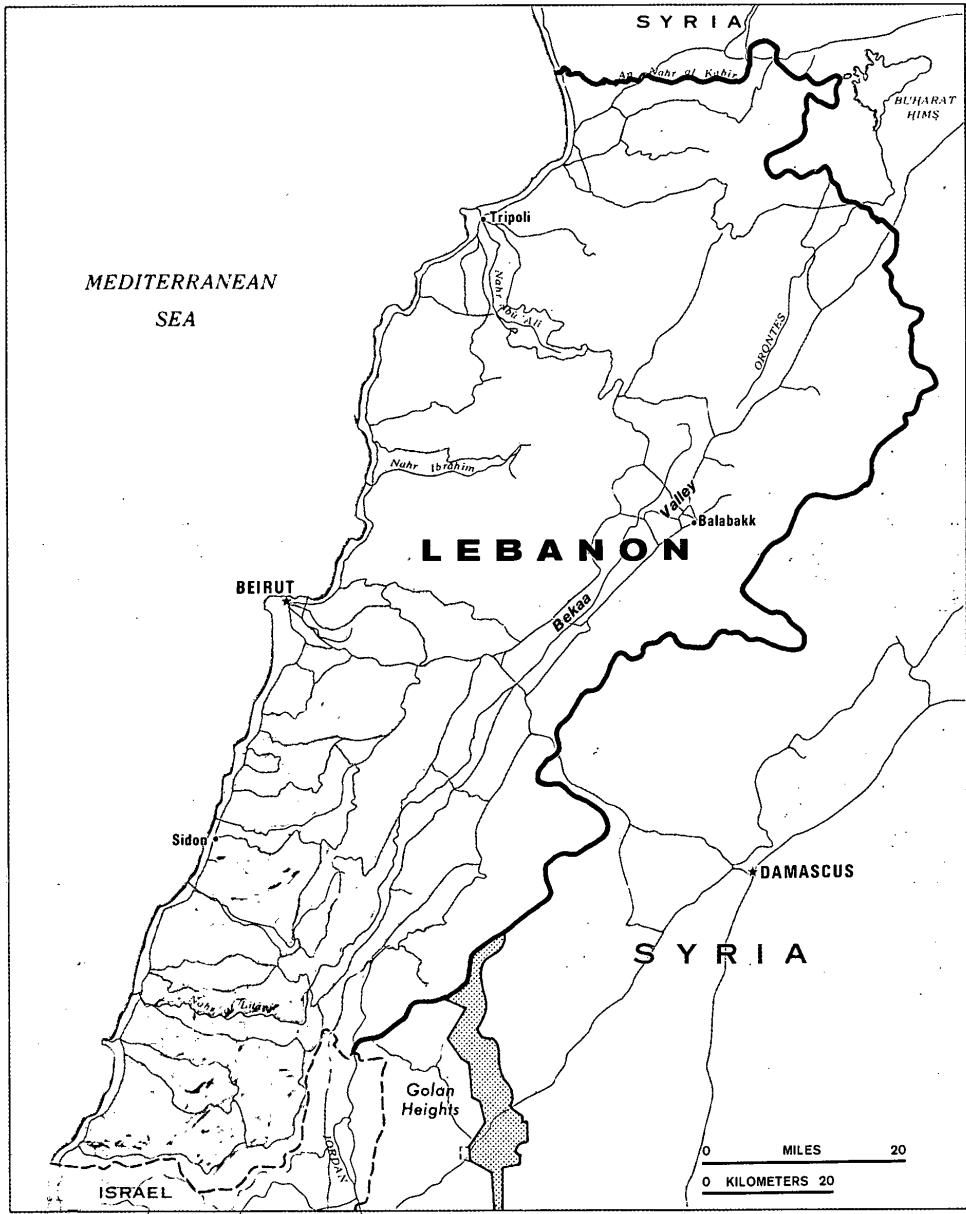
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Lebanon: Syria reportedly has made another promise to Arab League foreign ministers to withdraw its troops from several Lebanese cities. Syrian and Christian forces in Lebanon, meanwhile, show no signs of relaxing their military pressure.
(Page 1)

Egypt-Israel: A UN Emergency Force team inspecting Egypt's limited armaments zone on July 5 identified 11 battalions, three over the limit. *(Page 2)*

Notes: Cuba-Angola; Portugal; Uganda-Kenya; France *(Pages 3 and 4)*

FOR THE PRESIDENT ONLY



620058 7-76

LEBANON: The Palestine Liberation Organization representative at the Arab League foreign ministers' meeting in Cairo announced last night that Syria had promised to withdraw its forces from the Lebanese cities of Sidon, Tripoli, and Balabakk.

Apparently somewhat surprised by Syria's alleged promise to pull back, the Arab League foreign ministers have commissioned a study group to review the new situation.

Syria made similar promises before the two previous league sessions on Lebanon in an effort to head off Arab pressure, and its latest offer probably is nothing more than a bid to buy time. Syrian Foreign Minister Khaddam, who is attending the league meeting, has made no public comment on the reported pledge. Khaddam met with the Fatah representative in Cairo yesterday, in the presence of the Egyptian and Saudi foreign ministers, and may have discussed ways to end the fighting in Lebanon.

The group is to consider an Egyptian proposal calling for an expanded Arab peace-keeping force that would drop its present passive mission and assume a direct military role in Lebanon. Egyptian Foreign Minister Fahmi announced yesterday that, while Egypt will not provide troops for Lebanon, it is ready to send "what is needed" to support the Arab force.

The foreign ministers are unlikely to go along with Cairo's proposal. Those Arab units participating thus far in the peace-keeping project have avoided combat areas, and probably would have little enthusiasm for getting actively involved in the fighting.

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Syrian and Christian forces yesterday continued their effort to encircle the northern port city of Tripoli, shelling two nearby Palestinian refugee camps and attempting to cut off access to them.

In eastern Lebanon, the Syrians also are pressing their advantage around the leftist stronghold of Balabakk.

25X1

[intense fighting was going on at several points in and near the city.]

A few remaining defenders apparently are still holding out at the Tall Zatar refugee camp in east Beirut. The Christians say they intercepted a plea on Sunday from the defenders to their headquarters asking for permission to surrender. The request was denied.

* * *

EGYPT-ISRAEL: A UN Emergency Force team, conducting its bi-weekly inspection of Egypt's limited armaments zone on July 5, identified 11 battalions, three over the limit. The number of troops observed, however, was well under the limit of 8,000. The team requested the Egyptians to remove three battalions.

25X1

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NOTES

25X1

Recent Cuban air activity suggests that Havana wants to get some special personnel and their equipment to Angola quickly, possibly to assist in counterguerrilla activity.

Two Cuban civilian aircraft left Havana for Barbados on Saturday, and another was scheduled to fly to Barbados last night. All of the flights presumably are bound for Angola.

One of the planes that left Saturday apparently carried only cargo. The other was a special charter flight carrying 119 people and no cargo.

25X1

The inauguration tomorrow of Portuguese General Antonio Ramalho Eanes as president is expected to go smoothly, although there have been rumors of possible disruptions by the left.

Eanes is expected to appoint Socialist leader Mario Soares as prime minister. Soares is committed to forming a minority government but has refused to give any hints on the composition of the cabinet. He may be having some trouble putting together a qualified team of Socialists, independents, and military officers.

--continued

* * *

*Both Uganda and Kenya
are continuing to seek
support for their re-
spective positions
from other African
leaders.*

Ugandan President Amin reportedly sent a military delegation to Dar es Salaam yesterday to try to obtain assurances that Tanzania would stay neutral if there should be hostilities between Uganda and Kenya. The delegation is likely to get a cool reception. In the past, the Tanzanians have supported efforts by Ugandan exiles to overthrow Amin.

25X1

Somali President Siad has offered to mediate the dispute between Uganda and Kenya.

25X1

[redacted]

[redacted]

25X1

25X1

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25X1

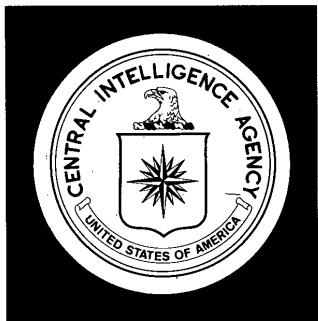
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French

[redacted]

[redacted]

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The President's Daily Brief

July 14, 1976

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Lebanon: Some Syrian forces may withdraw from Sidon beginning this morning, but they are unlikely to move out of artillery range of the harbor. (Page 1) 25X1

Arab Terrorism: [redacted] (Page 2) 25X1

EC: The EC Nine heads of government yesterday called on all nations to cooperate in combating acts of terrorism. (Page 3)

Italy: Prime minister - designate Giulio Andreotti has told US Ambassador Volpe he may try to form a smaller cabinet with some new Christian Democratic figures and technicians who have a good public image. (Page 3)

Jordan: King Husayn yesterday designated Mudhir Badran, a political and economic conservative, to succeed Zayd Rafai as prime minister. (Page 5)

Ethiopia: Troops in Eritrea reportedly are angry over the killing in Addis Ababa on Saturday of the provincial armed forces commander, and officers are discussing a move against the ruling council. (Page 6)

Notes: Cuba-Angola; Yugoslavia-USSR; Mozambique-Rhodesia (Pages 7 and 8)

FOR THE PRESIDENT ONLY



SI0061 7-78

LEBANON: Syria is apparently making the gesture of a limited pullback from Sidon largely to forestall pressure from other Arab states.

[redacted]

Sidon and will be replaced by a contingent of the Arab security force. 25X1

The Palestinians and Libyan Prime Minister Jallud, who negotiated the withdrawal, anticipate that it will facilitate the entry into Sidon of ships carrying arms for the leftists. It is doubtful, however, that Syria will move its forces out of artillery range of the harbor. In fact, Syrian forces launched an intensive artillery attack on Sidon Monday night at almost the same time that Damascus announced plans for the pullback.

25X1

[redacted]
Pal-
estinian and leftist forces are building two airstrips in southern Lebanon, just west of Nabatiyah and at Badara, to facilitate arms shipments to the leftists.

25X1

Overhead photography shows construction in these two areas that could be for airstrips. The apparent strip near Nabatiyah, although not completed, could handle large transport aircraft; the one at Badara is too short to handle more than light aircraft.

Both of these areas are vulnerable to air attack, and both could be brought within range of Syrian artillery. Nabatiyah could also be shelled from Israel.

The tight supply situation facing Palestinian and leftist forces is apparently causing bickering among them over allocation of available resources. The leader of the leftist Lebanese Arab Army charged last week that Fatah had cut off all assistance to the army [redacted]

[redacted] Libya interceded

25X1

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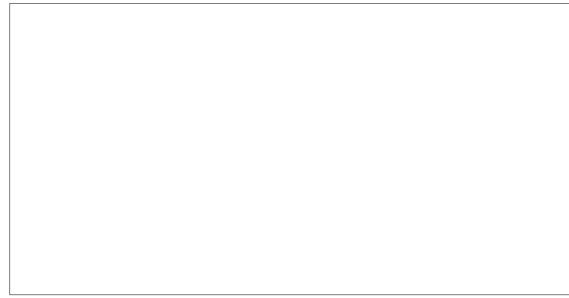
with Fatah early this month to assure a more equitable distribution of equipment.

The Arab League foreign ministers adjourned last night having agreed to little more than another call for a cease-fire and provision of non-military aid to Lebanon. They adopted a series of resolutions that appear only to paper over continued disagreements. 25X1

25X1

25X1

ARAB TERRORISM: [redacted]



25X1



25X1



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EC: The EC Nine heads of government, meeting in Brussels yesterday, called on all nations to cooperate in combatting acts of terrorism.

Largely in response to the Uganda hijacking and the subsequent UN Security Council debate, EC members are drafting a convention on the prosecution and extradition of persons who engage in terrorist acts, particularly those involving the taking of hostages.

The convention is expected to contain, among other provisions, measures to improve coordination among national police forces in dealing with terrorists, including the possibility of direct cross-border assistance.

West Germany hopes the accord will serve as a springboard for wider international action, and may introduce a formal resolution on terrorist acts involving hostages when the UN General Assembly convenes in September. Prior to this week's EC summit, Bonn had received only reluctant support from most of its Community partners, who fear a UN initiative would unnecessarily antagonize some of the Arab states.

* * *

ITALY: Giulio Andreotti yesterday was designated by President Leone to try to sort out the post-election political situation and form a government. The resignation of the Socialist Party's top leadership injects yet another note of uncertainty into the political negotiations.

Andreotti told US Ambassador Volpe last week that as prime minister - designate he might attempt to form a smaller, more streamlined cabinet that would include some new Christian Democratic figures as well as technicians with a good public image. Andreotti said he recognized that his party, perhaps faced with its last opportunity to head the government, must be prepared to take decisive steps to prove that it can govern effectively.

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The extent of government cooperation with the Communists is yet to be worked out and may be influenced by the outcome of the present leadership struggle in the Socialist Party.

Andreotti stated he had almost given up hope of attracting the Socialists back into the government. The Christian Democrats, he said, were inclined toward formation of a minority government to see them through the next few months.

The Christian Democrats have already conceded the presidency of the Chamber of Deputies and seven lesser parliamentary posts to the Communists. The Communists are likely also to receive the chairmanships of several parliamentary committees although they will probably not head any of the major ones.

In exchange for these concessions, the Christian Democrats hope the Communists will be satisfied with an indirect role in the legislative process. This would take the form of a programmatic accord in which the Communists could review the government's legislative proposals and submit counterproposals.

Should such an accommodation emerge, the Christian Democrats would probably continue to insist that the Communists remain officially in the opposition although the distinction between government and opposition would be blurred.

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--continued

JORDAN: King Husayn yesterday designated Mudhir Badran, a political and economic conservative, to succeed Zayd Rifai as prime minister, minister of defense, and minister of foreign affairs.

25X1

25X1

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ETHIOPIA: The US consul in Asmara, capital of Eritrea Province, has received reports that Ethiopian army troops in the province are angry over the execution in Addis Ababa last Saturday of General Getachew Nadew, who was the martial law administrator and armed forces commander in Eritrea.

Getachew was killed as part of a new purge of suspected opponents of the ruling military council ordered by Major Mengistu Hailemariam, the council's first vice chairman, and his supporters.

Military officers from units of the two divisions based in Eritrea reportedly have been discussing a move against the council. The war-weary troops in Eritrea are impatient with the council's inability to find a political solution to the conflict with secessionist guerrillas. Getachew was an advocate of his troops' views.

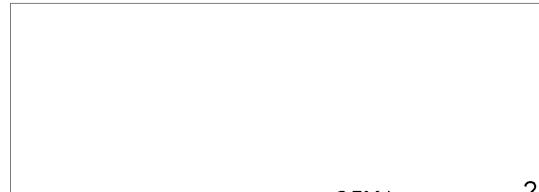
25X1

The council yesterday acknowledged the purge publicly by announcing that Getachew, a leading member of the council, and 17 others--businessmen and civil servants--had been executed for alleged antigovernment and criminal acts. The announcement also said that two council members had been arrested. There are indications that others on the council may be arrested soon.

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NOTES

The two flights from Cuba scheduled for Monday night took place according to plan, making four flights presumed to have gone to Angola in three days.

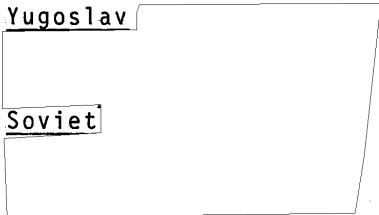


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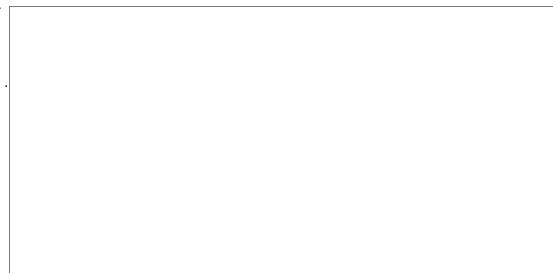
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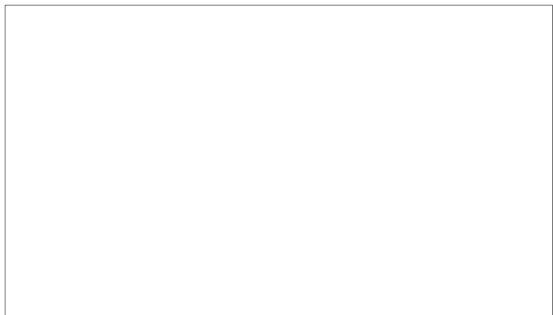
Yugoslav



Soviet



25X1



25X1



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* * *

Mozambican forces along the border with Rhodesia apparently fired an SA-7 missile at a Rhodesian aircraft last week.

Mozambique has been seeking to improve its air defense, and reportedly was recently promised additional SA-7s by the USSR. The shoulder-fired missiles could be highly effective in combating air strikes across the border by slow-flying Rhodesian planes.

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Lebanon: Palestine Liberation Organization chairman Yasir Arafat is going to Damascus tomorrow, and he may have concluded that he has to sound out the possibilities of a cease-fire with Syria. (Page 1)

Iraq-Syria: Baghdad has begun a counterinsurgency campaign in the northern part of the country against Kurdish rebels based in Syria. (Page 3)

Greece-Turkey: Tensions are increasing again between Athens and Ankara over the expected sailing of a Turkish research ship into the Aegean. (Page 3)

West Germany: Chancellor Schmidt has indicated that he prefers to discuss international issues during his visit to Washington. (Page 4)

Notes: Libya; South Africa - Zambia; Spain; Jordan (Pages 6, 7, and 8)

FOR THE PRESIDENT ONLY

Lebanon

LEBANON: *Palestine Liberation Organization leader Yasir Arafat will go to Damascus tomorrow.*

The Palestinians have shown sharp disappointment with the inconclusive results of this week's Arab League meeting, and Arafat may have decided that he has no alternative but to explore the possibilities of a cease-fire with Syria. Although the Palestinians maintained throughout the league meeting that they could not go along with a cease-fire unless Syrian forces withdrew completely from Lebanon, they apparently received little support from the Arab foreign ministers, who concentrated on how to effect a reconciliation with Syria.^{25X1}

Continued supply problems and indications of intensified disagreement over strategy within Palestinian and leftist ranks also suggest Arafat may sue for peace. [redacted]

Syria's limited pullback from Sidon yesterday would enable Arafat to negotiate with Damascus without seeming to be submitting to Syrian demands.

The Syrians may in fact have anticipated that a tactical concession on their part would facilitate Arafat's acquiescence in cease-fire talks. Syrian forces have thus far moved only to Jazzin--which is within artillery range of Sidon--and it is unlikely that they will move much farther. Sidon is the principal delivery point for arms

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shipments

25X1

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In a separate telephone conversation with Husayn yesterday, Asad said he is becoming concerned that foreign intervention in Lebanon is growing and might even include Cubans.

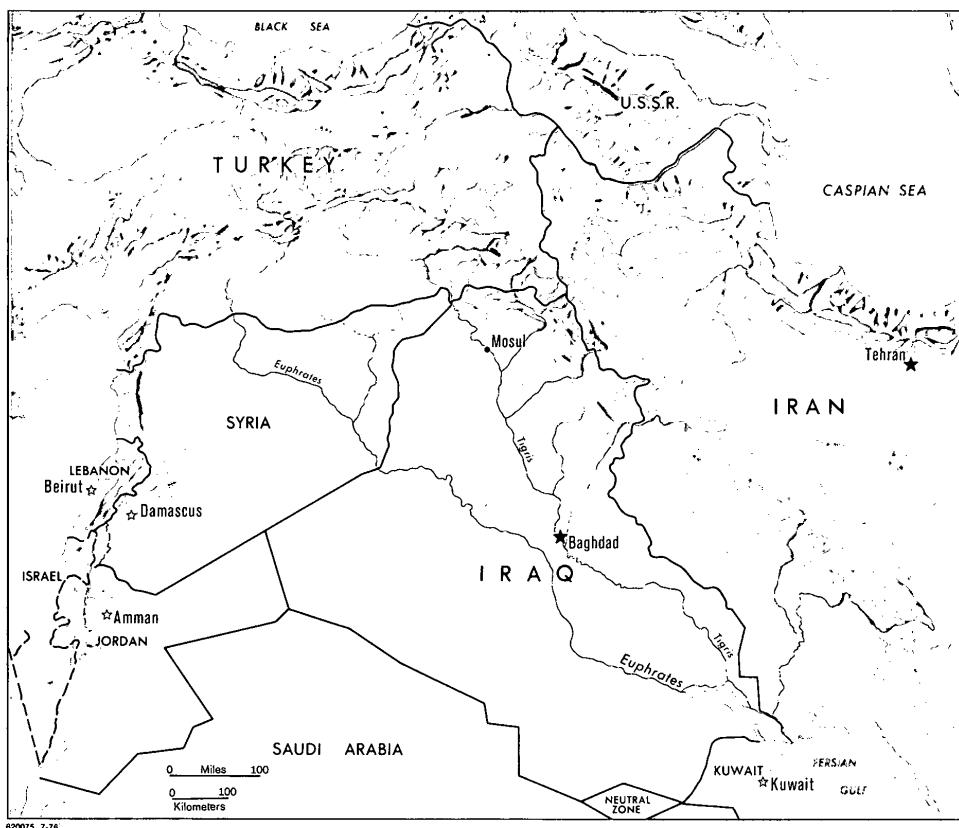
Although the conversation as relayed by Husayn indicates that Asad does not believe Cubans are in Lebanon now, he told the King that he expects Cuban involvement on the side of the PLO and the leftists.

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25X1

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IRAQ-SYRIA: Iraq has launched a counterinsurgency campaign in the northern part of the country against Kurdish rebels based in Syria, who recently have become more active.

Kurdish attacks on border posts and police stations and ambushes of Iraqi military units have led to the most serious skirmishing between Kurds and government forces since March 1975, when a major Kurdish rebellion collapsed after losing the support of Iran.

Damascus, which has supported a group of Iraqi Kurds that took refuge in Syria last year, probably is behind the recent flurry of incidents. The Syrians apparently hope Baghdad will have to pull some of its forces away from the Syrian-Iraqi border for service against the Kurds.

* * *

GREECE-TURKEY: Tensions between the two countries are on the rise again following Ankara's latest move in the war of nerves over the expected sailing of the Turkish research ship into the Aegean.

The Turkish National Security Council recommended on Tuesday that the government take steps to ensure the ship's safe conduct in Turkey's territorial waters and on the high seas. The Greek foreign minister has expressed his "great concern" to the US ambassador in Athens.

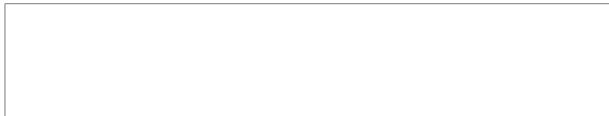
The vessel's sailing date and course remain unclear. The US consulate in Istanbul reports that the ship may be prepared to depart for the Aegean today. Turkish officials are deliberately vague on the ship's likely course but reject any implication that they intend to provoke the Greeks.

Ankara may want to make its point against Athens' exclusionary claims in the Aegean without going to the brink. A similar desire seems to exist in the Greek government. [redacted]

25X1

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25X1



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WEST GERMANY: Chancellor Helmut Schmidt commented publicly this week that US - West German relations are at a "high-point" and problem-free, and implied that he prefers to discuss international rather than bilateral issues during his visit to Washington.

Schmidt presumably will want to exchange views with you on some of the same issues he has discussed recently with European leaders. These are international terrorism--including the UN debate on this topic--the North-South dialogue, the international economic situation, the general state of the EC, and the situation in Italy.

The Chancellor said he hoped the question of an offset agreement would not come up. The last agreement to offset the costs of stationing US forces in West Germany expired in 1975. Schmidt has indicated he is not interested in negotiating a new agreement that would be similar to previous ones. He has suggested that he might be willing to conclude some kind of informal arrangement.

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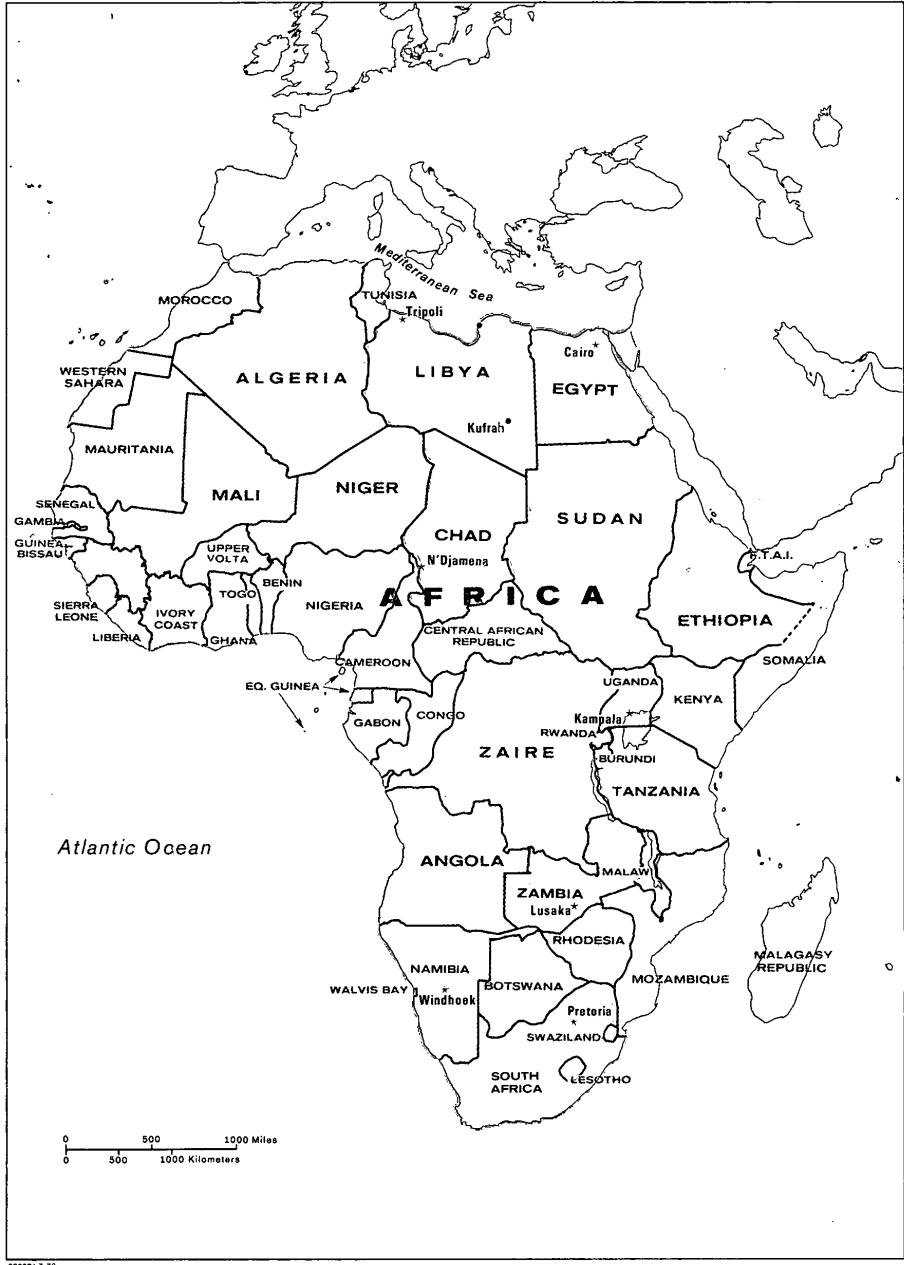
In another display of support for the democratic forces in Portugal, West Germany has given 14 more G-91 ground attack aircraft to Lisbon as part of a continuing West German effort to help modernize the Portuguese air force and strengthen Lisbon's military capability within NATO.

The transfer brings to 19 the number of G-91s the West Germans have sent to Portugal this year.

The Portuguese air force views the G-91 as only an interim addition to its inventory until Lisbon can obtain first-line aircraft from the US or other NATO allies. Lisbon's efforts to modernize its air force, however, probably will be hampered by a shortage of foreign exchange and by budgetary constraints.

A US - West German army survey team is scheduled to visit Portugal later this month. A US air force team visited Lisbon earlier this summer, and a visit by a US naval team is expected in the fall.

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NOTES

Military activity in Libya's southeastern border area has increased sharply over the past ten days.

Twenty-five C-130 flights have been made to Kufrah since July 6, compared to only five for the entire month of June.

25X1

We cannot determine whether the troop movements are related to the situation in Uganda, to strained relations with Sudan, or to supporting Libyan military activities in neighboring Chad. Libya has occupied a small zone along the northern border of Chad for several years, and skirmishes reportedly have occurred there recently. 25X1

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* * *

South African army commandos operating from South African - controlled Namibia reportedly attacked a guerrilla camp of the South-West African People's Organization in Zambia last Sunday. [redacted]

The South Africans have been concerned over a recent rash of SWAPO terrorist incidents in Namibia.

25X1

[redacted] these incidents probably were the work of guerrillas coming from Angola [redacted]

25X1

25X1

25X1

The Zambians have tried to prevent the guerrillas from using Zambian territory to stage operations into Namibia. Lusaka [redacted] recently has denounced several other alleged South African hostile actions against Zambia [redacted]

25X1

25X1

25X1

25X1

* * *

The new Spanish government passed its first parliamentary test yesterday when the Cortes approved penal code revisions needed to implement legislation legalizing political parties.

Removal of the restrictions on political activity will make it easier for the government to grant amnesty to political prisoners. Last week there were widespread demonstrations demanding amnesty for the remaining political prisoners not covered by the King's earlier amnesty decree.

The government's failure to obtain an absolute majority in the vote on the revisions suggests that it may have difficulty getting rightist support for the rest of the reform program.

Controversy arose over the lack of any specific reference to the Communist Party in the revised code. The formula approved, over rightist objections, allows the government some flexibility in deciding whether to legalize the party. This will aid the cabinet in getting the democratic opposition parties, who want all parties legalized, to participate in the planned referendum on political reforms and in the subsequent elections.

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* * *

Jordan's King Husayn
and the Royal Court apparently will assume responsibility for foreign policy in the new cabinet, despite Prime Minister Badran's appointment as foreign minister and defense minister.

The new head of the Royal Court, Abd al-Hamid Sharaf, reportedly will assist Husayn in dealing with foreign policy matters. As Jordan's ambassador to the US and later its permanent representative to the UN, Sharaf has lived in the US for the past decade. He is generally pragmatic and pro-West but is critical of the US on some Middle East issues.

Badran is likely to concentrate on domestic matters. [redacted] 25X1

[redacted] 25X1

[redacted] Husayn was careful in his shuffle of the cabinet and Royal Court positions to replace retiring East Bank ministers with younger, qualified individuals from the East Bank.

25X1

All evidence suggests that Husayn is still on good terms with former prime minister Rifai, and that Rifai will remain an important influence on the King. Husayn may calculate that Rifai's departure will allow him to repair his strained relations with Saudi Arabia and Egypt without jeopardizing his good standing with Syrian President Asad.

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Lebanon: PLO chief Yasir Arafat apparently has made his visit to Damascus conditional on Syrian withdrawal from both Sidon and Sawfar. (Page 1)

UK-Kenya: The UK will airlift considerable ammunition to Kenya this week according to the US embassy in London. (Page 3)

Egypt: [redacted]

25X1

Vietnam - Southeast Asia: Hanoi is taking a more flexible and conciliatory line in dealing with its Southeast Asian neighbors now that formal reunification of Vietnam is complete. (Page 4)

Notes: South Africa - Rhodesia; USSR (Page 6)

Lebanon

25X1

LEBANON: Palestine Liberation Organization chief Yasir Arafat apparently has made his visit to Damascus for talks conditional on Syrian withdrawal from both Sidon and Sawfar.

Syrian proposals to Arafat and the Palestinian leadership reportedly were brought from Damascus yesterday by Libyan Prime Minister Jallud. Damascus stipulated that only after relations between Syria and the Palestinians had returned to what they were in the past--presumably a reference to previous restrictions on Palestinian activity--would Syrian forces "concentrate in specific areas."

According to the reported proposals, Syria would not withdraw completely from Lebanese territory until Lebanese factions had been reconciled and the country's institutions were once again functioning. The Syrians nevertheless were willing to begin by withdrawing from Sidon and Sawfar. After this pullback, talks could take place between the Syrian government and Palestinian leaders.

The Syrian withdrawal from Sidon began Wednesday. Sudanese and Libyan contingents apparently are supervising operation of the port. Palestinian sources stated yesterday afternoon that the Syrians had also begun to pull back from Sawfar.

These gestures by Syria may be sufficient to persuade Arafat that a trip to Damascus can be undertaken without loss of face.

