



# The President's Daily Brief

*February 1, 1975*

6

~~Top Secret~~ 25X1

Exempt from general  
declassification schedule of E.O. 13526  
exemption category: 5b(1)/(3)(B)  
declassified only on approval of  
the Director of Central Intelligence

***FOR THE PRESIDENT ONLY***

February 1, 1975

Table of Contents

Iran: Tehran is blaming Western oil companies for reduced oil exports, but much of the cutback is attributable to the high prices being sought by the government's own oil company. (Page 1)

Latin America: Many Latin Americans think inter-American relations are in a state of crisis and hope that Secretary Kissinger's trip will lead to better understanding. (Page 2)

France: The cabinet change yesterday does not portend a major policy shift. (Page 4)

China: Peking is conserving foreign exchange in the face of its large trade deficit with the West. (Page 5)

Notes: Ethiopia; Portugal (Page 6)

***FOR THE PRESIDENT ONLY***

**FOR THE PRESIDENT ONLY**

IRAN

*Tehran is blaming private Western oil companies for the reduction of Iran's oil exports. A good share of the cut-back, however, must be attributed to lower sales by the government's National Iranian Oil Company, which is asking unrealistically high prices for the oil it sells.*

Officials in Tehran and the controlled Iranian press claim that a decline in demand by the major Western oil companies is responsible for a drop in oil exports. Iran's estimated oil output and exports in January are about 10 percent--or 500,000 barrels per day--lower than the 1974 average.

Iran probably is engaged, however, in a deliberate effort to reduce its output and may well encourage similar efforts by other Middle East producers, in hopes of eliminating the oversupply of oil in the world market and the downward pressure on oil prices. The Shah has opposed any price reductions, and has indicated his willingness to join other producers in restricting output in the face of what he terms a collective effort on the part of consuming countries to force down the price of oil.

Iranian officials, taking note of the possible reduction of about \$2 billion in this year's oil revenues, have indicated that Iran will consequently have to reduce its foreign aid. Even with reduced oil earnings, Iran would have a significant ability to continue making large loans in 1975. It therefore seems likely that Tehran is merely trying to escape criticism from the developing countries for its policy of limiting aid-related credits in favor of more remunerative investments.

Tehran also probably is trying to make the "Western majors" scapegoats for its lending actions.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

LATIN AMERICA

*There is a general feeling throughout Latin America that US - Latin American relations are in a crisis and that the overall view of Latin America in US policy circles is flawed. Many of the countries hope that Secretary Kissinger's projected trip to the area will lead to better understanding of Latin American "realities."*

Most Latin American governments, having expected concrete results to follow their earlier conferences with the US Secretary of State, are largely disillusioned with what they call a lack of political will on the part of the US to respond to their needs.

The trade legislation was not a real problem for many governments, but it provided a symbol around which Latin Americans could rally and thereby reassure themselves that they could confront the US as a united group. The Latins were ready to vent their frustration over a wide range of particular issues, and this has made it easy for Venezuela to rally hemispheric support in condemning the Trade Reform Act.

The Venezuelans, elated at their "diplomatic triumph" in pressing the trade matter, are energetically pursuing the role of regional leader. President Perez has evidently set an earlier date for a Latin American and Caribbean summit meeting than originally planned. He is now inviting his peers to Caracas in March. The timing is clearly designed to establish joint positions on as many of the questions on the OAS General Assembly agenda as possible before that meeting opens in April.

Postponement of the third meeting of Latin foreign ministers with Secretary Kissinger, which had been scheduled for March, has left the ball in the OAS court. Despite widespread contempt for the slow, grinding wheels of the organization, most--probably all--of its members want to preserve it as a means by which they can maintain lines to the US even when bilateral relations are sour.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

Numerous Latin American spokesmen are in favor of beefing up the OAS, and various formulas designed to make it more responsive and flexible are under study.

The Latin Americans seem determined to suspend the dialogue with the US until they receive some satisfaction from Washington on the Trade Reform Act. So far, none has reacted officially to the introduction of two bills in the US Congress to exempt Venezuela and Ecuador from provisions in the law aimed at OPEC members. While obviously pleased with this gesture, they will be waiting to see if the bills are approved by Congress.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

FRANCE

*The cabinet shuffle yesterday--the first since Giscard became president last June--has been expected for some time and does not portend a major policy shift.*

Outgoing defense minister Soufflet has been widely criticized for his poor handling of recent unrest among conscripts. A staunch Gaullist, he was said to oppose many of Giscard's policies, including the decision this week to sell military equipment to Egypt.

The new defense minister, Yvon Bourges, is another veteran Gaullist. He was deputy foreign minister in three cabinets under President de Gaulle and later became minister of commerce under President Pompidou. Bourges has a reputation for being decisive and efficient.

Bourges will be aided by General Marcel Bigeard, who takes a new post as secretary of state for defense. The appointment of Bigeard should be regarded as a real gesture by Giscard toward the army. Bigeard is known as a soldier's soldier; he is one of those rare men in the French army who came up through the ranks, beginning as a draftee.

Foreign Minister Sauvagnargues, who had been rumored on the way out, survived this cut.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

CHINA

*Peking is imposing tight control over use of its foreign exchange.*

--The China National Machinery Import-Export Corporation has not been permitted to open a letter of credit for a \$22-million offshore drilling rig.

--The China Resources Company, a Hong Kong agency that handles China's trade with Asian countries, [redacted]

25X1

25X1

25X1

[redacted] China does not have the funds to pay for several oil tankers it had hoped to charter this year.

Over the past several months Peking has taken a number of steps to conserve foreign exchange in the face of a large trade deficit with the West. Hard-currency holdings are not exhausted by any means, however. China recently purchased 1 million tons of Australian wheat, after canceling contracts for US wheat at higher prices. Peking also purchased at least \$30 million worth of gold in January.

Since 1965, China has bought gold worth at least \$1 billion at current market prices; this could be used to meet financial obligations if Peking so desired.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

NOTES

Ethiopian insurgents yesterday attacked government forces in Asmara, the capital of Eritrea Province.

The ensuing hour-long firefight was the most serious in over a year. The US naval communications station in Asmara was caught in the cross-fire, but no casualties have been reported among the approximately 110 US personnel there or among the other 300 Americans in and near the city.

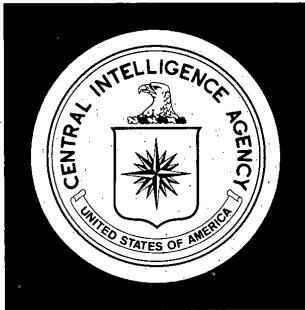
\* \* \*

A few Portuguese radicals marched last night through downtown Lisbon without serious incident, but the tensions associated with such political rallies will continue into next week at least.

The Socialist Party has rescheduled its rally for February 7. If the Communists schedule another counter-demonstration, the Armed Forces Movement may ban all rallies until after the election. The Communists, meanwhile, have made another attempt to postpone the election, by demanding--and getting--a commitment from the government to publish a list of persons ineligible to vote because of their association with the previous regime. The Communists will continue such harassments throughout the election preparations, but the government seems determined to hold the election sometime in April.

**FOR THE PRESIDENT ONLY**

*Top Secret*



# The President's Daily Brief

*February 3, 1975*

6

~~Top Secret 25X1~~

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

**FOR THE PRESIDENT ONLY**

February 3, 1975

**Table of Contents**

**Ethiopia:** Government forces remain in firm control of Asmara following a weekend of attacks by insurgents. (Page 1)

**Portugal:** Government spokesmen have denied that Moscow has asked for fishing-fleet port facilities. (Page 2)

**Cyprus:** Tensions increased over the weekend. (Page 3)

**Notes:** France - West Germany, Thailand (Page 5)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ETHIOPIA**

*Government forces remain in firm control of Asmara, capital of Eritrea Province, following a weekend of hit-and-run attacks on their positions by insurgents.*

The past two days have been marked by sporadic and often intense firing. Some of it may have been aimed at the rebels, but troops also fired indiscriminately at buildings and civilians.

The army has conducted house-to-house searches for arms and insurgents, and has arrested a large number of Eritreans, some of whom will probably be held as hostages. The army was ordered back to its barracks last night, probably as a result of looting by soldiers, and the police have assumed responsibility for the city's security.

On Saturday, troops attacked rebel positions in at least five villages west of Asmara. The fighting, heavy in some of these engagements, continued yesterday. Air force planes have flown numerous sorties and reportedly have bombed several villages. One plane was downed by rebel fire.

There have been no casualties among the approximately 400 US citizens in Eritrea, but the consulate was hit by small-arms fire yesterday. A company of paratrooper reinforcements is on its way to Asmara from Addis Ababa.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**PORUGAL**

Government spokesmen have denied reports that the USSR has asked for port facilities for its Atlantic fishing fleet. Some fragmentary evidence exists, however, suggesting that the subject was explored by Moscow and Lisbon late last year.

Our embassy in Lisbon has learned that the source of the story is a Portuguese diplomat stationed in Moscow who recently visited home. According to him, an agreement was arranged in Moscow with Mario Ruivo, Portugal's secretary of state for fisheries. Ruivo has been associated with a Communist-front organization and may have been in the Soviet Union in December. An aide from Ruivo's office issued a denial, however, and our ambassador has not been able to get any answers from a high-level official.

Leftist elements in Portugal have become increasingly assertive in recent weeks. Some of their actions have been in defiance of the Armed Forces Movement, whose authority up to now had been unchallenged.

We continue to believe that the majority of the Movement's members are moderates, but they may be having difficulty deciding where to stop the country's gradual drift to the left. Part of their indecision may be because they are more anti-fascist than anti-communist and react to anything that smacks of a return of the old regime.

Should the Communists and other radical groups go too far, however, these moderates, combined with the conservatives elsewhere in the armed forces, may be galvanized into unified action. The prospect of violence, in fact, may have prompted the Interior Ministry's appeal yesterday for veterans returning from the colonial wars to turn in their weapons.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CYPRUS**

*Tensions increased in Cyprus over the weekend as Greek and Turkish forces exchanged heavy gunfire on both Friday and Saturday. The two sides have also leveled new charges against each other for bad faith in the intercommunal talks.*

The clashes, described by the US embassy in Nicosia as the most serious in several months, began on Friday in northwest Cyprus. Heavy gunfire lasted for about thirty minutes. Heavy firing occurred on Saturday near Nicosia airport and spread to the UN-patrolled "green line" which separates Greek and Turkish forces in Nicosia. There is no information on who initiated the shooting on Friday, but UN officials are "reasonably certain" that Turkish forces started the two-hour exchange on Saturday. The UN officials eventually arranged a cease-fire, but the situation is tense and more clashes could occur.

The clashes came amidst Greek and Greek Cypriot charges that the intercommunal talks had made no progress because of Turkish intransigence and delaying tactics. Turkish and Turkish Cypriot officials have embarked on a last-minute campaign to show that some progress had been made despite the inflexibility of the Greek side.

In fact, the negotiators made no progress in their six meetings on substantive political issues last month. They will have a final chance today before the scheduled suspension of US military aid to Turkey on Wednesday. The lack of progress appears to be the result of Turkish reluctance to make concessions and Greek unwillingness to accept token gestures which might give the talks an appearance of progress and lead to an extension of the cutoff date.

If US military aid to Turkey continues after Wednesday, Greek Cypriot students reportedly intend to organize mass anti-American demonstrations. Last month, Greek Cypriot demonstrators damaged the US embassy and the USIS library.

(continued)

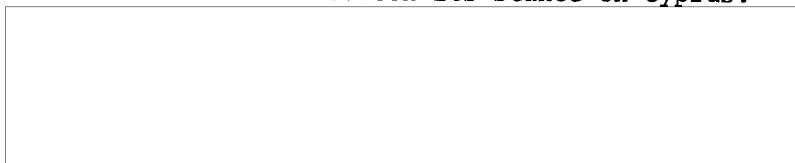
**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*



25X1

Ankara may also come under increasing pressure  
from the Soviets to soften its stance on Cyprus.



25X1

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

NOTES

French President Giscard and West German Chancellor Schmidt will be talking almost exclusively about EC issues when they meet in Paris today and tomorrow for their semi-annual summit.

Much of their discussion will center on the possibility of UK withdrawal from the community, should the British electorate vote in June to leave the organization. Chancellor Schmidt intends to carry out his pledge to Prime Minister Wilson to get the UK better terms for EC membership, but he is concerned about the financial cost these terms will impose on West Germany. The French are willing to sweeten the pot, but Giscard doubts this will have much impact on the British voters.

\* \* \*

Thailand's Democrat and Social Agrarian parties announced today they would try to form a minority government, and a number of small parties pledged their support.

Earlier negotiations between the moderate Democrat Party and the conservative Thai Nation Party apparently faltered over who would gain the powerful minister of interior portfolio. Democrat Party leader Prince Seni, 69, was Thailand's prime minister briefly at the end of the World War II. The national assembly meets on Thursday to elect its speaker, who will nominate the new prime minister. According to Prince Seni, the budget bill is likely to be the first test for the minority government. He said he will call for new elections if the assembly fails to approve the bill.

*Top Secret*



# The President's Daily Brief

*February 4, 1975*

5

~~Top Secret~~ 25X1

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

**FOR THE PRESIDENT ONLY**

February 4, 1975

Table of Contents

Ethiopia: Fighting broke out in downtown Asmara late last night following a quiet day. (Page 1)

USSR-Somalia: The Soviets may be constructing a cruise missile handling and storage facility in Somalia for their Indian Ocean fleet. (Page 2)

USSR-Syria: The Soviets may be trying to pressure Egypt into accepting a deadline in its negotiations on Sinai. (Page 4)

Cyprus: The negotiators failed to break their impasse in a final meeting yesterday before the scheduled cutoff tomorrow of US military aid to Turkey. (Page 5)

Notes: USSR-Egypt; Cambodia; Cambodia (Pages 6 and 7)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

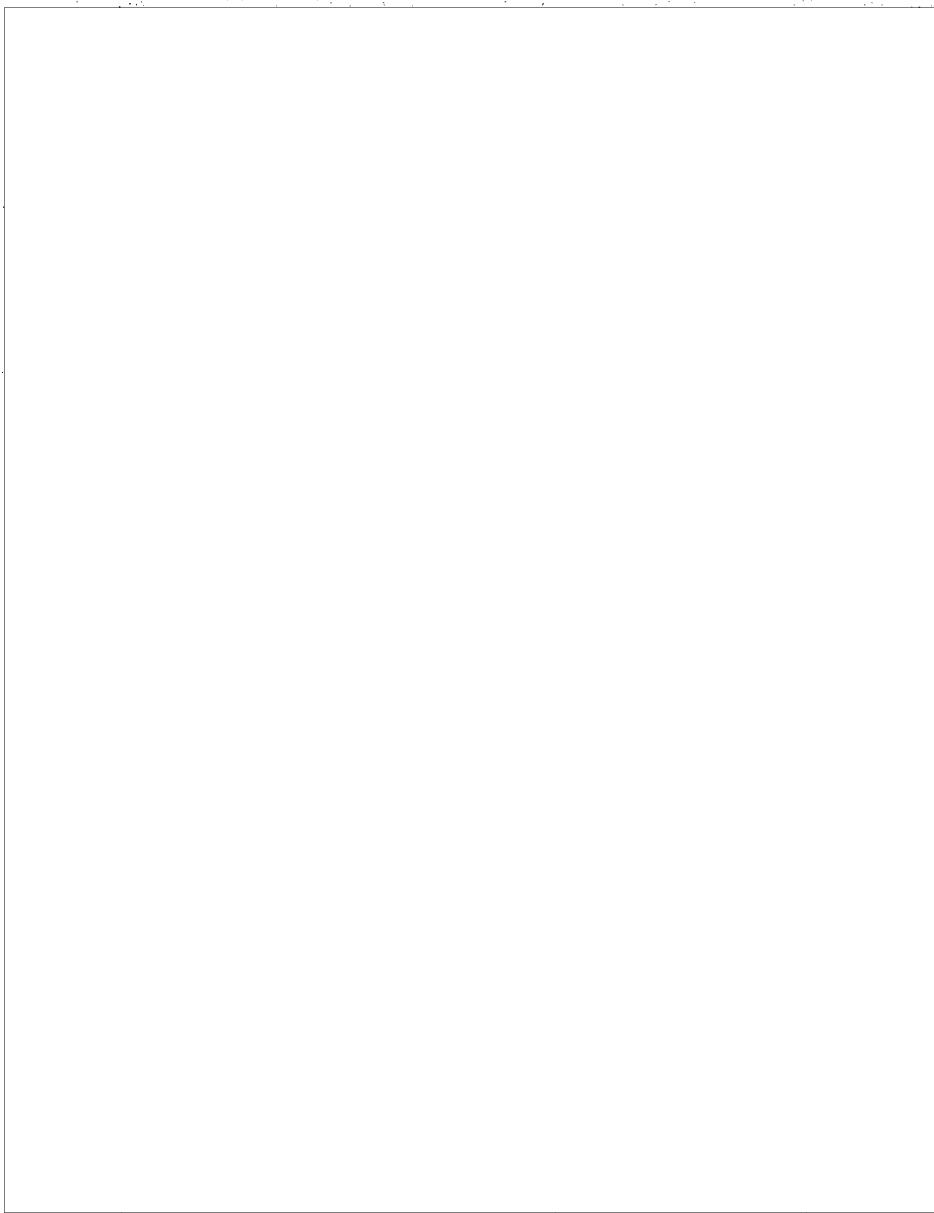
**ETHIOPIA**

*A heavy firefight broke out late last night in downtown Asmara following a quiet day. Some US military facilities were hit by small arms fire, but there were no casualties.*

Yesterday, the police resumed responsibility for patrolling the city and almost all of the troops returned to their barracks. The army, in a radio broadcast, called for a return to normal and asked stores to reopen for business. These moves are a good indication that the government forces do not feel seriously threatened by the rebels. It is also a tacit admission that the intense firing in the city over the weekend was an overreaction by the armed forces to a limited rebel attack.