The full extent of the Syrian pullback is not clear. Damascus will almost certainly remain in position for a hasty return should negotiations fall through.

Syria probably feels it can lose nothing by making an effort to probe Arafat's willingness to reach an accommodation.

Whether Arafat can bring the rest of the Palestinians, let alone the

--continued

leftist Lebanese leadership, along with him should he reach an understanding with the Syrians remains to be seen.

[redacted] 25X1

Syria meanwhile shows no disposition to relax its pressure on leftist and Palestinian forces in the Tripoli area.

[redacted] Syrian forces are tightening the ring around Nahr al-Barid refugee camp north of Tripoli, possibly in preparation for an assault.

[redacted] 25X1

[redacted] 25X1

A leftist Beirut newspaper reports the USSR has suspended shipments of arms, ammunition, and spare parts to Syria until the Syrians withdraw their troops from Lebanon.

We have no confirmation of this report, and we view it with skepticism. The Soviets have refused to provide Damascus with emergency financial assistance to support the intervention. We doubt they would go so far as to cut off all arms shipments, although they might delay some shipments to indicate their displeasure.

Moscow recently approached Damascus for expanded naval and air facilities in Syria. Cutting off arms supplies would leave the Soviet

--continued

Union little chance of obtaining these facilities and might jeopardize those now available to Moscow.

* * *

UK-KENYA: The UK will airlift considerable ammunition to Kenya this week, according to the US embassy in London.

The shipments--to include 50,000 anti-aircraft rounds, 3,000 mortar rounds, and 30,000 cannon rounds for Nairobi's Hawker Hunter fighters--will bolster Kenya's air defense and anti-armor capability against Uganda's larger, more heavily equipped forces.

The UK reportedly delivered more than 100 howitzers to Kenya earlier this month. These may be part of the \$46 million military assistance package that has been under negotiation for several months.

London wants to restrict news of the airlift so as not to jeopardize the safety of some 500 British nationals resident in Uganda. Some British citizens are reportedly leaving, but there is no indication that all are trying to do so. The Callaghan government would be likely to take a stronger stand toward Uganda if the British community could get out on its own.

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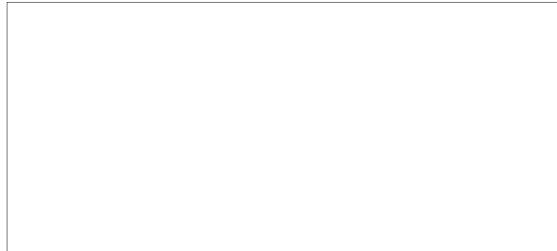
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EGYPT: [redacted]



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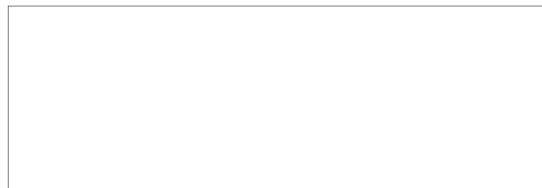
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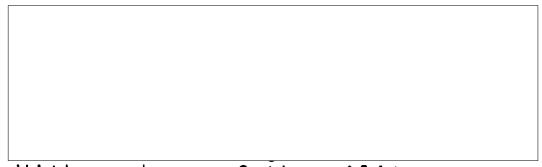
Apparently as a means of keeping the military completely divorced

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from politics, the People's Assembly this week passed a government-sponsored bill that disenfranchises the military and the police. Presidential and parliamentary elections are scheduled for October.



25X1



25X1

With members of the military now deprived of the vote as a means of communicating their grievances, some of them could be tempted to use extra-legal means.

* * *

VIETNAM - SOUTHEAST ASIA: Hanoi is taking a decidedly more flexible and conciliatory line in dealing with its Southeast Asian neighbors now that formal reunification of Vietnam is complete.

Remarks by Vietnamese officials suggest that Hanoi may even be softening its rhetorical support for insurgencies in neighboring countries.

Vietnam's new "moderation" already has produced some limited commitments of economic assistance from its neighbors. The Vietnamese would like to reduce their reliance on the USSR and China and probably calculate that a more pragmatic approach might even pave the way for eventual assistance from the US.

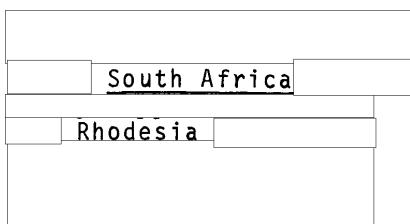
The joint Vietnamese-Philippine communique issued in Manila Monday indicates that Hanoi has tempered

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and in some cases eliminated demands that had frustrated past negotiations. Hanoi has, for example, dropped its demand for the return of war materiel brought into the Philippines shortly after the fall of Saigon.

The Manila communique also promises that neither party will permit its territory to be used for "aggression" against the other. Manila may think this provision strengthens its argument in the current renegotiation of the US bases agreement that Filipinos should be given veto power over US military activities staged from the bases.

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NOTE
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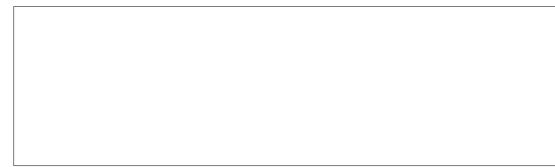
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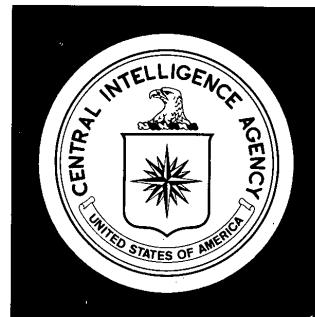


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Soviet naval strength
in the Mediterranean,
which had risen to over
70 units last month,
has returned to a nor-
mal level.

There are now about 50 ships and submarines in the Mediterranean, somewhat below the usual level. The high number of Soviet naval units in the Mediterranean last month was attributable to a series of exercises held in the area, extensive turnover operations as new units arrived to replace others due to return to the USSR, and Soviet surveillance of US naval activity in the eastern Mediterranean during the evacuation of US civilians from Lebanon.

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July 17, 1976

Table of Contents

USSR-Syria-Lebanon: Moscow is moving toward more overt support for the Palestinians and also is becoming more openly critical of Syrian intervention in Lebanon. (Page 1)

Lebanon: Extensive Palestinian and leftist demands are precluding the opening of any negotiations. (Page 2)

Iraq-Syria: The number of Iraqi troops in the border area opposite Syria is now approximately 70,000. (Page 4)

Sudan - Egypt - Saudi Arabia: Presidents Numayri and Sadat, who are visiting Saudi Arabia, probably will seek support to shore up Numayri's domestic position. (Page 5)

Egypt: President Sadat has overruled his key economic advisers and decided to postpone economic reforms recommended by the International Monetary Fund. (Page 5) 25X1

South Africa: [Redacted]

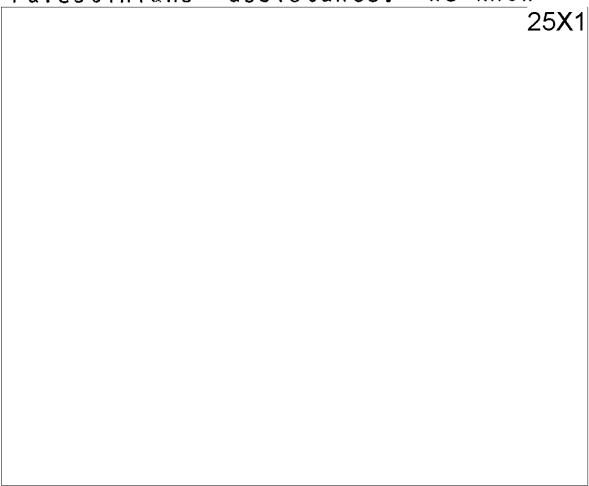
Notes: China; Kenya-Uganda; Kuwait-USSR; Jamaica; Panama
(Pages 8, 9, 10, and 11)

FOR THE PRESIDENT ONLY

USSR-SYRIA-LEBANON: An undramatic but perceptible public adjustment in Soviet policy toward Syria, the Palestinians, and the Lebanese crisis has been under way for several weeks. The direction is clearly toward more overt support for the Palestinians and a still muted but increasingly open criticism of Syrian intervention.

The decline in the fortunes of the Palestinians since the Syrian intervention has resulted in increased pressure on Moscow to come to the Palestinians' assistance. We know

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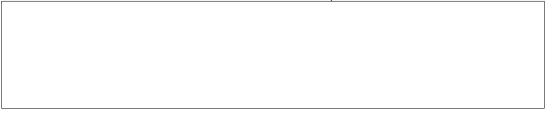
The Soviets also have made some political gestures and have increased indirect press criticism of Syria. So far the criticism has been expressed as the position of third parties or in journals or newspapers without the highest authoritativeness.

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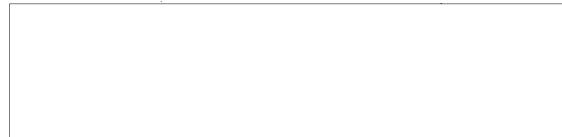


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Lebanon

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Moscow obviously is fearful that Asad will destroy the Palestinians as an independent political factor in the Middle East, thereby depriving Moscow of one of the few remaining cards in its Middle East hand. But the Soviets probably would be highly reluctant to mortgage their considerable investment in Syria to support the Palestinians, about whom they have long had ambivalent feelings--especially if there is no guarantee that they can, in fact, save the Palestinians.

* * *

LEBANON: *Palestine Liberation Organization* chairman Yasir Arafat refused to go to Damascus yesterday. The extensive demands being made by Palestinian and leftist leaders are effectively precluding the opening of any negotiations.

After meeting with Arafat on Thursday, the Palestinians announced that he would refuse to begin talks until Syria had proved its good will by withdrawing completely from the south and the Mount Lebanon area and until a satisfactory agenda had been agreed on. Other leftists added that Syria also must withdraw from Balabakk and Tripoli before a dialogue could occur. The Palestinians left open the possibility of sending a lower level delegation to work out an agenda, but there has been no reaction from Damascus.

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[redacted] It is doubtful that the Syrians are eager to get involved in a potentially costly attack on west Beirut, although they may at some point encourage the Christians to hit selected targets.

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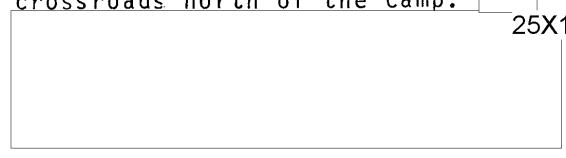
Although military activity throughout Lebanon yesterday was generally low, the Syrians seem to be staying put.



Syrian forces remain near Sawfar--the immediate cause of Arafat's refusal to talk--and that they are still concentrated in the area of Jazzin, only 12 miles from Sidon.

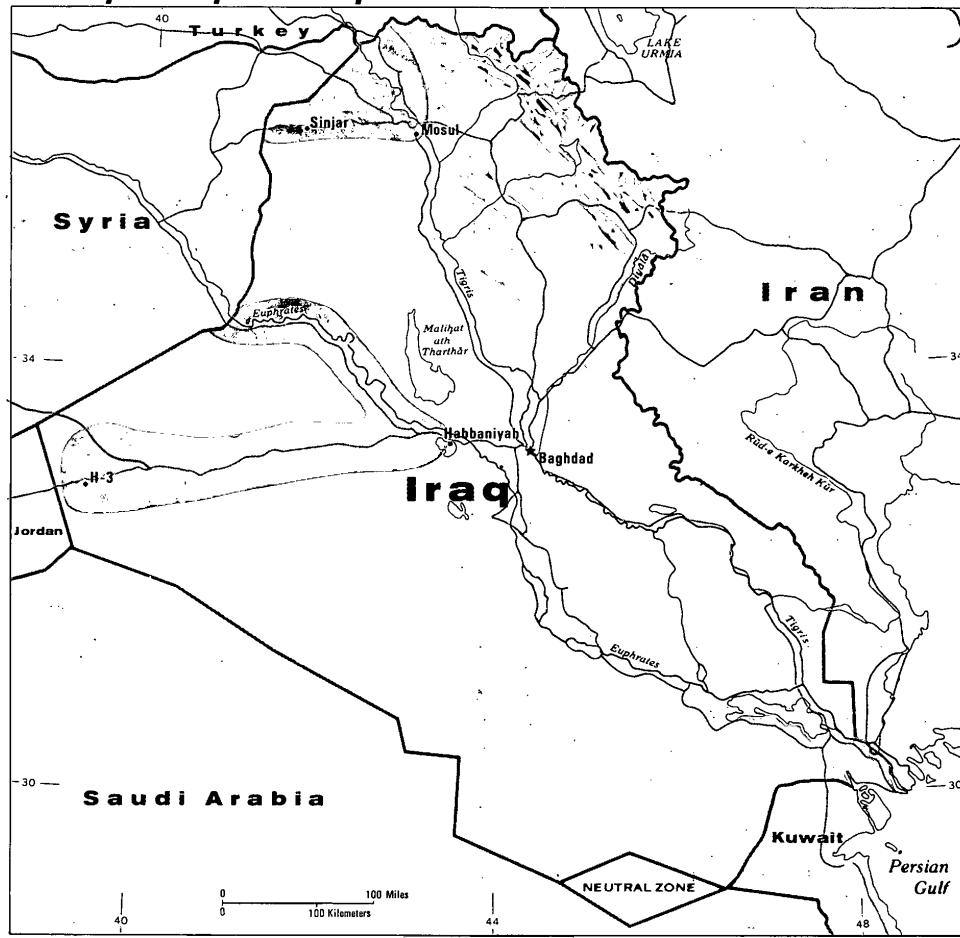
The heaviest fighting was in the north, where the Syrians have surrounded the Nahr al-Barid refugee camp near Tripoli and captured a crossroads north of the camp.

[redacted] 25X1



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Iraqi Troop Buildup



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In a talk with Ambassador Murphy on Thursday, Syria's deputy prime minister for economic affairs made it clear that the Lebanese crisis has put a severe strain on Syria's economy.

Perhaps as many as half a million Lebanese refugees have fled to Syria. The minister also noted that there have been acute shortages of bread, rice, and sugar throughout Syria, some of which have been caused by Lebanese briefly entering Syria to stock up on provisions.

* * *

IRAQ-SYRIA: *Baghdad is continuing to build up its military strength in western Iraq.*

Over the past three weeks, more than 20,000 troops have been shifted to areas west of the capital. These movements bring the number of troops in the border area opposite Syria to approximately 70,000, where only some 20,000 are normally stationed. The forces remain along the three main roads leading into Syria.

The westward deployments, which began over a month ago, may have been designed to force Damascus to reduce its pressure on Palestinian forces in Lebanon and to increase domestic opposition to President Asad. Although these objectives evidently have not been achieved, the deployments have placed Iraqi forces in a position to take military action with little warning.

* * *

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SUDAN - EGYPT - SAUDI ARABIA: Presidents

Numayri and Sadat, who begin a visit to Saudi Arabia today, probably will discuss with Saudi leaders a common course of action to shore up Numayri's position in the wake of the abortive coup against him in early July. The coup attempt apparently was backed by Libya, and there also may be discussions on what to do about Libya's "activism."

Sadat and Numayri are likely to play on Saudi fears that the ouster of the present government in Khartoum would eventually lead to a radical leftist regime and enhance Soviet influence throughout the western Red Sea littoral.

Numayri probably would like to try to ensure the backing of the Sudanese military by obtaining modern weapons to replace aging Soviet-supplied arms. A Saudi handout of cash or more aid for development projects would further buttress Numayri's domestic position. Egypt also might be willing to provide limited military assistance to Sudan, but Sadat probably is more immediately interested in discussing what to do about Libyan President Qadhafi.

Cairo has been hinting broadly in public that it might be planning some operation against Qadhafi,

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Sadat may well explore with the Saudis the advisability of, and the financing for, some sort of operation against Qadhafi.

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EGYPT: Overruling his key economic officials, President Sadat has decided to postpone economic reforms recommended by the International Monetary Fund, at least until after the parliamentary election in October. Sadat fears his radical opponents would try to capitalize on any disruptions caused by the reforms.

Under the agreement with the IMF, worked out over the last six months by Egypt's economic and financial ministers, the Fund was expected to provide \$300 million in loans and to support Egypt's aid requests to other donors. In return, the Egyptians were to implement in July a reform package highlighted by a managed downward

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float of the overvalued Egyptian pound. The IMF disbursed an initial \$108 million to Cairo in June, expecting it to be used to combat speculation against the pound when the float took place.

Sadat's decision dims prospects for additional aid this year from the IMF or other potential lenders. Saudi Arabia--Cairo's last resort for cash aid--has been critical of Egyptian financial practices and may hold back further assistance until reform measures are actually undertaken.

We are uncertain how Sadat expects to get through the next few months. Cairo has only enough gold and foreign exchange on hand to finance two weeks' imports. With no additional aid in sight, Egypt may be forced to survive largely on high-cost, short-term loans until November, when cotton sales boost foreign exchange receipts.

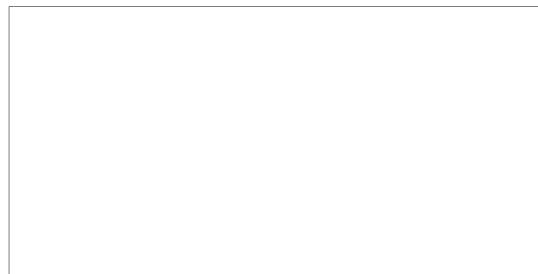
Sadat's reversal raises serious questions about his grasp of Egypt's economic situation. It may also be another indication of leadership difficulties in Cairo. Egypt's foreign and defense ministers are attempting to tone down Sadat's pro-US policies in order to patch up relations with the USSR.

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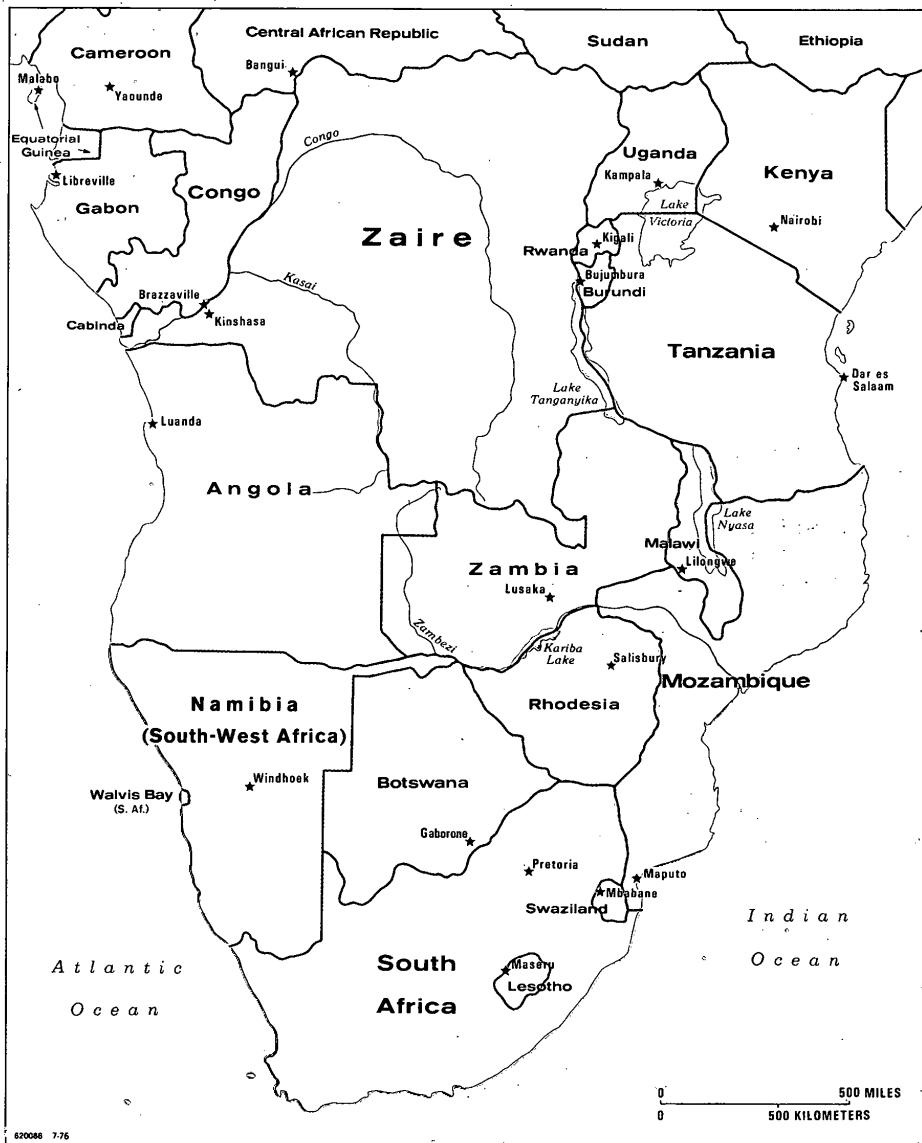
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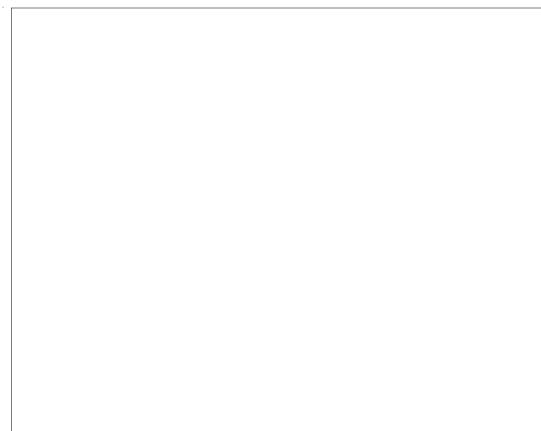
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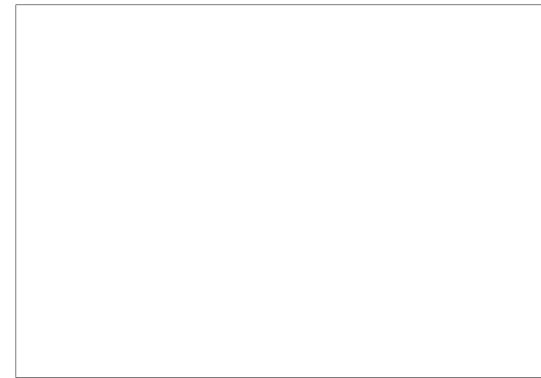
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NOTES

The death last week of the commander of Chinese forces in Fu-chou Military Region, as well as bad weather, caused a temporary halt in military exercises near the southern entrance to the Taiwan Strait. The commander was apparently killed in an airplane accident.

The Chinese have been conducting unusual air and naval training near the mainland coast opposite Taiwan since early May. The departure of some naval ships for their normal operating areas in early July had raised the possibility that the military exercises opposite Taiwan were ending. A subsequent increase in air and ground activity, however, indicates that the exercises are continuing.

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British officials fear that leaks about new arms aid to Kenya may impel Uganda's President Amin to retaliate against British subjects in Uganda or make more threatening moves against Kenya before the aid arrives.

British officials see no way to protect some 500 British subjects in Uganda. Prime Minister Callaghan told critics in Parliament on July 15 that the British in Uganda would have to make their own decision to leave or remain.

Amin may well step up his verbal condemnation of Kenya, but he probably will avoid a major military attack. If he does decide to retaliate, he is more likely to order limited cross-border air or ground raids. Constraints on Amin include a fuel shortage brought about by Kenya's partial blockade of petroleum supplies and the general inefficiency of his armed forces.

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* * *

Kuwait's deputy prime minister this week told the US ambassador that Kuwait has agreed to purchase \$300 million worth of Soviet weapons.

The agreement would be Kuwait's first major arms deal with a communist country. It also would mark Moscow's first entrance into the lucrative Persian Gulf arms market.

The Kuwaiti official said that the decision to buy Soviet weapons was made to counter National Assembly criticism of the concentration of Kuwait's arms purchases in the West. Nevertheless, he said Kuwait would continue to rely on the West for major defensive weapons systems and military training. Kuwait already has a Hawk surface-to-air missile system on order from the US.

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[redacted] The deputy prime minister stated that most of the advisers needed to train Kuwaitis to use their new weapons would come from Egypt and Syria in order to keep Soviet advisers at a minimum.

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Jamaica

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ama [redacted] Pan-

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A leading newspaper this week
headlined charges that US planes
had fired on Panamanian troops
near the Canal Zone. Another pro-
vocative article alleged that two
Panamanian students arrested for
trespassing in the Zone had been
abused at their court hearing.

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Both stories seem groundless. The
US flights, for example, were rou-
tinely cleared by Panamanian au-
thorities. Moreover, National
Guard officers have told US offi-
cials privately that there were no
air attacks. [redacted]

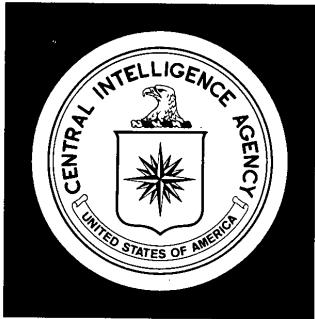
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[redacted]
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Torrijos probably is trying to dis-
tract restless students and other
ultra-left groups who recently
have increased their criticism of
him for the lack of tangible prog-
ress in the canal treaty negotia-
tions.

Top Secret

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The President's Daily Brief

July 19, 1976

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Table of Contents

USSR-Syria: [redacted]

[redacted] 25X1

Lebanon: The Palestinians are still refusing to negotiate with the Syrians until Damascus withdraws its troops from central and southern Lebanon. Military activity was relatively light over the weekend. (Page 3)

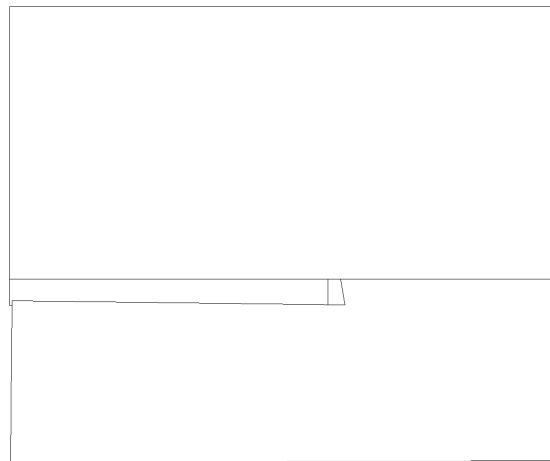
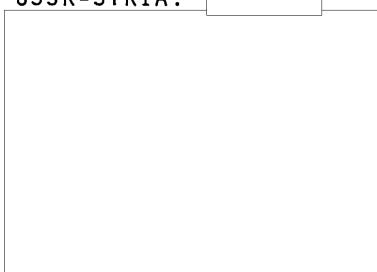
Notes: Egypt; French Territory of the Afars and Issas; USSR; Ethiopia; China (Pages 5, 6, and 7)

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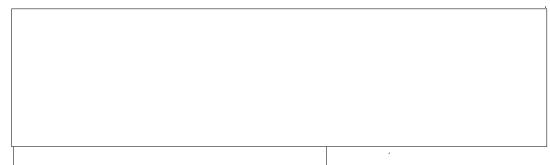
USSR-SYRIA: [redacted]



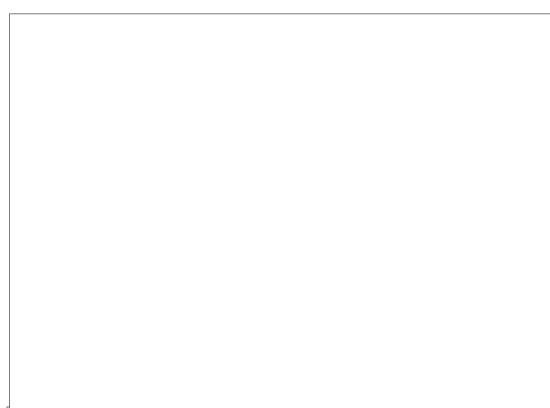
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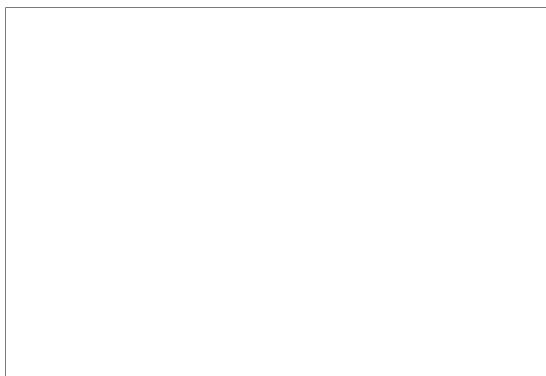
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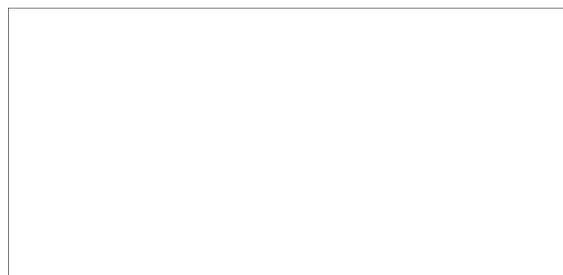
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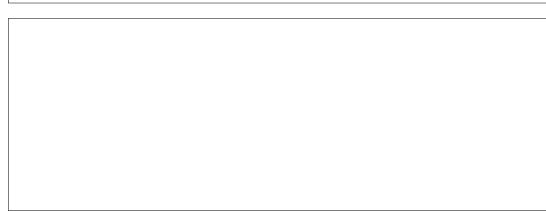
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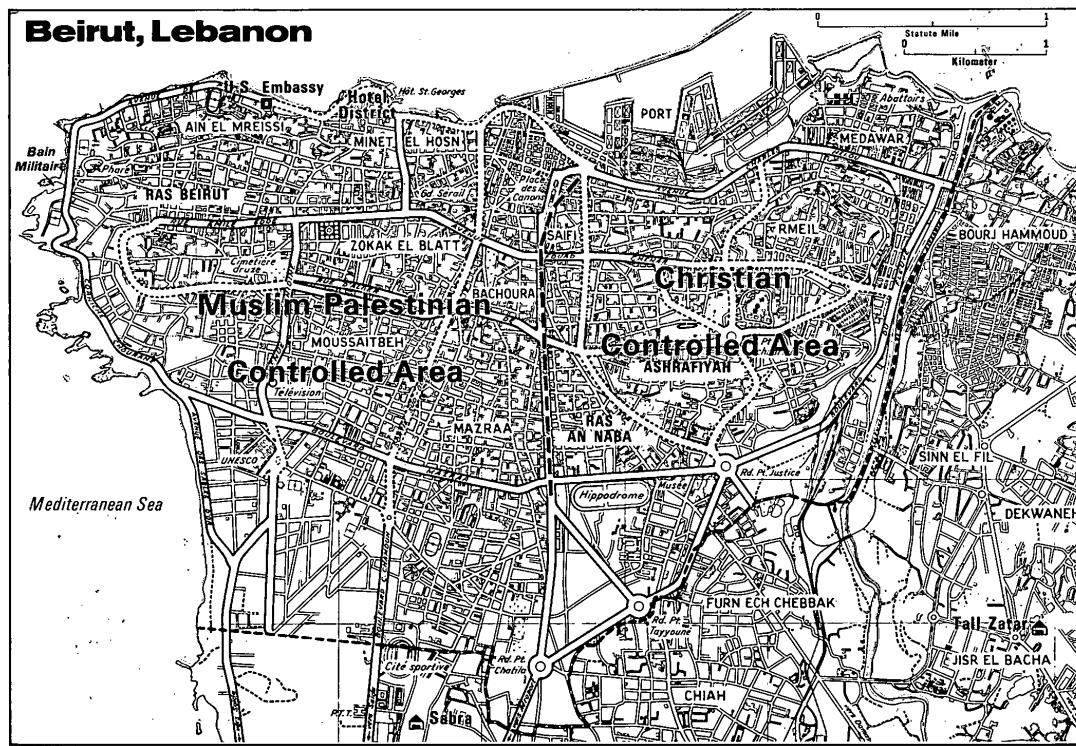
LEBANON: Palestinian leaders this weekend reiterated that they will not negotiate with Damascus until the Syrians honor their agreement to withdraw their troops from southern and central Lebanon.

The Palestinians' intransigence appears to have set the stage for Christian and Syrian troops to follow through with a new coordinated military plan that was mapped out last week. The Christian delegation that went to Damascus last week to draw up the plan reportedly received final approval from Christian leaders over the weekend and returned immediately to Syria to ask that the plan be implemented this week.

The plan reportedly calls for the Christians to open the road to Zahlah and to expand their control of east Beirut, while the Syrians tighten their blockade of Palestinian and leftist strongholds in the north. The Syrians also would interdict access routes to central Lebanon leading to leftist-controlled territory south of Beirut.

The plan then proposes a joint advance on west Beirut. US officials in the capital believe, however, that this attack would only involve an attempt to gain control of the hotel district and to establish a narrow corridor along Beirut's northern coastal perimeter.

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620092 7-76

The announcement of the US evacuation--coupled with the collapse of mediation efforts and fears of new Syrian military moves--has prompted widespread rumors that a major attack on west Beirut will coincide with the evacuation. We have no evidence, however, that either the Syrians or the Christians are planning any action that would directly jeopardize the evacuation.

Military activity remained light in most of the country over the weekend.

Most of the rumors stem from an article published over the weekend in a pro-leftist Beirut newspaper alleging that the Syrians and the Christians--with the US Sixth Fleet providing a barrier to Soviet intervention--plan to launch a final attack on the Palestinians and leftists tomorrow, just after the US evacuation is completed.

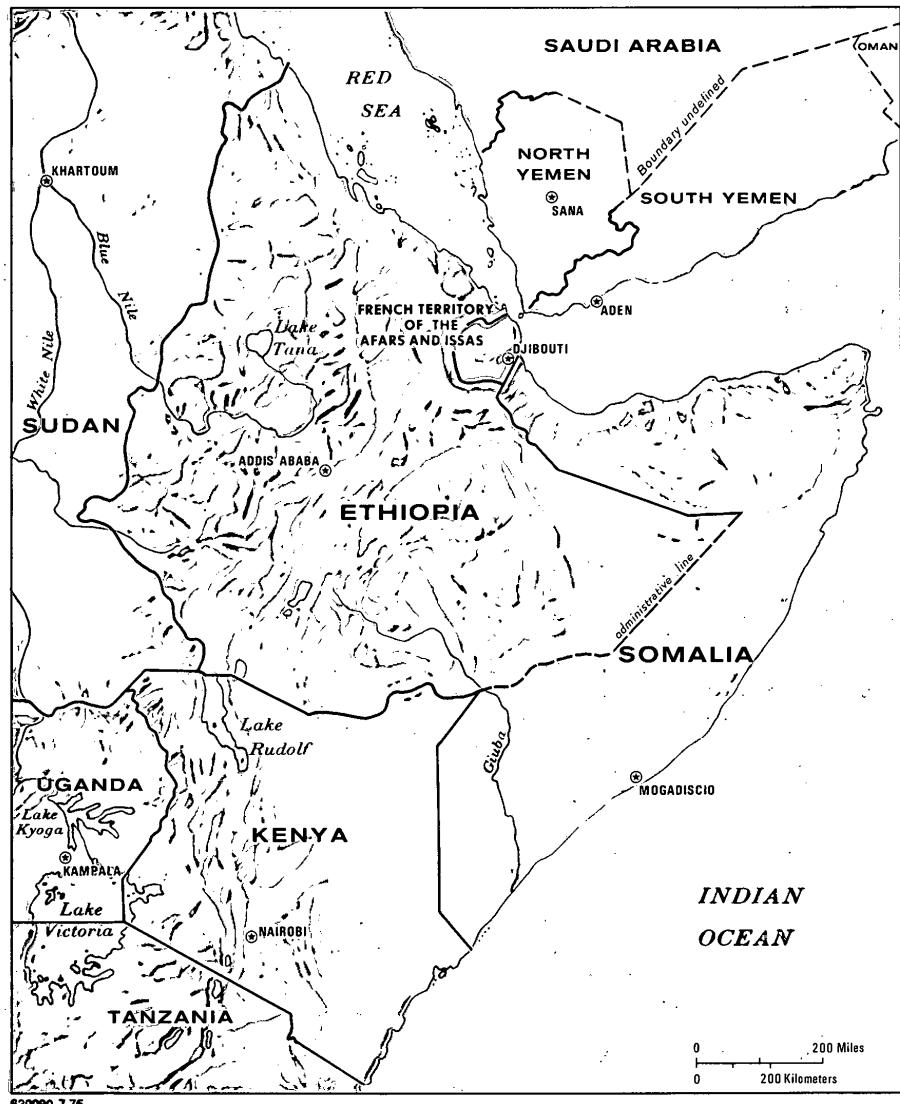
In an apparent show of concern for the safety of US and other foreign nationals, the official Palestinian news agency yesterday denied allegations of US involvement. Nonetheless, the rumors probably are generally accepted by undisciplined Lebanese and Palestinian radicals, who pose the greatest threat to the evacuees.

Fighting continued around Tall Zatar refugee camp yesterday, but there was relatively little action along the other major confrontation lines in Beirut. The Palestinians reportedly expect the Christians to try to silence the artillery fire coming from Sabra refugee camp, which is just north of the airport and close to the main highway.

In central Lebanon, there are indications that the Syrians are already carrying out their part of the new military plan. Unconfirmed press reports claim the Syrians may have even moved more forces across the border to reinforce their positions along the Beirut-Damascus highway. The Syrians apparently have dropped all pretense of carrying out their pledge to withdraw from Sawfar.

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The Horn of Africa



NOTES

Egypt is receiving some badly needed economic assistance from other Arab states.

Finance ministers from Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates met in Cairo Saturday and agreed to a draft proposal for a Saudi-sponsored fund of \$2 billion over the next five years to bolster Egypt's economy. Egypt reportedly will not be allowed to draw at will from the fund, but will be able to borrow elsewhere, using the fund as collateral, to meet its immediate foreign exchange needs. Cairo has only enough foreign exchange on hand to finance two weeks' imports. Without immediate aid, Egypt will have to rely heavily on high-cost, short-term loans.

The finance ministers apparently approved the new aid fund in disregard of Egypt's postponing economic reforms recommended by the International Monetary Fund as a condition for IMF support for other international borrowing.

* * *

The resignation on Saturday of Ali Aref Bourhan, the Afar president of the local government in the French Territory of the Afars and Issas, opens the way for the creation of a broad-based coalition in Djibouti.

Aref opposed the agreement that the French recently worked out among the three major political groups in the FTAI. The agreement will give a greater political role to the Issas and other ethnic Somalis who constitute a majority of the population.

In Aref's view, Issa domination is the first step to the annexation of the territory by Somalia. The French, however, are betting that stability is more likely to prevail in the pre- and post-independence period if the government is dominated by Issas. A referendum on independence probably will be held next March.

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The Kiev, the first unit of a new class of Soviet aircraft carrier, entered the Mediterranean yesterday on its first operational voyage.

This trip probably is a show-the-flag mission, possibly related to the situation in Lebanon. If it follows the pattern set by the helicopter carrier Moskva on its first voyage, the Kiev will operate in the Mediterranean for about six weeks.

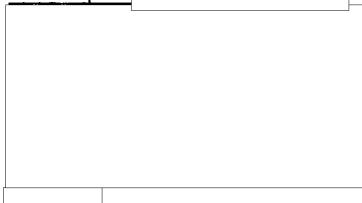
The Kiev is equipped to carry short take-off aircraft and helicopters, and has a variety of anti-submarine sensors and weapons. Two anti-submarine warfare helicopters are now on the deck of the Kiev. The ship has short- and long-range anti-submarine rocket launchers and possibly torpedos. It also has surface-to-air missiles and probably an anti-ship missile system.

The Kiev-class will be no military match for US attack carriers, but this fact could be lost on all but the most sophisticated observers in the third world.

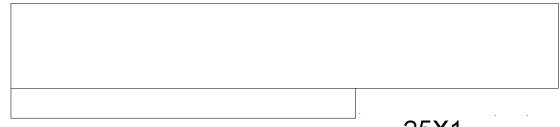
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Ethiopia [redacted]



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In China, the deterioration of Chairman Mao's physical condition apparently has brought the People's Liberation Army closer to the political center stage.

The radicals and moderates both recognize that the military establishment can exert considerable, if not decisive, influence on the outcome of the current infighting. The deeper the PLA's involvement, however, the more likely it is that military factionalism will grow within its own ranks. Military men may eventually emerge with a larger^{25X1} voice in China's political process.

[redacted]
many in the PLA--including PLA leaders in the provinces--appear to be unenthusiastic about the radicals.

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The radicals' best prospect for support probably is among officers in the military regions and districts whose careers have suffered as a result of efforts by moderates to separate them from involvement in local civilian affairs.

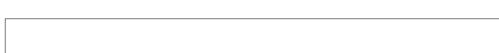
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Lebanon: Military activity throughout the country was generally low yesterday. Egypt, Libya, and Iraq continue their efforts to tranship arms and Palestinian volunteers to Lebanon. (Page 1) 25X1

Syria-Iraq: Iraqi forces in western Iraq reportedly were to conduct exercises between July 17 and 20 and then withdraw from the border. (Page 2) 25X1

Saudi Arabia - Syria - Jordan: [redacted]

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Egypt-Libya-Sudan: [redacted]

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Saudi Arabia: [redacted]

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[redacted]

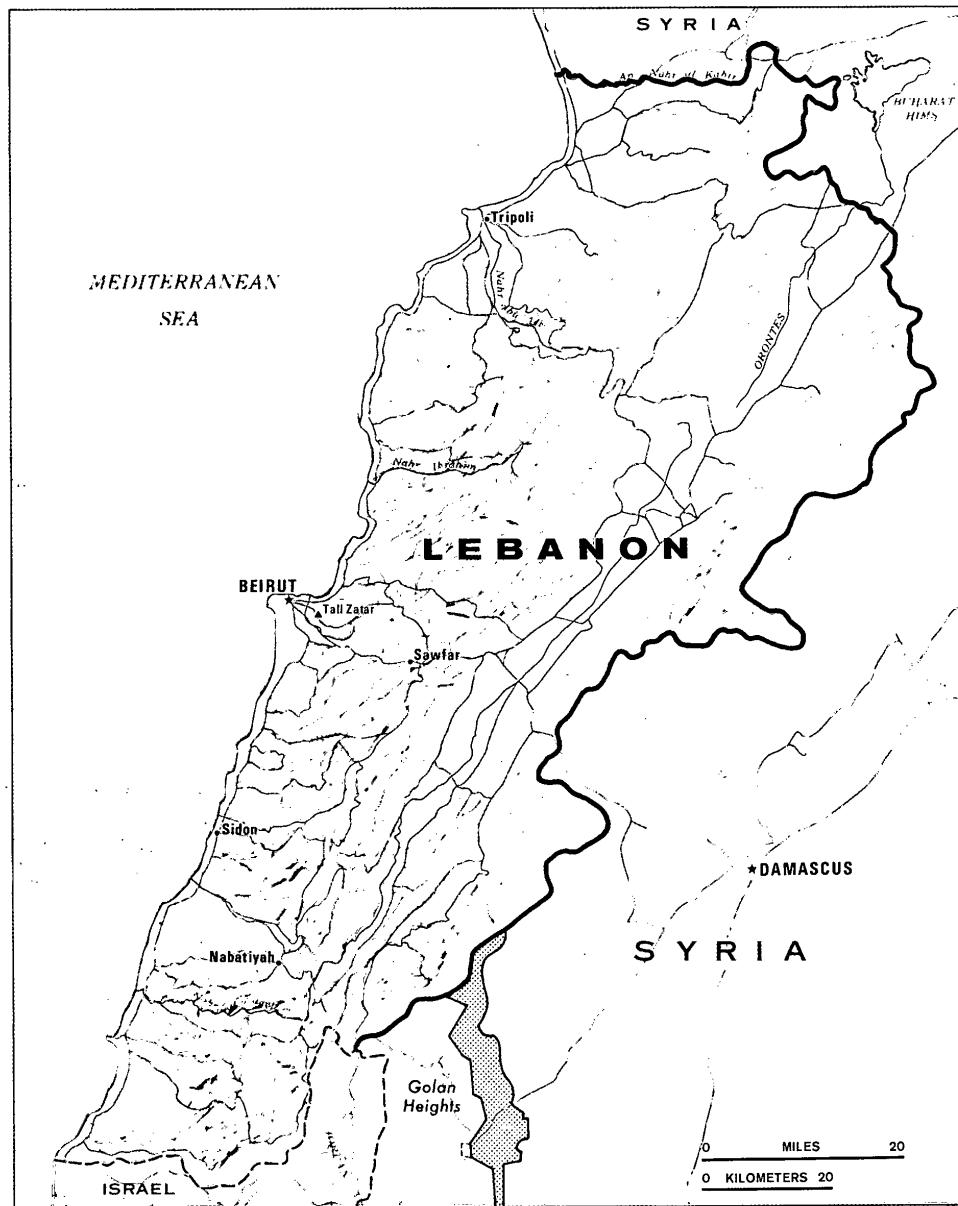
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Notes: USSR-India; Angola-Cuba (Page 6)

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FOR THE PRESIDENT ONLY



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FOR THE PRESIDENT ONLY

LEBANON: Military activity throughout the country was generally low yesterday.

Fighting continued at Tall Zatar refugee camp in east Beirut. Syria yesterday repositioned and reinforced its troops near Sawfar [redacted]

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Palestine Liberation Organization chief Yasir Arafat did not spell out the nature of the problem that impelled him to warn US embassy officers that the proposed route for the evacuation convoy was unsafe.

He did refer to the presence of a contingent of the Popular Front for the Liberation of Palestine--a radical fedayeen group--in one of the villages along the route and to the killing of three Libyans in the Arab League peacekeeping force.

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Egypt, Libya, and Iraq are continuing their efforts to transship arms and Palestinian volunteers to Lebanon.

Another Iraqi AN-12 that may be carrying arms for transshipment to Lebanon is due to arrive in Cairo today.

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FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

The Soviet aircraft carrier Kiev has joined the main body of Soviet surface warships at an anchorage south of Crete.

These ships include the helicopter carrier Leningrad, two Kara-class cruisers, a destroyer, and a frigate. They have been joined by the command cruiser of the Mediterranean Squadron.

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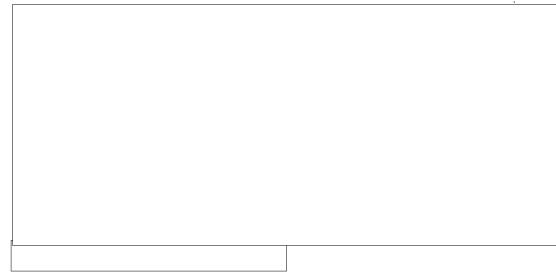
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SYRIA-IRAQ: [redacted]

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Iraqi forces in western Iraq were to conduct military exercises between July 17 and 20, and that all but one of the Iraqi divisions were rumored to return afterward to their normal home garrisons.



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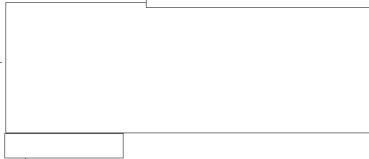
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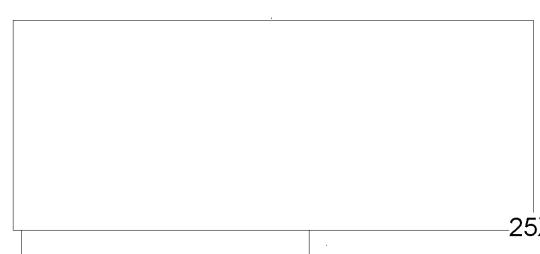
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SAUDI ARABIA - SYRIA - JORDAN: [redacted]



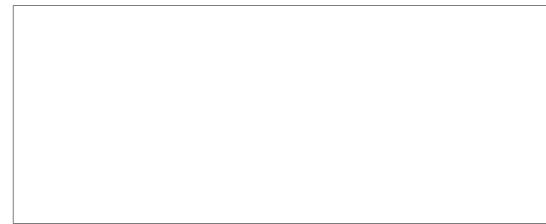
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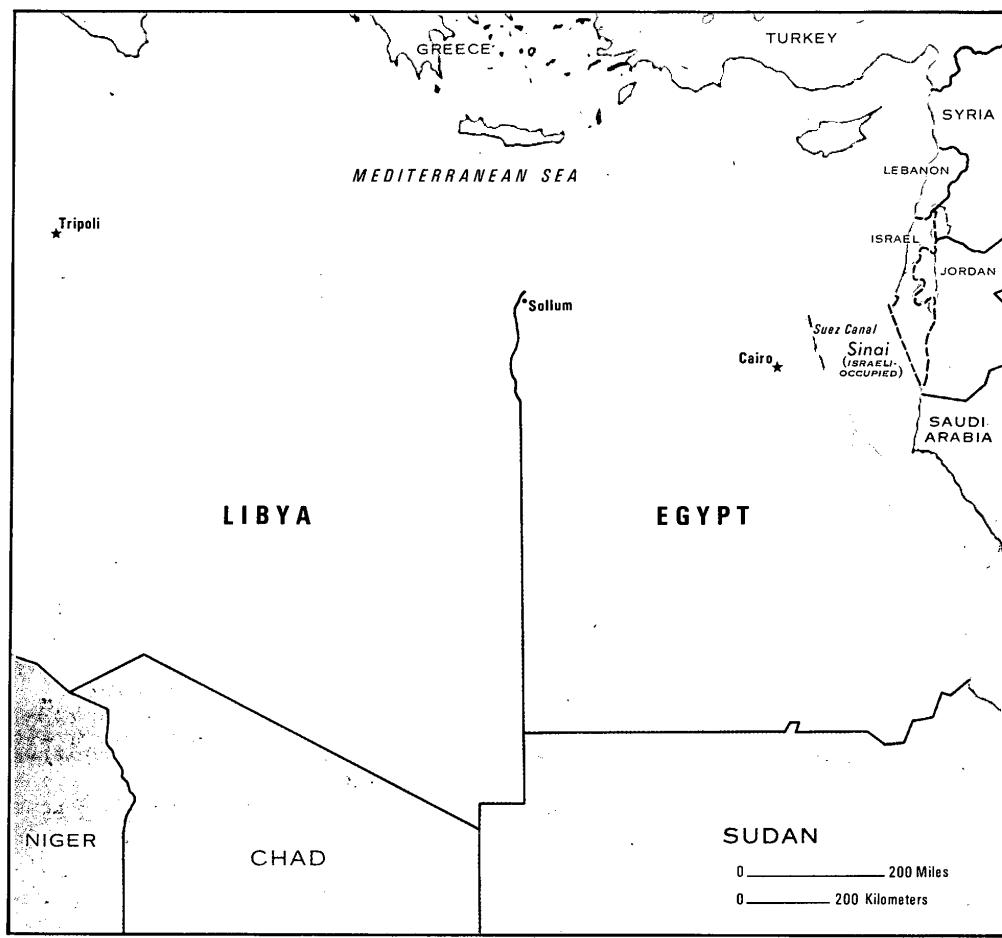
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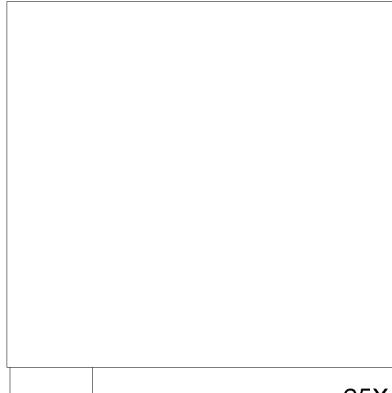
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EGYPT-LIBYA-SUDAN:



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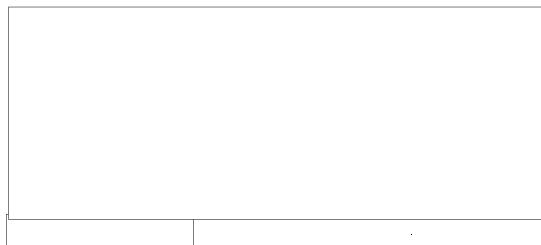
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[redacted] an SA-6 surface-to-air missile brigade deployed from the Suez Canal area to the Libyan border area over the weekend. In addition, overhead photography and

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[redacted] at least a battalion-sized infantry unit has left the Suez Canal for Sollum, on the Mediterranean coast near the border. Before this move, Egyptian ground forces opposite Libya probably consisted of two lightly armed regiments of frontier troops.

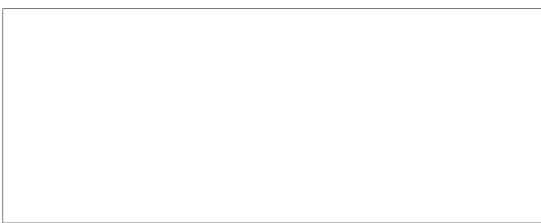
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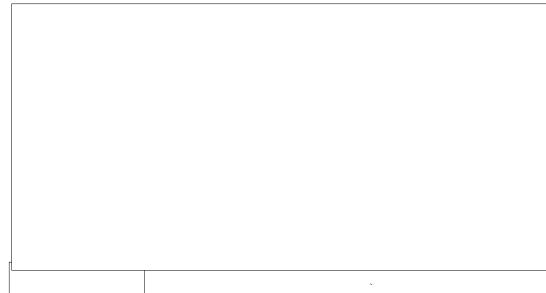
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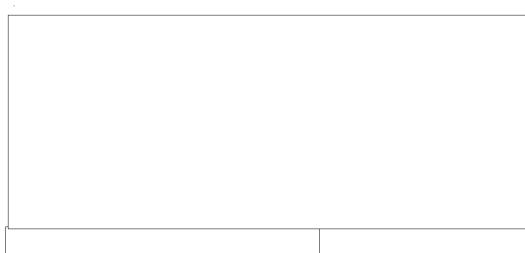
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SAUDI ARABIA: [redacted]

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[USSR]
[India]

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* * *

Angolan President Neto
apparently will be the
guest of honor at Cuba's
National Day ceremonies
in Havana on July 26.

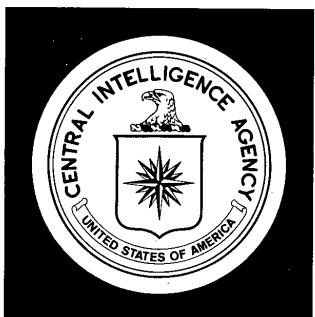
Press reports to that effect are
supported [redacted] 25X1

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Castro evidently plans to make An-
gola the principal subject of his
annual address. He is almost cer-
tain to blast the US for allegedly
supporting Neto's opponents, as
well as for vetoing Angola's admis-
sion to the UN.

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July 21, 1976

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

July 21, 1976

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Syria - Saudi Arabia - Egypt: [redacted]

[redacted] 25X1

Lebanon: Another bid to get a Syrian-Palestinian dialogue started has failed. There was sharp fighting in several sections of Beirut yesterday. (Page 2)

USSR-Syria: There is some evidence that Moscow is continuing to send military aid to Syria. (Page 4)

Egypt-Libya: Border tension continues between the two countries. 25X1
(Page 4)

Rhodesia: [redacted]

[redacted] 25X1

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Notes: Kuwait; Poland (Page 6)

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At Annex, [redacted] Australia [redacted]

[redacted] 25X1

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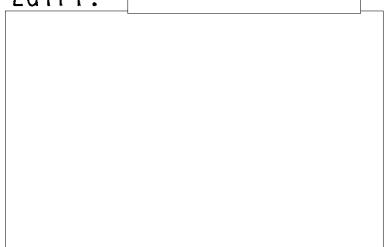
FOR THE PRESIDENT ONLY

SYRIA - SAUDI ARABIA -
EGYPT: [redacted]

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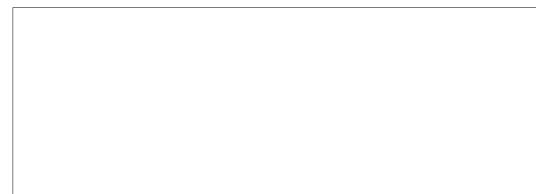
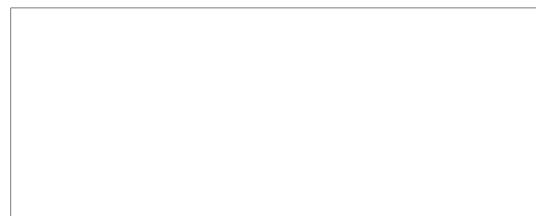
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LEBANON: Another attempt to arrange a Syrian-Palestinian dialogue has fallen through.

Faruq Qaddumi, who serves as Yasir Arafat's chief adviser on foreign affairs, was supposed to have flown from Beirut to Damascus yesterday to discuss Libyan Prime Minister Jallud's latest peace proposal. Qaddumi was to have carried the conditions on which the leftists and Palestinians will insist before they will allow a meeting between Arafat and President Asad. Qaddumi reportedly turned back shortly after his departure.

The recall of Qaddumi may have been tied to press reports the Syrians had told Jallud that the Palestinians must agree to implement the Cairo accords of 1969 under Damascus' control before Syrian forces would withdraw from Sawfar and southern Lebanon. The accords, which put severe restrictions on Palestinian activity in Lebanon, probably are unacceptable to the Palestinians.

Jallud, however, hopes to bring the two sides together for talks today in Damascus.

--continued

A meeting on Monday between Arafat and a Christian Phalanges Party leader has resulted in an agreement to introduce Arab peace-keeping forces into a limited buffer zone between the Christians and Palestinians in Beirut.

According to press reports, an Arab League mediator has been in touch with both sides in an attempt to arrange the insertion of the pan-Arab troops. The Phalanges may have some trouble, however, in getting the more extremist Christians to go along. Such an arrangement presumably would result in the delivery of badly needed supplies to Muslim-held areas in Beirut.

The Phalangists also are said to have agreed to a proposal by the leader of the Shia Muslims for a cease-fire today at Tall Zatar that would allow the evacuation of wounded to west Beirut--the Muslim area of the city. Previous efforts to implement such a cease-fire have always failed.

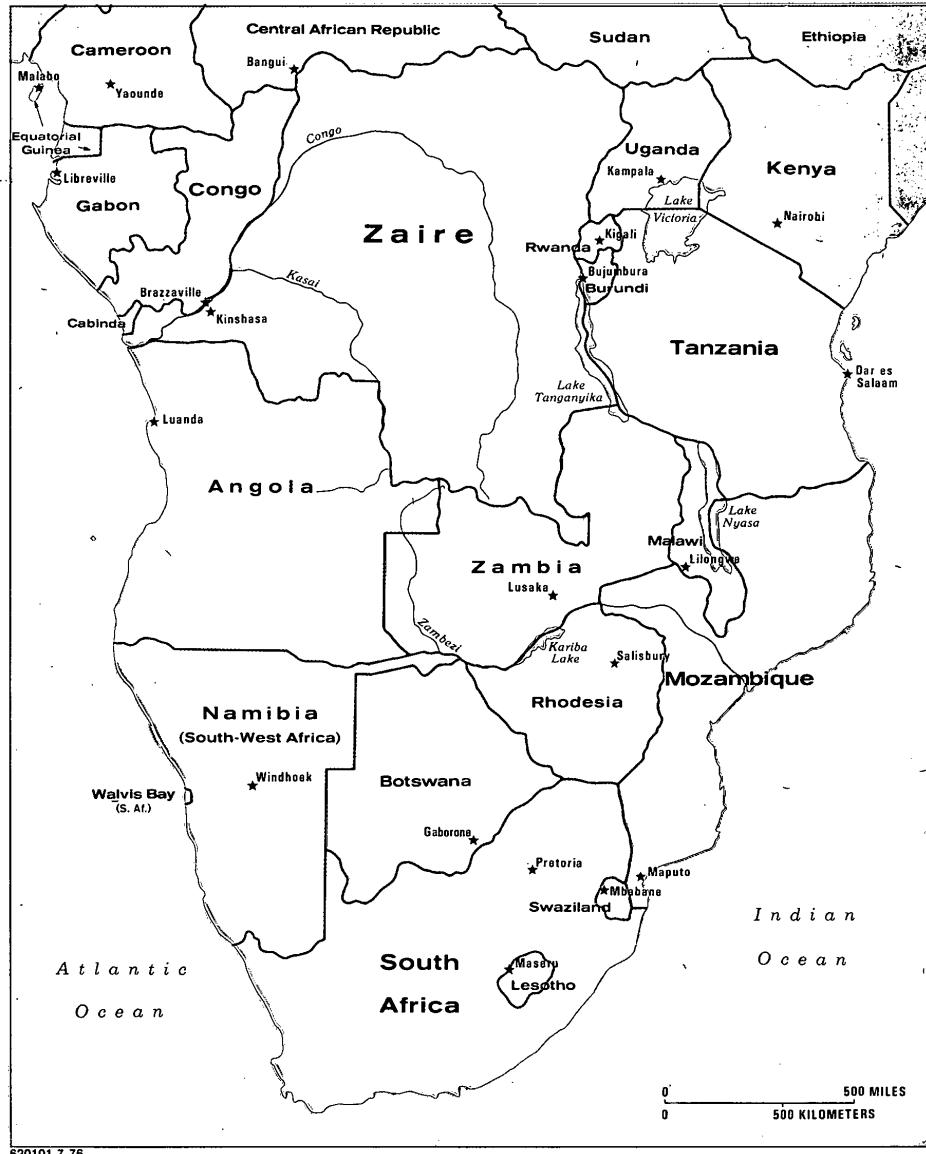
Fighting continued yesterday in Beirut at Tall Zatar, in the central part of the capital, and in surrounding suburbs.

In central Lebanon, a Christian offensive against Palestinian positions in the Mount Lebanon area began on Monday. The Syrians have been participating in the ground action in the vicinity of Sawfar. Their involvement in the offensive, which is in line with earlier reports of Syrian-Christian strategy, makes it even less likely that they will be in any hurry to withdraw from the Sawfar area.

Syrian forces in the north are maintaining their blockade of Tripoli and are continuing to shell the nearby refugee camp at Nahr al-Barid.

* * *

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USSR-SYRIA: Despite recent Soviet criticism of Damascus' policy in Lebanon, Moscow apparently has been continuing to deliver some military equipment to Syria.

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A Soviet merchant ship arrived in Latakia, Syria, on July 12, probably with military cargo.

* * *

EGYPT-LIBYA: Further indications of border tension between the two countries have appeared.

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Egypt has begun calling up reserve officers from the armored and signal corps

We cannot confirm that the calls are related to growing tension between Libya and Egypt, but it seems logical that they are in view of heightened Egyptian and Libyan military activities over the past several weeks.

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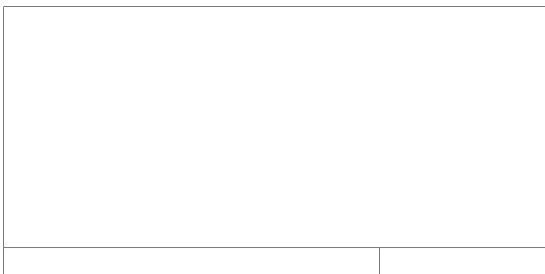
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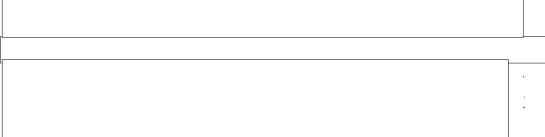
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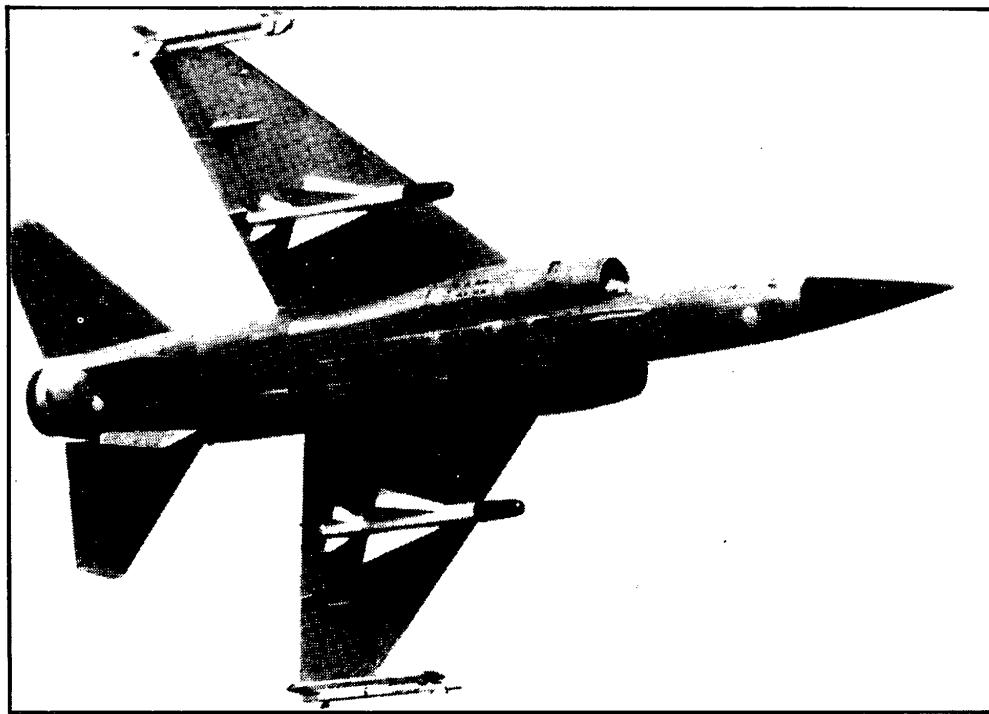


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Mirage F1 Fitted With R530 and R550 Missiles



620100 7-76

NOTES

Kuwait is about to receive six of the 20 Mirage F1 fighters it has ordered from France. It will be the first country in the Middle East to receive this model of the aircraft.