Despite the relative calm, shortages of water and electricity are creating a critical situation in the city. Our consul is planning to evacuate American dependents today and French nationals may join the exodus. He reports that he is under increasing pressure from local citizens demanding asylum or access to the consulate's limited water reserves. The commander of the Kagnew communications station has requested permission to evacuate all US personnel.

*FOR THE PRESIDENT ONLY*



25X1

**FOR THE PRESIDENT ONLY**

**USSR-SOMALIA**

A Soviet construction project in  
*Berbera, Somalia appears* [redacted]  
 to be a cruise  
 missile handling and storage facility  
 for the Soviet Indian Ocean naval contingent. The facility could also handle  
 surface-to-air missiles or torpedoes.  
 It is not suitable for ballistic missiles.

25X1

25X1

The installation would be the first such Soviet facility of its kind known to exist outside the USSR. Construction began in the fall of 1973 and the facility could be operational by mid-1975.

Soviet forces currently operating in the Indian Ocean must rely on specialized missile facilities at naval bases in the USSR, although naval auxiliaries can resupply other weapons from their limited stocks. The installation at Berbera will increase the readiness of Soviet missile-equipped ships and submarines on station in the area and will permit these ships to remain for longer periods. Moreover, completion of the Berbera installation may lead to an increase in the number of missile-equipped units operating in the Indian Ocean.

The Soviets apparently have decided that the military advantages of having this missile handling installation outweigh the negative political backlash that is possible if the installation becomes public knowledge. The installation may be interpreted by conservative Arab and other littoral states as evidence of new Soviet designs in the Indian Ocean, and by others as evidence of the dangers involved in big-power naval rivalry in the ocean. Moscow may also get criticism regarding its "intentions" to control the approach to the Suez Canal, even though the installation has, in fact, no direct bearing on control of the straits.

On the Somali side, this expansion of the Soviet presence probably represents a weakening in the position of those members of the Supreme Revolutionary Council who have consistently opposed Somalia's close ties with the Soviet Union. Moreover, the Soviets have even more reason now to see

(continued)

**FOR THE PRESIDENT ONLY**

***FOR THE PRESIDENT ONLY***

that President Siad and the pro-Soviet members of the council maintain their control. An increase in Moscow's military aid may be the price.

Somalia's attempts to obtain financial aid from the Arab world could be endangered if these facilities become publicly known. Saudi Arabia and other conservative Arab states, which are concerned about Soviet intentions in the Middle East and Indian Ocean and want to reduce Soviet influence in these areas, may review their promises to provide the Somalis with over \$50 million in aid. Siad may hope that he can have it both ways.

***FOR THE PRESIDENT ONLY***

**FOR THE PRESIDENT ONLY**

**USSR-SYRIA**

*The USSR and Syria may be trying to apply pressure on Egypt to accept a deadline in its negotiations with Israel concerning the Sinai.*

The communique marking the end of Soviet Foreign Minister Gromyko's visit to Syria yesterday calls for the reconvening of the Geneva peace conference within a month. It may also, in the Soviet view, commit Damascus to forego bilateral negotiations with Israel concerning the Golan front in favor of the Geneva forum.

Other aspects of the visit seemed orchestrated for their impact on the Egyptians. Gromyko's banquet statement that the Russians "know how to evaluate real friendship" was an implicit slap at Egyptian President Sadat.

Although the Soviets reiterated their commitment to strengthen Syria's military capabilities, there was almost no mention of substantive assistance. Gromyko did no more than sign previously negotiated agreements on economic and scientific cooperation.

While in Damascus, Gromyko met with fedayeen leader Yasir Arafat and, in a banquet speech, made Moscow's first explicit call for a Palestinian "state." Previously, the Soviets had endorsed only a Palestinian "national home" or "statehood." The Soviet-Syrian communique, however, omits any reference to either Palestinian "statehood" or "state."

Gromyko met with Egyptian Foreign Minister Fahmi for three hours soon after his arrival in Cairo yesterday, where the two signed consular and economic planning agreements and the cultural protocol for this year. These three accords were negotiated some time ago. They had been left for signature by General Secretary Brezhnev before his scheduled visit to Cairo was postponed in late December.

Gromyko's first and possibly only session with President Sadat is set for this morning. The Egyptian press has played down their meeting, merely noting that Sadat would see Gromyko "before he leaves."

**FOR THE PRESIDENT ONLY**

CYPRUS

Greek Cypriot negotiator Clerides and Turkish Cypriot negotiator Denktash failed to break their impasse in a final meeting yesterday before the scheduled cutoff tomorrow of US military aid to Turkey. They are still at odds on the question of Nicosia airport and could not agree on a formula to allow some Greek Cypriot refugees to return home.

Clerides offered to drop the Greek Cypriot demand for a UN role in the airport's management if Denktash set aside Turkish Cypriot insistence that the airport be run by representatives of the guarantor powers--the UK, Greece, and Turkey. Greek Cypriots are concerned that once the Turkish government acquired such a role, it would seek to perpetuate it. Clerides suggested the airport could be operated by representatives of the two communities in proportion to their population. Denktash offered to consider Clerides' proposals but gave no immediate reply.

Denktash offered to allow up to 5,000 Greek Cypriots to return to their homes behind Turkish lines, but said that Turkish forces would not pull back. Clerides rejected the offer because of the small number of proposed returnees and because they would be settled behind Turkish lines where they might be harassed by Turkish forces. Greek Cypriots living within the Turkish sector have been under pressure from the Turks to move south.

In Athens, a close aide to Prime Minister Karamanlis told the US ambassador that the Prime Minister views the proposed meeting of the foreign ministers of Greece and Turkey with the US Secretary of State later this month as a "last chance" to break the deadlock on Cyprus. Karamanlis is under pressure from President Makarios to agree to internationalize the Cyprus issue if the intercommunal talks remain stalemated much longer. Makarios reportedly requested Athens' consent for such a course late last month but was asked to delay for the time being.

In a press conference yesterday, Makarios said he was inclined to turn to another forum if the talks do not make some progress by the end of this month. He hinted that he may seek greater Soviet support and involvement in the Cyprus problem.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

NOTES

*The Soviets have reportedly delivered military aircraft to Egypt for the first time since late 1973 in a shipment that arrived just prior to Foreign Minister Gromyko's discussions in Cairo.*

A senior Egyptian official has told the US that a Soviet ship arrived at Alexandria Sunday carrying MIG-23 and MIG-21 aircraft, and anti-aircraft missiles. In fact [redacted]

25X1  
25X1

[redacted] shipment is apparently the first installment on the arms promised the Egyptians during the visit of Foreign Minister Fahmi and War Minister Gamasy to Moscow last December. Such a delivery will help Gromyko parry any Egyptian demand for new agreements under which Moscow would replace Egypt's war losses and modernize its arms inventory. It could also serve to hold out the promise of larger deliveries to come and take some of the play away from the arms deal President Sadat recently announced with the French.

\* \* \*

*Cambodian Communists yesterday successfully used mines to sink two tugs and heavily damage another in a Mekong River convoy returning to South Vietnam from Phnom Penh.*

The next upriver convoy was scheduled to leave South Vietnam today, but it will probably be delayed until military commanders decide what to do about the mines. The Cambodian navy has some mine-sweeping equipment but little practice in using it. In addition, preliminary reports indicate that the mines encountered yesterday were detonated from the shore. These mines cannot be handled by normal mine-sweeping techniques.

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

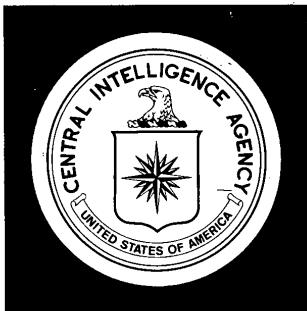
\* \* \*

*Cambodian insurgents in the area of Phnom Penh have received a heavy increase in supplies from the northeastern part of the country--the entry point for North Vietnamese and Chinese arms deliveries.*

Intercepted communications since the beginning of the year indicate that at least six convoys totaling more than 300 vehicles left the northeast. Two of these convoys carried over 20,000 recoilless rifle rounds, more than 6,500 mortar rounds, and over 4,000 Chinese 107-mm. rockets--one of the largest such shipments ever detected. Khmer Communist "defense minister" Khieu Samphan last spring signed an apparently open-ended military assistance agreement with Peking. The insurgents also have an agreement with Hanoi to exchange rice for materiel.

**FOR THE PRESIDENT ONLY**

*Top Secret*



# The President's Daily Brief

*February 5, 1975*

c5

*Top Secret 25X1*

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

**FOR THE PRESIDENT ONLY**

February 5, 1975

Table of Contents

South Vietnam: The communists are preparing for the next phase of their dry-season campaign.  
(Page 1)

Turkey: Turks pass a warning on US and NATO ties; may believe that the aid halt has removed impediments to further military advances on Cyprus. (Page 2)

Ethiopia: The army appears to have suffered setbacks from rebels around Asmara. (Page 3)

Portugal: There is much jockeying for power in Lisbon, and fresh talk of a coup. (Page 4)

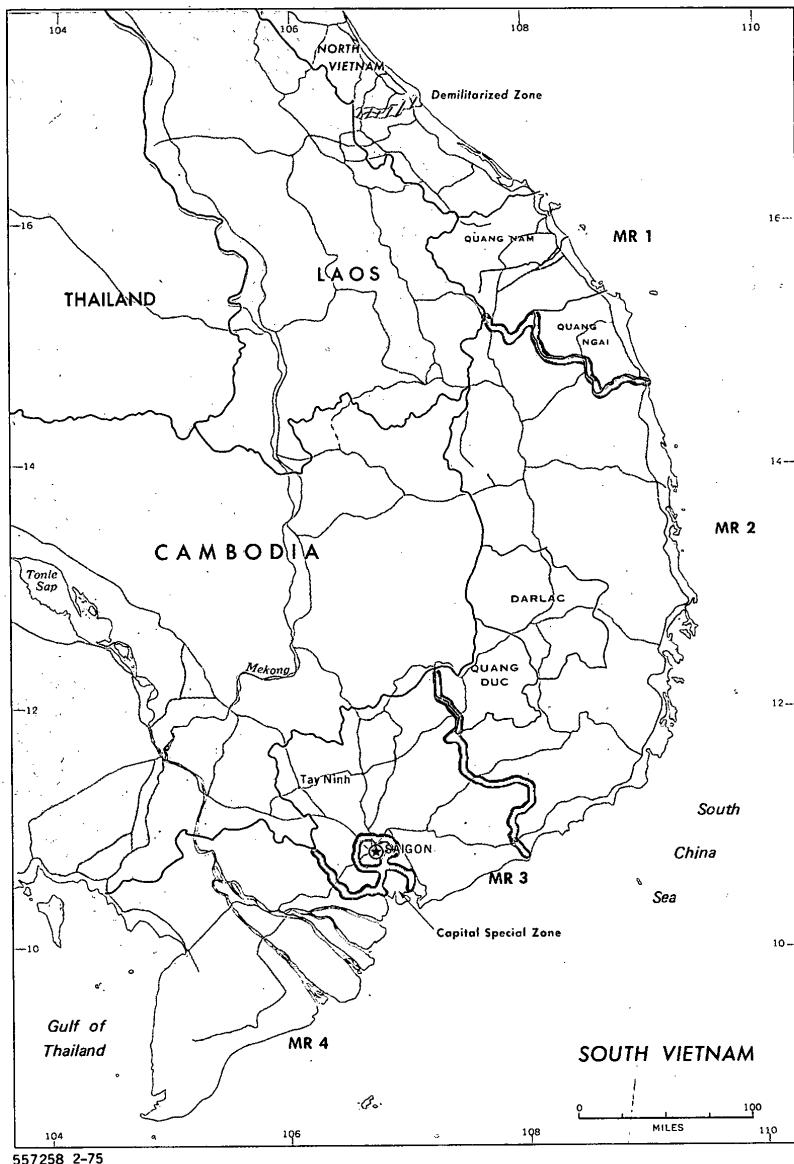
Iraq-France: Iraq may be about to purchase Mirage jet fighters from France. (Page 5)

Notes: USSR-Israel; OPEC (Page 6)

Annex:

25X1

**FOR THE PRESIDENT ONLY**



557258 2-75

*FOR THE PRESIDENT ONLY*

SOUTH VIETNAM

*The communists are preparing for the next phase of their dry-season campaign, which again will probably involve action by both main and local forces. Some communist units have been directed to celebrate early for Tet--the three-day lunar new year holiday that begins on February 11--in order to be prepared for renewed activity.*

The South Vietnamese government is particularly concerned about Tay Ninh city. The communist 9th Division, which has not been involved in recent fighting, reportedly is preparing to attack that city. Communist propagandists during the past few weeks have warned civilians in several important urban areas--including Tay Ninh--that heavy attacks will come during the Tet holidays. At least one provincial official, however, believes that such talk is a calculated propaganda tactic.

Communist sapper units are reported to be completing preparations for sabotage and terrorism in Saigon. Members of these units are stockpiling supplies and munitions, identifying targets, and improving access routes into and out of the capital city.

The central highlands are another area of possibly heavy combat, especially around the capitals of the provinces bordering Cambodia. In addition to the recent movement of the North Vietnamese 968th Division from southern Laos into the highlands, there have been reports that the 320th Division is moving farther south to attack targets in Darlac and Quang Duc provinces.

Weather conditions will offer no obstacle to either side in coming weeks. Good weather for fighting will continue until at least May from the highland provinces to the southern delta. In the northern coastal areas, the heavy monsoon rains will begin tapering off soon and the weather there will begin to improve in the next month or so.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**TURKEY**

The Turkish government has warned that it will review its NATO ties and its mutual defense agreements with the US as a result of the cutoff of US military assistance. The aid halt reportedly also has removed the last impediment to a Turkish military move to modify the cease-fire line on Cyprus.

25X1

[redacted]  
tween February 6 and 8 to clear the Greek national guard out of at least five positions, two near Nicosia airport and others west of Nicosia.

The Turks, during the heavy firing last weekend, stationed additional forces around the airport,

25X1

[redacted]  
has decided to allow Turkish Cypriot leader Rauf Denktash to declare an independent state suggests that the Turks may abandon negotiations and seal off half of the island. We have no evidence from Ankara, however, that the Turks are about to launch any new military operations on Cyprus.

The Turks have lashed out at the US Congress and indicated that some type of retaliation for the aid halt will occur. After holding an emergency meeting of his national security council last night, Prime Minister Irmak released a statement accusing the US of an "unlawful act." Irmak said there will be changes in Turkey's contribution to NATO, but he had said before the meeting that Turkey would not withdraw from the organization. There will likely be a surge of anti-Americanism in Turkey that could produce demonstrations threatening US property and personnel.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ETHIOPIA**

*The Ethiopian army appears to have suffered setbacks in its attempt to dislodge insurgents from the outlying areas of Asmara. Some army units reportedly are withdrawing into the city. Asmara was quiet yesterday, but the police directed residents to stay off the streets, apparently in anticipation of more fighting.*

Government reinforcements are having difficulty reaching Asmara because rebels have established strongpoints along roads leading to the city. The government will probably airlift additional reinforcements from Addis Ababa.

The Eritrean conflict is becoming a test of the ruling military council's leadership. A serious defeat would almost certainly trigger a military revolt against the council. The transfer of large numbers of troops from Addis Ababa to Eritrea might encourage some opponents of the council to stage a coup, regardless of the military situation.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

PORUGAL

A series of political meetings is under way in Portugal this week as leftists and moderates each seek ways to increase their power relative to the other.

The Armed Forces Movement's 20-man Superior Council has been in session for the past few days working on an agreement fixing the ground rules for the election campaign, now due to begin on March 4. The Superior Council's decisions will be presented for approval to the 200-member General Assembly of the Armed Forces, which will meet on Thursday.

The Assembly has announced that it is considering "revolutionary" legislation:

--Establishment of the Armed Forces Movement as a permanent governmental institution.

--Creation of a role for the Movement in the constituent assembly.

--Adoption of the long-awaited economic plan.

Any one of these issues could provoke bitter debate and raise tensions to the high pitch that was reached during the recent labor law dispute.

A potentially dangerous effort to alter the power structure may be taking place outside the principal ruling bodies. US embassy sources report that a draft proposal for amending the constitution has been submitted to the 21-member Council of State, which alone is empowered to change the constitution. The proposal would vastly increase the powers of the original seven-man junta made up of senior military officers. The draft reportedly was submitted by the Movement's predominantly leftist Coordinating Committee.

25X1  
25X1

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**IRAQ-FRANCE**

*Iraq may be about to purchase Mirage jet fighters from France. This would end the long-standing Soviet role as the sole supplier of advanced jet fighters to Iraq.*

The Mirage sale proposal reportedly was made during French Prime Minister Chirac's visit to Baghdad in early December. Baghdad originally wanted to buy 50 Mirages, but may now be interested in more.

Iraq signed a contract with France in 1968 to buy Mirages, but subsequently canceled the deal under pressure from the USSR. Baghdad certainly knows that Moscow will be irritated about a Mirage agreement, and that such an agreement could jeopardize the recently patched up Soviet-Iraqi military supply relationship. The Iraqis, however, have not been entirely satisfied over the past few months with the timeliness of Soviet deliveries of ammunition and ground-forces equipment.