The \$100-million order for Mirages, placed in 1974, is part of the \$1 billion that Kuwait has spent on military purchases in the past two years. Other major Kuwaiti purchases during this period have included a \$350-million order from the US for 36 A-4 aircraft and the improved Hawk missile system and a \$250-million contract with Yugoslavia for army and naval base construction. Earlier this month, a high Kuwaiti official told the US ambassador Kuwait had decided to spend \$300 million for Soviet weapons.

* * *

In Poland, the moderately stiff sentences dealt yesterday to 13 participants in last month's riots against proposed price hikes on basic food items suggest that the Gierek regime is trying to avoid creating any martyrs.

A member of the Polish party Central Committee has told the US ambassador that the mishandling of the proposed price increases has produced "depression, defensiveness, and a loss of self-confidence" within the leadership. The Polish official, however, did not give any indication that a change of leadership might be in order. His major concern was that the recent problems might make Western bankers and businessmen wary of investing in Poland.

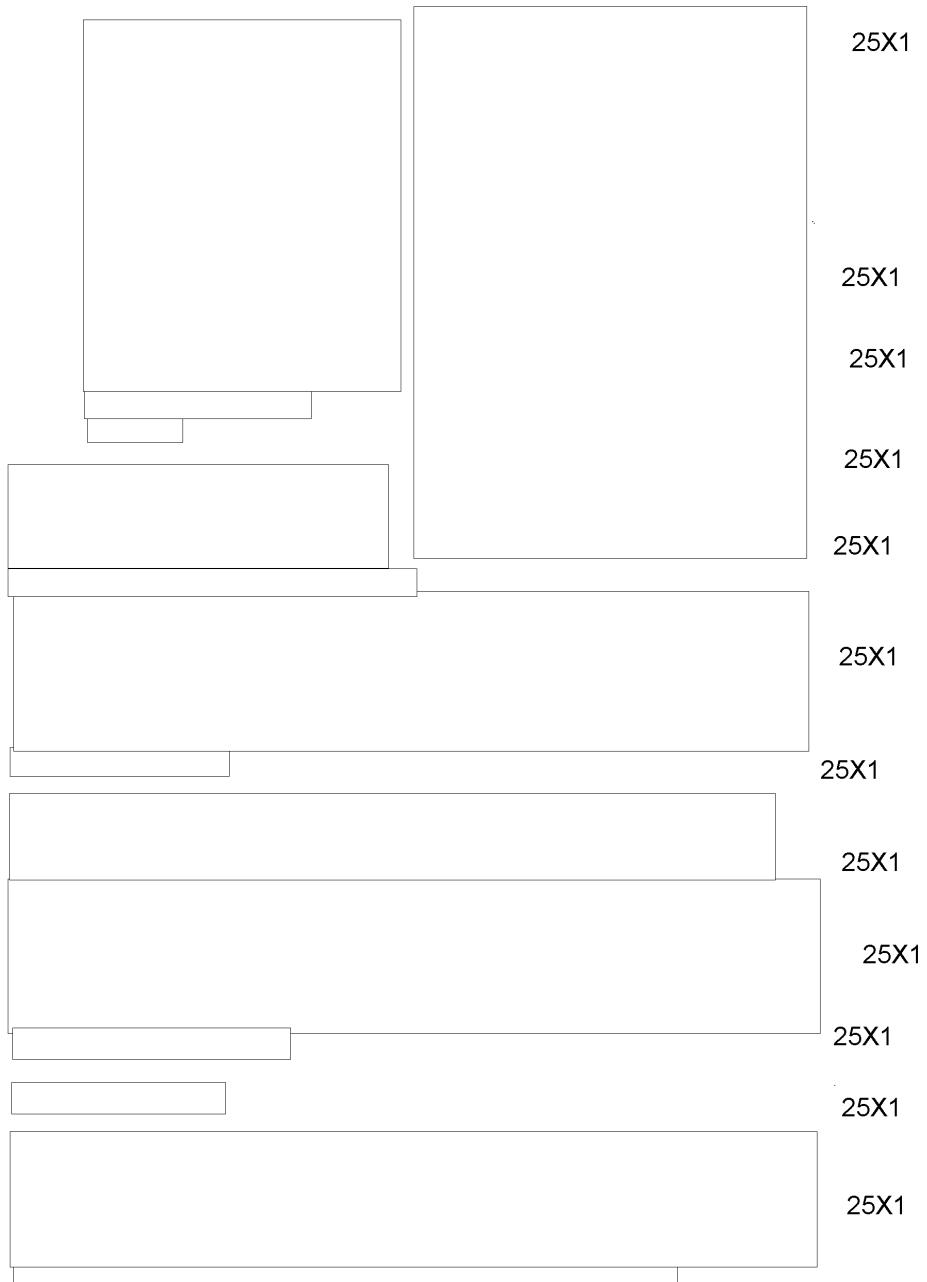
Meanwhile, Gierek appears to be carrying out his pledge to conduct broad consultations with the public about future price hikes.

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AUSTRALIA

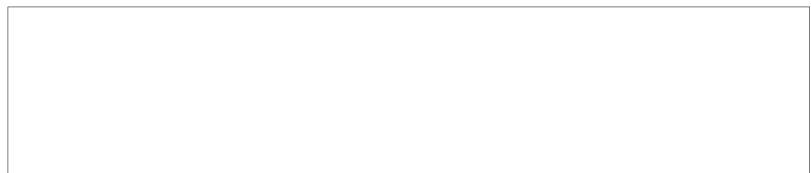


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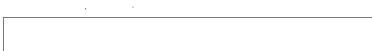
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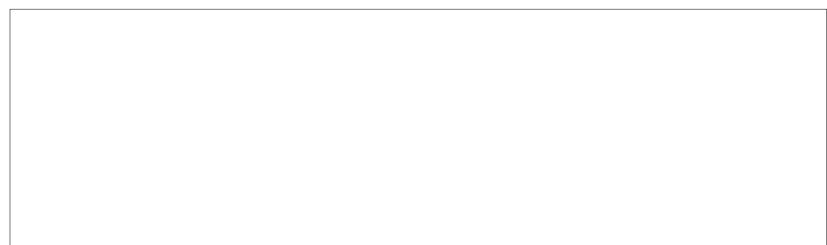
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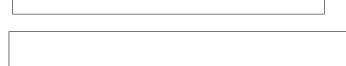
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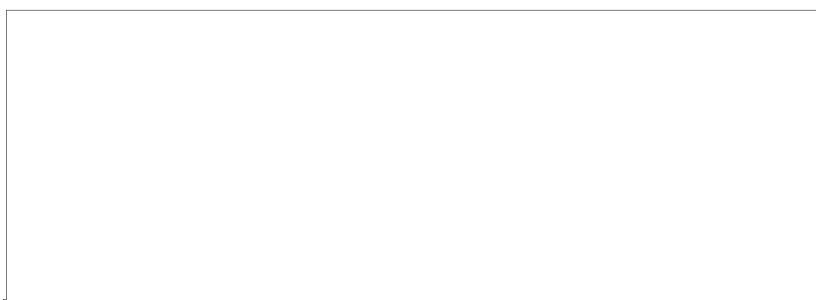


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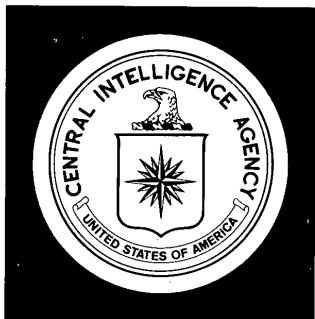


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July 22, 1976

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July 22, 1976

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Lebanon: Syrian President Asad has publicly warned the Palestinians that Syria will not withdraw from Lebanon unless asked to do so by President Franjiyah or "other legal Lebanese authorities." (Page 1) 25X1 25X1

Iraq-USSR: [redacted]

(Page 2)

USSR: There has so far been no Soviet reaction to the movement of the US attack carrier America and an amphibious task force to stations off the Lebanese coast. (Page 3)

[redacted] 25X1
[redacted] 25X1

(Page 3)

China-Taiwan: [redacted]

[redacted] 25X1
[redacted] 25X1
[redacted] 25X1
[redacted] 25X1

(Page 4)

Pakistan-USSR-India: [redacted]

[redacted] 25X1
[redacted] 25X1

(Page 5)

Iran-Oman: [redacted]

[redacted] (Page 6)

25X1

Notes: USSR; Libya-Rhodesia (Page 7)

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620105 7-76

LEBANON: Syrian President Asad warned the Palestinians in a public address Tuesday night that Syria would not withdraw from Lebanon unless asked to do so by President Franjiyah or "other legal Lebanese authorities." Asad's speech is the strongest and most explicit public affirmation to date of Syrian policy in Lebanon.

In an apparent rebuttal to assertions that the Christians are attempting to partition the country, Asad stated that some Palestinian leaders are trying to set up a "North Palestine" in southern Lebanon.

Although angry over the speech, Palestinian leaders reportedly decided to send Faruq Qaddumi to Damascus to see Asad. Qaddumi was en route to Syria on Tuesday when he was abruptly recalled to Beirut.

According to the leftist-controlled Beirut radio, Qaddumi accompanied a small delegation led by Libyan Prime Minister Jallud that left for Syria yesterday. The delegation reportedly has instructions only to "listen and transmit."

In the wake of Asad's speech, there is little likelihood that Jallud's group will even try to break the present stalemate. Moreover, the Palestinians plan to issue a formal response today to Asad's speech which may further obstruct efforts to start a dialogue.

An agreement between Christian and Palestinian leaders to establish a buffer zone between the Muslim and Christian sectors of Beirut was partially implemented yesterday when a Saudi contingent of the Arab security force took up positions at the major cross-over point.

By late yesterday some Beirut citizens were venturing across the line.

Heavy fighting at Tall Zatar refugee camp yesterday prevented the scheduled evacuation of wounded. The most intense clashes yesterday were in central Lebanon where Christian forces are trying to recapture three villages that have been under Palestinian and leftist control for months.

--continued

Two local employees of the US embassy in Damascus who were carrying official pouches to Beirut were seized at a checkpoint near Marj Ayun manned by members of the renegade Lebanese Arab Army. The pouches were reportedly opened and the men interrogated and beaten

25X1

U-2 photography [redacted] showed that construction was continuing on what appear to be two airstrips in areas in southern Lebanon that are controlled by leftist forces.

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The strip near Nabatiyah is about 1,100 meters (3,600 feet) long, while the length of the one at Badharan is still uncertain; it could measure up to 870 meters (2,850 feet).

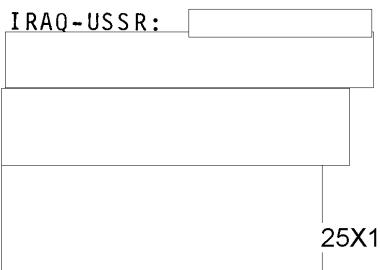
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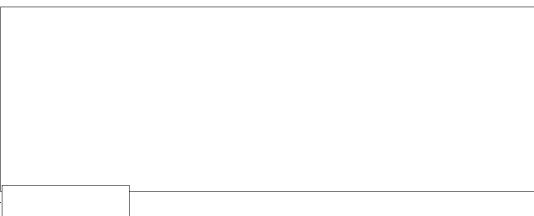
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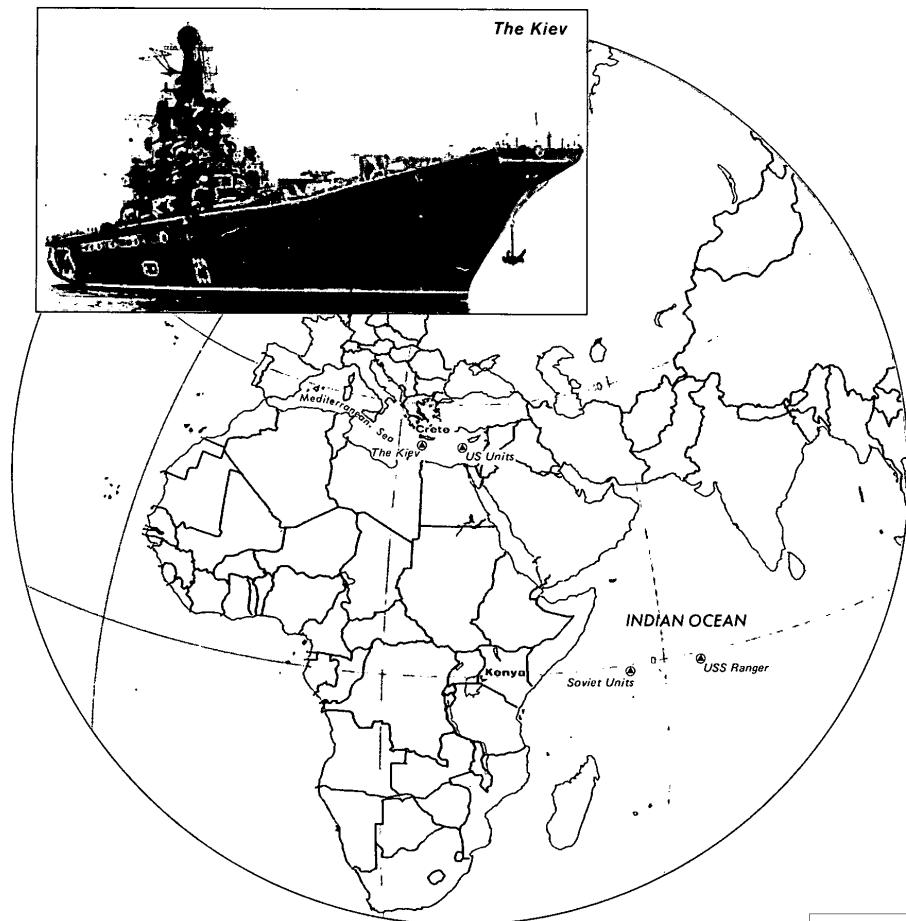
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US/Soviet Ships in the Mediterranean Sea and Indian Ocean



620111 7-76 CIA

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USSR: There has been no Soviet reaction thus far to the movement of the US attack carrier America and an amphibious task force to stations off the Lebanese coast.

The Soviet aircraft carrier Kiev, which entered the Mediterranean on its first operational cruise on Sunday,

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Both heli-copters and vertical-take-off fighters were operating from the carrier. It moved to the Gulf of Sollum anchorage near Egypt early this morning.

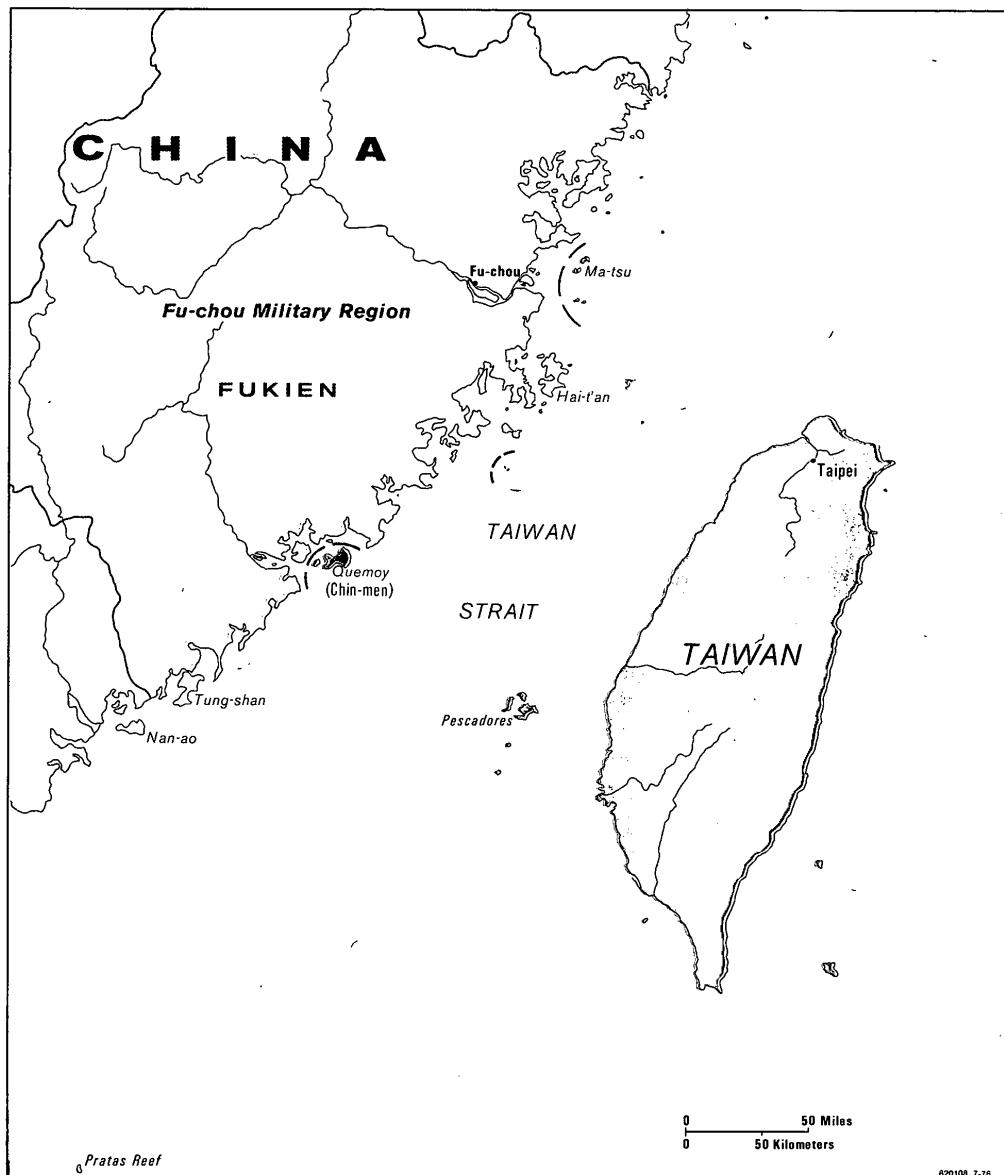
Elsewhere, the Soviets have shown interest in the movement of the US aircraft carrier Ranger to the central Indian Ocean. A Soviet intelligence ship shadowed the carrier as it crossed the Indian Ocean last week, and several Soviet ships have now moved to a position between the Ranger and the coast of Kenya. The Soviet units are 450 miles west of the Ranger.

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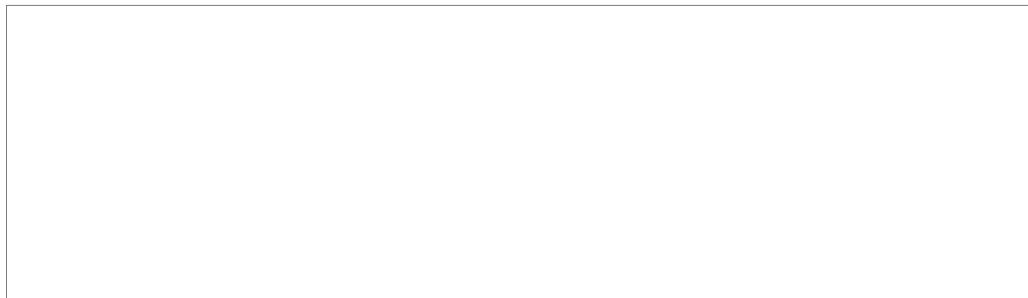
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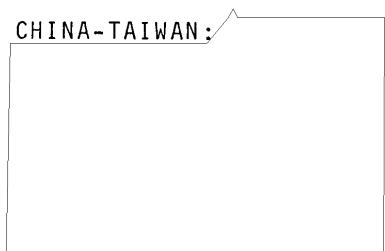


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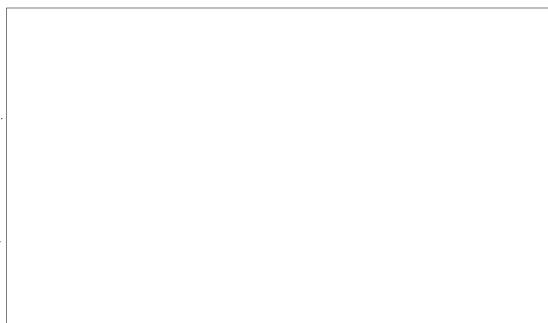
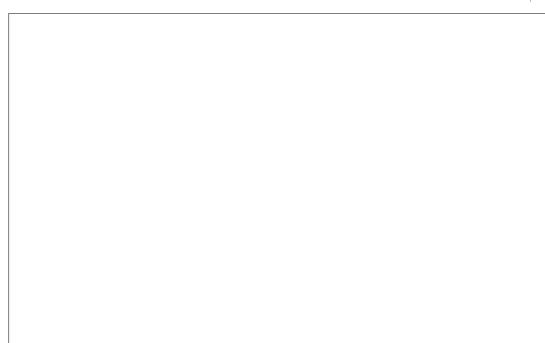


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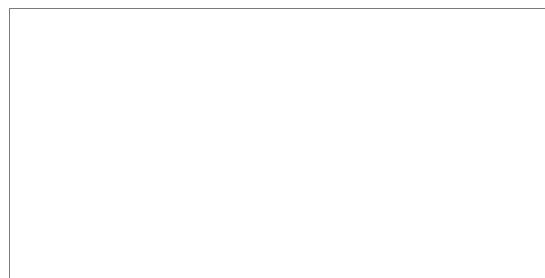
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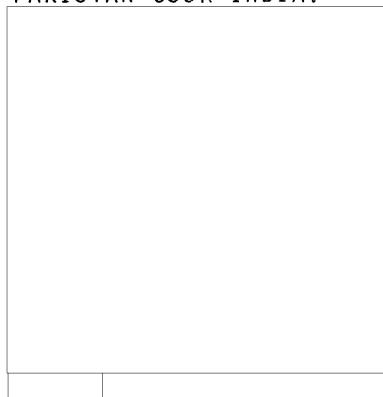
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PAKISTAN-USSR-INDIA:



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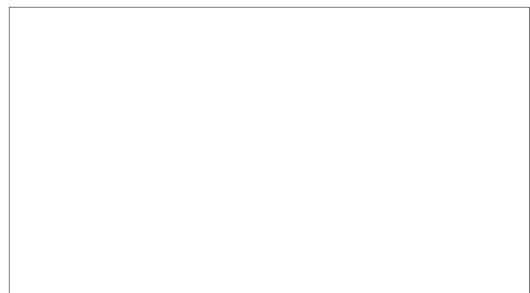
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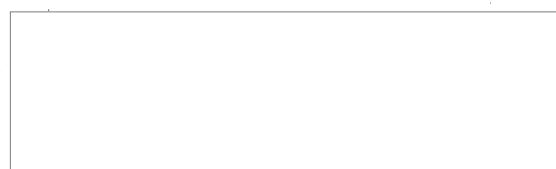
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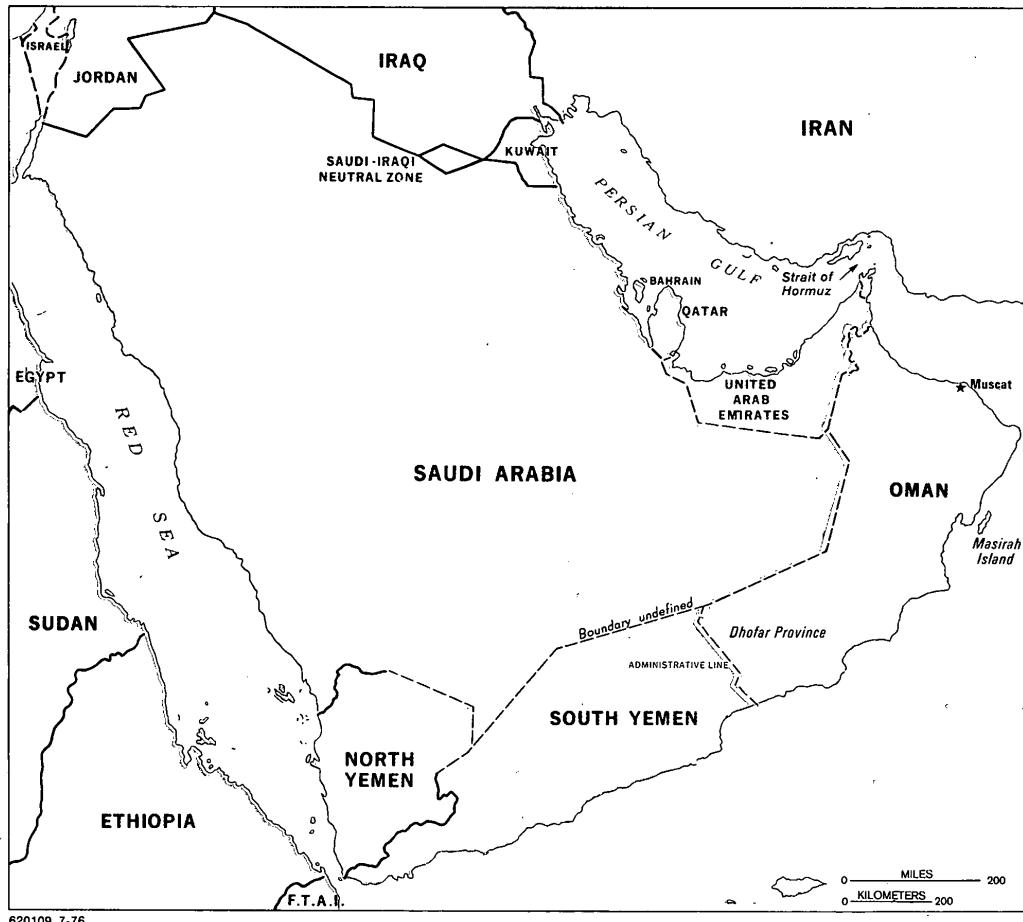
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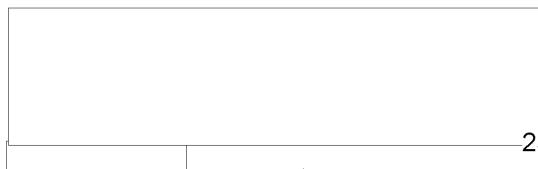
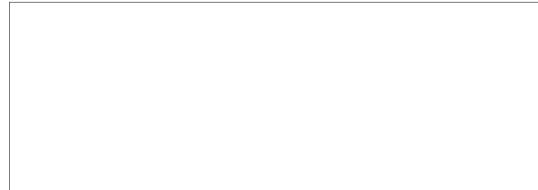
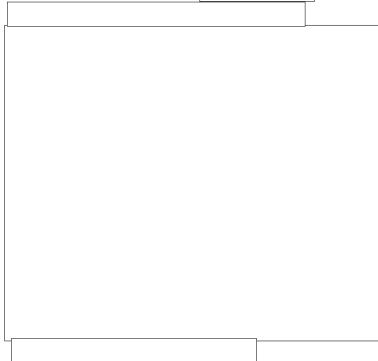
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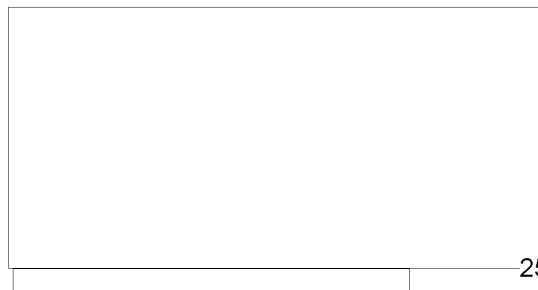
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IRAN-OMAN: [redacted]



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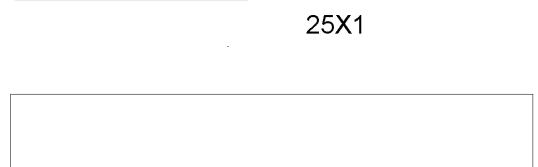
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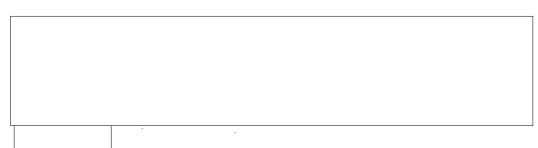
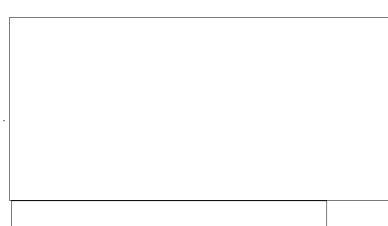


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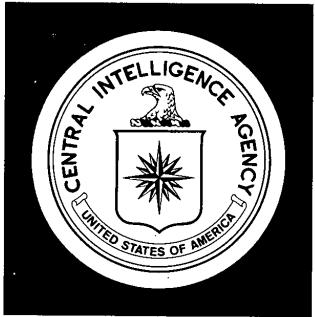
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Libyan [redacted]
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Rhodesian [redacted]
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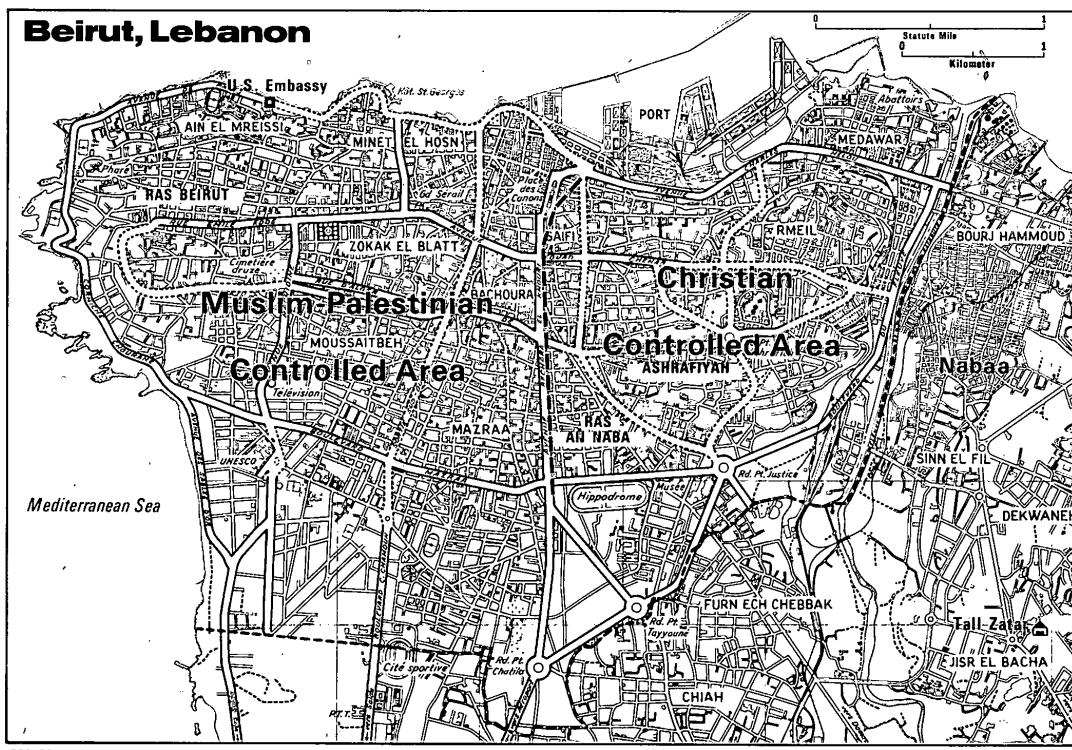
Exempt from general
declassification schedule of E.O. 14176
exemption category, 5B(1),(2),(3)
declassified only on approval of
the Director of Central Intelligence

July 23, 1976

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- Lebanon: Palestinian and leftist leaders reportedly do not expect much to come out of their current talks in Damascus with Syrian officials. In Beirut, the Palestinians seem convinced that by delaying a new American evacuation they can stave off an anticipated Christian-Syrian assault on west Beirut. (Page 1)
- Egypt-Iraq: There are more indications that Egypt is still transshipping Iraqi arms to Lebanon. (Page 3)
- USSR-Syria: A Soviet Foreign Ministry official has asserted that there has been no major change in Moscow's relations with Damascus. (Page 4) 25X1
- Kenya-Uganda: Nairobi's economic pressure on Uganda is having a serious impact. (Page 5) 25X1
- USSR-India: [redacted] 25X1
- Notes: USSR; Rhodesia; Italy; Bangladesh (Pages 9 and 10)

FOR THE PRESIDENT ONLY



LEBANON: A Palestinian delegation met yesterday in Damascus with Syrian Foreign Minister Khaddam. Unconfirmed press reports claim that Palestine Liberation Organization chief Yasir Arafat has flown to Damascus to join the talks.