Iraq, aware that the USSR cut off deliveries of equipment and spare parts to Egypt last April, has been trying over the past year to diversify its sources of arms supply. Since last spring, Iraq has purchased at least \$175 million worth of military equipment from France, including AMX-13 light tanks, Panhard armored cars, and Alouette and Super Frelon helicopters.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

NOTES

*The monthly rate of Soviet emigration to Israel sank to a two-year low of 1,150 last month, while emigration to the US reached a record high of 120.*

About 2,400 emigrated to Israel in January 1974. Given the short time periods involved, however, these figures do not necessarily reflect a Soviet policy shift. The Netherlands embassy, which represents Israeli interests in Moscow, believes that many would-be emigrants are simply postponing a final decision on departure. One reason may be that Moscow's campaign to play up the difficulties of life in Israel is having some effect. The Soviets may also be attempting to discourage prospective emigrants by tightening exit requirements. The emigration issue is the subject of high-level attention in Moscow.

25X1  
25X1

\* \* \*

*Some oil-exporting countries, in an effort to diversify their investments and blunt criticism by the developing nations, are turning to tripartite investment.*

These ventures bring together surplus petro-dollars and Western technology in third countries. For the near future, tripartite investment is likely to be concentrated in a handful of developing countries--mainly Arab states--and the amount to be invested will be relatively small. Kuwait, Saudi Arabia, and Iran have shown interest in tripartite ventures, with Kuwait the most active of the three.

*FOR THE PRESIDENT ONLY*



25X1

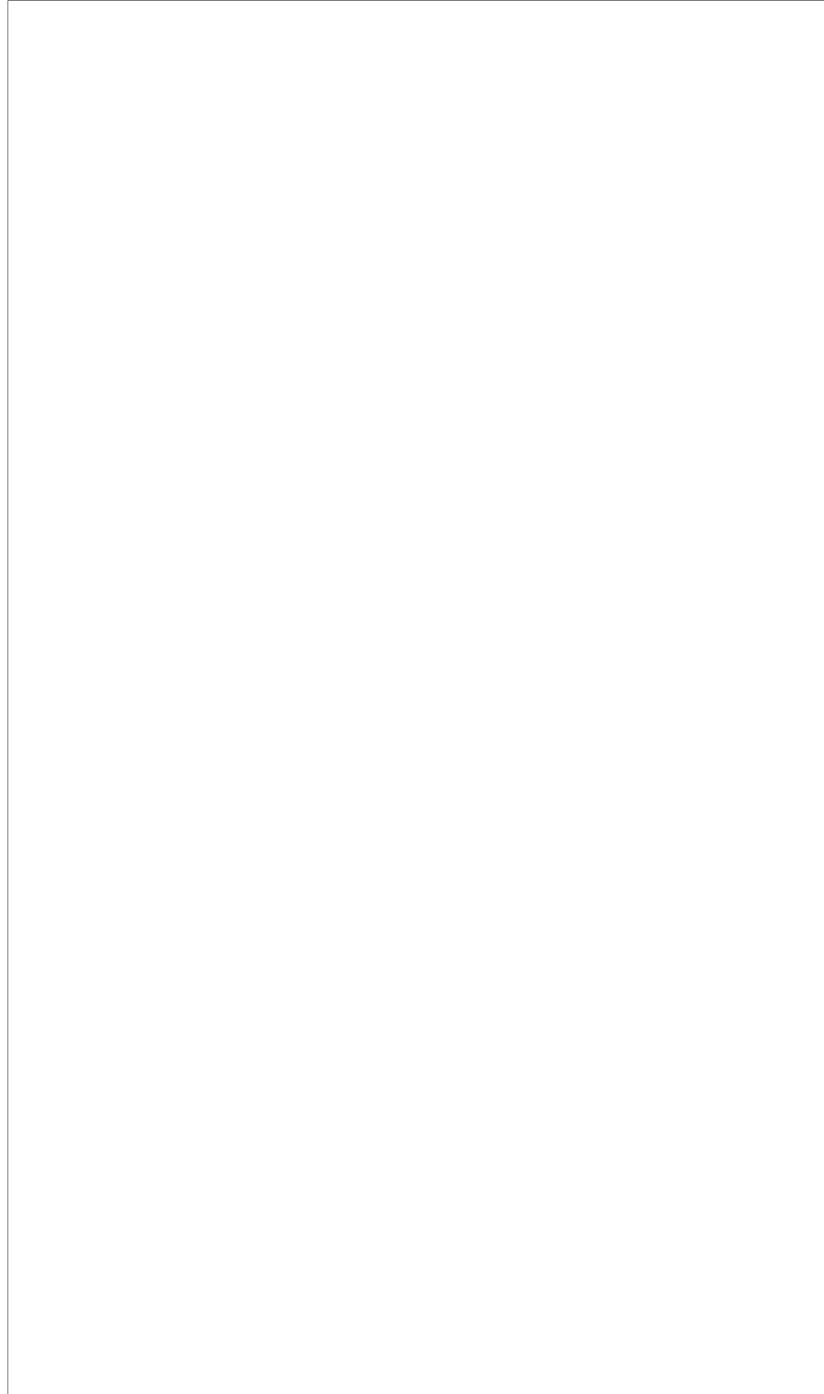
25X1A

N

N

E

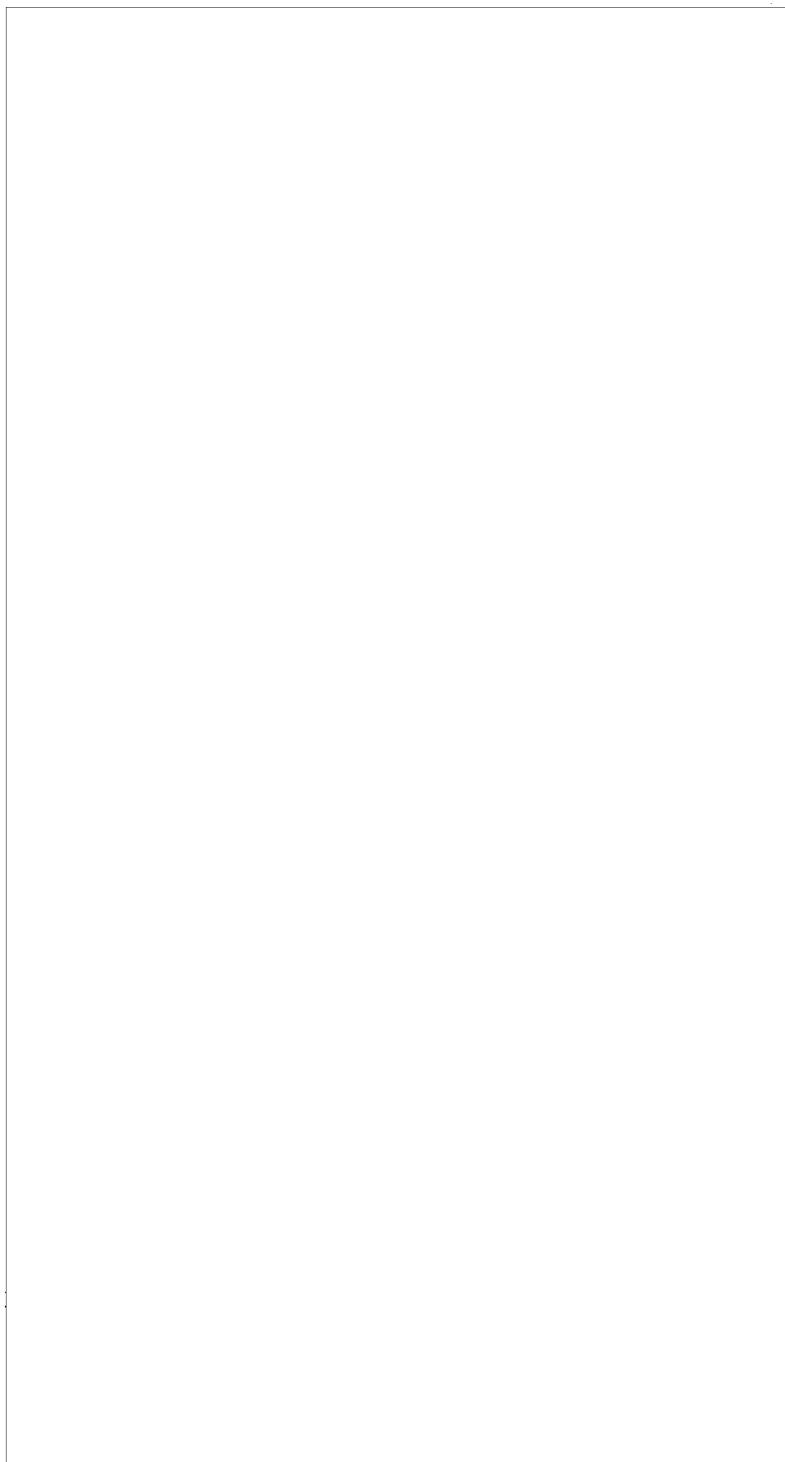
X



A1

*FOR THE PRESIDENT ONLY*

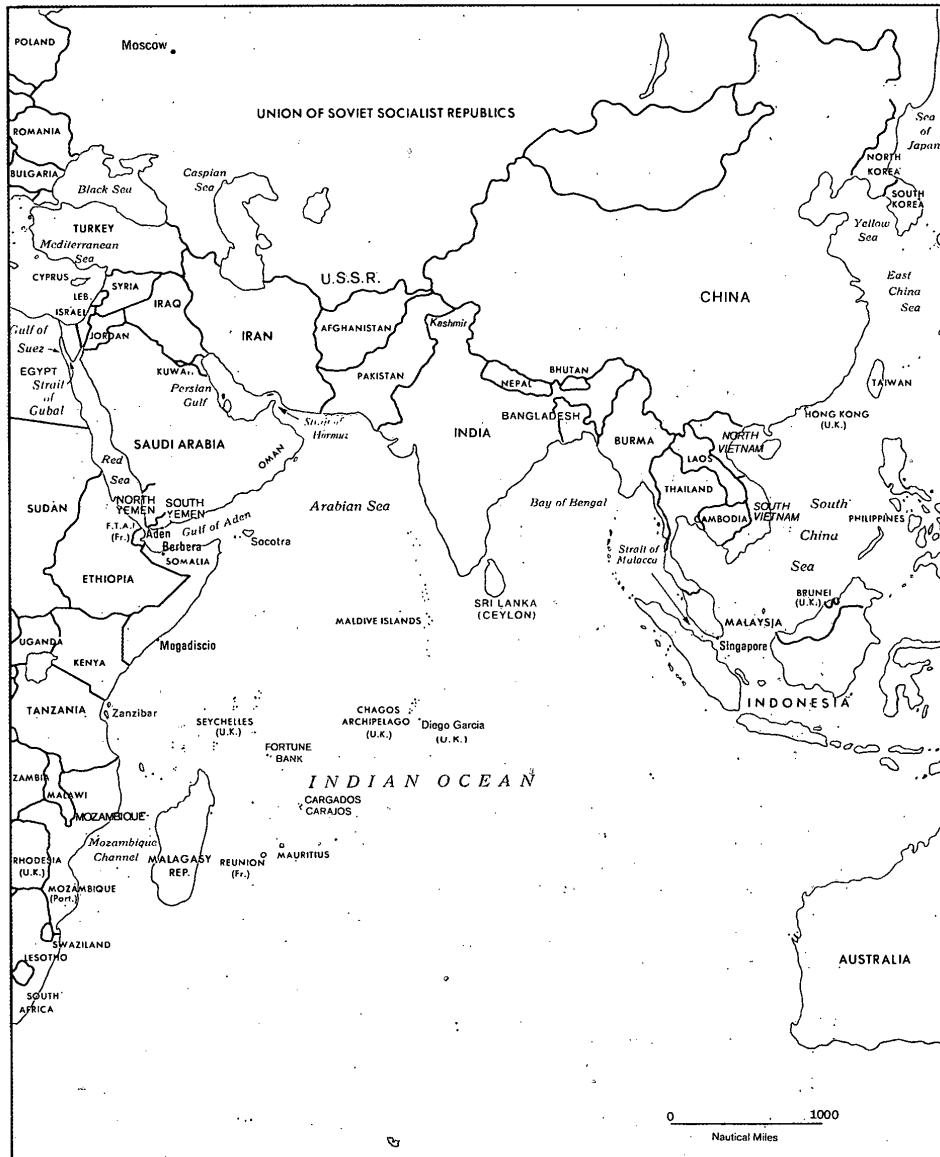
*FOR THE PRESIDENT ONLY*



25X1

A2

*FOR THE PRESIDENT ONLY*



557266 2-75

*FOR THE PRESIDENT ONLY*

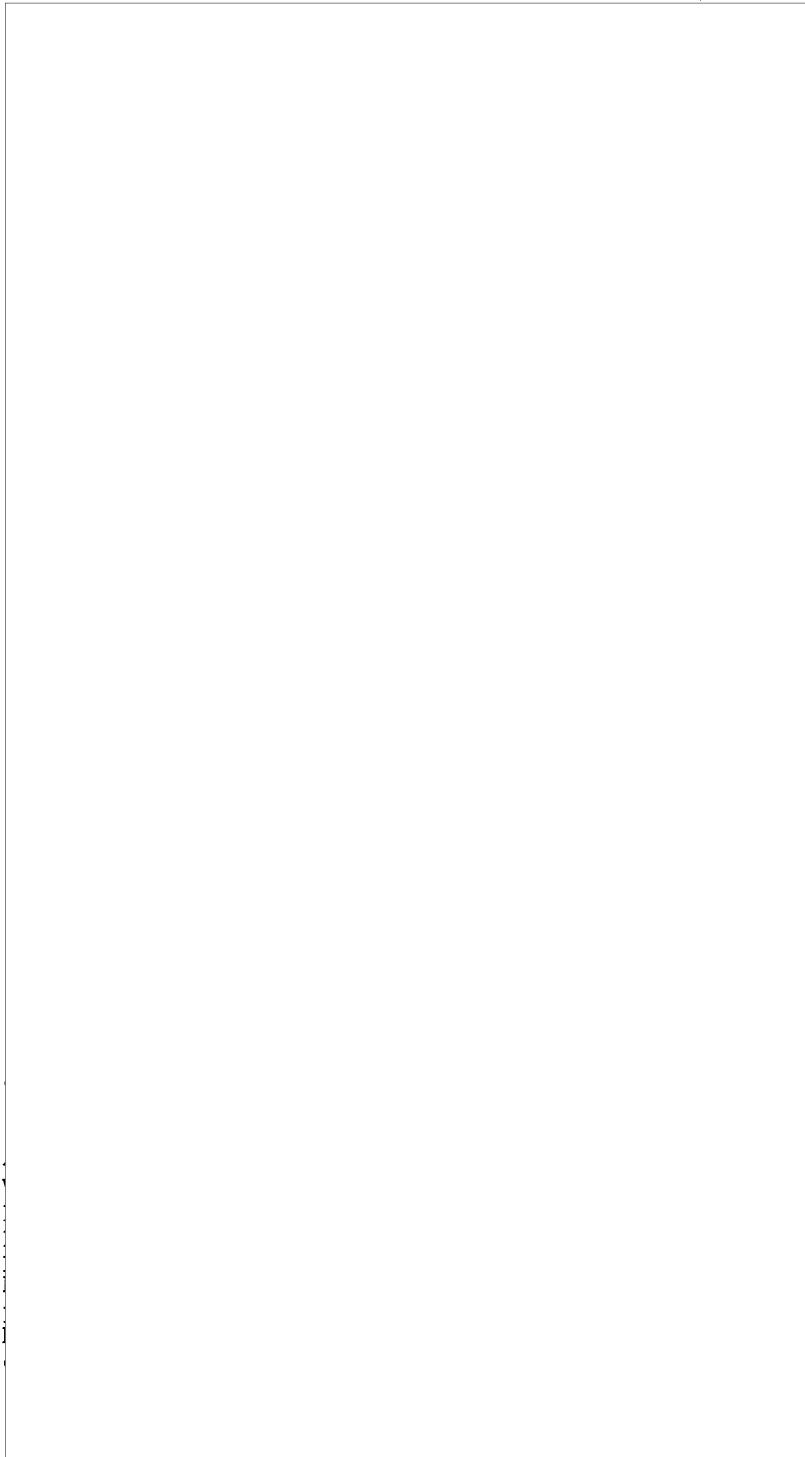


25X1

A3

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*



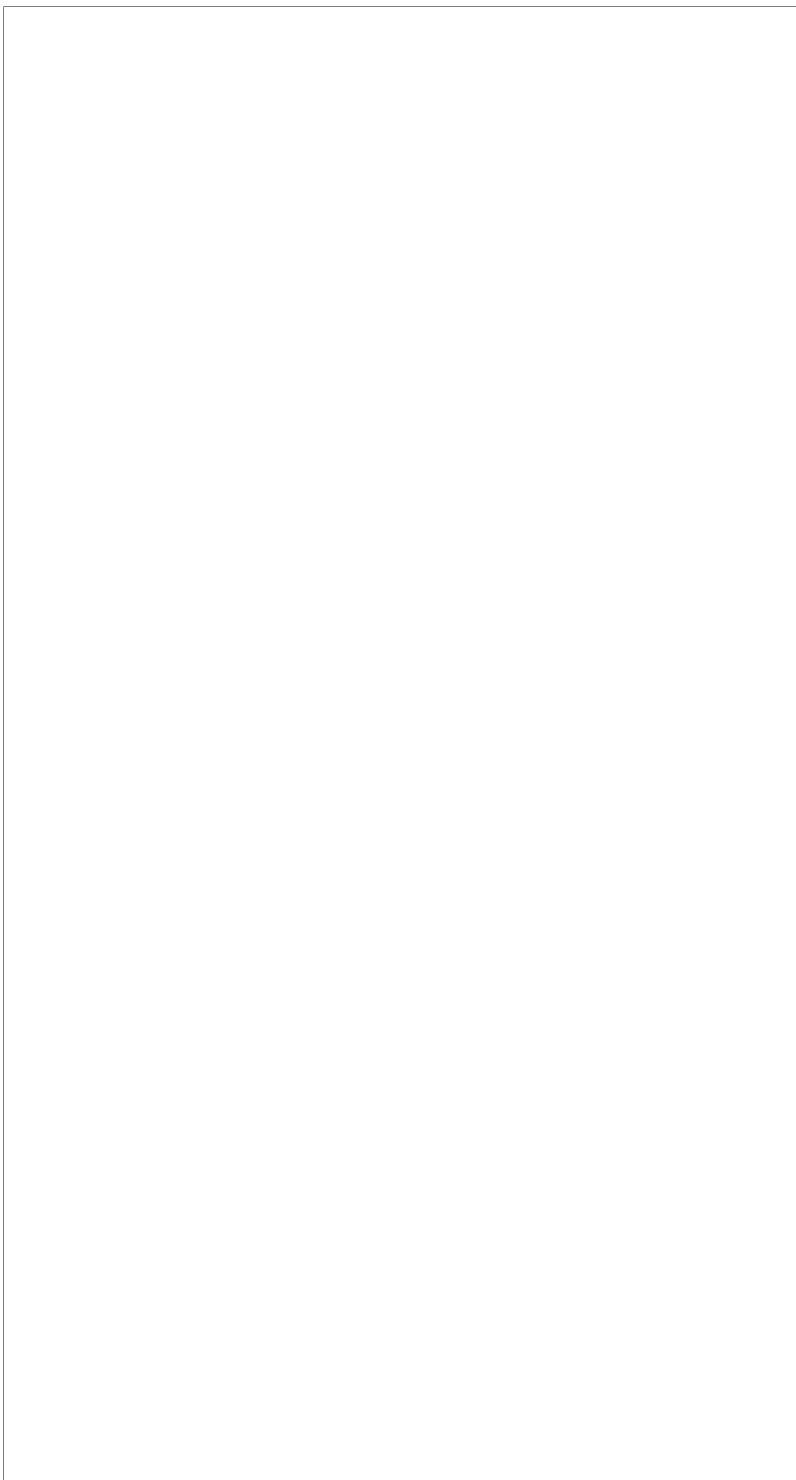
25X1

A4

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

25X1



A5

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

*February 6, 1975*

5

~~Top Secret 25X1~~

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

*FOR THE PRESIDENT ONLY*

February 6, 1975

Table of Contents

Cambodia: The Cambodian army has done a creditable job containing insurgent attacks, but is having manpower and supply problems. (Page 1)

USSR - Middle East: An appraisal of Soviet Foreign Minister Gromyko's trip to the Middle East. (Page 3)

Ethiopia: The text of an Intelligence Alert Memorandum: Possible Coup in Ethiopia. (Page 5)

Turkey-Cyprus: Turkish Cypriots may be planning to form an independent state. Meanwhile, Turkish officials are still studying responses to the US aid cutoff. (Page 7)

Peru: Violence in Lima yesterday could ultimately weaken President Velasco. (Page 8)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

CAMBODIA

*The Khmer communists have been on the attack in the Phnom Penh area for almost five weeks now. Although the Cambodian army has done a creditable job in containing insurgent initiatives in most areas around the capital, it has been unable to gain the upper hand. The supply situation in Phnom Penh is still tolerable but will not remain so for long.*

Some army units, particularly the 7th Division manning the city's northwestern defenses, are losing strength rapidly. Commanders are shoring up weak points in the outer defenses with units from less active fronts. Reinforcements will begin to run short, however, if the communists continue their attacks.

Situation on the Mekong

Three Mekong River supply convoys succeeded in reaching Phnom Penh last month. The communists used mines to destroy three tugs in a convoy returning to South Vietnam on February 3, and yesterday mines sank three more tugs in a small convoy attempting the run upriver. The rest of the convoy turned back to South Vietnamese waters. Civilian crews and ships owners may now refuse to risk the trip upriver no matter what monetary incentives are offered. Cambodian navy personnel could man civilian vessels, but getting the permission of civilian owners for them to do so could be a lengthy process.

Even if civilian owners should agree to turn their vessels over to the navy, it will be difficult to accumulate enough tugs and cargo vessels to move the necessary supplies upstream. US officials are scouring the region for more cargo barges, which are less vulnerable to shellings than ships, but it may be impossible to round up enough to carry all of Phnom Penh's supply requirements.

Our mission in Phnom Penh has informed government leaders that the US does not consider a major airlift of supplies into the capital a realistic alternative to the Mekong supply route and is urging military commanders to make a major effort to reopen the river. Army commanders are now considering using a brigade, possibly from a provincial enclave, to reinforce a beachhead along the lower Mekong, and the navy will continue to use what little mine-sweeping equipment it has to clear the shipping channel.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

So far, however, neither the presence of government troops at beachheads nor mine-sweeping operations have been effective in preventing shipping losses. A massive infusion of manpower will be needed to push the insurgents back from the river, but unless Khmer communist military pressure around Phnom Penh eases, such large numbers of troops probably will not be available.

Supply Factors

Ammunition stocks in Phnom Penh on January 31 were sufficient to sustain the current level of fighting for three weeks; the stocks continue to be supplemented by air deliveries. Enough rice is on hand to meet military and civilian needs for over five weeks at the normal distribution rate and longer with rationing. Most fuel stocks will last through the end of the month.

Unless stocks are replenished soon, however, the government will have to take drastic steps. On the civilian side this will involve closing some rice distribution centers and sharp cutbacks in civilian fuel consumption. Civilian morale will sink as such measures are implemented. The government's options for conserving its military supplies are limited. If the situation continues to deteriorate the government may have to consider abandoning holdings in the countryside in order to commit its resources to the defense of Phnom Penh and the Mekong.

*FOR THE PRESIDENT ONLY*

USSR - MIDDLE EAST

*Foreign Minister Gromyko appears to have made little progress in bridging the differences between the USSR and Egypt during his visit to Cairo this week. His earlier stay in Damascus seemed mainly aimed at strengthening his hand for the subsequent discussions with President Sadat in Cairo. Gromyko also met with fedayeen leader Yasir Arafat, but his vague references to the formation of a Palestinian "state" do not suggest that Moscow is going to push this issue.*

Although the Soviets seem resigned to the possibility of a second Egyptian-Israeli disengagement agreement, Moscow is still seeking some commitment from the Egyptians that the Soviets will be accorded a significant role in the subsequent rounds of negotiations. In an attempt to put pressure on Cairo, Gromyko and the Syrians on Monday called for a resumption of the Geneva talks within one month. The Egyptians, however, resisted this gambit and agreed only to a less specific formulation--the "immediate" resumption of the Geneva forum.

In the statement yesterday marking the end of Gromyko's Cairo visit, the Egyptians conceded that Moscow should have a role in all aspects of the Middle East settlement. Sadat, nevertheless, made plain that he intends to continue to rely on the US step-by-step approach to negotiations. Immediately after meeting with Gromyko on Tuesday, Sadat publicly stated that he continues to welcome the visit of Secretary Kissinger.

Sadat said that progress had been made on some bilateral issues, but that others would have to wait until General Secretary Brezhnev visits Egypt. Gromyko clearly was unwilling to make any firm commitment regarding a trip to Egypt by Brezhnev; the joint statement on the Gromyko visit refers only to the importance of Brezhnev-Sadat exchanges. Sadat's public remarks suggest that Cairo once again is making a Brezhnev visit an issue between it and Moscow.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

One of the unresolved issues Sadat undoubtedly has in mind is his demand for new Soviet agreements on arms. Although the Soviets have said they will deliver arms ordered prior to the October 1973 war--and apparently did deliver some MIG-23s on the eve of Gromyko's arrival--they have refused to make new commitments.

The issue of Egyptian payment of its arms debt also appears to remain unsettled. A Soviet official has indicated that the debt will be the subject of discussions in Moscow later this month.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

ETHIOPIA

We present below the text of an Intelligence Alert Memorandum: Possible Coup in Ethiopia.

There are indications that opponents of the ruling military council in the Ethiopian army may be planning to attempt a coup within the next few days. They want to take advantage of the recent transfer of troops from Addis Ababa to fight insurgents in Eritrea province.

The plan may involve cooperation between General Tamrat Tessema, the commander of the Fourth Division in Addis Ababa, and Colonel Gebre-Yesus, a brigade commander. Last month Gebre-Yesus was reported to be planning a coup.

[redacted] Tamrat has ordered troops under the command of Gebre-Yesus to move into Addis Ababa from positions north and south of the city.

25X1  
25X1

[redacted] The troops are due to depart for the city today. They should reach Addis Ababa within two days.

25X1  
25X1

It is possible that Tamrat is unaware of Gebre-Yesus' coup plans and is reinforcing Addis Ababa because of the departure of other troops for Eritrea. The arrival of additional troops, however, will give Gebre-Yesus the edge over troops that are likely to remain loyal to the council. Gebre-Yesus commands key units already stationed in Addis Ababa, including some of the units that protect the ruling council's headquarters. Many units that might have opposed Gebre-Yesus have been sent to Eritrea. These include air force and airborne elements and troops from the First Division. We believe Gebre-Yesus would have a good chance of succeeding if he attempts to take over the government.

A direct attack on the council's headquarters would place Haile Selassie's life in jeopardy along with some 130 other officials of the former regime who are imprisoned within the council's compound. The council might arbitrarily execute the prisoners, as it executed 59 other officials last November when it felt threatened by a coup.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

The military units in Eritrea probably would not interfere with a move against the council. Some would support Gebre-Yesus; others might have reservations, but they probably would remain in Eritrea because of the current threat posed by the insurgents.

The policies of a military government led by Gebre-Yesus and those who support him probably would be somewhat more moderate than the line being taken by the present leadership. Gebre-Yesus is believed to oppose the council's increasingly radical policies, including its adoption of socialism. He also apparently opposes the willingness of some important council members to jeopardize relations with the West in favor of closer ties to communist countries.

**FOR THE PRESIDENT ONLY**

**TURKEY-CYPRUS**

*Turkish Cypriot negotiator Rauf Denktash says he is ready to form an independent state on Cyprus if Ankara agrees.*

Denktash said in a press conference yesterday that the Turkish-controlled northern part of Cyprus should become a separate state until a federated Cypriot republic is formed. He said that a continuation of his negotiations with the Greek Cypriots depends on Ankara's wishes.

25X1

Denktash's statements [redacted] suggest that preparations to form an independent state may already be under way. If this is the case, some limited military operations are probably in the offing to readjust the cease-fire lines to provide more secure borders. Such Turkish moves probably would provoke a violent Greek Cypriot reaction, most likely directed at US and UK targets.

25X1

Turkish officials, meanwhile, are still discussing their response to the cutoff of US military assistance. [redacted] the most likely retaliatory move would be to begin charging us rent for the use of Turkish facilities. Some Turkish officers are arguing for a break with NATO while others suggest proposing a non-aggression pact with the Soviets as a ploy to ensure a flow of military equipment from other NATO countries.

25X1

Public statements of Turkish officials yesterday reflected indecision on just what Turkey's response would be, although they continued to indicate that there was no intention to withdraw from NATO. President Koruturk held meetings throughout the day with political party leaders to coordinate the government's position. Press reports in Ankara indicated that measures under consideration included summoning an emergency meeting of the NATO Defense Committee and banning the US Sixth Fleet from Turkish ports.

**FOR THE PRESIDENT ONLY**

PERU

*The violence that rocked Lima yesterday has died down, but sporadic shooting continues despite the curfew. The Peruvian capital remains tense and more turmoil is possible.*

The violence began when the army used tanks and bazookas to dislodge striking police from their headquarters in downtown Lima. Students, including a number of anti-government leftists, soon assembled. Their subsequent acts were anti-military in character. A number of people were killed or injured, and several buildings and cars were burned.

Agitators also stoned the US embassy, but troops prevented serious damage.

President Velasco has increasingly tended to react vehemently to dissent of any kind. For the time being, the military probably will remain united behind Velasco. If further violence erupts, the armed forces will take the steps necessary to remain in power. Military leaders who already oppose Velasco's policies, however, will become even more critical. The violence thus may ultimately weaken Velasco's power within the military.

**FOR THE PRESIDENT ONLY**

*Top Secret*



# The President's Daily Brief

*February 7, 1975*

6

~~Top Secret 25X1~~

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

*FOR THE PRESIDENT ONLY*

February 7, 1975

Table of Contents

Turkey-Cyprus: Ankara is studying the prospects for creating an independent Turkish Cypriot state. (Page 1)

Thailand: The political right now appears to have outmaneuvered the Democrat Party in the effort to form a government. (Page 2)

Portugal: The future role of the military continues to dominate political discussions. (Page 3)

Spain: General Franco is apparently making plans to turn over his position as head of state to Prince Juan Carlos. (Page 4)

Notes: Peru; Turkey-Greece; Ethiopia (Page 5)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**TURKEY-CYPRUS**

Ankara is studying the prospects for creating an independent Turkish Cypriot state, but the foreign ministry reportedly believes that the move would be premature.

A high-level Turkish official told our embassy yesterday that his government had not ruled out the formation of an independent Turkish Cypriot state. He warned that such a move was possible if the Greek Cypriot leaders continue to insist that they represent the entire island, rather than just one of two "communities."

The Turkish official stated that his government would not break off the intercommunal talks, but the discussions were being regarded as an exercise in futility. Earlier this month, Archbishop Makarios voiced the same opinion of the talks and threatened to turn to another forum.

[redacted] the Greek Cypriots are most likely to present the question to the UN Security Council. A decision on this tactic may be made in the next few days.

25X1

25X1

Meanwhile, the Turkish government is still considering its response to the cutoff of US military assistance. Apparently, the Turks had no contingency plan for responding to an aid halt. Moreover, as the first impetus of anger subsides, cooler heads may have an opportunity to prevail.

[redacted] Ankara will not take any early action to prevent the reinstatement of US assistance. In any case, most military officers believe that it will take several months for the general staff to come up with an alternative to Turkey's pro-NATO posture. Leftist elements, however, have been given a strong issue to argue against the unreliability of the West. They probably will press for a nonaligned posture including ties with the Soviet Union.

25X1

**FOR THE PRESIDENT ONLY**

THAILAND

*The Thai political right now appears to have out-maneuvered the Democrat Party in the effort to form a government.*

Although three of the four major conservative parties agreed earlier this week to support a center-right coalition led by Democrat Party leader Seni Pramot, talks broke down over distribution of cabinet portfolios. The Democrats, who had won more seats than any of the other 21 parties in parliament, refused to give the conservatives control of the powerful interior ministry. As a result, the key group in the rightist bloc--the Thai Nation Party--withdrew from the negotiations.

Further dimming the Democrats' hopes of forming the government was the defeat of their candidate for the post of speaker of the lower house by a member of the conservative bloc. Under present parliamentary procedure, the speaker designates the individual who tries to form a government. The new speaker presumably will select Praman Adireksan, the leader of the Thai Nation Party, rather than Seni Pramot.

Should the conservatives prevail, their cabinet would be less vulnerable to parliamentary pressures than any coalition the Democrats could put together. The conservative bloc controls almost half of the seats in the new assembly and enjoys the full support of the military--under army strongman Krit Siwara--and the business elite.

A conservative government would be strongly criticized by the press, student, and intellectual community in Bangkok, where the Democrat Party's strength is greatest. This could lead to a revival of radical-led student protests.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

PORUGAL

*The future role of the military in the government continues to dominate political discussions in Lisbon. The Communists are stepping up efforts to increase their strength.*

The Armed Forces Movement's general assembly met yesterday to consider legislation defining its future role in Portuguese politics. The Socialist and Popular Democratic moderates hope that the military will play a limited political role and encourage European-style democracy. Leaders of both parties have warned recently that the previous dictatorship of the right could be replaced by a left-wing military regime.

A presidential aide said this week that an election for a constituent assembly will be held by April 25, although a public announcement is being delayed to assure there will be no hitches.

Communist Party leader Cunhal, meanwhile, recently rejected West European parliamentary democracy as a solution for Portugal. Cunhal has been cultivating a close working relationship with Prime Minister Goncalves. Party members are also joining the Armed Forces Movement's "cultural dynamism" propaganda teams during their proselytizing forays into rural areas. Their mission is to expose anti-Communist propaganda and to denounce US imperialism.

**FOR THE PRESIDENT ONLY**

SPAIN

*General Franco apparently is making plans to turn over his position as head of state to Prince Juan Carlos.*

[redacted] 25X1

[redacted] Franco would retain only his post as commander in chief of the armed forces.

25X1

Rumors have been circulating in Madrid that Franco would step down ever since he resumed power last September after a mid-summer illness. Most sources maintain that Franco is not seriously ill, but his condition is apparently complicated [redacted]

25X1

[redacted] 25X1

Should Juan Carlos assume power, his most immediate problem, aside from the resentment he will face from the far right, will be to establish his independence from his mentor. There will be a tendency, as long as Franco is functioning in some capacity, to refer vital decisions to him.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

NOTES

Peru is calm following two days of extensive violence.

Tensions remain high in Lima, but the civil guard has agreed to resume its police duties. President Velasco now appears to be attempting to find scapegoats for the disorders, and the government-controlled media has already raised the spectre of US involvement. For the moment, the massive military response will probably inhibit further violence. Moreover, at least for the time being, the military is unlikely to break ranks with the president. As the crisis subsides, however, serious splits may develop within the military affecting Velasco's tenure of office.