The delegation apparently carried a proposed agenda for eventual discussions between Arafat and President Asad which included the establishment of a cease-fire under Arab League auspices and the regulation of Palestinian activity in Lebanon under the restrictive terms of the Cairo accords.

By putting the accords on their agenda, the Palestinians may be signaling Damascus that they are approaching the possibility of negotiations seriously. In private, Palestinian leaders have long held that the accords have to be renegotiated.

The Palestinians and leftists reportedly do not expect much to come of the talks. They point to the hard line enunciated by Asad in his speech on Tuesday, continuing Syrian and Christian military pressure, the apparent acquiescence of other Arab states in Syria's strategy, and what they see as Syrian efforts to undermine Palestinian-leftist unity. Their willingness to send a delegation at all probably reflects their growing desperation.

The leftist radio is playing up the story that the US is supplying arms to the Christians via Israel--a charge that is likely to reinforce fears that the US is masterminding an anticipated Christian-Syrian attack on west Beirut.

The leftists have reacted by moving men and military equipment into the city's coastal district, where the US embassy is located. The embassy assumes that these moves are related to widespread rumors of an imminent seaborne attack.

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The Palestinians seem to be convinced that by delaying a new American evacuation from Beirut, they will stave off the expected Christian-Syrian attack. [redacted]

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The obvious edginess of the Palestinians and the leftists who are bracing for an attack on west Beirut poses an additional hazard to US attempts to arrange an evacuation. If the talks in Damascus go badly for the Palestinians, the possibility of some kind of rash action will grow.

The 150-man Saudi Arabian contingent of the Arab League security force, which is trying to establish a buffer zone in Beirut, came under fire again yesterday. The Saudis kept their positions however.

Fighting goes on at Tall Zatar, but attention is beginning to shift to the Shia Muslim enclave of Nabaa, which has been shelled by the Christians for the past few days. Elsewhere, in the mountains east of Beirut, the Christians are continuing their offensive with some help from the Syrians.

--continued

Lebanon

25X1

The Palestinian air-strip near Nabatiyah in southern Lebanon could possibly be completed within the next week or so.

The rudimentary airstrip will be able to handle only one aircraft at a time and apparently will not have any service or refueling capabilities. It could be used by US-built C-130 transports and Soviet-built AN-12 transports. Libya has eight C-130s. Egypt has about 30 AN-12s and Iraq approximately 10. Although an AN-12 probably would have to carry less than a full load of cargo to use the airstrip, a substantial amount of arms could be flown in each day.

25X1
[redacted] a small plane landed at the airstrip late last week. Neither the type of aircraft nor its cargo was identified, however.

We are still uncertain about the length of the other rudimentary strip in southern Lebanon north of Jazzin, but it may only be able to handle light aircraft. Construction could be completed within a month if there are no interruptions. This strip apparently cannot be used at this time.

EGYPT-IRAQ: We have received further indications that Egypt is continuing to trans-ship Iraqi arms to Lebanon.

Transport aircraft, presumably carrying arms destined for Lebanese leftists and Palestinians, have been scheduled for daily flights from Baghdad to Cairo between July 19 and August 9. These flights supplement an airlift of at least 40 other transports that have gone to Cairo since early June.

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Since the Arab League has rejected Iraqi participation in the peace-keeping force, the group may be made up of Iraqi or Palestinian volunteers recruited to join leftist and Palestinian forces in Lebanon.

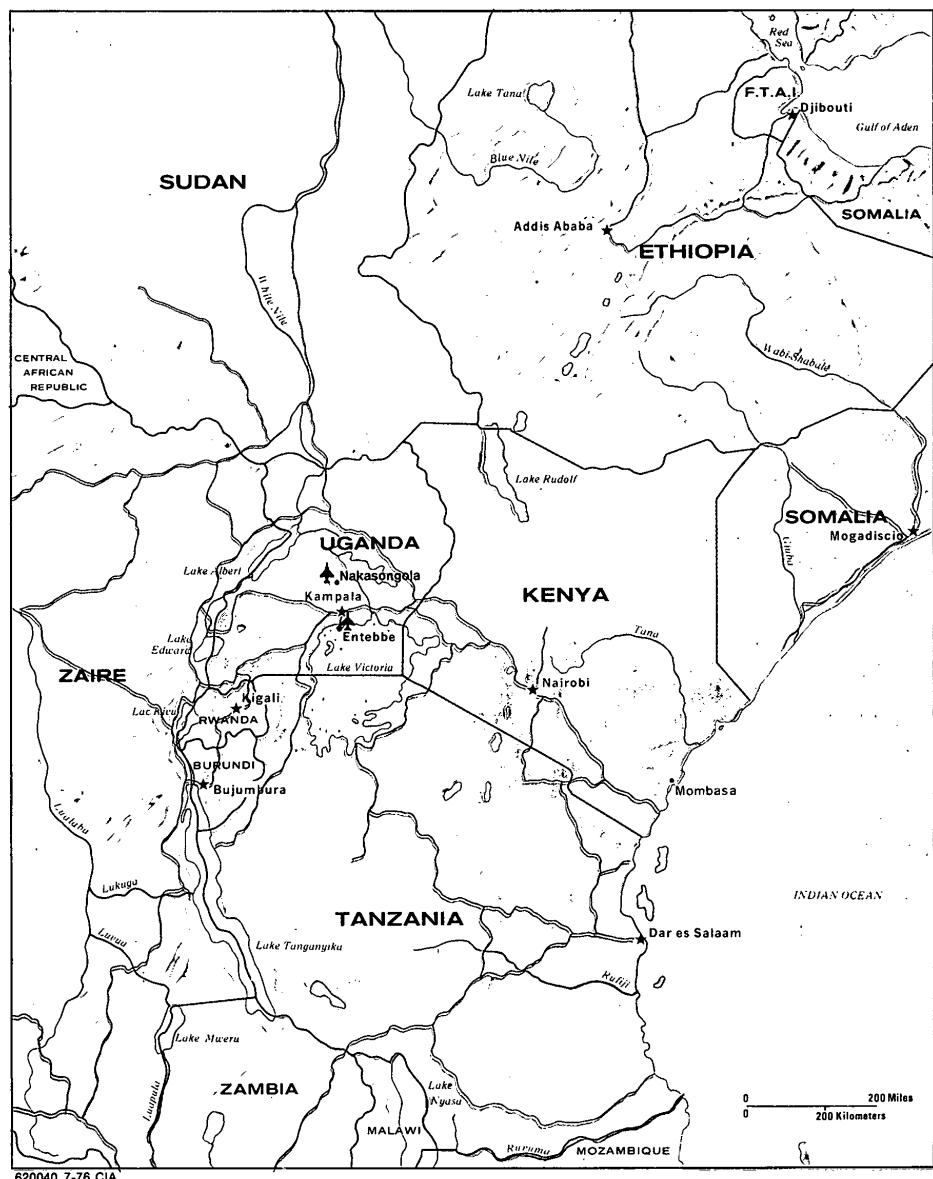
USSR-SYRIA: A Soviet Foreign Ministry official has given a relatively calm view of Moscow's relations with Damascus.

Yevgeny Pyrlin, the deputy head of the ministry's Near East division, told a US embassy officer yesterday that--despite strong differences over Lebanon--there had been no "spectacular" change in Soviet-Syrian ties. He stated, however, that Moscow strongly believes that the Syrians should withdraw from Lebanon. When asked about Soviet military aid to Syria, Pyrlin replied that to his knowledge "all military agreements are being fulfilled."

On Lebanon, Pyrlin gave the impression that the situation there was beyond Soviet control. He also expressed great concern over the plight of the Palestinian movement, which he blamed equally on the current crisis in Lebanon and on the divisions within the PLO.

--continued

EAST AFRICA



620040.7-76 CIA

Pyrlin said that he saw no prospect for the revival of the Geneva talks until after the US elections and until the Palestinians get their house in order.

* * *

KENYA-UGANDA: Kenya's continuing restrictions on the delivery of petroleum supplies and other goods to land-locked Uganda are apparently having a serious impact.

The Ugandan government this week imposed strict fuel rationing and cut off supplies to private citizens.

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The Ugandan foreign minister met this week with Saudi and Kuwaiti leaders, presumably to 25X1 for their assistance.

25X1

In public, Amin has adopted a more conciliatory position. This week he has repeatedly disavowed any hostile intentions toward Kenya, most notably in a telegram to President Kenyatta.

25X1

The Kenyans recognize that Amin's military capabilities probably have been further limited by the economic sanctions and the apparent decline in his troops' morale.

[Redacted]

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[redacted] 25X1

[redacted] 25X1

Nairobi is still concerned about reports that Libya has sent Mi-rages and troops to Uganda. We cannot as yet confirm these re-ports, but a Libyan official told journalists in Kuwait last Sunday that Tripoli has provided "war planes" to Kampala and "will not stand silent" if Uganda is attacked.

Libya, meanwhile, has announced that it will provide Uganda with petroleum products, but the supply route remains unclear.

Amin apparently has asked neighbor-ing Tanzania for access through the port of Dar es Salaam. Presi-dent Nyerere, long one of Amin's favorite targets, will be reluc-tant to agree to such an arrange-ment.

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USSR-INDIA: [redacted]

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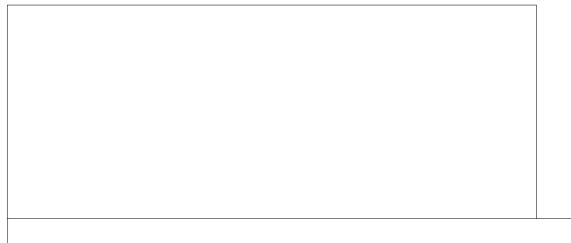
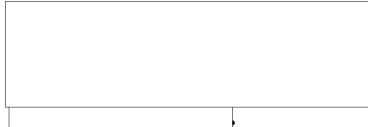
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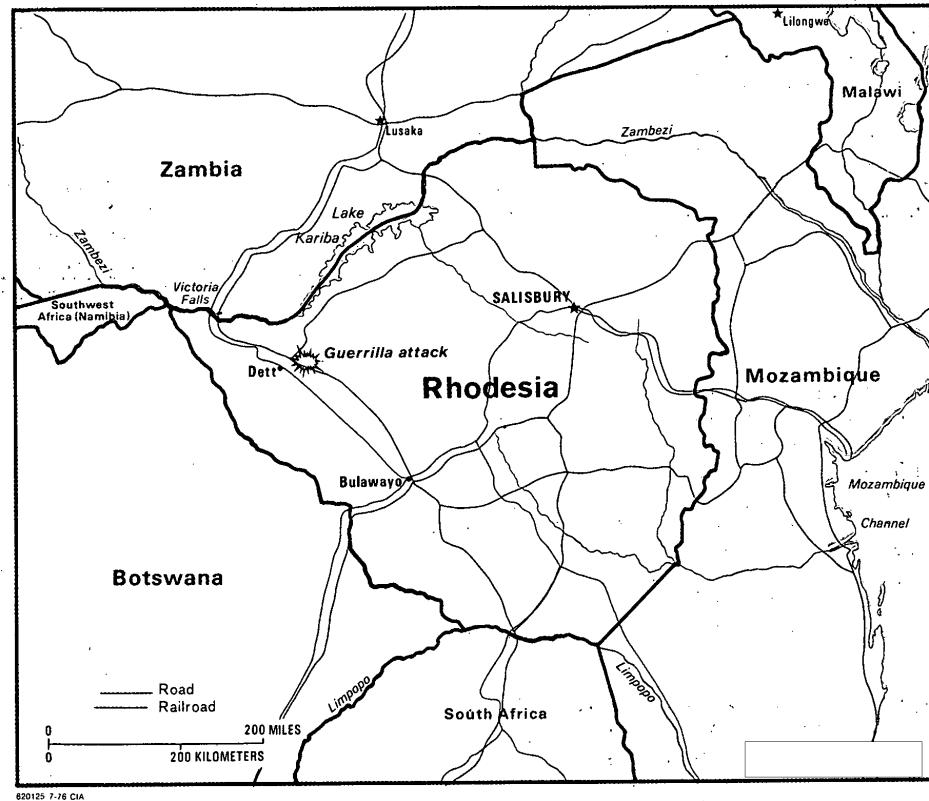
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NOTES

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Rhodesian guerrillas have for the first time carried out an attack along the main highway in western Rhodesia.

Press reports indicate the incident took place some 130 kilometers (80 miles) southeast of Victoria Falls. The incident may signal more extensive guerrilla activities in northwestern Rhodesia, as threatened recently by Zambian President Kaunda. There have been several reports of guerrillas infiltrating into northwestern Rhodesia from Zambia. The guerrillas have already begun small-scale activity along the Botswanan border.

If guerrilla attacks continue on the Victoria Falls highway they could force the Rhodesians to begin a defense convoy system like that already in use on the main highways in the southeast. This would further stretch the manpower of Rhodesia's security forces.

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The Italian Socialist Party leadership meets today to formulate an official position on the proposed government program that prime minister - designate Andreotti discussed with the party yesterday.

A Socialist spokesman has hinted that the party would agree to abstain in a parliamentary vote of confidence, which could enable Andreotti to form a temporary Christian Democratic minority government. The Socialists have insisted that they would not cooperate with the Christian Democrats unless the Communists also are involved in some way with the government.

The Communists have been refusing to take a position until Andreotti settles on a specific government formula. In putting together his economic program, Andreotti appears to have made a serious effort to secure a benevolent Communist attitude toward a new government.

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[redacted]
Bangladesh [redacted]
[redacted]

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FOR THE PRESIDENT ONLY

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The President's Daily Brief

July 24, 1976

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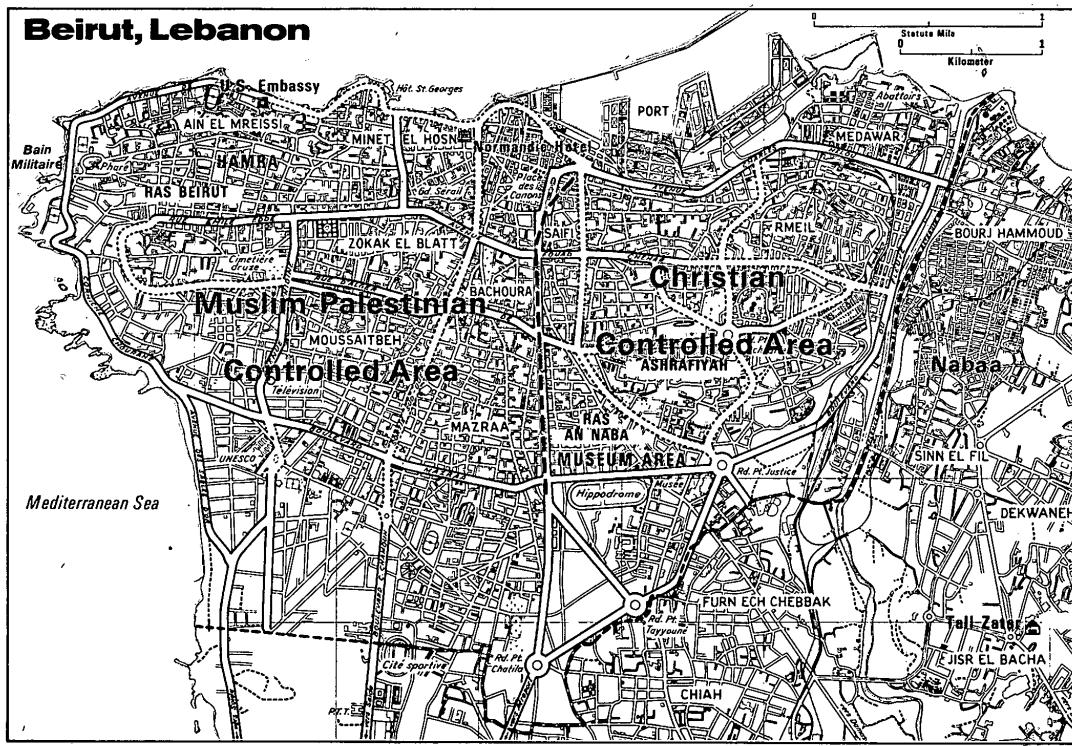
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declassification schedule of E.O. 11652
exemption category, 5B(1),(2),(3)
declassified only on approval of
the Director of Central Intelligence

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- Lebanon: Syrian Deputy Prime Minister Haydar claims to be optimistic about talks with Palestinians now under way in Damascus but admits it will take several weeks to make any headway. (Page 1) 25X1
- Egypt-Libya: President Sadat implied in a speech Thursday that Egypt can no longer tolerate Libyan President Qadhafi. (Page 2) 25X1
- Kenya-Uganda-UK: Neither Kenya nor Uganda appears to have undertaken any new troop movements in the past week. [redacted] 25X1
- [redacted] (Page 3)
- Turkey-Greece: Turkey remains silent about the course of the research ship Sismik I which departed Istanbul and entered the Sea of Marmara yesterday. (Page 5)
- Notes: China; Ethiopia; UK-NATO (Pages 6 and 7)



LEBANON: Syrian Deputy Prime Minister Haydar told US officials on Thursday that he was optimistic about the talks now underway in Damascus between Palestinians and Syrians, but he felt it would take several weeks to make any headway.

Haydar admitted that President Asad's warning to the Palestinians in his speech on Tuesday had complicated matters. Syria, he said, could not move from the position Asad had staked out in the speech.

George Habbash and other leaders of the fedayeen rejectionists announced yesterday that they will not be bound by any agreements reached in Damascus. Their warning follows a statement by Lebanese leftist leader Kamal Jumblatt that he would not treat with the Syrians.

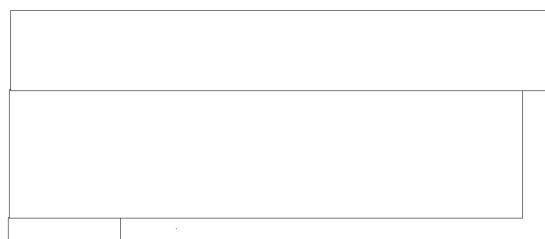
Arab League representatives in Beirut are trying to arrange an expansion of the newly created buffer zone at the main cross-over point between the Christian and Muslim sectors of the city.

A Sudanese contingent previously based in Sidon reportedly is moving to Beirut, and additional Saudi troops are being sent from Damascus to Beirut. These units presumably will supplement the Saudi contingent already in place and will provide enough troops to extend the buffer zone further north along the main axis that divides the city.

The Christians have publicly agreed to let Arab League troops establish posts on their side of the buffer zone, but apparently they are being cooperative only for the purpose of disguising preparations for further military moves.

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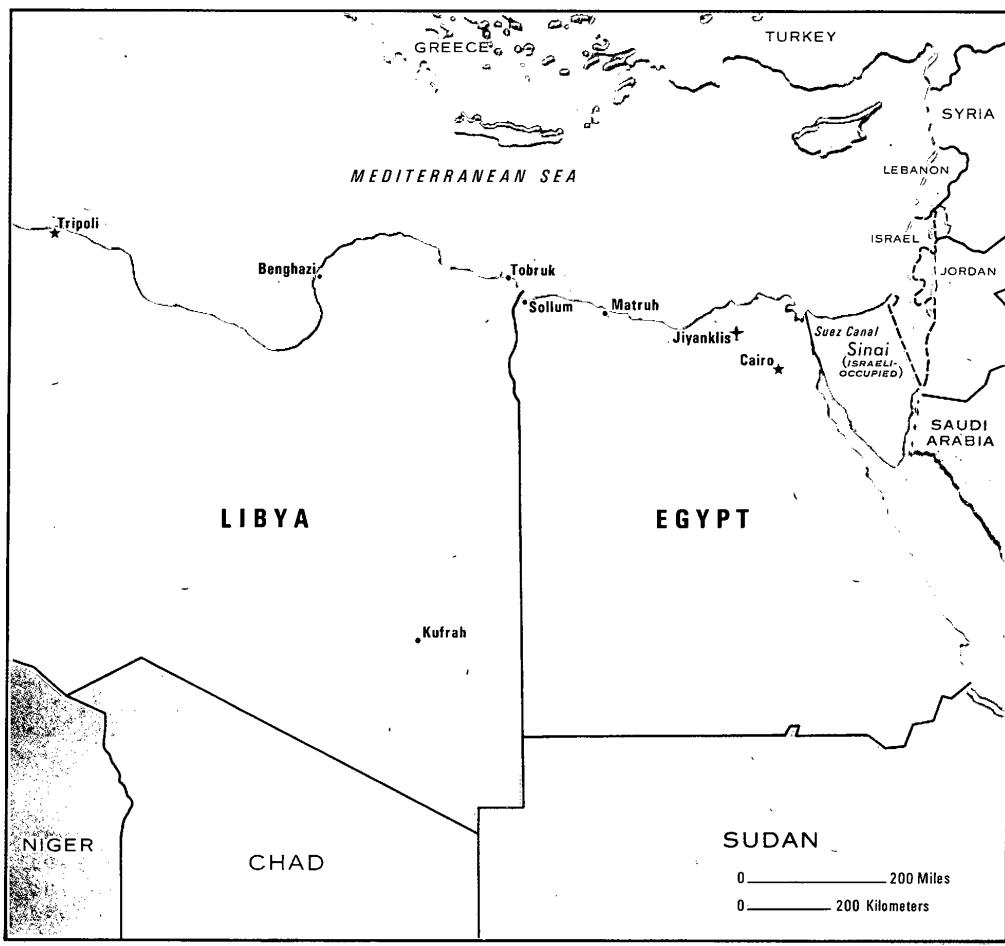
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In the north--off the coast near Chekka--the Christians intercepted and seized a boat from Beirut carrying arms to Palestinian fighters in the Tripoli area. A ship of Greek registry that presumably was also carrying arms to the Palestinians sank earlier this week in the harbor at Tyre--the southern coastal point for arms delivery to the Palestinians--as the result of an explosion in its hull.

EGYPT-LIBYA: Propaganda attacks by both Egypt and Libya have risen to a new and more threatening pitch in the last few days. During a speech Thursday, President Sadat added a note of official sanction by implying that Egypt could no longer tolerate President Qadhafi.

Referring to Qadhafi as "the maniac of Libya," Sadat said repeatedly that Egypt would not stand for Libya's "international gangsterism." He noted that Cairo is fully aware of Tripoli's subversive activities.

Libya's official news agency responded yesterday with a denunciation of Sadat as a "Caesar" who should not remain in office.



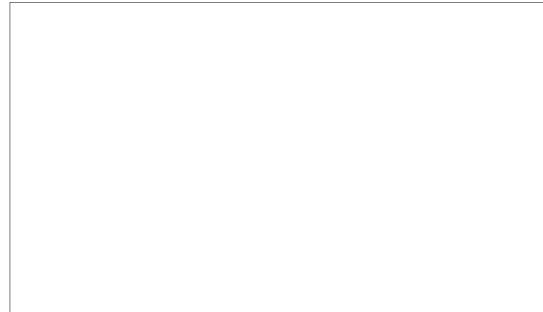
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Egyptian forces do not appear to be in position for a large-scale operation, although the necessary deployments could probably be carried out in a few days.

Recent Egyptian movements suggest that Cairo is beginning to position some forces so that they could either support an attack into northeastern Libya or be prepared to put up a strong defense

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against Libyan forces now in the Tobruk area. Cairo may also have nothing more in mind than the intimidation of Libya.



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KENYA-UGANDA-UK: A high-level Kenyan official told the US ambassador this week that current US air and sea visits have played a significant role in deterring Ugandan President Amin from military action against Kenya.

Neither government appears to have undertaken any new troop movements in the past week or so. Ugandan units near the border remain on alert. Kenyan troops are still some distance from the border, apparently in a more relaxed state of alert.

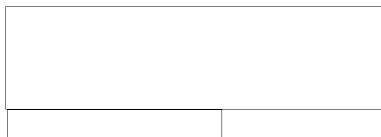
Ugandan President Amin so far seems to be keeping his public pledge to President Kenyatta to halt anti-Kenyan propaganda and is now concentrating on the UK. According to Radio Uganda, Amin plans to confront the new British acting high commissioner with charges that London is engaging in "malicious propaganda" against Kampala.

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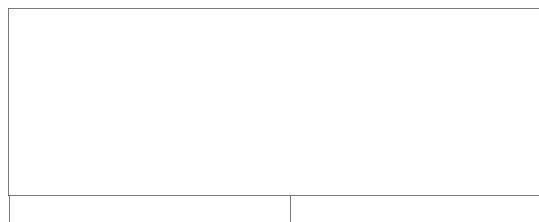
Amin has not yet carried out reported threats to arrest the British high commissioner and other Britons in Uganda. He apparently believes such a move would force London to press Kenya to end its economic restrictions.

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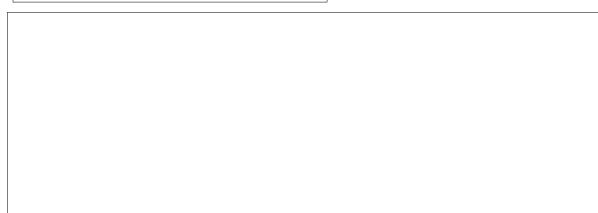


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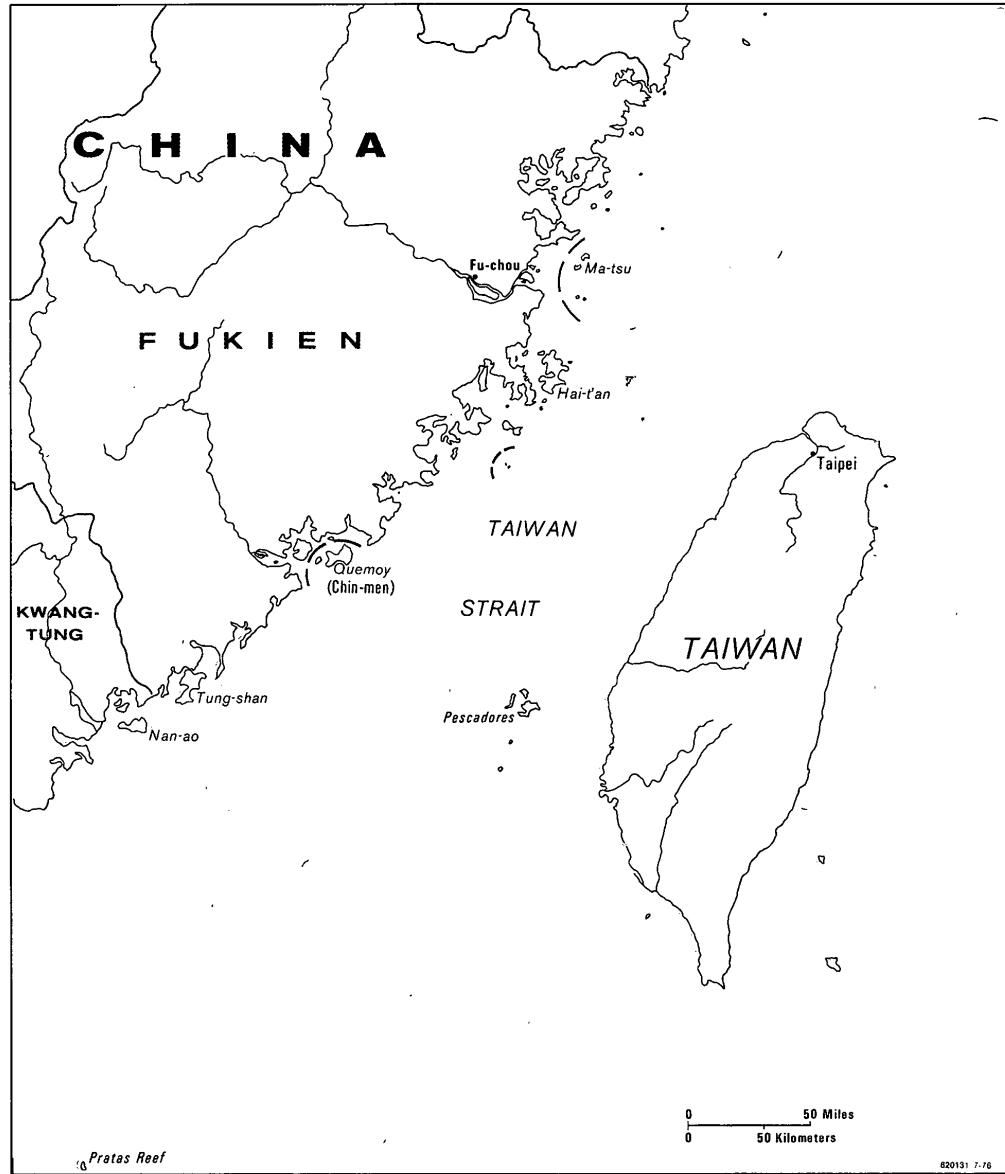
TURKEY-GREECE: Turkey remains silent about the course of the research ship *Sismik I* which departed Istanbul and entered the Sea of Marmara yesterday.

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The vessel is presumably heading for the Aegean Sea and could arrive sometime this weekend.

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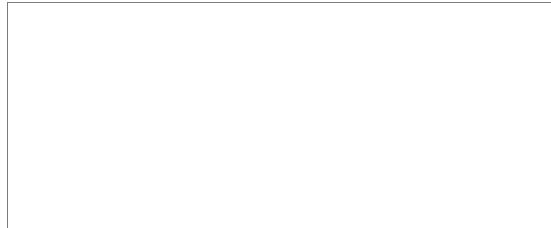
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NOTES

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Forces loyal to the ruling military council in Ethiopia have reasserted control over military dissidents in Eritrea Province.

The US consul in Asmara has received reports that six dissident officers were arrested this week. One of them committed suicide, and the other five are rumored to have been executed. The commanding officer of the airborne battalion, one of the army's most disaffected units, reportedly was among those arrested; the battalion apparently has been moved to a town south of Asmara.

Indicating the council's renewed confidence was the arrival in Asmara early this week of a council member with instructions to try to begin a dialogue with secessionist guerrillas.

The council also seems confident of its control of Addis Ababa. Security patrols in the city are light and generally inconspicuous. The recent executions of civilians and prominent military officers have apparently had the intended effect of intimidating potential troublemakers.

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British Defense Minister Mason has assured NATO that his government's proposed \$178-million cut in defense spending for the 1977-78 fiscal year will have little impact on the UK's military contribution to the Alliance.

In a letter to NATO Secretary General Luns, Mason said he was determined not to reduce "front line" forces committed to the Alliance--an apparent reference to the 56,000 British ground troops stationed in West Europe. He added that the spending cuts, which he described as unavoidable, would have "as small an impact as possible" on the operational capability of British armed forces. He acknowledged, however, that some unspecified weapons procurement programs may be delayed.

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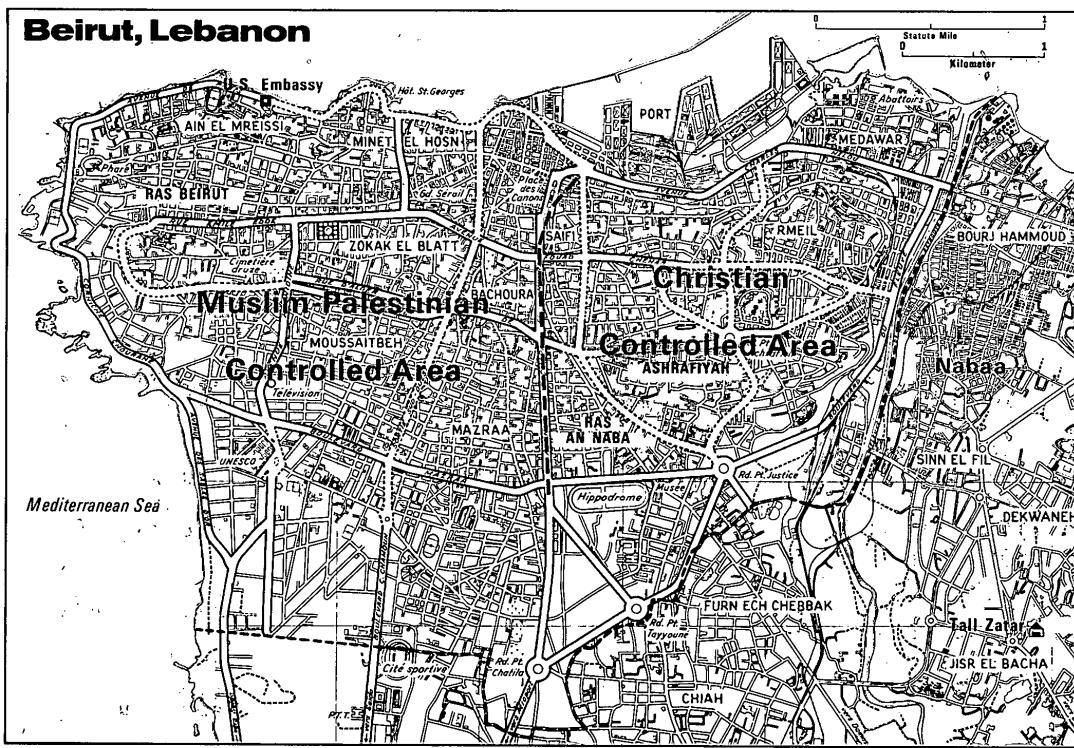
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declassification schedule of E.O. 11652
exemption category 5B(1),(2),(3)
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<u>Lebanon:</u> The Palestinian delegation in Damascus continued talks with Syrian officials this weekend, but there is no evidence of progress. (Page 1)	25X1
<u>Kenya-Uganda:</u> The Kenyan military has reportedly returned to full alert after a partial stand-down last week. (Page 2)	25X1
<u>Egypt-Sudan:</u> Egypt and Sudan have pledged to assist each other in the event of external aggression. (Page 3)	
<u>Egypt-Libya:</u> (Page 4)	25X1
<u>Italy:</u> Prime minister - designate Andreotti will have to seek abstention or support from the Communists or neo-fascists to win a confidence vote for a new government. (Page 5)	25X1
<u>Note:</u> China (Page 7).	

FOR THE PRESIDENT ONLY



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LEBANON: The Palestinian delegation in Damascus continued talks with Syrian officials this weekend, but there is little evidence of progress.

The Palestinians are said to be discussing a three-point accord with Syrian authorities that would involve a cease-fire throughout Lebanon, a "Lebanese" solution to the current crisis, and an agreement on the regulation of Palestinian activity in Lebanon.

The Syrian media announced Saturday the establishment of a local administration in Syrian-controlled areas of the Bekaa Valley by "Lebanese army vanguards," a group Syria created last month to assist in restoring order. The new local administration is identifying Damascus more closely with civilian affairs in the valley. This has already raised charges in the Beirut press that the arrangement is another step toward establishing a permanent Syrian presence in Lebanon.

The attempt by Arab League forces to extend the buffer zone between Christian and Muslim sectors of Beirut was unsuccessful.

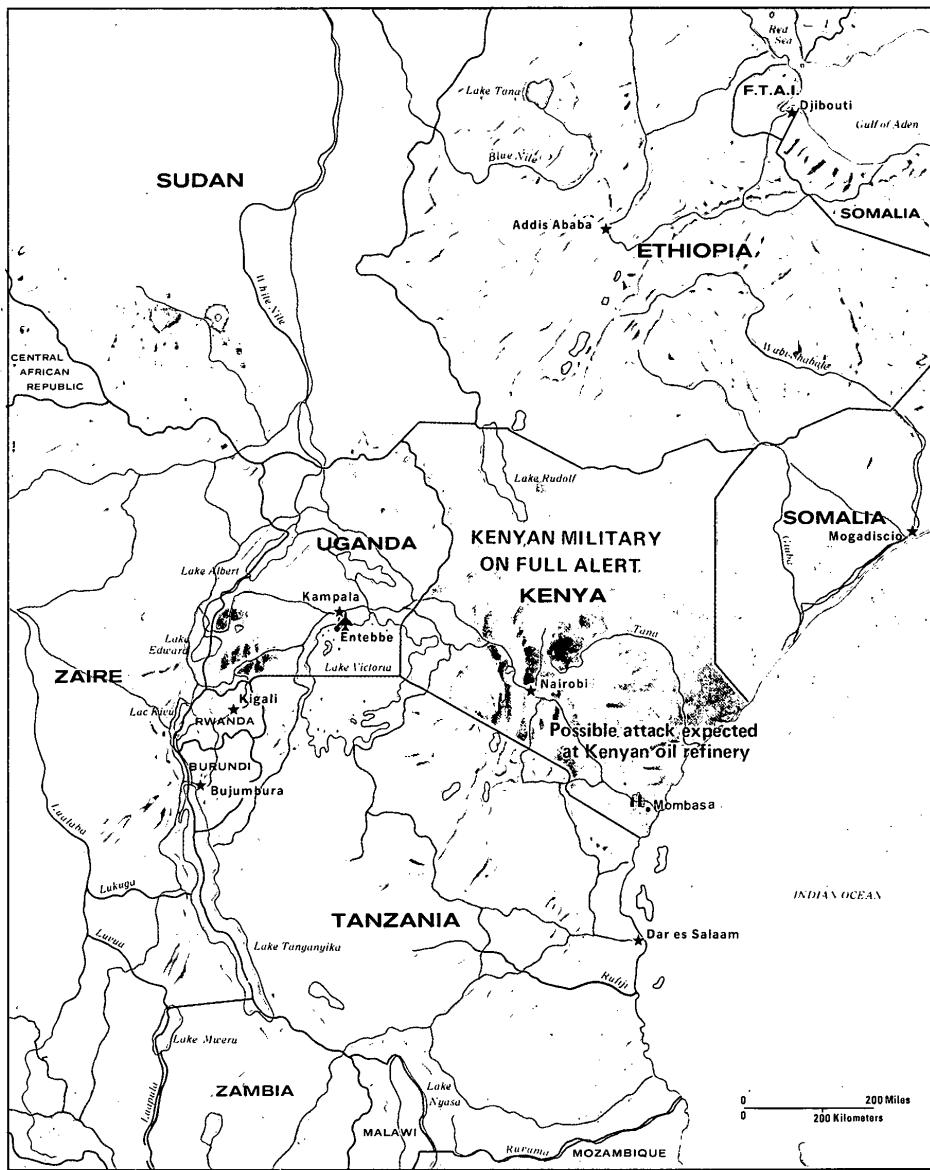
A contingent of the league force ran into a mortar barrage as soon as it tried to move northward.

Fighting continued in Beirut over the weekend especially around Tall Zatar and in the Muslim district of Nabaa. Elsewhere in Lebanon, fighting remained generally at a low level.

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EAST AFRICA



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KENYA-UGANDA [redacted] The Kenyan military has reportedly returned to full alert after a partial stand-down last week.

25X1

[redacted]
Nairobi believes that President Amin has enough aviation fuel for an airstrike despite Kenyan restrictions on shipments to Uganda

25X1

The Kenyans say they have information that Ugandan MIGs, flown by Palestinians, practiced bombing exercises last week [redacted]

25X1

The Kenyans are further concerned by reports that all Ugandan police leaves were canceled late last week.

A high-ranking Kenyan official confirmed on Saturday that Amin has cut off electric power that Uganda supplies to part of Kenya. Nairobi says it has enough reserves, however, to make up the shortage.

25X1

Amin continues to seek military equipment.

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Uganda has requested artillery, rockets, antiaircraft batteries, and hand grenades from Tripoli.

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EGYPT-SUDAN: *The Egyptian-Sudanese defense agreement that was announced last week is primarily intended to deter Libya according to the US embassy in Cairo.*

Egypt and Sudan pledged to assist each other in the event of external aggression. The agreement was concluded after the abortive coup in Sudan early this month, which Khartoum and Cairo believe Tripoli planned and executed.

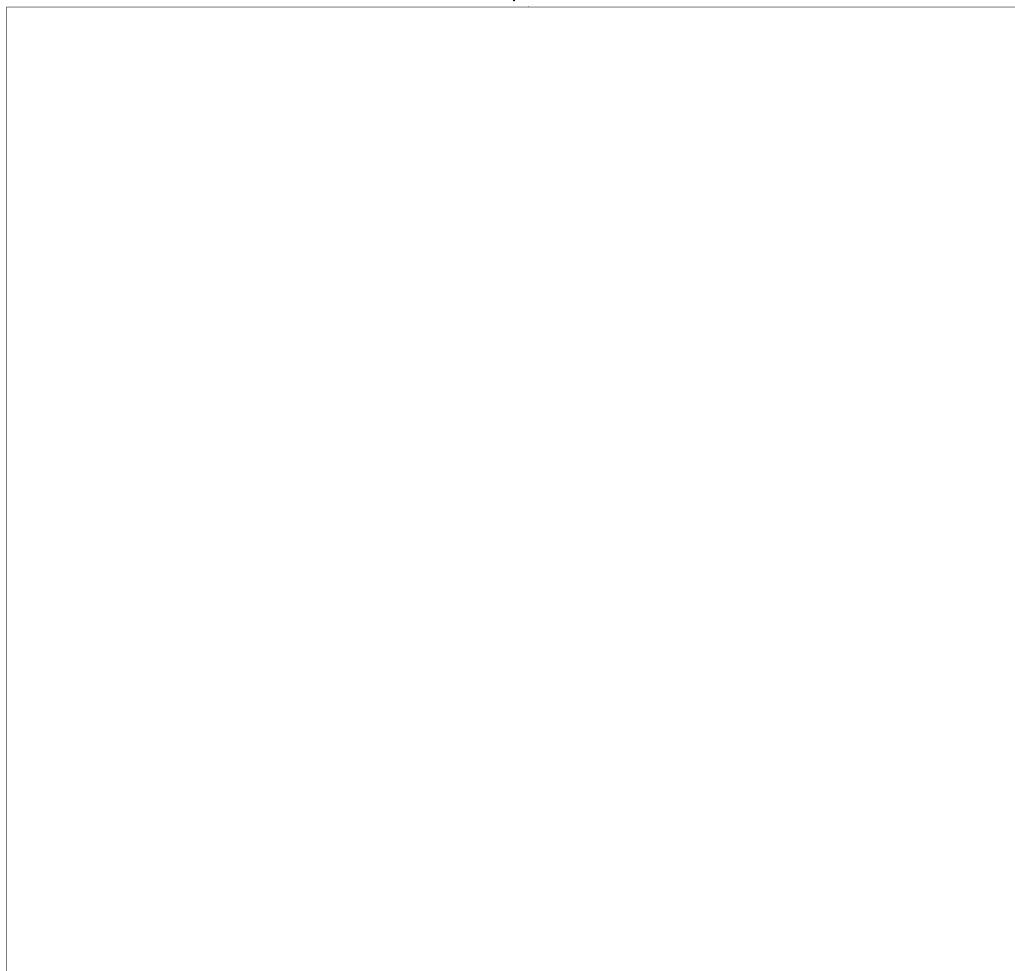
The principal military objective of the pact is the improvement of Sudan's armed forces. The specifics are to be worked out by two high-level joint commissions at regular meetings, the first of which is to take place today in Khartoum.

The US embassy believes that Egypt would almost certainly intervene to save Sudanese President Numayri in the event of action by pro-Libyan forces. The embassy thinks it is conceivable that Sadat would renege on carrying out his pledge under the agreement if an anti-Numayri group acceptable to Egypt should seize power.

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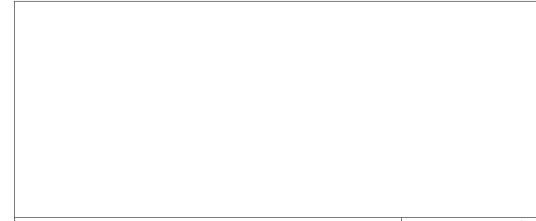
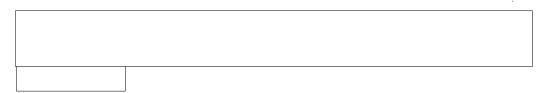
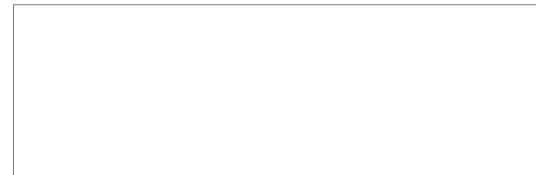
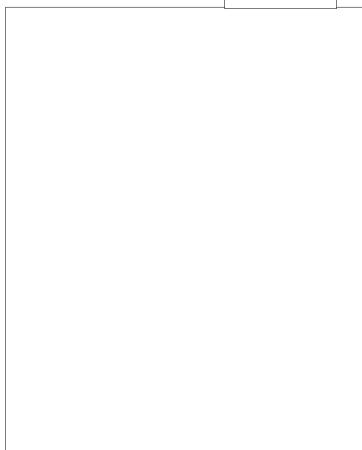


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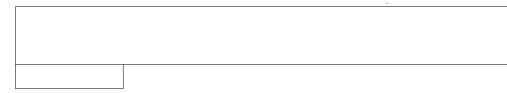
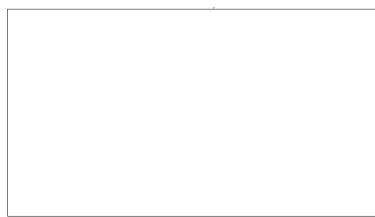
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EGYPT-LIBYA:



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ITALY: Italian prime minister - designate Andreotti's failure to win support among the Christian Democrats' traditional governing partners will force him to seek abstention or support from the Communists or neo-fascists to win a parliamentary vote of confidence for a new government.

Andreotti presumably intends to form a temporary Christian Democratic cabinet while all parties weigh options before negotiations on a coalition later this year.

After Andreotti's second round of talks last week with party leaders, the Christian Democrats' three major allies since 1963--the Socialists, Social Democrats, and Republicans--told him he could expect, at best, their abstention in a confidence vote.

Newly elected Socialist leader Craxi, under strong pressure from his left wing, told Andreotti that his party would abstain only if the Communists did.

The Christian Democrats meet tomorrow to decide on a course of action.

They are extremely unlikely to seek neo-fascist cooperation, which would almost certainly be met with widespread protests and violence. But, many party members are likely also to oppose allowing the government's survival for the first time to be clearly dependent on Communist benevolence.

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The Communists have not ruled out abstention, but they reportedly want a public request for such co-operation.

If Andreotti gives up, President Leone may turn to someone from another party to form a government-- perhaps Republican Party leader La Malfa.

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NOTE

Chinese forces resumed large-scale training activities on Saturday near Tung-shan and Nan-ao islands at the southern entrance to the Taiwan Strait.

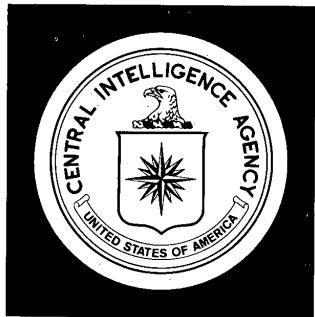
[redacted] defensive patrols, bombing and strafing attacks in support of assault forces, and apparently a paratroop. The presence of a variety of ships, including frigates, gunboats, and landing craft suggests that an amphibious landing was conducted.

Ground forces may also have taken part in the exercise. Elements of two armies are in the area and participated in the earlier exercises.

Maneuvers have been underway in the Tung-shan - Nan-ao area over the past month. We have no indications that any forces are yet leaving the area.

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Lebanon: The US embassy in Damascus believes that the talks between Syrian and Palestinian officials may be entering a serious stage. There was more heavy fighting yesterday in Beirut's eastern suburbs. (Page 1)

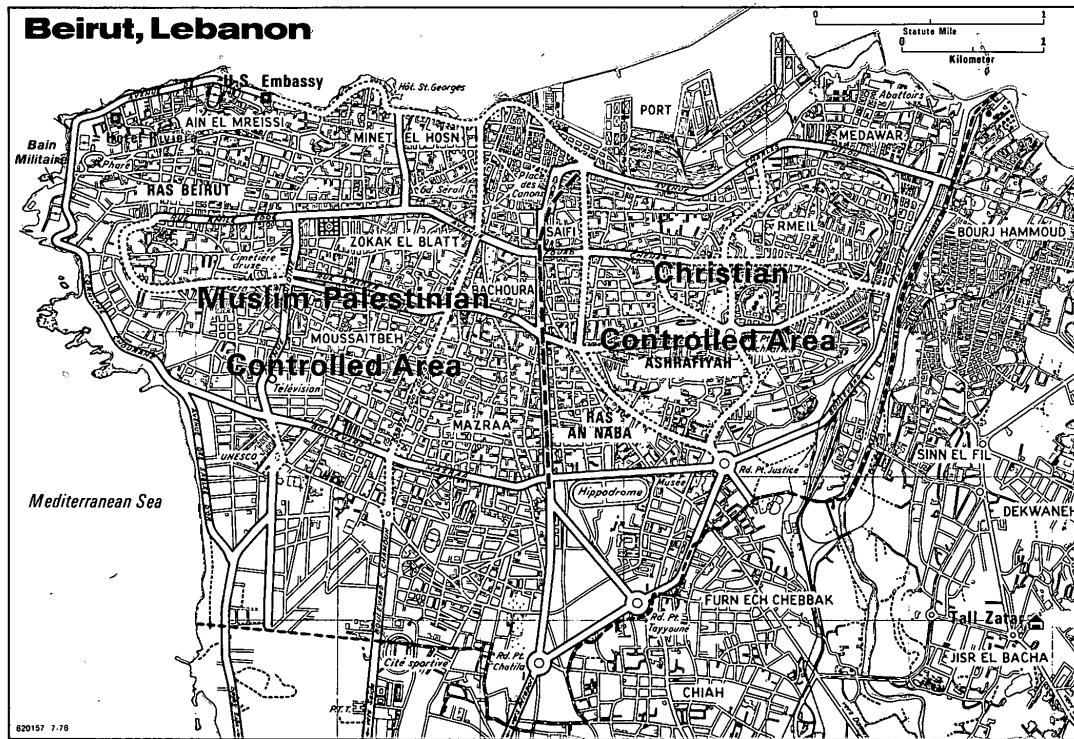
USSR-Lebanon: Soviet naval units in the Mediterranean are keeping an eye on US ships off Lebanon. (Page 2)

Egypt-Libya: Libya's President Qadhafi is showing some concern about the Egyptian troop buildup on the Libyan-Egyptian border. (Page 3)

Kenya-Uganda: The Kenyans are anticipating a Ugandan air strike this week. (Page 4)

Notes: Greece-Turkey; USSR; Cuba; Japan (Pages 6, 7, and 8)

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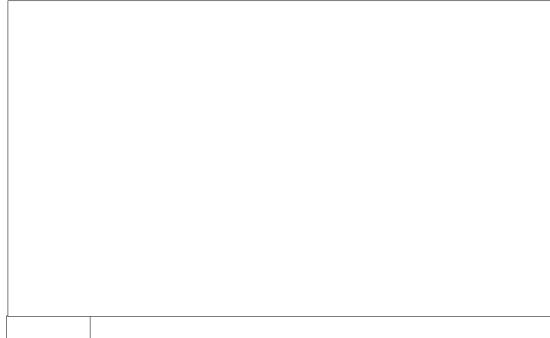


LEBANON: Syrian Foreign Minister Khaddam and Palestine Liberation Organization chairman Arafat's adviser on foreign affairs, Qaddumi, were due to meet again yesterday to continue their negotiations for a Syria-PLO reconciliation.

The US embassy in Damascus believes that these talks have entered a more serious stage, with Khaddam and Qaddumi now discussing a detailed draft agreement. The embassy, however, questions the degree of negotiating authority that Arafat gave Qaddumi and notes that, according to one local Palestinian source, Qaddumi may be operating within relatively narrow guidelines.

A Palestinian spokesman in Damascus said yesterday that some progress has been made on minor points, but the two sides are far apart on major issues. 25X1

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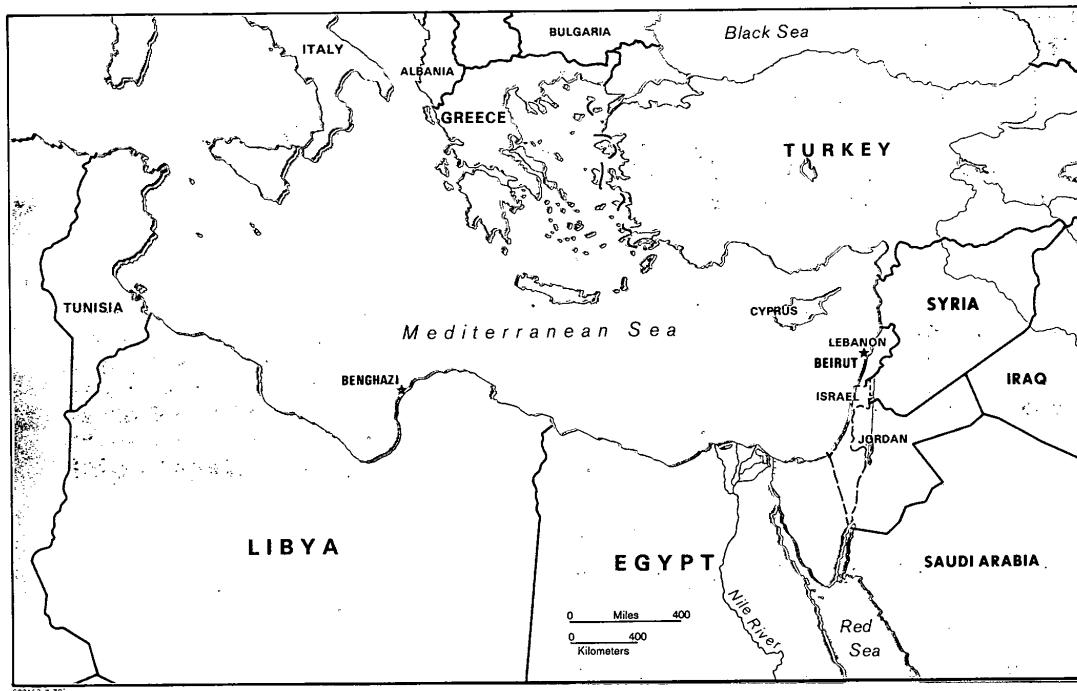
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Meanwhile, Libyan Premier Jallud is said to have returned yesterday from Damascus to Beirut, where he apparently hopes to continue to try to mediate a cease-fire.

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Relatively heavy fighting continued yesterday in Beirut's eastern suburbs.

The Christians kept up their shelling of Tall Zatar. We cannot confirm Christian claims that 100 of the camp's defenders have surrendered. Fighting also was reported around the nearby Shia Muslim district of Nabaa.

Military activity remains at a low level elsewhere in Lebanon. There is sporadic shelling in the mountains east of Beirut, and Syrian forces are shelling Palestinian and leftist positions near a refugee camp in the north.

USSR-LEBANON: Soviet naval units in the Mediterranean yesterday and early this morning maintained low-level surveillance of US naval units off Lebanon.

A Soviet frigate, a destroyer, and a minesweeper monitored the US amphibious force assigned to the evacuation. Early this morning, a destroyer was trailing the US attack carrier America and three escorting frigates.

A frigate has been monitoring the US carrier Nimitz located southwest of Crete.

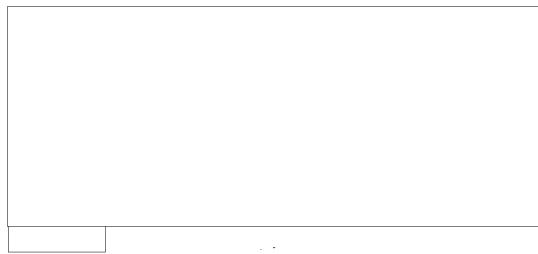
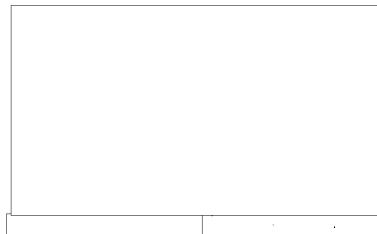
The main Soviet naval force in the Mediterranean, including the aircraft carrier Kiev, is moving west from a position north of Benghazi, Libya and has not participated in the surveillance of US ships.

The remaining major Soviet naval group in the area remains in the Gulf of Sollum in the Egyptian-Libyan border area.

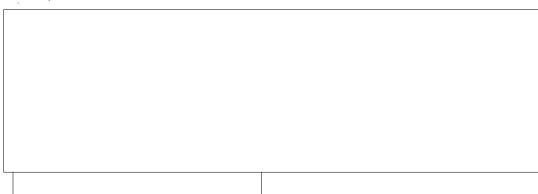
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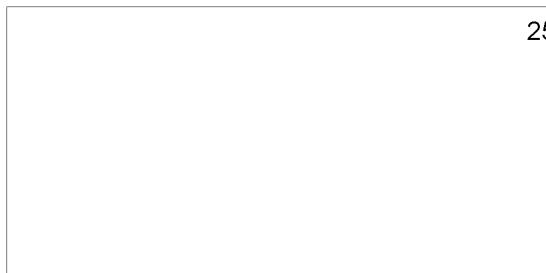
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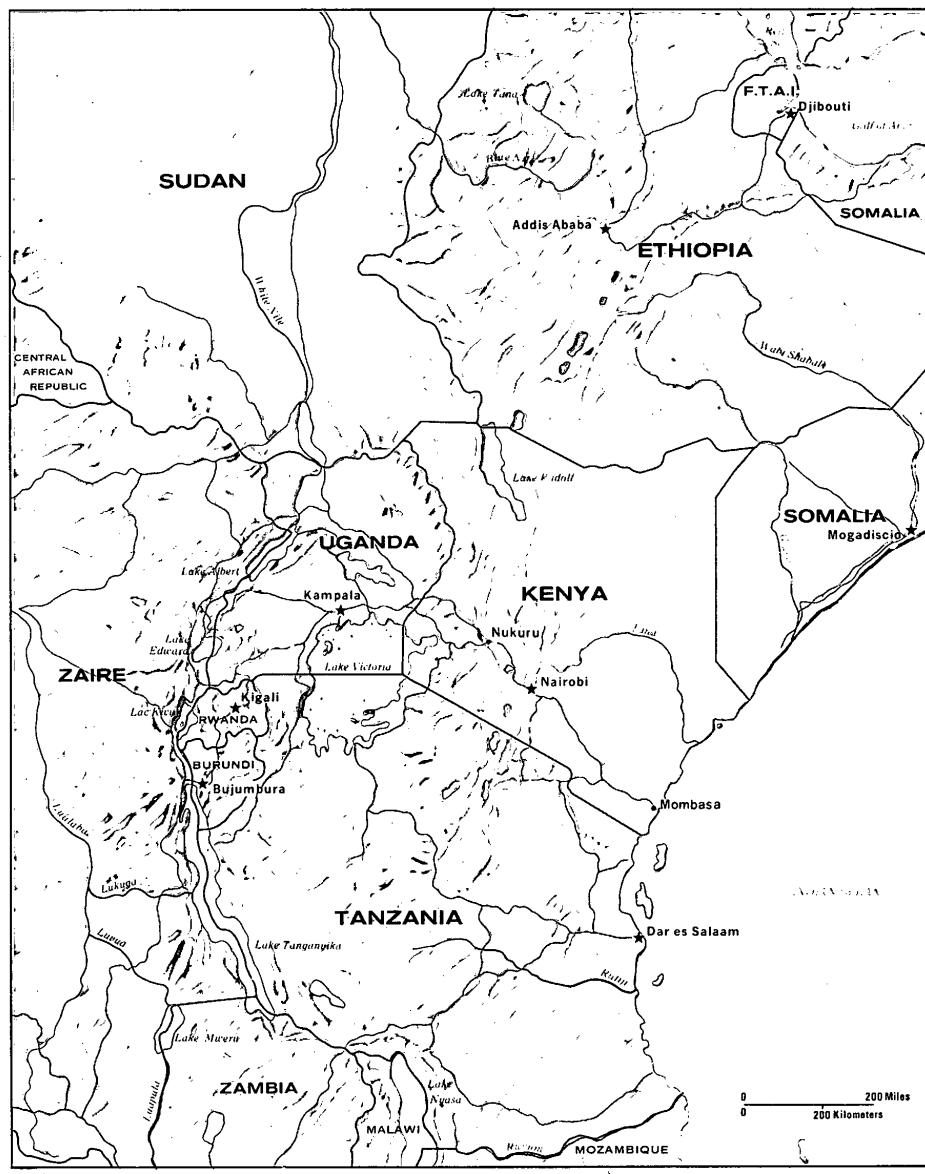
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EGYPT-LIBYA: We have detected no new military movements near the Egyptian-Libyan border since the weekend, but a troop convoy of over 100 trucks reported moving north toward Alexandria on Sunday may be en route to the border area.

Libya's President Qadhafi is showing concern over the Egyptian troop buildup. In a speech publicized over the weekend, Qadhafi attributed the Egyptian military moves to a "grudge" President Sadat bears against the Libyans because oil has made them prosperous. Qadhafi seemed to be appealing for loyalty and trying to head off possible dissidence in eastern Libya, where tribesmen have never supported him.

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EAST AFRICA



The Libyan leader apparently does not believe that Egypt poses an imminent military threat. He gave Cairo until September 1--the seventh anniversary of his takeover--to "come to its senses." He said that if he detects no change in the Egyptian attitude by then, he will break diplomatic relations.

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25X1

KENYA-UGANDA: Kenyan military officials expect a Ugandan air strike this week against Nairobi or Nakuru, where President Kenyatta spends much of his time.



25X1

[redacted] Ugandan units 25X1 are feeling the effects of Kenyan economic restrictions. An important ordnance depot lost communications late last week because of power stoppages, and army headquarters has ordered all units to conserve fuel and restrict vehicle traffic.



25X1

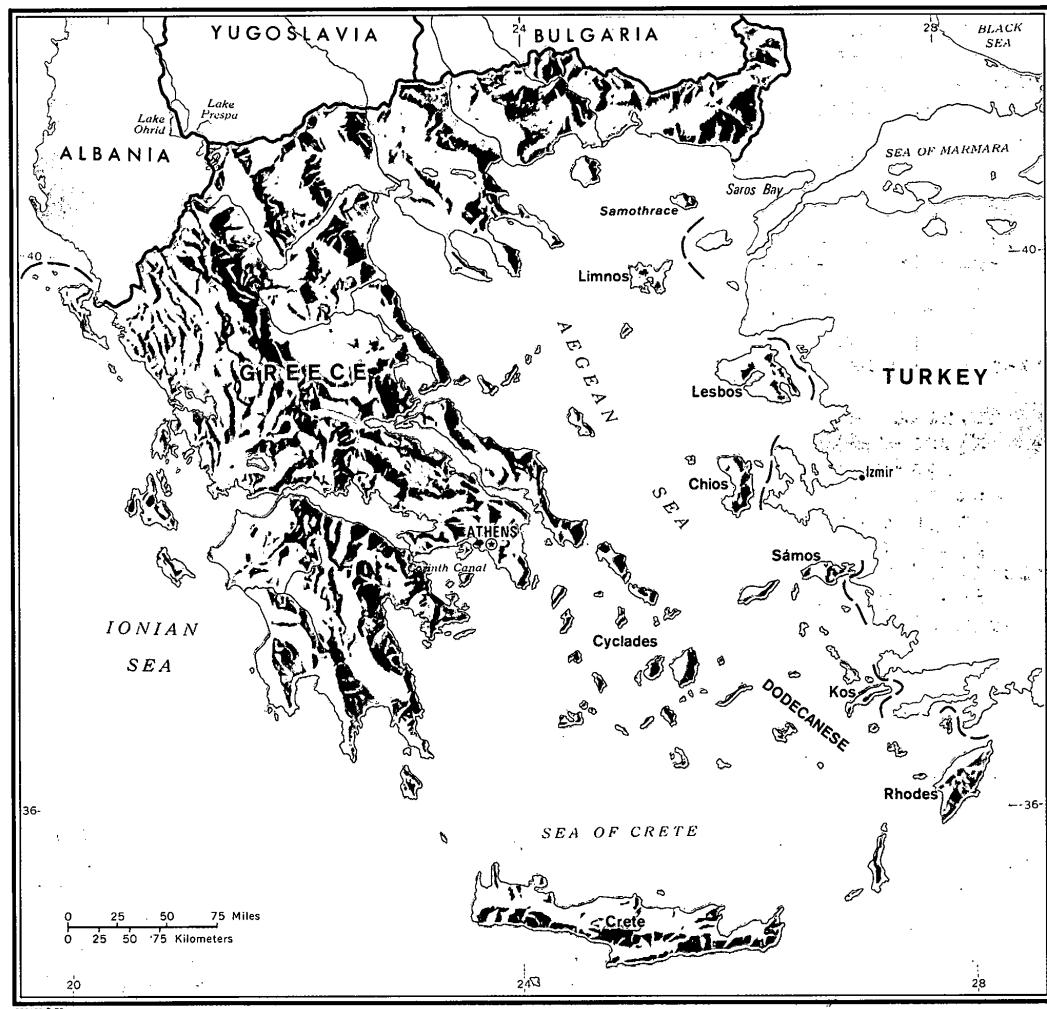
The Kenyan press continues to claim that Amin faces serious domestic problems, including army mutinies and an assassination attempt last weekend. Amin has frequently experienced army indiscipline and attempts to unseat him, but we have no confirmation of the latest Kenyan reports.