\* \* \*

Turkey has accepted Greece's proposal to submit their dispute over oil prospecting rights and sovereignty in the Aegean Sea to the International Court of Justice.

A Turkish official told our embassy yesterday that Ankara's answer would be an "unqualified yes," but the Turks wanted preliminary contacts between the countries in order to work out the details. Athens radio described the Turkish answer as "constructive" and a Greek spokesman said the two countries will hold talks to draft a pledge to accept the court's ruling. The court's deliberations are bound to be lengthy and should defuse the troublesome dispute.

\* \* \*

Ethiopian troops commanded by Colonel Gebre-Yesus have departed for Addis Ababa and will probably arrive tomorrow.

25X1

[Redacted]  
plans. The arrival of troops from outside the capital, plus the units Gebre-Yesus has under his command in Addis Ababa, will give him a significant advantage if he decides to move against the governing military council.

*Top Secret*



# The President's Daily Brief

*February 8, 1975*

5

~~Top Secret 25X1~~

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

*FOR THE PRESIDENT ONLY*

February 8, 1975

Table of Contents

Cyprus: Turkish forces on the island are on the move, suggesting they may be taking up positions for a new military operation. (Page 1)

Australia: Prime Minister Whitlam defends the presence of US defense and scientific installations. (Page 3)

South Vietnam: Top officials assume additional US aid will not be forthcoming. (Page 4)

Notes: USSR; Ethiopia; South Korea (Page 5)

Annex:

25X1

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

CYPRUS

Turkish forces on Cyprus are on the move, suggesting that they may be getting into positions for a new military operation to round out the Turkish-held portion of the island. The meeting yesterday between the Greek Cypriot and Turkish Cypriot negotiators made no progress, but the negotiators did agree to meet again on Monday.

The reports of Turkish military movements include:

--UN observers reported three exchanges of fire in the past two days, as Turkish forces apparently tried to improve their firing positions.

--A US embassy officer saw about 1,000 Turkish commandos in battle gear awaiting transport near Kyrenia yesterday.

[redacted] re-  
connaissance aircraft were active west of Nicosia yesterday.

25X1

--UN observers saw a group of Turkish tanks moving southeast from Nicosia, also yesterday.

--UN observers saw up to 20 Turkish tanks moving south from Kyrenia Thursday night.

25X1

[redacted]  
reiterated  
yesterday that the Turks today, or on Sunday at the latest, will carry out their plan to clear the Greek national guard out of several positions around Nicosia and to the west.

25X1

25X1

25X1

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

No progress was made yesterday in the meeting between Greek Cypriot negotiator Clerides and Turkish Cypriot leader Denktash on the two issues currently being debated--control of Nicosia airport and the return of Greek Cypriot refugees to their homes in the Turkish-controlled area.

Denktash did read a statement reaffirming the Turkish wish that the talks continue. Clerides, however, took note of Denktash's earlier statement in which he threatened to declare an independent Turkish Cypriot state. He warned that such a move would cause the talks to be discontinued. Denktash said that, but for "outside intervention," he would now be the president of an independent Turkish Cypriot republic.

Should the Turks take military action, the Greek Cypriots may turn to such forums as the UN Security Council.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY****AUSTRALIA**

*Prime Minister Whitlam defended the presence of US defense and scientific installations in Australia at the Labor Party's biennial conference this week. He said Canberra would not exercise its option to give notice later this year of an intention to terminate the lease*

25X1

25X1

The party's left wing proposed to change the wording of the party platform to imply that the presence of the bases impinges on Australian sovereignty and is therefore unacceptable. Whitlam declared, however, that changes over the past year to bring all the bases under joint administration satisfied Australian sovereignty. Whitlam also turned aside leftist objections to the secrecy of some of the installations, saying that he and other officials with a need to know were fully informed as to the functions of these bases.

While standing firm on the bases, Whitlam accepted a proposal to allow the Viet Cong's provisional government to open an information office in Australia. Nevertheless, he strongly opposed a resolution put forward by Deputy Prime Minister Cairns, the most prominent leftist in the party and a longtime Viet Cong sympathizer, calling for immediate diplomatic recognition of the provisional government. Cairns' resolution was his first direct challenge to Whitlam's foreign policy since he became deputy prime minister last June.

Whitlam compromised on the Viet Cong issue partly to avoid souring his close working relationship with Cairns, to whom he has delegated primary responsibility for dealing with Australia's economic problems. Whitlam is also anxious to avoid serious party wrangling in view of the possibility of national elections later this year.

**FOR THE PRESIDENT ONLY**

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

Prime Minister Khiem [redacted]

25X1  
25X1

[redacted] as-  
sumes the US Congress will not approve  
the request for \$300 million in supple-  
mental assistance for South Vietnam.  
The Prime Minister concluded that failure  
to receive this additional American sup-  
port would not mean the difference be-  
tween "survival and defeat," but would  
keep the South Vietnamese military on  
the defensive and would hurt President  
Thieu "politically and psychologically."

Khiem's remarks reflect President Thieu's own  
thinking on the prospects for additional US support.  
Anticipating heavy fighting in the weeks ahead,  
Thieu is now publicly taking a more pessimistic  
line.

Regarding the presidential election slated for  
October, Khiem said Thieu agrees that another one-  
man election must be avoided. At the moment, many  
South Vietnamese political parties are reluctant  
to enter a candidate in a presidential race they  
could not hope to win. Khiem reasoned that the  
government might have to consider returning to the  
provisions of the earlier, 1967 election law, which  
did not require that a candidate be sponsored by a  
political party. This could result in a large num-  
ber of candidates and make a majority victory im-  
possible. Khiem nevertheless was confident that  
the government's candidate would win with a strong  
plurality.

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

The two Soviet cosmonauts in the Salyut 4 space station are expected to return to earth aboard their Soyuz 17 spacecraft on Sunday. They have been in orbit since January 10.

\* \* \*

The Ethiopian army has not broken through the rebel encirclement of Asmara.

Resupply convoys are stalled along main roads leading into the city, and supplies continue to be brought in by air. Next week, the ruling military council apparently intends to announce a decision to nationalize all agricultural land, a step that is almost certain to provoke a violent reaction from both peasants and landowners.

\* \* \*

South Korean President Pak will win the referendum scheduled for February 12; the referendum is designed to validate his leadership under the authoritarian 1972 constitution.

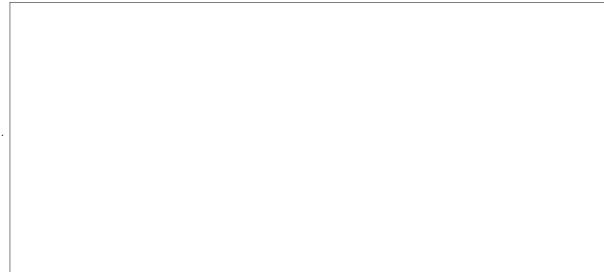
Pak apparently sees the referendum as a useful tactic in suppressing domestic dissent. In particular, Pak wants to demonstrate to his domestic audience and the US Congress that, however vocal, his opposition has relatively little support nationally.

[redacted] the President will follow up the vote with major changes in the structure of the government party. He may also reshuffle the cabinet and make a conciliatory gesture to the opposition. In the end, perhaps, what appears to be a meaningless political exercise might serve some useful purpose.

25X1

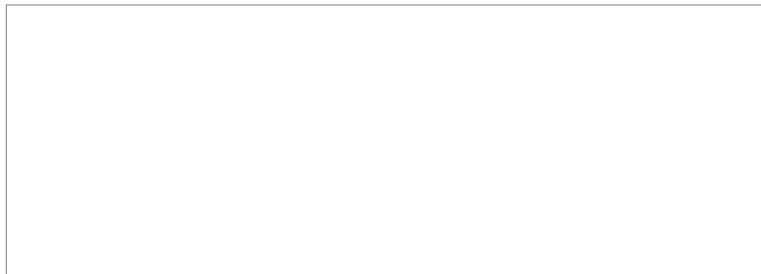
FOR THE PRESIDENT ONLY

*FOR THE PRESIDENT ONLY*

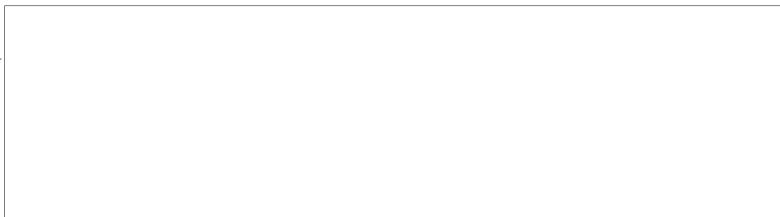


25X1

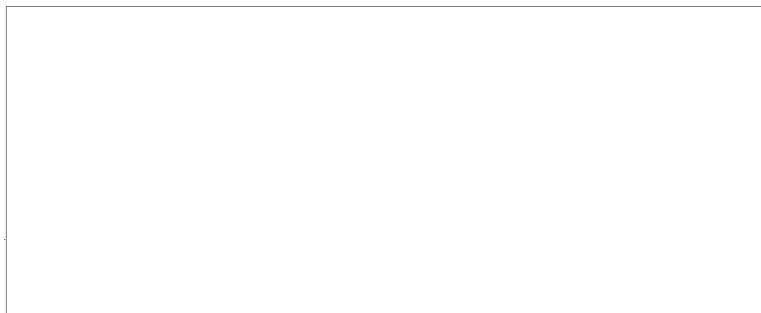
A  
N  
N  
E  
X



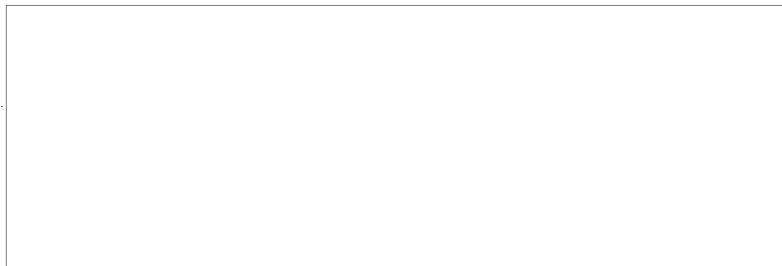
25X1



25X1



25X1



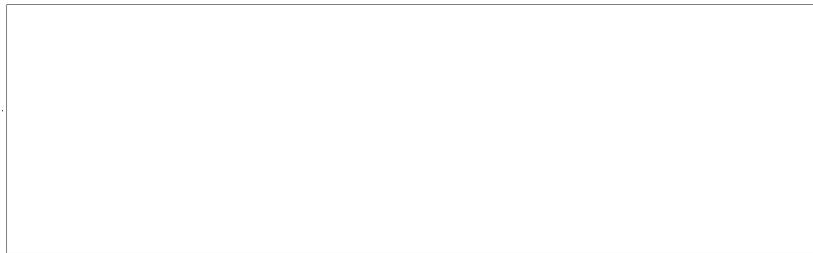
25X1

(continued)

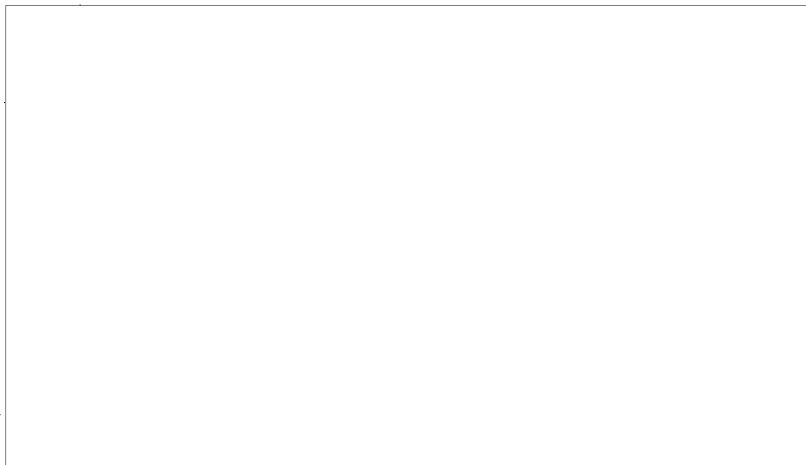
A1

*FOR THE PRESIDENT ONLY*

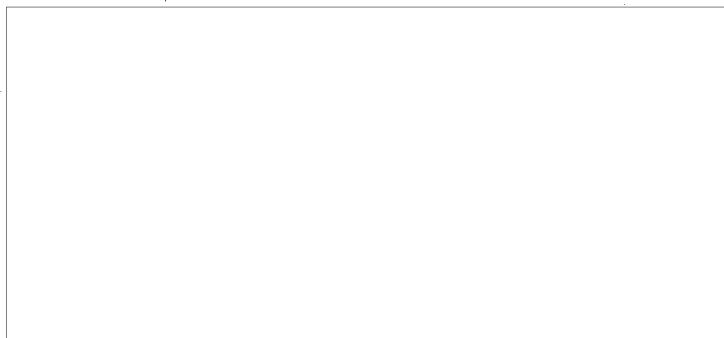
*FOR THE PRESIDENT ONLY*



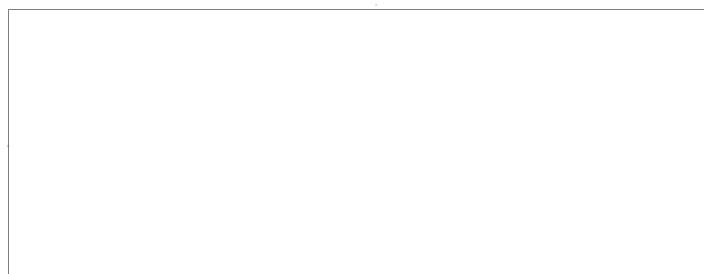
25X1



25X1



25X1



25X1

(continued)

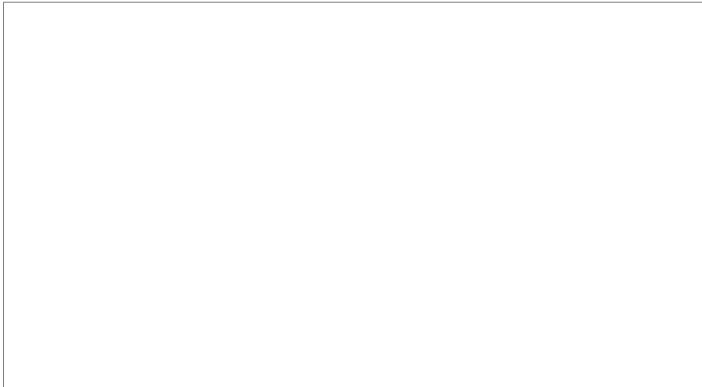
A2

*FOR THE PRESIDENT ONLY*

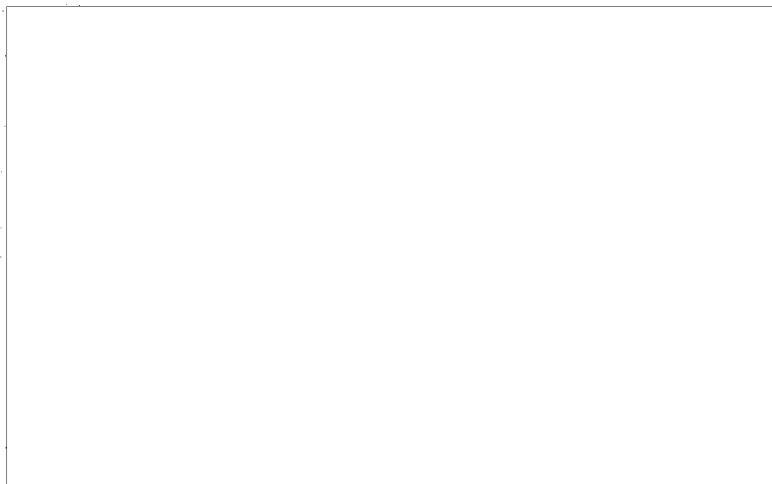
*FOR THE PRESIDENT ONLY*



25X1



25X1



25X1

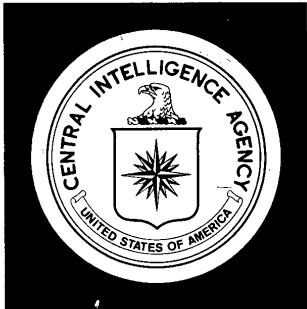


25X1

A3

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

*February 10, 1975*

5

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

Exempt from general  
declassification schedule of E.O. 14176  
exemption category 5B(1), (2), (3)  
determined by on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

February 10, 1975

Table of Contents

Israel: The conviction is growing among Israelis that they need be in no hurry to reach an agreement with Egypt. (Page 1)

South Vietnam: With the approach of the lunar new year on February 11, all indications point to an increase in communist shellings and terrorist attacks. (Page 2)

Notes: USSR; Ethiopia; Cyprus (Page 4)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**ISRAEL**