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The Kenyans have asked the US embassy to give as little publicity as possible to the current visits of US military units to Kenya.

They also requested that the visits be officially described as routine. The Kenyans, who last week said the US presence has helped deter Amin, are apparently concerned that the visits could damage Kenya's non-aligned credentials.

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NOTES

High-level Greek-Turkish contacts recently have failed to defuse the potentially explosive situation in the Aegean surrounding the voyage of the Turkish research ship, Sismik I.

Talks began on July 21 at Greek initiative, but by July 24 positions had hardened on both sides. The Greeks were insisting that in return for guarantees of safe passage, Turkey would have to give Greece advance notice of the ship's entire planned course of action. Athens also was demanding that a Greek naval ship be allowed to escort or closely "shadow" the Sismik I.

According to Turkish foreign ministry secretary general Elekdag, Ankara rejected the Greek position, maintaining that approval would imply Turkish recognition of the Greek claim to virtually the entire Aegean seabed. The talks broke off, and there apparently are no plans for another meeting.

If Athens and Ankara decide to meet again, there would appear to be adequate time to try to iron out the problem before the Sismik I enters disputed waters. According to Elekdag, the ship is still in the Sea of Marmara. It may sail for Saros Bay as early as July 28 and spend ten days there before entering international waters near the Greek island of Samothrace. Lacking any assurances of safe passage, the ship would be sailing under military protection when it left Turkish territorial waters.

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Cuban Prime Minister Fidel Castro reiterated in a speech last night that Cuban forces would remain in Angola until that country's military becomes more capable.

He added that troops and equipment not now needed are being withdrawn but gave no hint of the numbers or the rate involved. Castro assured visiting Angolan President Agostinho Neto that Cuban forces would return if needed and that Cuba plans broad cooperation with Angola. Neto stressed his need for Cuban technicians.

The composition of the Angolan party suggests that considerable planning for the future Cuban role in Angola probably took place.

The delegation included senior political, economic, and military officers, as well as representatives of local governments, unions, and mass organizations.

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The arrest yesterday
of former Japanese
prime minister Tanaka
in connection with the
Lockheed scandal could
cause serious divisions
in the ruling Liberal
Democratic Party.

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Party leaders tried to oust Prime
Minister Miki last month because
they feared he might use the dis-
closure of Lockheed information
to damage his political opponents,
including Tanaka.

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[redacted]

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Miki may believe that taking 25X1
a strong anticorruption position
is his best chance of staying in
office [redacted]

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Tanaka's political career is fin-
ished, but if he implicates other
party leaders, the party will
clearly face a crisis.

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The President's Daily Brief

July 28, 1976

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Italy: The Christian Democrats have authorized the creation of a temporary minority government that would depend for its survival on Communist abstention in parliamentary confidence votes. (Page 1)

USSR - Middle East: The Soviets' first authoritative Pravda editorial in many weeks on the Middle East situation puts the blame for developments in Lebanon and elsewhere in the area directly on the US. (Page 2)

Lebanon: PLO representative Qaddumi returned to Beirut yesterday from Damascus to confer about terms of a draft agreement worked out with the Syrians. (Page 3)

Egypt-Libya-Tunisia: Egypt continues to bolster its military strength on the Libyan border, as Tunisia prepares for a possible Libyan attack. (Page 4)

Kenya-Uganda-UK: Kenya's foreign minister stated yesterday that Nairobi is prepared to receive missions from both the UN and the OAU to investigate the dispute with Uganda. The UK will announce today its decision to break relations with Uganda. (Page 5)

Rhodesia: Fighting, reported as heavy, occurred in northwestern Mozambique last week when Rhodesian troops with air support crossed the border. (Page 5)

Japan: [Redacted]

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Poland-Italy: Dissident Polish intellectuals last week induced the Italian Communist Party to intercede on behalf of Polish workers convicted for participation in the June riots in Poland. (Page 7)

Note: USSR-US (Page 9)

FOR THE PRESIDENT ONLY

ITALY: Italy's Christian Democrats yesterday authorized prime minister - designate Andreotti to form a temporary minority government, the survival of which would depend on Communist abstention in parliamentary confidence votes. The Communists have not held such a pivotal role since their ejection from the government in 1947, and have always voted against the government in confidence votes.

Andreotti needs Communist abstention because of his failure during consultations on a new government to win parliamentary support from the Christian Democrats' three traditional government partners. The Socialists, Social Democrats, and Republicans have all told Andreotti that the most he can expect from them is abstention in a confidence vote. Given the increased Communist strength in the new parliament, the Christian Democrats could not command the requisite majority of those voting unless the Communists also abstained.

While giving Andreotti the go-ahead, however, the Christian Democratic leadership stopped just short of issuing the explicit appeal for Communist assistance that the Communists had demanded as a condition for their abstention. What the Communists want, in effect, is a formal admission by the Christian Democrats that Italy cannot be governed without Communist co-operation. Influential right-wing Christian Democrats opposed such an appeal to the Communists on the grounds that it would blur the distinction between the opposition and the government.

Given the absence of realistic alternatives, Christian Democratic leader Zaccagnini sought yesterday to paper over differences in his party with a formulation that meets the Communists halfway.

Rather than appealing to the Communists alone, he called on all parties consulted by Andreotti to "perform a service" by abstaining in a vote of confidence. The Communists will now have to decide whether Zaccagnini has gone far enough toward meeting their demand. They will probably be persuaded to go along by the increased

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influence they would acquire and by the Christian Democrats' recent willingness to yield major parliamentary posts to them.

Andreotti is drawing up a cabinet and will reportedly be ready to face a confidence vote next week.

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USSR - MIDDLE EAST:
The Soviets yesterday published in Pravda their first authoritative editorial on the Middle East situation in many weeks.

According to an embassy summary, the editorial reflected continued Soviet frustration over developments in Lebanon and elsewhere in the Middle East and put the blame for them squarely on the US. Israel, as well as the US, was sharply criticized for pursuing "divide-and conquer" tactics designed to set Arabs against one another and to "artificially delay" an overall Middle East settlement.

In contrast to other recent Soviet propaganda statements, Pravda did not explicitly criticize Syria for its intervention in Lebanon. It lacked any new ideas for resolving the Lebanese crisis or for rescuing the beleaguered Palestinians.

Pravda repeated the standard Soviet call to reconvene the Geneva conference to resolve the Middle East impasse, but the appeal was cast in restrained and moderate terms. For example, the editorial omitted the formulation that the PLO should participate at Geneva "from the very beginning." It also included Soviet endorsement of the "inviolability of borders" of all states in the Middle East.

Izvestia also attempted to blame the US for Soviet troubles in the Middle East in a lengthy article published on Monday. The article portrays Washington's step-by-step diplomacy as designed to isolate

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and, ultimately, to destroy the Palestinian resistance movement--the only "cement" that holds together the Arabs' "anti-imperialist unity."

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LEBANON: Palestine Liberation Organization representative Qaddumi returned to Beirut yesterday from Damascus to confer with other PLO officials and Lebanese leftist leaders about terms of a draft agreement worked out with the Syrians.

The leftists predictably have criticized the accord for failing to include a provision for the withdrawal of Syrian forces from Lebanon. PLO leaders appear split over whether to accept the terms, which clearly favor Syria.

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The Christians [redacted]

[redacted] have yet to 25X1 indicate whether they would accept the agreement. [redacted]

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More volunteers, based in Libya, will apparently soon be heading for Lebanon to fight with Lebanese leftist and Palestinian forces.

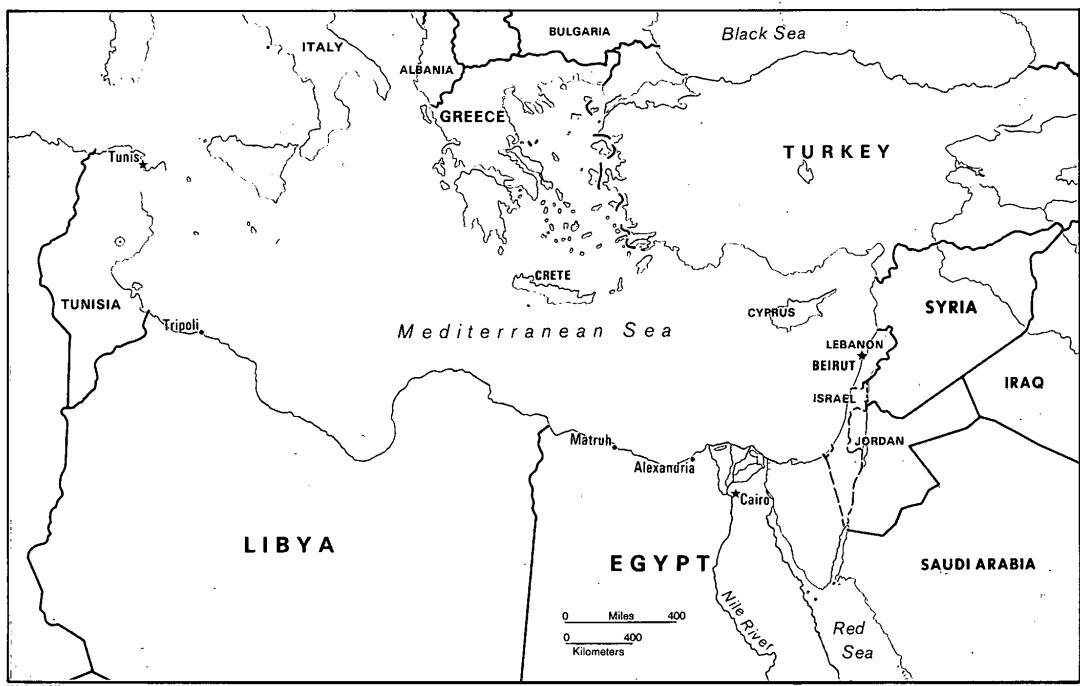
We have previously had reports of groups of about 100 transiting Egypt en route to Lebanon.

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Fatah is said to be handling the recruits, who have just completed training at a camp in Libya. The volunteers are primarily Palestinians; a small number are Lebanese.

The Palestinian and leftist forces are apparently still experiencing

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severe shortages despite the shipment of food and arms to them by Egypt and Libya.

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EGYPT-LIBYA-TUNISIA:
Egypt continues to bolster its military strength on the Libyan border.

[redacted] that large convoys of troops, without armor, were headed west on the Cairo-Alexandria road on Sunday and Monday.

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We are still uncertain about the extent of the Egyptian buildup. In addition to the latest deployments, Cairo has sent two surface-to-air missile brigades, one MIG-21 squadron, and at least one battalion-size ground force unit to the border area over the past two weeks.

Additional ground forces apparently have been moved to the area, but we are unable to confirm their presence.

[redacted] that a newly formed armored division is taking up positions in the Matruh area.

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Tunisia, meanwhile, has taken precautions against any Libyan military moves in its direction.

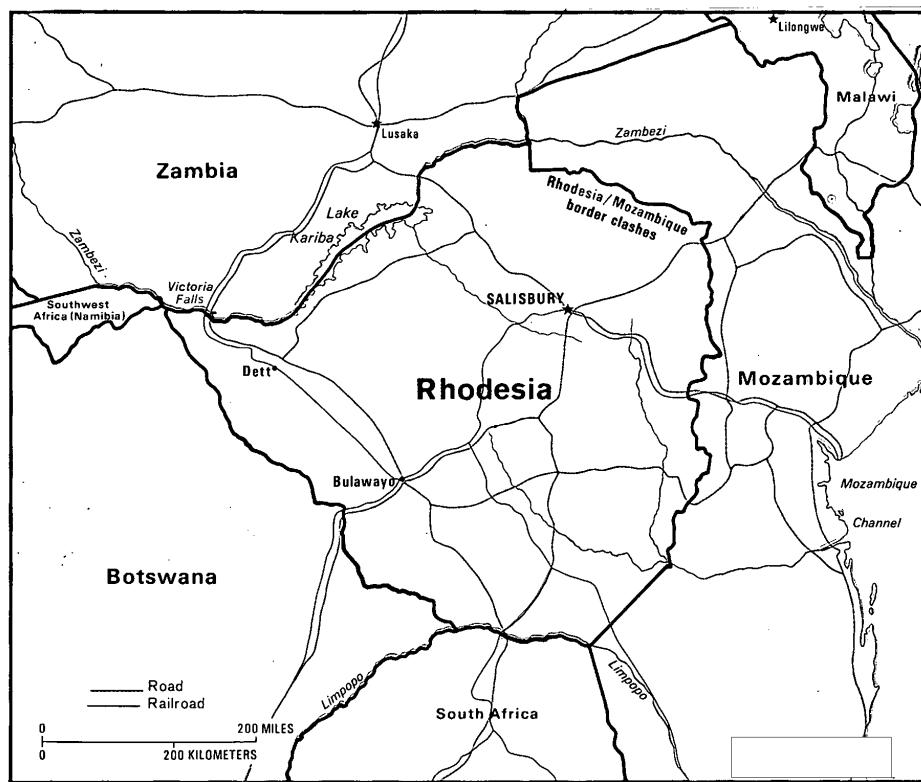
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[redacted] Tunisian army units have increased their readiness and that some units along the main coastal highway from Tripoli to Tunis have been reinforced.

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KENYA-UGANDA-UK: Kenya's foreign minister announced yesterday that Nairobi is prepared to receive a UN fact-finding mission on the Kenyan-Ugandan dispute and has invited the secretary general of the Organization of African Unity to investigate as well.

The UK will announce today its decision to break relations with Uganda.

The Kenyan foreign minister also said he would welcome a meeting between Kenyan and Ugandan officials. Ugandan President Amin last week called for UN and OAU investigations of the dispute.

The Kenyan foreign minister spelled out to a meeting of foreign diplomats in Nairobi measures that Amin must take if he wants to relieve tension between the two countries: withdraw troops from the border, withdraw claims to Kenyan territory, and guarantee the safety of Kenyans living in Uganda.

The Callaghan government, which has been under pressure to take some form of action, has postponed the break for two weeks out of concern for some 500 British citizens remaining in Uganda. About half of these nationals have now left the country; the others apparently intend to stay.

The French embassy in Kampala will represent UK interests in Uganda after the break.

* * *

RHODESIA: Fighting, reported as heavy, occurred in northwestern Mozambique last week when Rhodesian troops with air support crossed the border.

Increasing military manpower requirements have prompted the Smith regime to introduce legislation that for the first time would permit drafting blacks into the security forces. Blacks subject to the draft will not necessarily be used to fight the guerrillas but may be assigned to clerical and other non-combat duties in order to release more whites for combat.

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Rapidly rising military costs have compelled the government to take strict measures to ease the growing economic burden of the guerrilla war. According to the Rhodesian finance minister, funds will be diverted to the military from government services affecting transportation, housing, and local government.

In an effort to stop the growing exodus of whites from Rhodesia and to preserve foreign currency reserves, the government has reduced by almost 80 percent the amount of money emigrants can take out of the country.'

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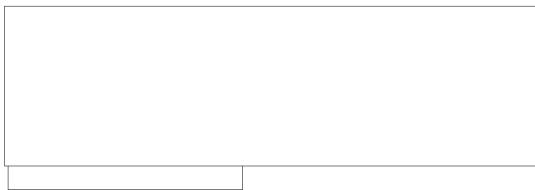
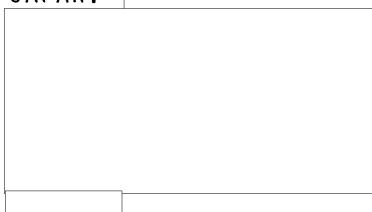
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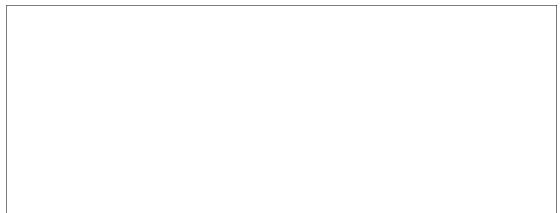


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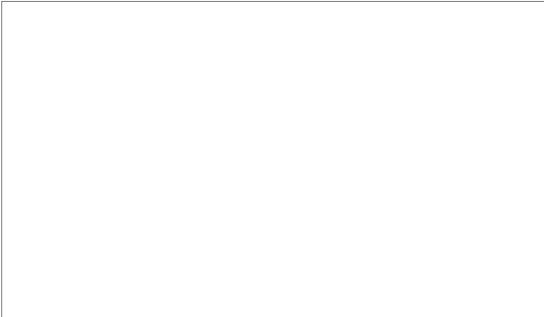
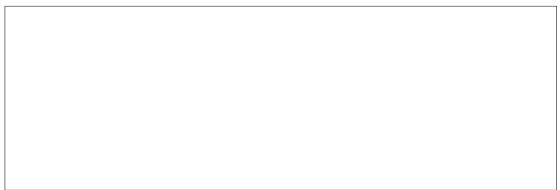
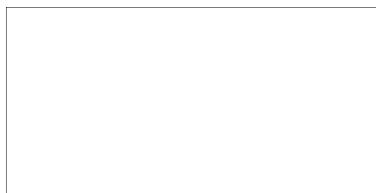
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POLAND-ITALY: Dissident Polish intellectuals last week induced the Italian Communist Party and trade union movement to intercede on behalf of 13 Polish workers convicted for participation in the June riots in Poland.

An open letter to Italian Communist Party leader Berlinguer given to foreign journalists in Poland stimulated the Italian response. The letter criticized the closed trials of the Polish workers and asked the Italian party to protest the "harsh and unjust treatment" accorded convicted strikers.

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The Italian Communist daily reported last week that the party secretariat had expressed to the Polish party Italian "concern" over the trials, particularly because of the paucity of information about them and the refusal to allow foreign journalists to attend.

The Italian party urged the Poles to exercise "moderation and even clemency" in dealing with the convicted. Italy's major trade union federation followed with a "declaration of protest" expressing "profound concern" over numerous arrests and trials.

There has been no public reaction from Polish officials. Contacts of the US embassy in Warsaw indicate that there is a "very strong" division of opinion within the Polish leadership over how best to handle the matter.

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NOTE

Several leading officials of the Soviet Institute of the USA and Canada will visit the US this summer. They have been separately invited by various organizations.

The institute is now preparing a "profile" of Governor Carter and presumably will do a forecast of the election results and the possible effects on US policy.

Among those officials who are coming to the US are Institute Director Georgy Arbatov; Valentin Berezkov, chief editor of the institute's journal; and Georgy Svyatov, chief of the institute's military-technical policy section.

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The President's Daily Brief

July 29, 1976

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Lebanon: A Palestine Liberation Organization delegation has returned to Damascus for more talks on the draft agreement worked out with the Syrians. There was a lull in military activity yesterday in Lebanon. (Page 1)

Israel: The recent rescue operation in Uganda has strengthened public support for Tel Aviv's policy of non-intervention toward Lebanon. (Page 2)

Italy: The Communists' acquisition of the presidencies of seven parliamentary committees will increase the party's prestige and influence. (Page 3)

China: Yesterday's earthquake occurred in a heavily populated and industrialized area. (Page 4)

Notes: Cuba-Angola; Nigeria; China-Tunisia (Pages 5 and 6)

At Annex, we discuss Finnish President Kekkonen.

FOR THE PRESIDENT ONLY



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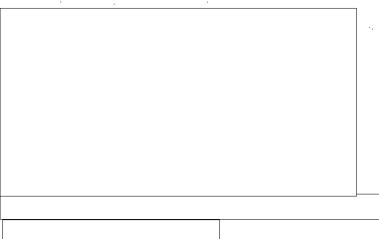
LEBANON: After consulting briefly with other Palestinian and leftist leaders in Beirut, Palestine Liberation Organization representative Qaddumi went back to Damascus yesterday for further talks on the draft agreement worked out with the Syrians.

The leftist radio in Beirut said Qaddumi's delegation would convey the Palestinian leadership's agreement in principle to the draft accord. It added, however, that "certain details" still needed clarification, including a specific reference to the "Arab League resolutions."

It is not clear whether this refers to the recent watered-down resolutions that merely call for a cease-fire and the strengthening of Arab League security forces or to earlier resolutions that specifically call for the replacement of Syrian troops in Lebanon by League forces--a condition Damascus would find unacceptable.

The leftist radio in Beirut also quoted Libyan Prime Minister Jallud, who is in Damascus, as saying a final Syrian-Palestinian agreement had been reached and that PLO chief Arafat would go to Damascus soon for a meeting with President Asad. For its part, Damascus radio has been much more guarded in describing the talks.

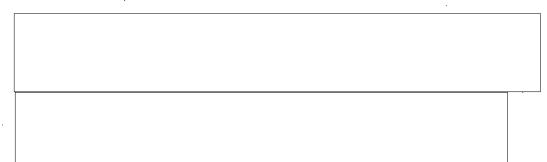
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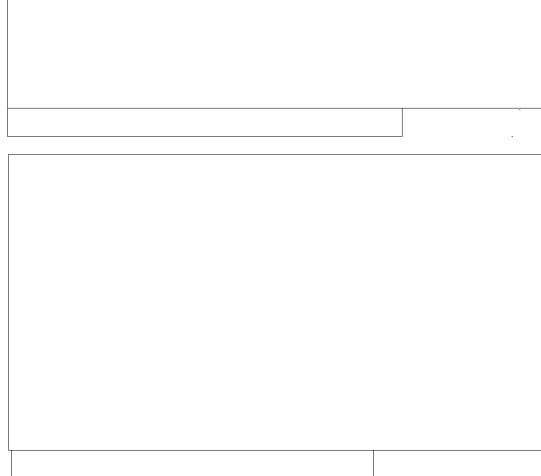


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There was a general lull in military activity throughout Lebanon yesterday.

Only scattered artillery exchanges and sniper fire occurred along the traditional confrontation lines in Beirut. Christian forces also were said to be shelling Palestinian and leftist positions near Ayn-turah in central Lebanon.

ISRAEL: *The mood of self-confidence generated by the rescue raid in Uganda has strengthened public support for Tel Aviv's policy of non-intervention toward Lebanon.*

A senior Israeli Foreign Ministry official recently told a US embassy officer that the Entebbe operation has enabled his government to maintain its cautious, low-key policy toward Lebanon because now no one doubts Israel's ability or willingness to act forcefully should its interests be directly threatened.

The Israeli government reportedly is considering a new plan that would allow Lebanese Arabs living near the border to commute daily to work in Israel. The government also has recently helped facilitate three Red Cross air shipments

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of relief goods to Lebanon. Israeli Defense Minister Peres stated last week that these actions may mark the beginning of an era of "open bridges" across the Israeli-Lebanese border.

* * *

ITALY: The committee presidencies gained by the Communists this week in the new parliament will substantially enhance the party's prestige and its influence in the legislative process.

Following protracted negotiations among the major parties, the Communists received the presidencies of seven of parliament's 26 permanent committees--the first time that they have held top posts.

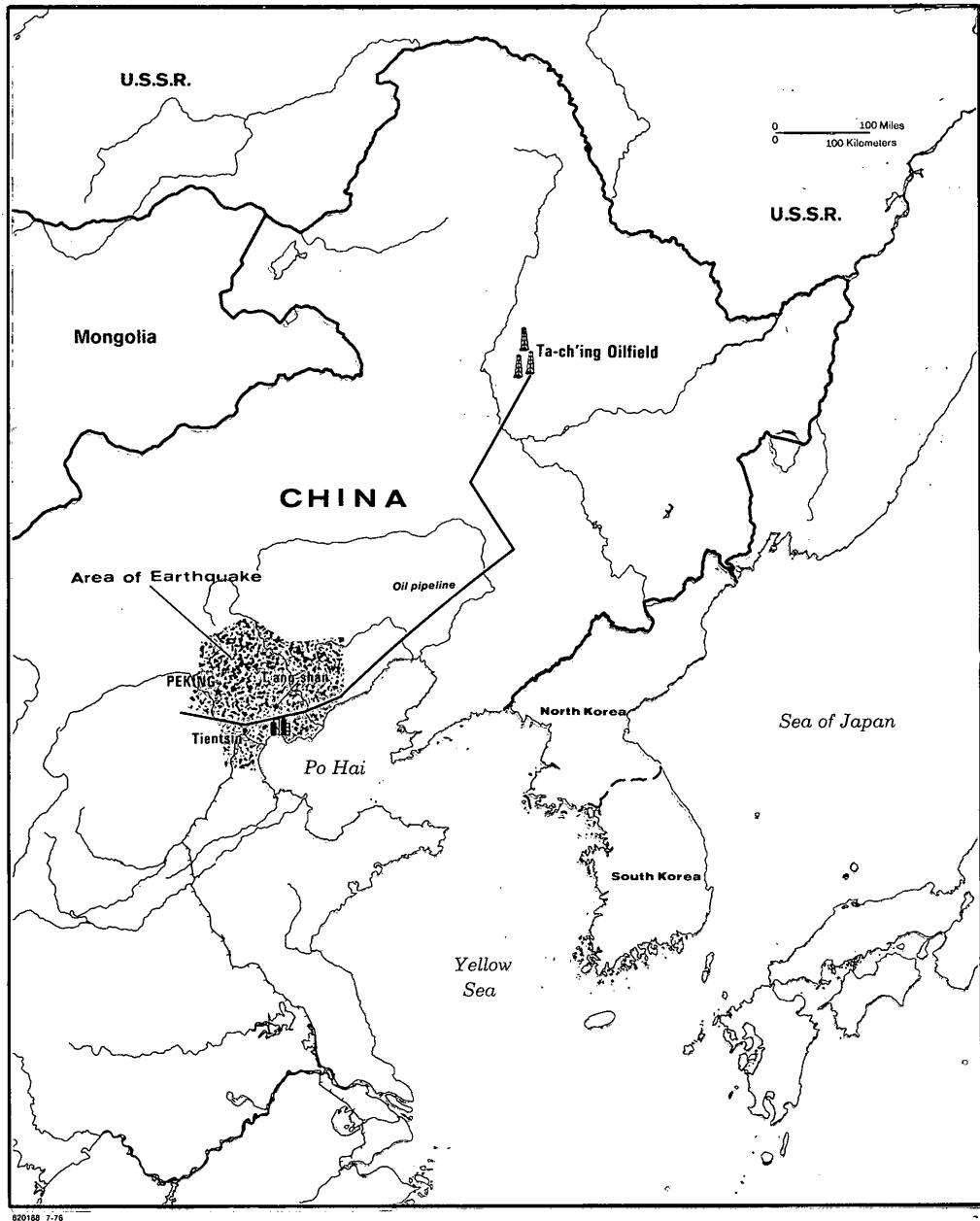
The Communists will chair the committees on constitutional affairs, finance and treasury, public works, and transportation in the chamber of deputies and will head the budget, agriculture and health committees in the senate. The finance and budget posts are probably their most significant assignments in view of the increasingly important influence parliament's economic committees have exerted on government programs.

One check on the Communists' new power results from the fact that every committee headed by a Communist is chaired by a Christian Democrat in the opposite house; the two houses of parliament have equal powers.

The Christian Democrats managed to keep sensitive political and security-related committees out of Communist hands.

The Christian Democrats received the foreign affairs committee in the chamber, and it is headed by a Socialist in the senate. The defense committees are headed by a Socialist and Social Democrat, while interior responsibilities are divided between the Christian Democrats and Republicans.

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The Communists obviously regard their new posts as a significant achievement. They will now be able to put their stamp on legislation more authoritatively and openly than in the past and will exploit their new role to promote the party's legitimacy. The committee assignments seem likely to lead to expanded collaboration between the Communists and Christian Democrats.

* * *

CHINA: Yesterday's powerful earthquake occurred in one of the country's most heavily populated and industrialized areas.

In Peking, most people reportedly spent the night in makeshift shelters in the streets and in cleared areas. There were no signs of disorder and no indications that security measures have been increased.

The potential for damage is great in Peking, Tientsin, and T'ang-shan, which were hit hard by numerous quakes. Although reports thus far have been sketchy, there apparently was massive destruction of houses in the important industrial and mining city of T'ang-shan.

According to press reports, a group of French survivors said T'ang-shan, which has a population of about 1 million, was in ruins. The Chinese Communist Party's Central Committee has acknowledged that the earthquakes have caused "great losses to people's lives and property."

The affected area includes industrial installations of all types that produce 10 percent of China's total industrial production. The most severe damage, however, would be to transport, power, and communications facilities. The petroleum pipeline from the Ta-ch'ing oil fields runs directly through the area.

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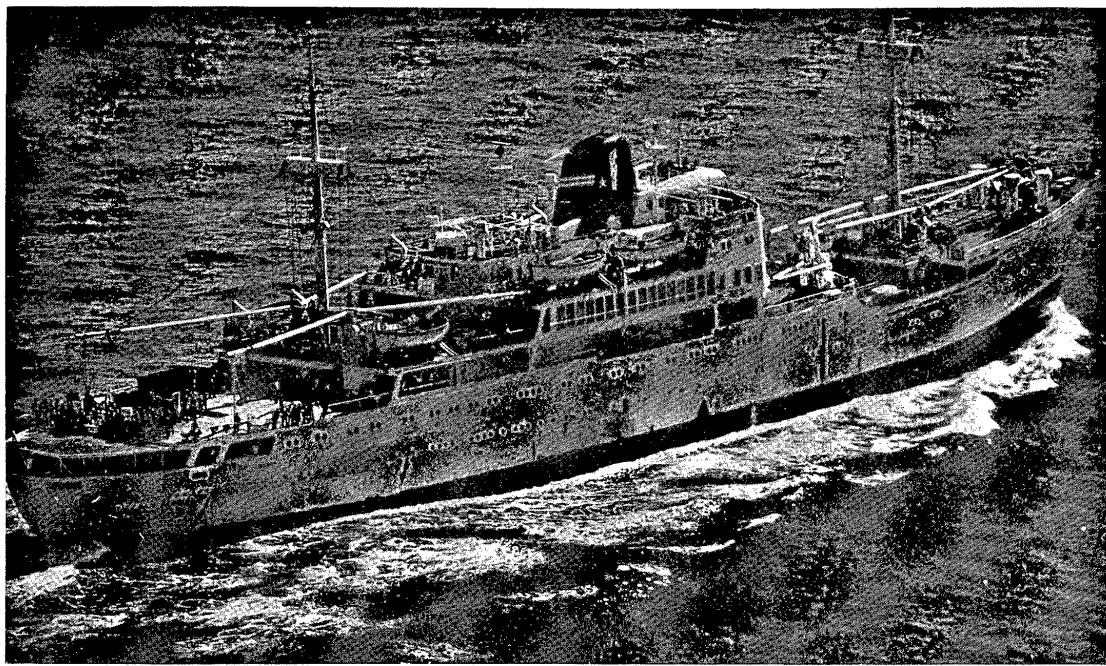


Photo taken from US aircraft of the Cuban troop ship Vietnam Heroico

NOTES

The Cuban convoy of five ships that is returning from Angola entered the Caribbean on Monday, and is now probably northeast of Jamaica.

Two of the ships, the 20th Aniversario and possibly the Cerro Pelado, were due to arrive at the port of Santiago on Cuba's southern coast this morning. The rest of the convoy apparently is bound for Mariel and will arrive this weekend.

The number of troops on the ships could not be determined by low-level photography. Some 200 people were on the decks of the Vietnam Heroico, one of the two mixed passenger-cargo ships in the convoy; only crew members were seen on the other.

The three cargo ships were riding high in the water, indicating they were not fully laden and could have been carrying troops.

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Nigeria apparently has begun to provide limited military aid to Angolan-based insurgents of the South-West Africa People's Organization (SWAPO).

[redacted] 25X1
[redacted] two Nigerian air force C-130s arrived in Luanda on June 28 with an unidentified "special consignment" destined for SWAPO.

The Nigerians reportedly agreed in April to permit SWAPO to open an office in Nigeria. The present military government in Lagos, which sees itself destined to play a leading role in sub-Saharan Africa, believes that white minority rule in Namibia (South-West Africa) and Rhodesia can be ended only by force.

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Tunisia [redacted]
[redacted]
China [redacted]
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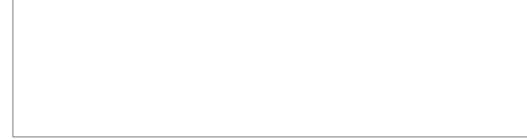
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FINLAND

Finnish President Urho K. Kekkonen, who begins an official visit to Washington on August 3, is one of the most durable European political leaders. At 76, he has served as President for more than 20 years, and nearly all Finnish political parties have already endorsed him for another six-year term after his current one expires in 1978.



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Foreign Affairs

Although Finland is neutral, nearly all foreign policy decisions are first measured against their impact on relations with Moscow. Soviet-Finnish relations are based on the bilateral Agreement of Friendship, Cooperation, and Mutual Assistance signed in 1948. The Agreement was intended to convince Moscow of Helsinki's desire to establish a relationship based on trust and confidence after the bitter experiences of the previous decade.

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FOR THE PRESIDENT ONLY

Helsinki has generally maintained a good balance in its foreign relations. Finland is an active member of the UN and its numerous specialized agencies and participates in UN peace-keeping activities on Cyprus and in the Middle East. Helsinki has hosted numerous East-West meetings, including the Conference on Security and Cooperation in Europe held one year ago.

Participation in Western organizations is balanced by Finland's special cooperation agreement with the Soviet-dominated Council of Economic Mutual Assistance, as well as by Helsinki's repeated promotion of various proposals favored by Moscow. Finland was a strong supporter of the Soviet proposal for a Conference on Security and Cooperation in Europe and for a nuclear-free zone in Scandinavia.

Domestic Politics

Despite the extraordinary record of stability in the presidency, Finland has averaged nearly one government a year since gaining independence in 1917. The present government is a five-party center-left coalition headed by Prime Minister Miettunen. It tried to resign last spring, but Kekkonen persuaded the disparate partners to continue the coalition.

One continuing issue is the Finnish Communists' role in the government. Despite an attempted coup by the Communists in 1948, several Finnish governments have found it expedient to encourage Communist participation. Communists have been members of four governments since 1948--including the current one--but ideological differences over whether party principles permit such participation has blunted their effectiveness.

The dispute which threatened the Miettunen government in May grew out of a refusal by the Communists to approve a government proposal to increase the sales tax. The compromise worked out by Kekkonen allowed the Communists to register their dissent while the other four coalition parties--who still commanded a majority in Parliament--approved the measure.

Kekkonen wants to keep the Communists in the government until a number of unpopular austerity measures

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are enacted. A new test of the coalition's cohesion will occur this fall when Parliament considers further restrictive economic policies.

Grim Economic Picture

Last year, a moderately strong demand for imports, coupled with depressed foreign markets for Finnish lumber and machinery, led to a record \$2-billion trade deficit. Rising interest payments on the foreign debt pushed the services account into the red. Altogether, the current-account deficit nearly doubled to \$2.1 billion, equal to about 8.5 percent of GNP.

Finland's deficit in trade with the US during the first five months of this year was about half the \$178-million deficit recorded during the same period of 1975. For 1975 as a whole, Finland's trade deficit with the US reached \$393 million, nearly one fifth of the total deficit. President Kekkonen, in his discussions with US officials, probably will point to this imbalance. The Finns are concerned, for example, that US quota restrictions on specialty steels will inhibit the exports of specialty steels that they hope to begin late this year.

Helsinki expects another year of no-growth in its economy as a result of the government's tightened monetary and fiscal policies. These are accompanied by limited wage and price controls. The curbs are opposed by labor, which has markedly stepped up strike activity.

With the government facing mounting difficulty in coping with the economy.

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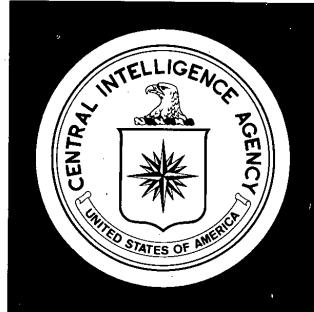
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July 30, 1976

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<u>USSR:</u> [redacted] (Page 3)	25X1
<u>Greece-Turkey:</u> The Turkish seismic research ship entered the Ae-	
gean yesterday accompanied by a naval escort, according to	
a Turkish radio broadcast. (Page 4)	25X1
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[redacted] (Page 5)	25X1
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tary general of the Liberal Democratic Party, as the next	
major political figure to be implicated in the Lockheed af-	
fair. (Page 7)	25X1
<u>Italy:</u> Prime Minister Andreotti's new cabinet will be sworn in	
today. Italy has increased its foreign currency reserves	
since last month's general elections. (Page 8)	
<u>Notes:</u> China; Poland; USSR-Nigeria; Cuba (Pages 10, 11, and 12)	

FOR THE PRESIDENT ONLY



LEBANON: Syrian Foreign Minister Khaddam and Palestine Liberation Organization representative Qaddumi signed the Syrian-Palestinian accord last night, according to Damascus Radio.

The accord calls for a cease-fire within 10 days, adherence to the Cairo agreement regulating Palestinian activities in Lebanon, and the opening of roundtable negotiations among the Lebanese under president-elect Sarkis.

PLO chairman Yasir Arafat, according to an Egyptian news service, said that he had not yet approved the document. The provision for restricting Palestinian activity in Lebanon presumably is a bone of contention between Arafat and the Syrians

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The agreement, as announced, contains no provision for Syrian withdrawal from Lebanon, but the Syrians may have assured Qaddumi that they would withdraw from Sawfar on the Beirut-Damascus highway.

Syria has promised several times previously to withdraw from Sawfar and has failed to follow through. Damascus may now calculate that it can afford this concession in the expectation that Christian forces advancing from the north could gain control of the area.

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Fighting in Lebanon appears to have picked up somewhat yesterday.

In Beirut, Christian forces renewed attacks on the Muslim district of Nabaa after a lull of several days, and leftist and Palestinian forces launched an attack into a Christian district of the capital.

Syria has reportedly urged that the evacuation of wounded from Tall Zatar--which has been repeatedly postponed--be allowed to proceed. Lebanese Interior Minister Shamun announced yesterday that he had agreed to the evacuation and would arrange details in a series of meetings today.

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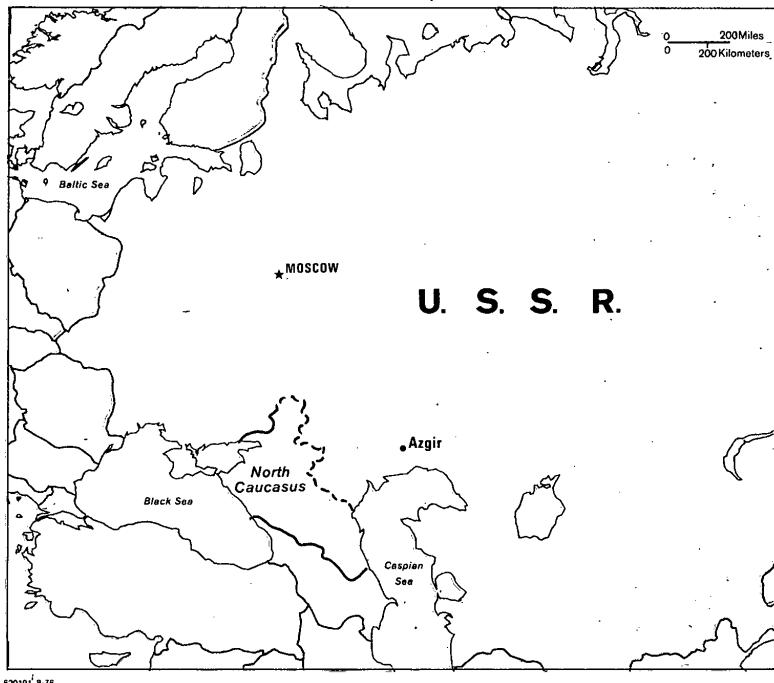
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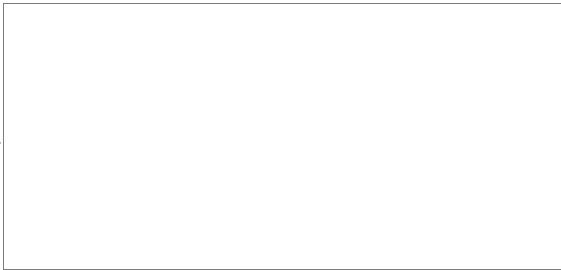
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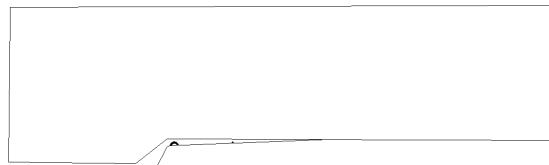
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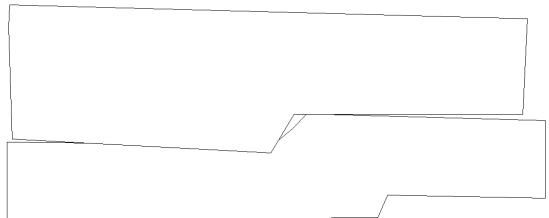
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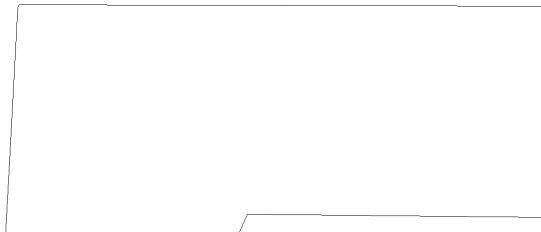


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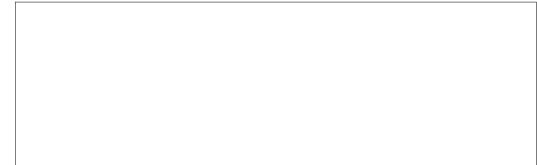


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GREECE-TURKEY: *The Turkish seismic research ship Sismik I entered the Aegean yesterday accompanied by a naval escort, according to a Turkish radio broadcast.*

A senior Turkish Foreign Ministry official informed the US embassy that the ship will spend about 10 days surveying in and around Turkish territorial waters before entering international waters, where it will operate until August 20. The extended stay of the Sismik I in Turkish waters still gives the two sides an opportunity to try again to devise a compromise formula to secure safe passage of the ship through contested waters.

Although both governments seem anxious to avoid a confrontation, they appear equally determined to avoid any moves that could weaken their claims in the Aegean or leave them vulnerable to attacks by domestic political opponents.

Tensions are likely to increase if there are no new talks or if they fail and the Sismik sails into disputed waters with a naval escort. The Greeks have indicated that the nature of the ship's activities will influence their reaction.

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The Greeks have responded initially to the Sismik's appearance in the Aegean by calling off the talks on Aegean air space rights set to begin this week in Paris and by stepping up efforts to monitor its movements.

According to the US defense attache in Athens, all of Greece's submarines put out to sea yesterday and there are press reports that some units of the Greek navy are en route to patrol near the Greek islands off the Turkish coast. Greek aircraft also are following the Sismik's movements.

There are no indications that Greek military units--beyond those placed on alert last week--have been placed in an increased state of readiness.

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KENYA-UGANDA-UK: Despite a flurry of mediation efforts and diplomatic activity, there has been little change in the Kenya-Uganda dispute since earlier in the week.

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OAU Secretary General Eteki held discussions with Kenyatta and other Kenyan officials yesterday. It is uncertain whether he will be

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going on to Kampala. Amin's renewed criticism yesterday of Nairobi's complicity in the Israeli rescue operation would appear to limit any Kenyan receptivity to mediation at this time.

Amin continues his own diplomatic initiatives with the Islamic states, presumably to seek relief from Uganda's economic plight. A Ugandan mission visited Sudan and Libya this week

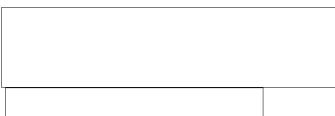


Amin so far appears not to have taken any major retaliatory steps against the 200 to 300 Britons still in Uganda following London's diplomatic break this week. The Ugandan leader has declared, however, that he is no longer obliged to compensate several thousand British Asians who lost property when he expelled them from Uganda in 1972.

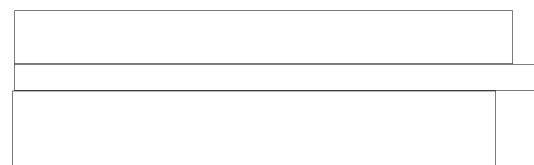
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JAPAN: *Speculation is now settling on Yasuhiro Nakasone, secretary general of the Liberal Democratic Party, as the next major political figure to be implicated in the Lockheed affair.*

Nakasone has been linked to the scandal since it erupted in February, partly because he occupied a key position in the former Tanaka government. A major Japanese daily reported yesterday that Nakasone's name was listed in the Lockheed-related data previously received by Japanese prosecutors from Washington.

The prospect of Nakasone's involvement presents Prime Minister Miki with a problem that is potentially more serious than Tanaka's arrest. Nakasone was appointed to a key party post by Miki and is also Miki's single major political ally. Even if Nakasone is not named by the prosecutors, suspicion will build both within and outside the party that a partial cover up is under way. Nakasone's arrest, on the other hand, would generate strong--perhaps overwhelming--pressures for Miki's resignation.

So far, Miki has not committed himself as to whether he would resign if one of his party officers or cabinet members were implicated. He is publicly building a case for remaining in office by closely associating himself with the need for thorough party reform.

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ITALY: Italy's prime minister - designate Andreotti's cabinet list--presented yesterday--suggests an attempt to create a fresh image.

The new Christian Democratic minority government contains several new faces and some technicians. In a departure from tradition, no former prime ministers except Andreotti himself are included.

President Leone will swear in the government today, and it will face its first confidence vote next Wednesday in the Senate, followed by one in the Chamber of Deputies the following week. Communist abstention will be needed for it to survive.

Italy has increased its foreign currency reserves by \$1,120 million through lira sales since last month's general elections.

The inflows also have enabled Italy to repay all of the \$500 million drawn on its swap facility with the Federal Reserve Bank of New York. The exchange market intervention accompanying the reserve increases has kept the lira, which closed at 835.3 to the dollar yesterday, remarkably stable since the elections.

In addition to the election outcome and the normal influx of summer tourists, several other factors have contributed to the lira's recent strength. The import deposit scheme, which requires a 50 percent non-interest-bearing deposit on most foreign purchases, has been a useful instrument for absorbing liquidity and stabilizing the exchange rate. High interest rates also have helped.

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The lira still faces an uncertain future. The composition of the new government and the rate of inflation will have an important influence on the lira's prospects.

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NOTES

No significant Chinese military exercise activity has been detected at the southern entrance of the Taiwan Strait since July 24 when air, ground, and naval forces conducted large-scale joint maneuvers near Tung-shan and Nan-ao islands.

Bad weather over the past several days probably caused at least a temporary stand-down in activity.

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several transport and bomber aircraft that had participated in the exercises returned, or were preparing to return, to their home bases early this morning. Naval, ground, and some air forces remain concentrated in the exercise area.

The military maneuvers have clearly heightened concern on Taiwan, but the Nationalists have not placed any of their forces in a significantly higher state of readiness.

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A top Polish party official told the US ambassador on Wednesday that Warsaw will not raise meat prices this year.

The latest postponement of the badly needed price increases shows the regime's irresolution and its fear of the Polish consumer since the June riots. The party official admitted that this decision will involve considerable costs to the economy. He said that meat exports, an important source of hard currency, have been cut. He added that Poland will have to import approximately 100 thousand tons of meat before the end of the year, including some from China.

The official indicated that Poland expects to import considerable quantities of wheat from the USSR and "some" from the US. The USSR normally ships 1 to 2 million tons of grain to Poland each year, but last August Moscow suspended shipments because of its own poor harvest.

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Soviet Union

Nigeria.

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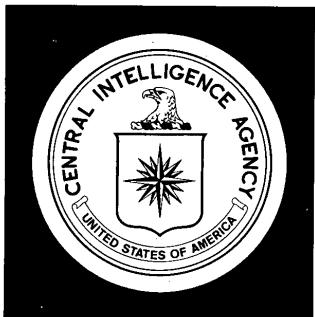
A substantial share of Cuba's trade with non-Communist countries has gone to US subsidiaries since the partial lifting of the US embargo in August 1975.

In the past 10 months, foreign subsidiaries of US companies have been awarded sales contracts by Havana totaling \$293 million--the equivalent of one fifth of Cuba's estimated non-Communist imports in 1975.

Most of the business has been garnered by US subsidiaries in Canada, Argentina, and Western Europe. Purchases from Cuba by US subsidiaries thus far have amounted to only about \$2 million worth of tobacco and molasses.

Top Secret

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The President's Daily Brief

July 31, 1976

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

July 31, 1976

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Libya-Tunisia: Libyan President Qadhafi has invited a Tunisian representative to visit Libya this weekend to discuss the chances of normalizing relations. (Page 4) 25X1

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[redacted] 25X1

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FOR THE PRESIDENT ONLY

LEBANON: Christian and leftist leaders have tentatively approved the Syrian-Palestinian accord signed in Damascus on Thursday.

The two most likely spoilers of the agreement--Camille Shamun and leftist leader Kamal Jumblatt--issued statements yesterday expressing hope that a cease-fire will be implemented. Neither, however, could be drawn out on other provisions of the agreement.

Phalanges Party leader Jumayyil also endorsed the agreement, but issued a blunt warning that the Christians are not satisfied with the accord's reaffirmation of the 1969 Cairo agreement as the basis for regulating Palestinian activity in Lebanon. He implied that the Christians will demand even stricter regulations.

Jumayyil's remarks probably were intended to let the Palestinians know that the Christians are united on this issue and do not feel bound by an agreement they did not negotiate. Despite repeated assurances from Damascus, the Christians may be worried that Syria and the Palestinians have struck a private bargain.

The Syrians and Palestinians themselves are quarreling over a preamble to the agreement, apparently drafted solely by the Syrians.

The preamble blamed the war in Lebanon on Egypt's conclusion of the second Sinai agreement. The quarrel has led to widespread confusion even among the Palestinians over the status of the entire accord.

Palestine Liberation Organization chairman Yasir Arafat sent a message to Egyptian President Sadat

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on Thursday denouncing the Syrian statement. The message, in effect, apologized for the prefatory statement, but did not refer to the agreement itself. Arafat apparently then issued a second message to all Fatah and PLO representatives reaffirming his approval of the agreement. Despite Arafat's evident effort to distinguish between the preamble and the accord, a Palestinian spokesman told reporters yesterday that an agreement with Syria had not been reached.

Cairo last night scored the agreement, according to press reports.

The Egyptians apparently were provoked by the reference in the accord to the Second Sinai agreement. The Cairo statement described the accord as part of a scheme arranged by Damascus and the Lebanese rightists to annihilate Palestinian and leftist forces.

The quarrel over the statement and the confusion it has created will, at the very least, delay Arafat's plans to go to Damascus.

Although Arafat clearly wants to settle with the Syrians and probably is willing to minimize the incident, he cannot afford to jeopardize the material and political support he is now getting from the Egyptians. Moreover, Arafat must answer to some of his more militant colleagues who have opposed dealing with Damascus and may seize on the Syrians' duplicity as a pretext for backing out of the accord.

For their part, the Syrians have little confidence that the Palestinians will adhere to the agreement and probably will not go out

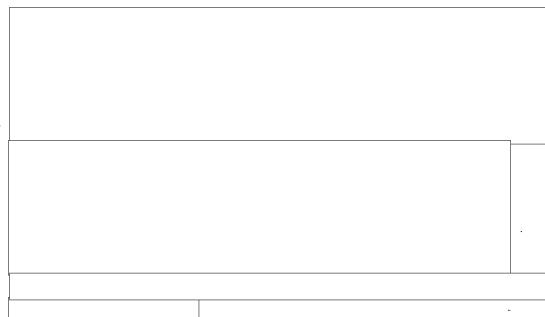
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of their way to preserve it. The Syrians are particularly worried about the outside help the Palestinians are receiving and reportedly believe it is only a matter of time before their adversaries, rearmed and resupplied, break the truce.

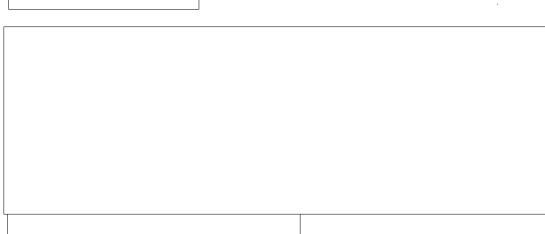
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LIBYA-LEBANON: Press reports that a large contingent of Libyan troops and military equipment landed at Sidon yesterday [redacted]



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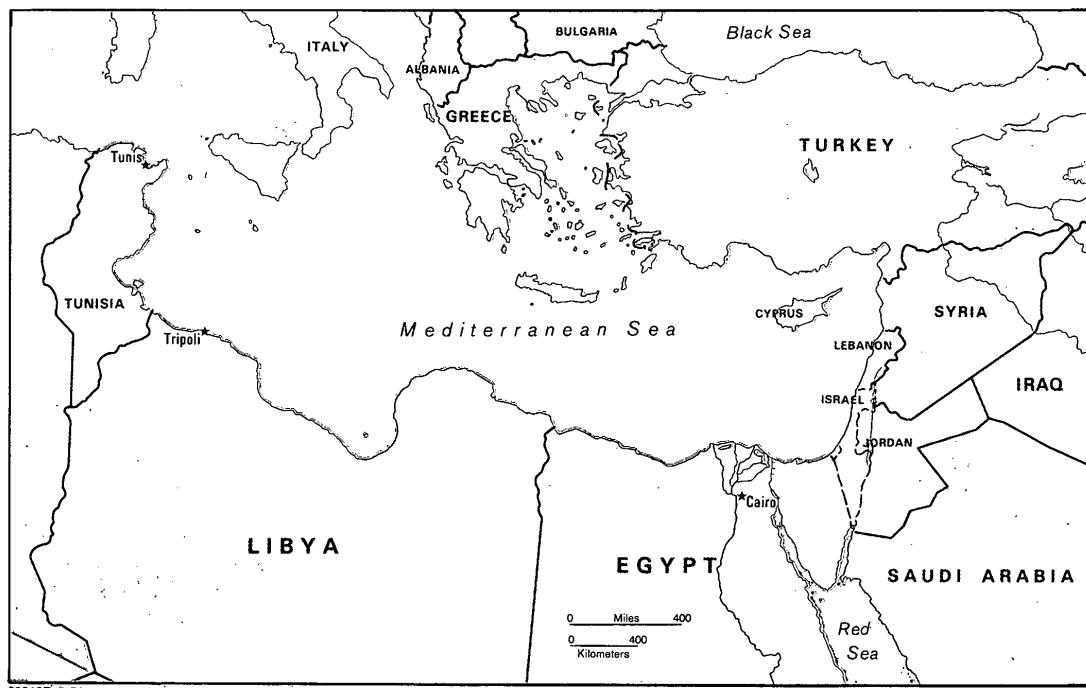
Although the contingent apparently was sent to reinforce the Arab League security forces, Libyan forces under the league's auspices have often acted on the Palestinians' behalf. Moreover, Libya has been carrying on a separate [redacted] resupply effort via Sidon [redacted]

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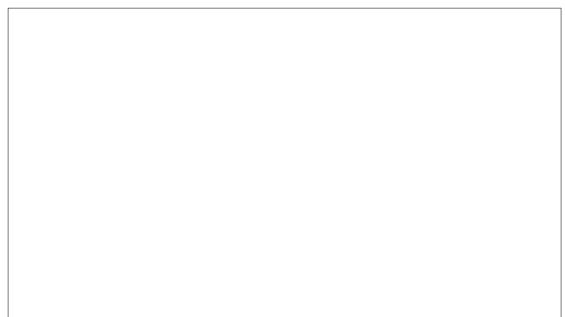
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LIBYA-TUNISIA: Tunisian Interior Minister Bel-khodja is expected to visit Libya this weekend at President Qadhafi's invitation to discuss the possibility of normalizing relations between the two countries.



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Relations between Tunisia and Libya have been particularly bad [redacted]

[redacted] Qadhafi remains fundamentally opposed to Bourguiba, and we see little prospect for any real reconciliation. Tunis, meanwhile, probably believes that it has nothing to lose by responding to the Libyan initiative.

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ITALY: [redacted]

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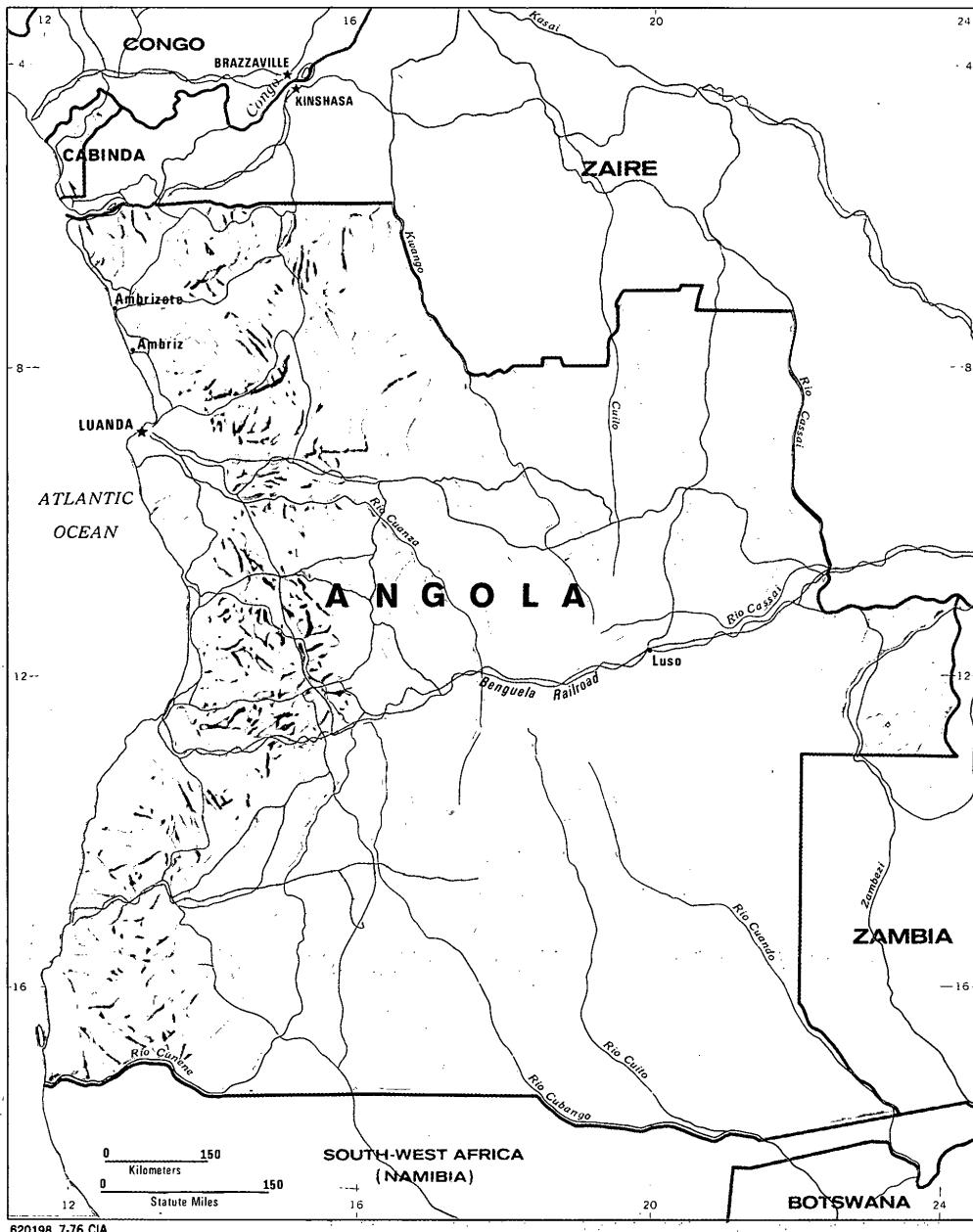
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ANGOLA:

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[redacted] the Front has infiltrated a number of small guerrilla units into northwestern Angola in the past few weeks. These units have been skirmishing with government forces around four small towns in that area, and evidently have captured two of them. Several groups apparently are also scattered along the coast between Ambrizete and Ambriz. A large part of the insurgent activity reflected in the messages relates to the planting of landmines and small-scale ambushes in which casualties have been slight.

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[redacted] units to disperse as widely as possible throughout northwestern Angola and to be ready to launch a series of attacks against government forces on August 1, Angolan Armed Forces Day.

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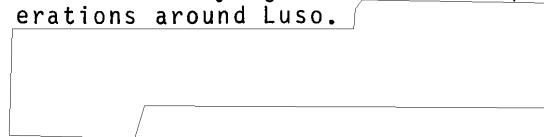
Both government and National Front forces in the northwest operations are hampered by supply shortages, particularly of ammunition and food.

[redacted]
Given its supply problems, it seems unlikely that the National Front can dramatically raise the level of its activities any time soon. Government forces nonetheless will have difficulty suppressing guerrilla operations, even with the assistance of Cuban troops. Northwestern Angola is densely forested and affords excellent protection from counterinsurgency operations.

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In eastern Angola, the government
has been carrying out numerous op-
erations around Luso.



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KenyaUganda

Despite his optimistic comments to the press last night, Eteki will be hard-pressed to bridge differences between the two sides.

Uganda's President Amin yesterday praised Kenyan President Kenyatta and told Eteki Kampala would accept a Kenyan proposal to send a delegation to Nairobi for talks. Amin's attitudes are subject to abrupt shifts, and the Kenyans apparently are viewing his latest conciliatory words with considerable caution.

Nairobi appears to be seeking support from neighboring Ethiopia. On Thursday Kenya's foreign minister was in Addis Ababa to begin a round of periodic consultations, normally held to resolve bilateral problems.

Nairobi and Addis Ababa have a mutual defense pact, but Ethiopia is too preoccupied with its own internal problems to come to Kenya's aid. Although Nairobi probably recognizes it has little chance of getting Ethiopian help, it apparently pushed to have the meeting now to give Uganda the impression it has Addis Ababa's backing.

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The Turkish announcement giving the course the seismic exploration ship Sismik I will follow in the Aegean Sea through August 20 has relieved some of the Greek-Turkish tension associated with the voyage.

A senior Greek Foreign Ministry official told the US ambassador on Thursday that he saw "no problem" with the itinerary, apparently because it avoids areas actively contested by Athens. A high-ranking official in the Turkish Foreign Ministry, meanwhile, told the US ambassador in Ankara that the ship would not enter Greek territorial waters or conduct controversial operations. He did admit that it would spend a short time in contested international waters.

Despite these assurances, each side is taking measures that could provoke a clash. The Sismik is accompanied by a small Turkish naval escort and the Greeks have indicated that they intend to watch the ship "closely." Earlier this week Prime Minister Caramanlis told the US ambassador that he was having renewed troubles with the Greek military who believe he is not acting with sufficient force on this matter.

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The promotion, announced yesterday, of Soviet Minister of Defense Dmitry Ustinov from Army General to the rank of Marshal of the Soviet Union brings him level in rank with other top military officers who are his immediate subordinates. It also makes him the equal in military rank of General Secretary Brezhnev.

Ustinov was promoted to Army General at the end of April when he was named minister of defense. He had previously held an inactive rank as Colonel General of Engineering Troops. Brezhnev--identified as army general in 1975--was promoted to Marshal of the Soviet Union a week after Ustinov's promotion was announced.

The full implications of Ustinov's and Brezhnev's military promotions this spring are still not entirely clear, and the speed with which Ustinov has received this second promotion is surprising.

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In an interview in *Pravda* on the eve of the first anniversary of the Helsinki agreement, Soviet party chief Brezhnev dwelled on alleged Western interference in Italian politics.

Following the Soviet propaganda line that has been prominent for several weeks, Brezhnev charged that Western statements regarding the imposition of economic sanctions if the Italian Communists participate in the government are a clear violation of the Helsinki agreement.

Last year, the Soviets attacked Western statements on Portugal along the same line. Brezhnev's latest comments are in large part an effort to take the offensive on Helsinki.

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Yugoslavia

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*The amnesty decree is-
sued yesterday, which
will free a number of
Spain's remaining po-
litical prisoners and
restore civil rights
to the Republicans who
fought against Franco
in the Civil War, is a
move toward national
reconciliation.*

The government probably hopes that the amnesty will boost its efforts to enlist support of the previously illegal democratic opposition parties in its political reform program. The amnesty covers all political crimes such as involvement in previously illegal political meetings and issuance of propaganda, but excludes persons convicted of crimes of terrorism causing death or injury. The minister of justice said about one third of Spain's estimated 600 political prisoners will be released.

According to a government official, inclusion of the military in the amnesty was a particularly delicate matter. The nine officers convicted earlier this year of subversion will be released, and armed forces members who fought against Franco in the Civil War will become eligible for pensions. No military officer benefiting from this amnesty would be permitted to return to military service, however.

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