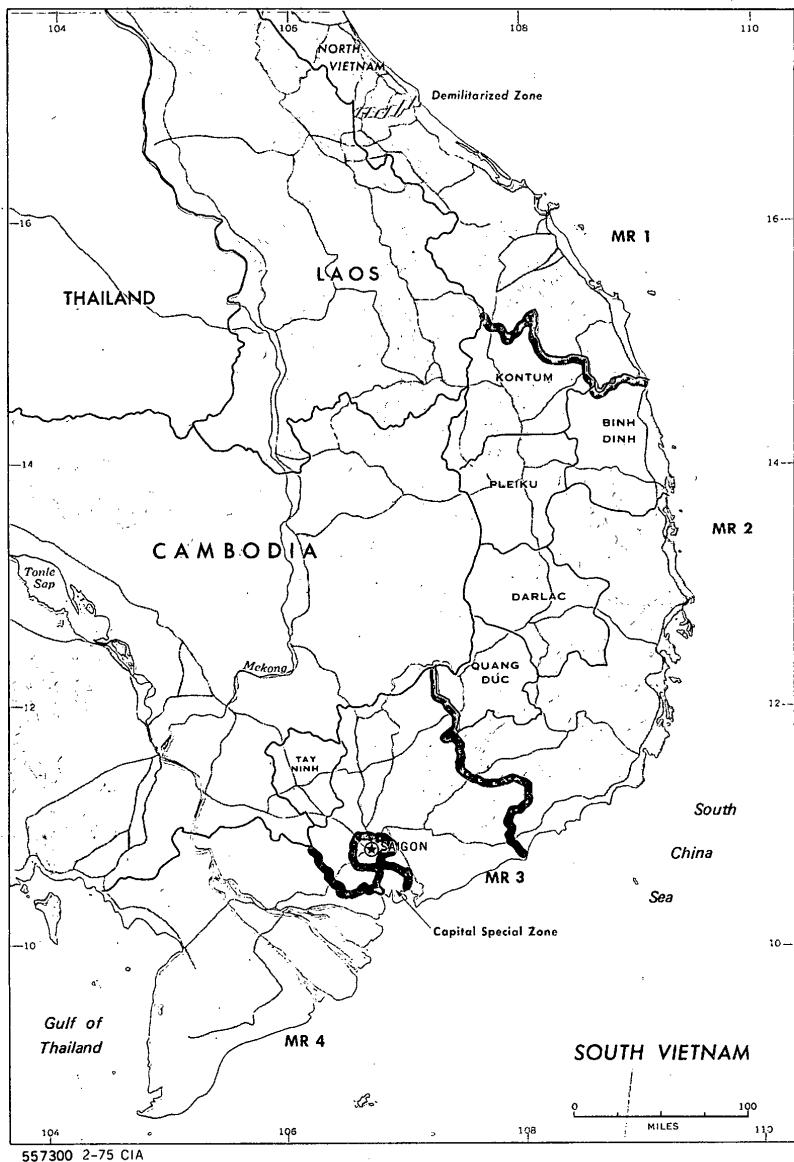
*The conviction is growing among Israelis that they need be in no hurry to reach an agreement with Egypt and that Tel Aviv is in a position to strike a hard bargain. According to the US embassy, the Israelis apparently assume that war will not break out in the near future even if Secretary Kissinger's mediation effort should fail, but that if war should come, Israeli military forces are prepared.*

Although Prime Minister Rabin has publicly re-endorsed the US approach to a settlement in stages, many Israeli parliamentarians appear to have reached the conclusion that the utility of the staged approach is about over. They are deeply skeptical about prospects for a second-stage agreement with Egypt, believing that President Sadat will not concede to Israeli demands for a state of nonbelligerency and for a long-term accord.

Both moderates and hardliners are looking at the alternative of a reconvened Geneva conference. Advocates of a Geneva conference say that Israeli attendance would:

- Convince Western opinion that Israel is not creating an obstacle to negotiated settlement.
- Forestall an Egyptian effort to link a Syrian agreement to an interim agreement with Egypt.
- Force the Arabs to recognize that they must make far-reaching substantive political concessions in order to obtain Israeli withdrawals.
- Enable Israel to retain its bargaining position until Arab intentions are clarified.

In general, the more intransigent Israelis see the convening of a Geneva conference primarily as a tactical move by which Israel can stall for time and demonstrate to the world that the Arabs are not interested in peace. The moderates view a Geneva conference as an opportunity to explore the possibility of a definitive settlement.



**FOR THE PRESIDENT ONLY**

SOUTH VIETNAM

*With Tet beginning tomorrow, all indications point to an increase in communist shellings and terrorist attacks. There are no reliable signs, however, of movement by communist main forces.*

*Saigon's military forces throughout the country are on full alert, and government holiday celebrations will be limited to one day instead of the usual three.*

*Countrywide, the following military activity appears likely:*

--In Military Region 1, local skirmishing is expected to continue in varying degrees of intensity. Some government commanders see the current action as the prelude to a full-fledged main-force offensive sometime this spring.

--In Military Region 2, reports from the principal trouble spots--Binh Dinh Province on the coast and the central highland provinces of Kontum and Pleiku--indicate little activity. The government remains concerned, however, that heavy communist assaults against provincial capitals in the central highlands may occur soon.

--In Military Region 3, stepped-up action is expected in the provinces around Saigon, especially Tay Ninh. Intercepts indicate that the Viet Cong will make a major effort to conduct terrorist attacks in Saigon. Some of the fighting may result from government operations scheduled to begin yesterday by the region's new commander, General Toan. Toan reportedly ordered elements of all three government divisions to go on the attack and "carry the war to the communists." There is some concern among his senior staff officers that these plans are overly ambitious and may involve unnecessary risks.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

--In Military Region 4, communist forces reportedly have celebrated the holiday early and will conduct shellings and terrorist attacks against government outposts, some district and provincial towns, highways, and canals. Most government commanders feel, however, that recent heavy casualties and low morale among Viet Cong forces in the delta will limit both the intensity and the effectiveness of their Tet actions.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

NOTES

The two Soviet cosmonauts in the Soyuz 17 space ferry returned to earth safely yesterday after completing 30 days in space.

The cosmonauts spent 28 days in an orbiting space station. Their mission marked the third successful docking of a Soyuz spacecraft and a Salyut space station.

\* \* \*

Ethiopian government forces in Eritrea face serious supply shortages because of their inability to break through the rebel encirclement of Asmara.

At the same time, the rebels' ability to sustain the level of fighting is questionable. The insurgents are believed to be drawing chiefly on stockpiles built up during the past year when the fighting was light. Their resupply through South Yemen or from Sudan is difficult and time consuming. The US consul in Asmara reports that the ruling military council is trying to get a committee of Eritrean notables to resume an intermediary role between the council and the rebels. The council, however, has reiterated its stand against independence for Eritrea.

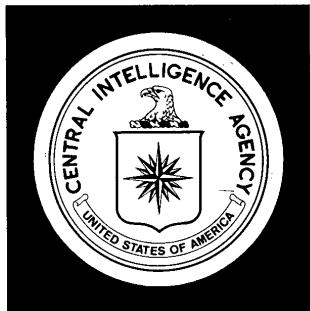
\* \* \*

Cyprus remained quiet over the weekend, despite several indications on Friday that a Turkish military operation might be imminent.

[redacted] that the chances of an early Turkish military initiative have dimmed.	25X1
[redacted] troop movements on Friday were preparatory to a military exercise scheduled to begin on Wednesday. [redacted]	25X1
[redacted] Turkish General Staff has no immediate plans to capture additional territory.	25X1
[redacted]	25X1

**FOR THE PRESIDENT ONLY**

*Top Secret*



# The President's Daily Brief

*February 11, 1975*

5

~~Top Secret 25X1~~

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

**FOR THE PRESIDENT ONLY**

February 11, 1975

**Table of Contents**

Syria: Syria expects Secretary Kissinger to propose another Israeli withdrawal from the Golan Heights as well as from the Sinai. (Page 1)

Cyprus: The intercommunal talks were postponed yesterday amid indications that both sides are preparing to present their maximum demands. (Page 2)

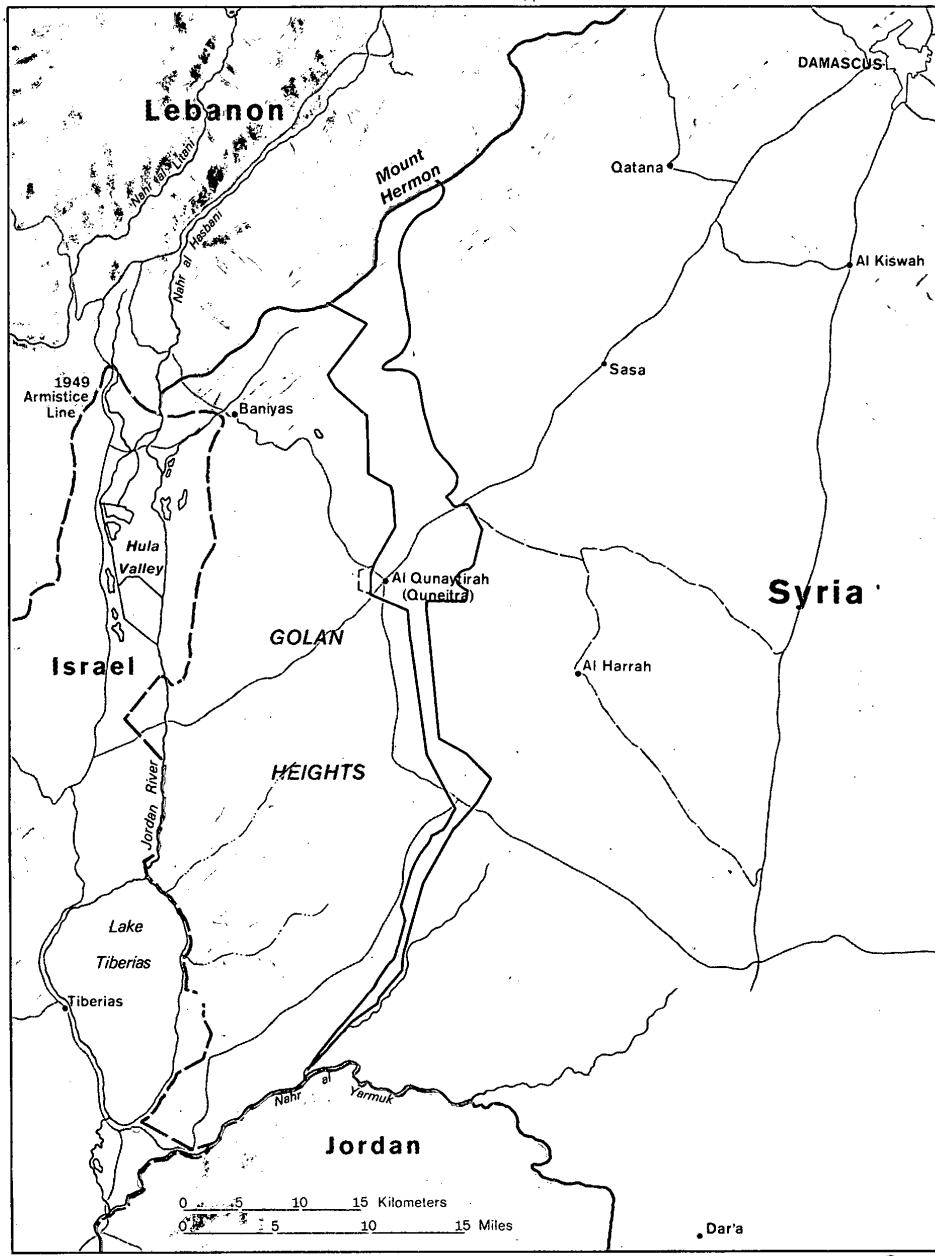
Venezuela: Venezuela appears to have hardened its position on the US Trade Reform Act. (Page 3)

Western Europe - Portugal: West European nations are having difficulty finding ways to support moderate forces in Portugal. (Page 4)

Cambodia: Prince Sihanouk has again indicated his interest in discussing a peaceful settlement. (Page 5)

Ethiopia: Rebels may threaten the US facilities at Kagnew. (Page 6)

**FOR THE PRESIDENT ONLY**



557302 2-75

**FOR THE PRESIDENT ONLY**

**SYRIA**

*Syria expects Secretary Kissinger to arrive in Damascus with a proposal for another Israeli withdrawal from the Golan Heights as well as from the Sinai,*

25X1

25X1

The Israelis returned the town as part of the first Syrian-Israeli disengagement agreement last May. The deputy minister said Syria would reject such a proposal and demand a resumption of the Geneva peace talks unless the Israelis agreed to return the three strategic hills as well.

The Syrians can be expected to turn down almost any offer Secretary Kissinger initially makes in an attempt to obtain further concessions. Should Egypt succeed in getting another Israeli pullback, however, the Syrians would probably settle for whatever territory they could get both to avoid isolation and to demonstrate domestically that the regime's negotiating efforts are paying dividends.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CYPRUS**

*The intercommunal talks were postponed yesterday amid indications that both sides are preparing position papers reflecting their maximum demands.*

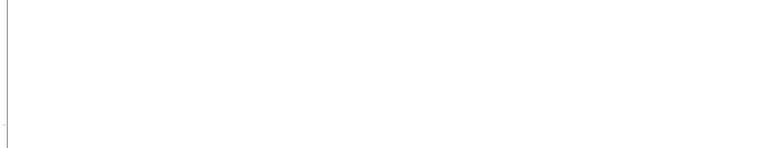
Greek Cypriot negotiator Clerides has already presented his proposals to the UN special envoy at the talks. Turkish Cypriot negotiator Denktash asked for the postponement in order to have more time to complete the Turkish proposal.

25X1



To produce this effect, the Greek Cypriots are expected to propose a multiregional federation with a strong central government. The Turkish Cypriot counterproposal probably will demand a biregional federation with a weak central government.

25X1



**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**VENEZUELA**

*Venezuela appears to have hardened its position regarding the US Trade Reform Act.*

An influential government official has told an embassy officer that ending the exclusion of Ecuador and Venezuela from benefits in the Trade Act "would not placate Caracas' extreme displeasure" with other "discriminatory" and "coercive" features of the act.

He cited specifically:

--The exclusion of such important "less-developed-country" export products as textiles from the preference system.

--The provision for a product-by-product ceiling on imports from qualifying countries.

--Clauses prohibiting preferences to countries that have expropriated property of US citizens without adequate compensation or negotiations in good faith to provide compensation.

The official also insisted that OPEC members should not be discriminated against by the Trade Act because all underdeveloped countries should have the right to participate in cartels and other arrangements in order to improve their terms of trade.

While these comments may reflect an evolving government position, they may also have been intended to bring pressure on the US government without a further public airing of differences. They suggest that, unless its demands are met, the Perez government is prepared to risk further deterioration in relations with the US over the Trade Act.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

WESTERN EUROPE - PORTUGAL

*West European officials are concerned about the drift to the left in Portugal, but are having difficulty finding ways to support moderate forces.*

The inability of the Portuguese government to specify its aid requirements has frustrated other European nations in their attempts to provide direct bilateral aid to Lisbon. The UK has embarked upon a modest assistance program, however, and Norway is negotiating a technical assistance pact. Several EC capitals have expressed interest in a Dutch proposal to "untie" development aid to the former Portuguese colonies, thereby allowing them to turn to Portugal instead of the donor country for goods and services.

The French, Danes, and Italians want to provide assistance through EC channels. EC Vice President Soames will visit Portugal this week to discuss the aid situation and to publicize EC interest in Portugal. The EC Commission, however, is reluctant to commit the Community to long-term preferential arrangements until the political situation in Lisbon stabilizes.

In response to Foreign Minister Soares' recent call for support of democracy in Portugal, the Dutch Socialist Party has launched a campaign to collect funds for its Portuguese counterpart; Social Democratic and Labor parties in a number of West European countries have extended and may expand various forms of direct party-to-party assistance. Moreover, Soames' visit and that of UK Foreign Secretary Callaghan last week are largely intended to provide moral support for Portuguese moderates. In the period prior to the elections, now called for April 12, such visits may be the best help Europe can give.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CAMBODIA**

Prince Sihanouk has again indicated his interest in discussing a peaceful settlement.

25X1  
25X1

[redacted] although he continues to oppose negotiations with the Lon Nol government.

Sihanouk, currently in Hanoi for the Tet holidays, appears to be balancing this private initiative with some tough public talk. Prior to his departure from Peking, he issued two statements--one of which was the text of a telegram he had sent to members of the US Congress--denouncing US involvement in Cambodia. In what may have been meant as a conciliatory gesture, however, the prince in his telegram said he and his supporters "do not intend to make the US lose face."

The demand for direct talks with Washington--bypassing the Lon Nol government--was a standard feature of Sihanouk's public line on a Cambodian settlement until the summer of 1973. At that time, he began to take a tougher line on negotiations, presumably at the insistence of Khmer communist leaders. His latest move almost certainly represents a unilateral initiative that does not enjoy their blessing, but reflects the prince's recognition that his only chance of regaining a position of real influence in Cambodia lies in negotiations. With the war at a critical stage, Sihanouk's efforts to promote some sort of dialogue appear to be taking on a new sense of urgency.

Khmer communist officials abroad reacted sharply to Sihanouk's interview with Swedish news-men in December, in which the prince implied a willingness to accept some form of a coalition government as a basis of a settlement. [redacted]

25X1  
25X1

[redacted] the communists flatly oppose a compromise settlement because it would lead to a coalition government involving not only representatives of the Lon Nol side but also "untrustworthy elements" within the insurgent movement--a clear reference to Sihanouk and his non-communist supporters.

**FOR THE PRESIDENT ONLY**

**ETHIOPIA**

*The US embassy believes the Eritrean rebels may make prime targets of the fuel and generators located at Kagnew.*

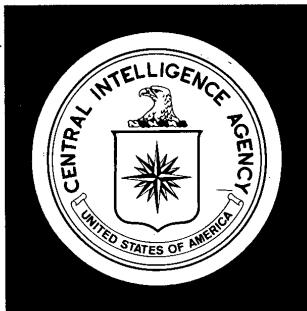
The rebels fired automatic weapons and rockets late yesterday in a show of force in Asmara. Most of the firing appeared to be directed at Ethiopian military facilities, but rounds were also aimed at the US portion of the Kagnew tract, occupied by both the US naval communications unit and the Ethiopian army.

The US consulate, located next to another Kagnew tract occupied by the Ethiopian navy, was caught in heavy crossfire. There were no US casualties.

The insurgents probably have concluded that the Ethiopians will attempt to use the US power resources to restore electrical services to the city. The embassy believes the Ethiopians, who badly need the electricity to support their military action against the rebels, are, in fact, considering such plans.

The Ethiopian air force resumed attacks on rebel positions near Asmara yesterday after being grounded for several days, probably because of fuel shortages. There also were reports of increased ground fighting north of the city.

*Top Secret*



# The President's Daily Brief

*February 12, 1975*

5

~~Top Secret 25X1~~

Exempt from general  
declassification schedule of E.O. 14176  
exemption category S(1)(2),(3)  
declassified only on approval of  
the Director of Central Intelligence

**FOR THE PRESIDENT ONLY**

February 12, 1975

Table of Contents

Industrial Production: Production in the major countries has been dropping at the sharpest rate since World War II. (Page 1)

UK: [Redacted] 25X1

Syria-Israel: [Redacted] 25X1  
[Redacted] 25X1

Portugal: The Armed Forces Movement's weekly bulletin has announced formation of special "internal information and public relations teams." (Page 5)

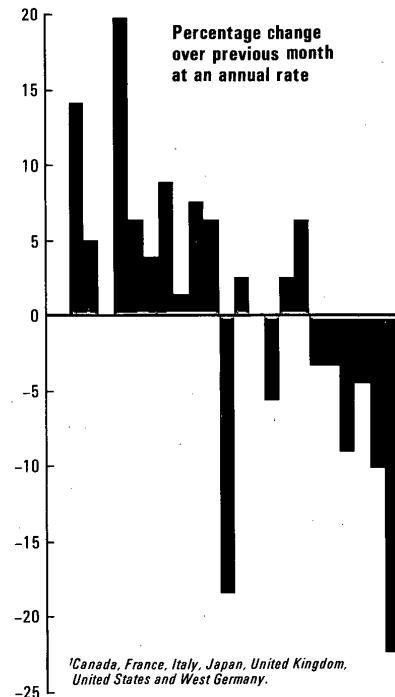
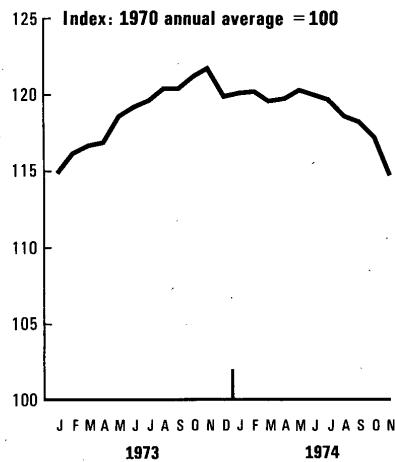
Panama: Negotiators are optimistic that the draft of a new canal treaty will be completed this summer. (Page 6)

Notes: Turkey-Greece; USSR-Tanzania (Page 7)

At Annex we present principal judgments of an intelligence memorandum on Peru's Stalled Revolution: Implications and Prospects.

**FOR THE PRESIDENT ONLY**

**DEVELOPED COUNTRIES:**  
**Trends in Industrial Production<sup>1</sup>**  
(seasonally adjusted)



<sup>1</sup>Canada, France, Italy, Japan, United Kingdom,  
United States and West Germany.

-25

565158 2-75

**FOR THE PRESIDENT ONLY**

**INDUSTRIAL PRODUCTION**

*Industrial production in the major countries has dropped in recent months at the sharpest rate since World War II.*

Production has been falling steadily since last May, after marking time for five months at reduced levels brought on by the oil embargo. The annual rate of decline accelerated to 18 percent in October and November; fragmentary information points to an even steeper descent in December and January.

--Japan: Production slipped throughout 1974, with the annual rate of decline reaching 18 percent in June through November and 35 percent in December.

--Italy: After rebounding to an all-time high in June, production fell at an annual rate of 30 percent in the second half of 1974, to the early 1973 level.

--France: Production climbed through August, then declined at a 25-percent annual rate.

--West Germany: After stagnating for a year, production declined at an annual rate of 10 percent in June through September and an estimated 20 percent in October and November; mass industrial layoffs continued in December and January.

--Canada: Since peaking in March, industrial activity has slipped at an annual rate of 7 percent.

--UK: Production plummeted during last winter's coal strike, rebounded to the prestrike level by August, and then began to sag; output is now roughly 3 percent below the prestrike rate.

Most major industries have been caught in the downward spiral. From June to November, automobile production dropped precipitously in all countries except France and Canada. West German output showed

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

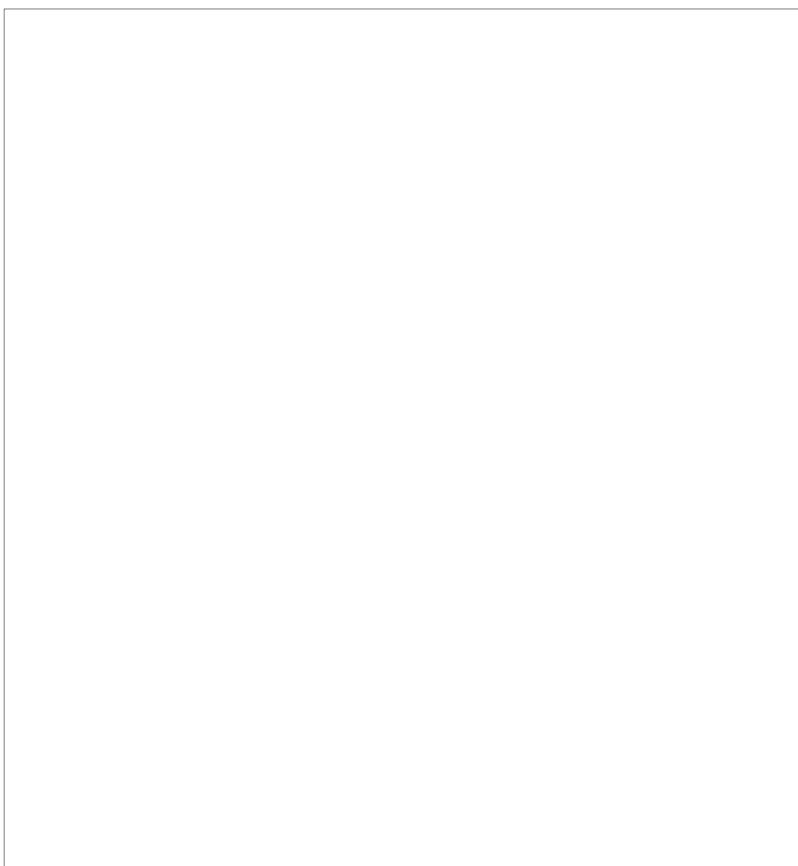
the sharpest rate of decline, 25 percent. The decline in the Japanese automotive industry amounted to only 6 percent because a rapid buildup in inventories offset much of the drop in sales. Chemical production slumped in nearly all countries, with the drop most pronounced in West Germany. Japan led the falloff in textiles, machinery production, and steel.

The short-term outlook for industrial production is poor. Inventories remain high and will retard recovery. Demand, domestic and foreign, is expected to be weak, moreover, for several more months. The decline in industrial activity probably will bottom out before midyear, but production almost certainly will be lower in the first half of 1975 than in the second half of 1974.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

UK



25X1

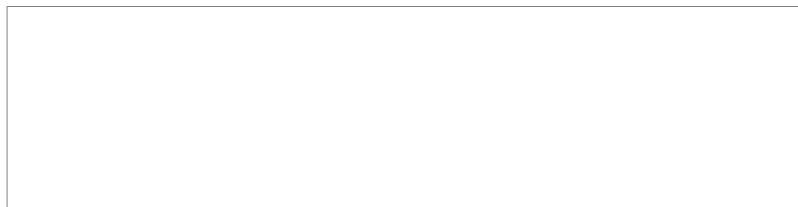
*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**SYRIA-ISRAEL**



25X1



25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

*The Armed Forces Movement's weekly bulletin yesterday announced the formation of special "internal information and public relations teams" that will be empowered to interpret army directives and accompany commanders to regional army meetings.*

The announcement acknowledges for the first time that the Movement does not command unanimous support within the military. It admits the army is "not easily accepting" the consequences of the coup last April.

Billed as an official order, the announcement says the teams will be composed of "ordinary soldiers and possibly civilians." While we believe it is too early to make a firm judgment, this order has the earmarks of the establishment of a political commissar system. Responsibility for publication of the bulletin, however, has been in the hands of more radical elements of the Movement, and they may have overstepped their authority. It is possible that a majority of the membership of the Movement may not favor this order.

In any case, command-rank officers will not welcome the order. It is likely that if the order is implemented, differences existing between some members of the Movement and the majority of the armed forces will widen.

Debate continues, meanwhile, within the military over the future role of the Armed Forces Movement in Portuguese politics. There are rumors that the Movement will be reorganized to give it a formal position within the government.

*FOR THE PRESIDENT ONLY*

PANAMA

*Panamanian negotiators are optimistic that the draft of a new Panama Canal treaty will be completed this summer, and Panamanian leaders are trying to sell the treaty to their people.*

In a press interview last Friday, Foreign Minister Juan Tack gave a broad accounting of the progress that has been made since he and Secretary Kissinger agreed on a treaty framework a year ago. Throughout the interview, Tack stressed the spirit of compromise exhibited by both sides. He noted that the 1903 treaty had given the US the right to operate, maintain, and protect the canal in perpetuity. Thus, any change in these terms would benefit Panama and contribute to its fundamental objective of taking control.

Tack said that probably the most important concession the Panamanians will need to make is to allow some US military bases to remain. He added that Panama is prepared to grant the US a transition period to withdraw from the present Canal Zone, and to give the US the use of certain facilities as well as the right to operate and protect the canal during the life of a new treaty. Panama would share these responsibilities until the pact's expiration, and then would exercise them exclusively.

Tack's statement is indicative of the growth of the Torrijos government's commitment to a new treaty. Torrijos and Tack are strong nationalists, and compromise has not come easily to them. They now are convinced that the treaty evolving from the current negotiations is probably the best they can get, and they have characterized it to the Panamanian people as a "bridge" from present US management to eventual Panamanian control of the canal.

**FOR THE PRESIDENT ONLY**

NOTES

Turkey is pushing forward with oil exploration in the Aegean Sea, despite having agreed to submit its territorial sea controversy with Greece to the International Court of Justice.

The Turks have leased a vessel to conduct seismic or geophysical research in their territorial waters. Under the terms of the contract, no research will be done in disputed areas.

25X1

[redacted] In this somewhat tense situation, there is always the possibility that the vessel could stray off course and provoke an incident.

\* \* \*

Soviet President Podgorny's visit to Tanzania has apparently been postponed again.

[redacted] the visit was to have begun on February 21. [redacted]

25X1

25X1

25X1

25X1

[redacted] the trip would be put off until later this year. Podgorny was scheduled to go to Tanzania last December, but that visit also was postponed at the last minute. No explanation was offered either time.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

PERU

A  
N  
N  
E  
X

*We present below the principal judgments of an intelligence memorandum on Peru's Stalled Revolution: Implications and Prospects, prepared by our Office of Political Research.*

For the past six years, the Peruvian military government, spearheading a revolution from above, has sought to bring radical social and economic change to Peru--and to do it peacefully. For the most part, the revolution has been genuine; in some respects, it has been successful. The government has:

--Carried out one of the most extensive agricultural reforms in the history of Latin America and with far less disruption than the agrarian reform in Chile under Allende.

--Initiated programs that will eventually give industrial workers a significant share in company profits and a voice in management.

--Greatly expanded the role of the state in industry and gained control of large segments of the economy that had been foreign controlled.

#### Public Dissatisfaction

The government has failed, however, to engender significant popular support for its revolutionary programs. Throughout the country, skepticism persists toward the revolution in general and toward the military government in particular. Almost all groups of Peruvians have been alienated. Growing public dissatisfaction vented itself first in organized demonstrations, and recently in urban terrorism.

The urban and rural poor are unhappy because their expectations have outraced the accomplishments of the revolution; the middle class is disturbed because it holds the government responsible for rising inflation and high taxes; private business is fearful that the government means to destroy private enterprise; and the wealthy families are upset because the government has destroyed their dominance in economic and political matters.

(continued)

A1

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

The military government has been in firm control of the country since it took power in 1968. The populace has been relatively passive, the political opposition has lacked effective leadership, and the military holds a monopoly on power. The government has repeatedly vowed that it will remain in power until its revolution has become irreversible.

Peru's military leaders are acutely aware, however, that their ability to govern the country is threatened by an increasingly dissatisfied and restive citizenry, as well as by divisions within the junta over how best to cope with popular unrest.

For the short term, the government is likely to just muddle along, trying to overcome internal dissension and counteract growing opposition to control by the military.

If factionalism within the military increases and popular opposition to its rule grows, the armed forces may be forced to change political course. There seem to be several ways they might turn.

Toward a More Radical Dictatorship

President Velasco might accelerate movement toward a more authoritarian regime, attempting to harden his revolution, which, from the outset, has been neither violent nor severely repressive.

If the government now resorts to harsh, repressive tactics to control the maturing but still unorganized opposition, the outcome might be a mutually destructive spiral of violence.

Toward an Alliance with Civilian Groups

The military government may decide that it would be better to move toward some arrangement to share power with civilians if it is to make sure the revolution survives. Such a course would be more likely if a moderate succeeds Velasco to the presidency.

A power-sharing arrangement, however, is not likely to come about easily, or soon. The military would be reluctant to concede a significant measure of its power. It would be wary of risking a free election, and a civilian-military alliance would be fragile at best.

(continued)

A2

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

The only political party sufficiently well organized to help govern the country is the American Popular Revolutionary Alliance. Its leaders once favored radical reforms, but in recent years have grown relatively moderate.

They still share some of the military's goals for Peru, but young radicals in the party are pledged to topple the military from power. Clearly, factional rivalries inside the party would have to be resolved before any agreement could be reached on sharing power with the military.

Toward Military Disengagement

The military might some day bow out of politics rather than face serious civil unrest. The armed forces are so thoroughly committed to carrying out the revolution, however, that it would take a series of severe jolts to move them off the political stage. Disengagement from politics seems the least likely of the three alternatives facing the military.

Whatever happens, the revolution brought by the military has had a profound and probably a lasting impact in Peru. Even though the revolution now appears to be stalled far short of its ambitious goals, two of its major programs--nationalization of major industries and national economic independence--are not likely to be undone by any successor government, military or civilian.

*Top Secret*



# The President's Daily Brief

February 13, 1975

5

~~Top Secret 25X1~~

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

**FOR THE PRESIDENT ONLY**

February 13, 1975

<u>Table of Contents</u>	25X1
<u>USSR</u>	25X1
	25X1
	25X1
(Page 1)	25X1
<u>Vietnam:</u> The communists plan major attacks in Tay Ninh Province, (Page 3)	25X1
<u>OPEC:</u> There is growing concern in several oil-producing states over the size of production cuts they have had to make during the past several weeks, the steady increase in their underutilized production capacity, and the issue of prices. (Page 4)	
<u>Turkey:</u> The Turkish government reportedly will wait until the end of the month before taking any major retaliatory moves against the US. (Page 6)	
<u>UK-USSR:</u> Neither side expects dramatic developments from Prime Minister Wilson's visit. Brezhnev reportedly is beginning to work again. (Page 7)	
<u>India-USSR:</u> Soviet Defense Minister Grechko, the most important Soviet official to visit India since late 1973, arrives there on February 24. (Page 9)	
<u>Venezuela:</u> President Perez' oil nationalization plans may be linked to the US Trade Reform Act. (Page 10)	
<u>Notes:</u> Portugal-Spain, Libya; Japan (Page 11)	

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

USSR

25X1

25X1

Since late 1970, the Soviets have been constructing a new type of silo--designated the III-X--at the launch groups being prepared for the new generation of ICBMs. [redacted]

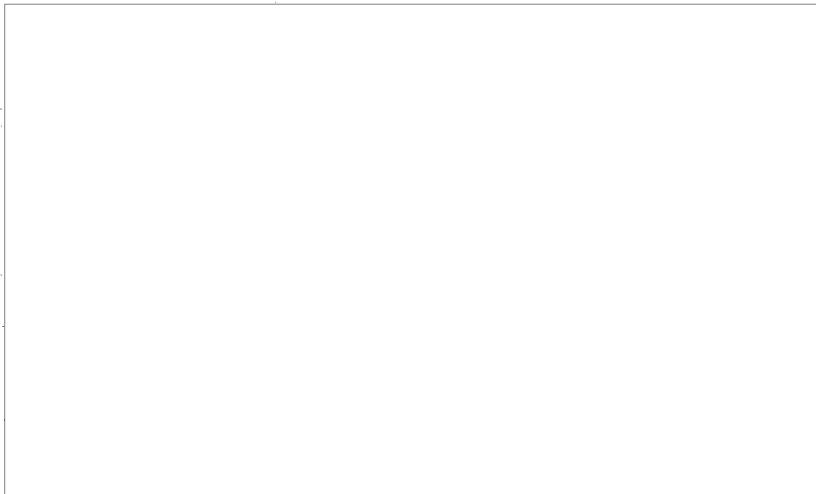
<sup>2</sup>25X1  
25X1

25<sup>2</sup>5X1  
25X1

(continued)

*FOR THE PRESIDENT ONLY*

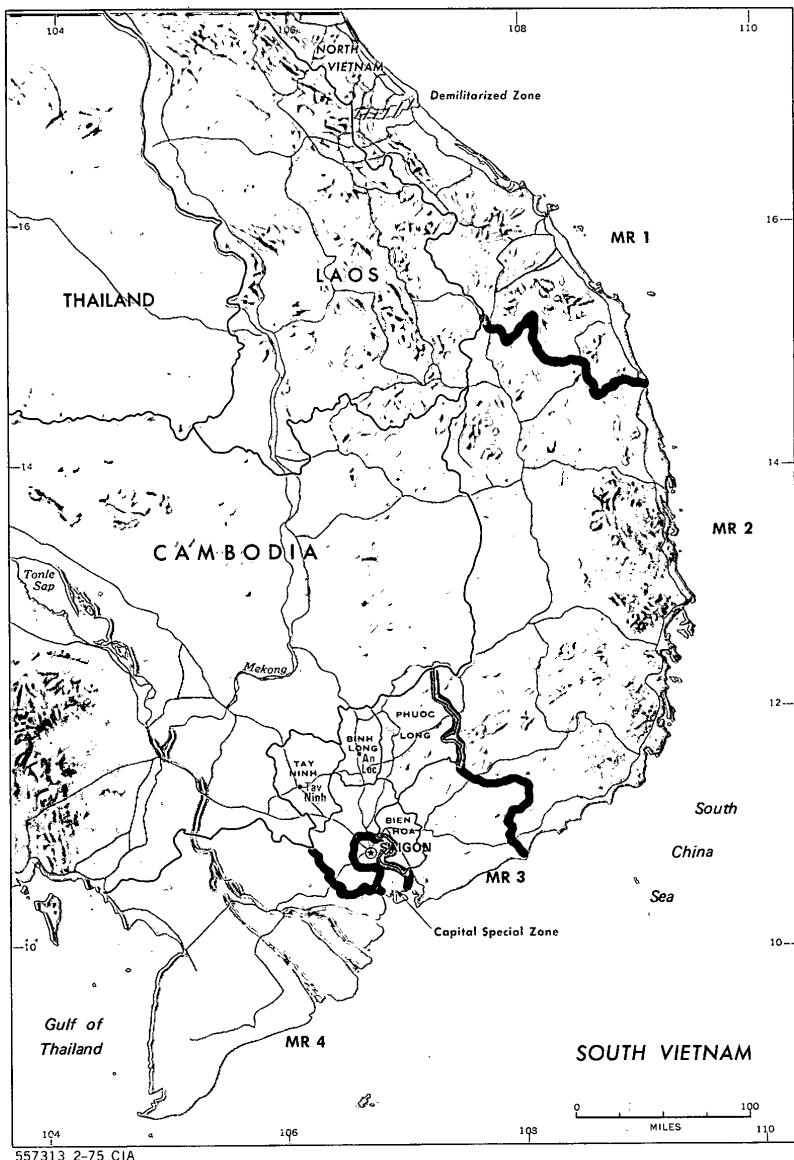
*FOR THE PRESIDENT ONLY*



25X1

2

*FOR THE PRESIDENT ONLY*



557313 2-75 CIA

FOR THE PRESIDENT ONLY

## VIETNAM

*The communists plan major attacks in Tay Ninh Province.*

25X1  
25X1

*[redacted] The plans, which are part of an early February COSVN "resolution," call for the use of two regular divisions, supported by armor, artillery, and local units. The timing of the attacks is to remain secret until the last moment to ensure maximum security.*

The purpose of the action is to overrun all of Tay Ninh Province, as the communists did in Phuoc Long Province last month. If this ambitious goal is not met, the communists will try to make Tay Ninh City a second An Loc. An Loc is the neighboring provincial capital which withstood prolonged attacks in 1972 and is today only a government island deep in communist-held territory.

The communists have been shifting some of their main-force combat units into Tay Ninh Province, including some of the regimental formations [redacted]

25X1  
25X1

[redacted] There had been indications for several weeks that the communist 9th Division would move to Tay Ninh, but the division headquarters and one subordinate regiment earlier this week were tentatively identified moving eastward into Bien Hoa Province.

Saigon will make strenuous efforts to defend Tay Ninh Province. Its loss would be a major setback for the South Vietnamese. The province has been a major battleground since the early 1960s and, unlike Phuoc Long Province, has a relatively large population and is nearly self-sufficient in food production. It is defended by a South Vietnamese division, as well as by its territorial forces.

FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY****OPEC**

*Sharp cuts in oil production by the Organization of Petroleum Exporting Countries during the past several weeks and the decisions by several oil-producing states to reduce prices have given rise to press speculation that OPEC is or soon will be in disarray. While this speculation is largely overdrawn, there clearly is growing concern in some OPEC nations over the size of the cuts that they have had to make as well as the steady increase in underutilized production capacity, which now is an extraordinary 11.6 million barrels a day.*

Venezuela especially fears that the recently announced US program to reduce oil imports by 1 million barrels a day--and to a lesser extent the proposed cut of 1 million barrels a day by other members of the International Energy Agency--will have a sharp impact on its oil sales in the "captive" US market. Caracas reportedly has proposed that OPEC set mandatory quotas for each member country in order to curtail output and support current prices and to guarantee Venezuela its current share of the international oil market.

If other OPEC members go along with the Venezuelan plan, the organization could face its first real test. Any prorationing scheme would have to contend with the national and economic ambitions of the diverse OPEC membership.

Another issue that promises to test OPEC's mettle is prices. OPEC oil ministers, in response to a Kuwaiti request, will meet next week in Vienna to discuss the dollar's recent decline relative to most other major currencies.

Most oil contracts are written in dollars or sterling. The drop in both currencies has reduced the value of OPEC revenues and foreign reserve accumulations relative to the cost of imports from countries whose currencies have appreciated vis-a-vis the dollar. Less than 20 percent of OPEC's imports are from the US.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

One immediate consequence of the dollar's decline was the decision yesterday by Iran to separate its currency from the dollar and to peg it to the International Monetary Fund's special drawing rights. The value of the special drawing rights is based on a weighted average of the value of 16 major currencies. Tehran expects the move to decrease somewhat the domestic cost of Iran's imports and relieve Iran's inflation slightly.

Other oil producers with currencies pegged to the dollar may be inclined to follow Tehran's example. This includes the majority of OPEC members. A number have complained in recent weeks about the gyrations of the dollar and about the rising cost of foreign imports.

There is no indication, however, that Iran will tie oil prices to the special drawing rights as a hedge against a further downward movement of the dollar. Despite their concerns over the dollar's decline, it is unlikely that OPEC members will decide to change their oil-pricing practices soon. Some OPEC members, such as Saudi Arabia, view the dollar as only temporarily depreciated and, hence, do not feel compelled to protect the value of their receipts by changing pricing practices now.

Most OPEC members, including Algeria, have expressed a willingness to maintain the oil price freeze--now scheduled to end in September--to the end of the year or beyond. Implicit in their position is the recognition that, by freezing the nominal price of oil, OPEC is allowing the real price of oil to fall with inflation.

This position on prices and exchange rates represents a marked, if only temporary, shift in OPEC's outlook of only a few weeks ago, when the main thrust of the organization's pricing policy was to implement an indexing scheme that would maintain the real value of their current oil production.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**TURKEY**

The Turkish government reiterated yesterday that all defense agreements with the US will be subject to renegotiation unless military equipment deliveries to Turkey are resumed. The Turks reportedly are prepared to wait until the end of the month before taking any major retaliatory moves against the US.

The Turks have informed NATO of the problems the US action will cause Turkey in carrying out its obligations to the alliance. They have also asked the NATO Defense Planning Committee to conduct an investigation into the effects the "US arms embargo" will have on defense in the eastern Mediterranean. The Turks reportedly have suspended payment to US contractors who are working on NATO projects in Turkey. Ankara will send emissaries to other NATO countries to determine whether they can provide equipment and spare parts.

The Turkish government is trying to assess the extent of public sentiment favoring retaliatory measures against the US and is attempting to monitor the activities of groups that might seek to protest actively. [redacted] 25X1  
the Turkish teachers' association is planning anti-American demonstrations Saturday in provinces where US installations are located. Such demonstrations are likely to be watched closely by Turkish security officials, and they may be canceled in those provinces where martial law is still in force.

The Turkish foreign ministry has used the risk of anti-American incidents to turn aside a US request for the visit of three US navy ships to a Turkish port. The foreign ministry's action was not an outright rejection of the request on political grounds, but it was clearly a retaliatory move, and other such steps are likely to follow.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

UK-USSR

Neither side expects dramatic developments to come from Prime Minister Wilson's five-day visit, which begins today. London has trailed well behind the other major Western nations in improving relations with the USSR, partly because of the UK's mass expulsion in 1971 of Soviet intelligence personnel.

The British have tried to beat the Soviets at their own game by submitting a large package of topics for discussion, including a draft of a joint declaration on nonproliferation of nuclear weapons. The British expect that the Soviets will press for their usual formulations on European security and mutual balanced force reductions and that these will be the main sticking points. While the British have adopted a more conciliatory tone on European security in Western councils, there is still a sizable gap between the Soviet and British positions.

Several routine bilateral accords will probably be signed, but a Soviet foreign ministry official has said that any political documents emerging from the visit will be far less important than those Moscow has signed with the US, West Germany, and France. He added that an increase in trade between the two countries would depend on "political developments," an apparent reference to British concessions on European security and force reductions.

British officials say they have hinted broadly that a meeting between Wilson and Soviet party chief Brezhnev would be desirable. The Soviets have made no commitment, but they have unofficially leaked stories that have kept the possibility alive.

25X1

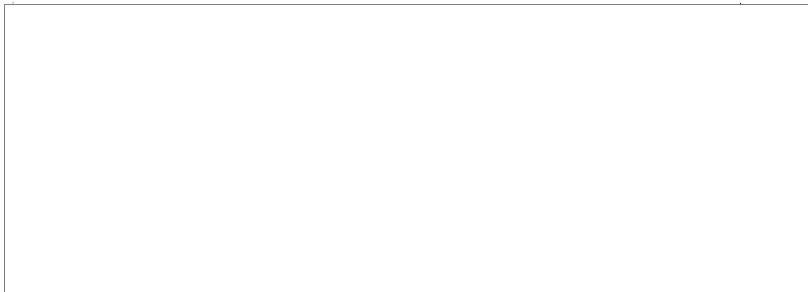
Brezhnev definitely will meet with Wilson and the event will be shown on Soviet television.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

\* \* \*



25X1

[redacted]  
expected Brezhnev to continue in his post, but that party secretary Kirilenko and first deputy premier Mazurov will assume heavier responsibilities in the future. Kirilenko has been the acting party chief during Brezhnev's hospitalization. In the past, he has filled in during Brezhnev's temporary absences, but never for such a long period of time nor under what appear to be fairly formalized arrangements.

25X1

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**INDIA-USSR**

*Soviet Defense Minister Grechko is scheduled to arrive in New Delhi on February 24 for a four-day visit. He is the most important Soviet official to visit India since General Secretary Brezhnev went there in late 1973.*

Indian military procurement apparently will receive major attention. Tactical strike aircraft, guided-missile cruisers or destroyers, minesweepers, and anti-submarine warfare aircraft probably are at the top of India's shopping list. India tried several times last year to arrange new purchases of arms from the Soviet Union, but differences over types of equipment and repayment terms prevented agreement.

The Indians expect that Defense Minister Grechko will press Prime Minister Gandhi to visit Moscow. Her last trip was in 1971, and she reportedly is considering another visit this spring. Her reluctance to go to Moscow partly reflects New Delhi's dissatisfaction with aid and trade relations with the Soviet Union. The USSR's refusal--or inability--last year to repeat the 2-million-ton grain shipments of 1973 was a major disappointment to India at a time of widespread food shortages.

India wants to maintain close relations with Moscow, but at the same time wishes to establish a more balanced relationship with other major powers. New Delhi is unlikely to grant such long-standing Soviet requests as endorsement of the Brezhnev scheme for Asian collective security or the grant of greater access to Indian naval facilities.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

VENEZUELA

*President Perez' oil nationalization plans may be linked to the US Trade Reform Act.*

The director general of the petroleum ministry recently claimed that Caracas had plans to retaliate against the US if the trade act is not revised. He warned that Perez is under increasing pressure from influential members of his political party as well as the opposition to take a tougher line on the nationalization plans to be announced on March 2.

In fact, given his present domination of the political scene, including control of congress, Perez probably can get any type of nationalization bill he wants through the legislature. Perez' recurring references to "pressures" appear to be excuses to justify his future actions.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

NOTES

*The Portuguese have begun propagandizing events in Spain in ways that Madrid will regard as interference in Spanish internal affairs.*

Since January 28, Radio Portugal has been broadcasting nightly half-hour programs to Europe featuring anti-regime activities in Spain. The program calls attention to civil and labor unrest and demands by Spanish groups for democratic rights. In another incident this week, the Portuguese Trade Union of Public Entertainment Workers issued a communiqué supporting eight recently arrested Spanish actors, and cables protesting the arrests were sent to Spanish officials.

\* \* \*

*Libya reportedly has reduced prices for most of its crude oil for the second time this year, with average costs to the companies to be lowered 8 to 14 cents a barrel.*

A desire to boost foreign exchange receipts through greater sales is probably the main reason for the change in pricing policy. Sharp declines in oil output due to non-competitive prices have caused Libya's revenues to fall below the level of foreign exchange expenditures late in 1974. Some industry analysts feel further price reductions will be necessary to raise production substantially.

\* \* \*

*Japan is not expected to ratify the nuclear non-proliferation treaty before the conference of ratifying states scheduled for May.*

In the last few days, Prime Minister Miki and Foreign Minister Miyazawa have publicly backed away from previous commitments to push for ratification this year. The policy change was apparently made at a meeting of ruling party officials last weekend at which right-wing opponents of the treaty openly balked at the idea of foreclosing Japan's nuclear weapons option. Long-time opponents of ratification probably made their stand now because of recent rapid progress in Japanese negotiations with the International Atomic Energy Agency in Vienna on a safeguards agreement. The Miki government has clearly chosen not to buck intra-party opposition on the issue; Miki is saving his political capital with the right-wingers for what he sees as more important uses.

*Top Secret*



# The President's Daily Brief

*February 14, 1975*

5

~~Top Secret~~ 25X1

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

*FOR THE PRESIDENT ONLY*

February 14, 1975

Table of Contents

USSR: Recent statements by influential Soviet spokesmen are the strongest endorsements of detente since the November summit. (Page 1)

Cambodia: We present the precis of the latest National Intelligence Estimate, Prospects for Cambodia Through August 1975. (Page 2)

Cyprus: Turkish Cypriots yesterday declared establishment of a separate state pending agreement on a proposed Cyprus federation. (Page 4)

Notes: USSR; Turkey (Page 5)

Annex: OPEC Investment Policies

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

USSR

*Recent statements by influential Soviet spokesmen amount to the strongest endorsements of detente since the Vladivostok summit in November.*

President Podgorny, in an article appearing in Izvestia on Wednesday, said the USSR wants to improve still further its relations with the US and other Western nations. He said Moscow is willing to take practical new steps to advance military detente, as well as economic and political cooperation.

On Tuesday, N. V. Mostovets, a key Central Committee official concerned with US-Soviet relations, spoke privately to an embassy officer in highly optimistic terms. He emphasized the urgent need to build on an already good beginning. Mostovets, fresh from a trip to the US, professed to be encouraged by the vast improvement in US public attitudes toward the USSR since his visit in 1963. He noted that congressional action on "discriminatory" trade legislation had provoked widespread criticism in the US as well as abroad.

Mostovets predictably stressed that Brezhnev's foreign policies had been formulated collectively at the 24th Party Congress in 1971 and continued to enjoy the support of all the top leaders. He asserted that General Secretary Brezhnev would head the Soviet delegation to a "very successful" summit this summer.

Mostovets said the avoidance of war is the main task of our time, a theme that has appeared with regularity in recent Soviet commentaries on detente. Amid recent bilateral friction over trade and emigration policy and persistent mutual suspicions regarding motives in the Middle East, Soviet commentators have increasingly cited the effort at strategic arms limitations as the mainstay of detente.

Two major articles on SALT in Soviet journals this month make the same point. The authors--leading strategic analysts in the USA Institute--heap praise on the Vladivostok accords and are optimistic about the prospects for SALT II. They say the growing strength of the communist states has forced the US to negotiate with the Soviets on the basis of equality. The authors anticipate progress in other areas of US-Soviet relations as a result of success in arms limitations.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

CAMBODIA

*Following is the precis of the latest National Intelligence Estimate, Prospects for Cambodia Through August 1975, which the US Intelligence Board approved yesterday.*

The military situation in Cambodia is critical.

--The Khmer communists have embarked on an ambitious dry season campaign aimed at closing the Mekong River.

--They have severely curtailed the flow of supplies reaching Phnom Penh via the Mekong. At this point, there is a three- to fourteen-day supply of critical munitions items in the Phnom Penh area.

--In conjunction with this interdiction effort, the communists are keeping pressure on Phnom Penh in an effort to prevent the Cambodian army from reinforcing the Mekong front.

--For the first time, the Cambodian government faces the threat of collapse from economic factors because food stocks will cover consumption only through mid-March if convoys do not make it up the Mekong.

The communists will be unable to interdict the Mekong continuously, but delays and shipping losses will continue to be such that the "heavy" airlift now scheduled--600 tons per day--will be required to supply the government's minimum ammunition needs for at least the next few weeks.

--The Central Intelligence Agency and the Department of State believe that this heavy airlift will be required until the rainy season widens the Mekong in July or August.

--The Defense Intelligence Agency and the intelligence representatives of the US Army, Navy, and Air Force regard this judgment as overly pessimistic. They believe that the government will order extraordinary measures to regain security along the Mekong and that some essential convoys will get through.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

Thus, they believe that a heavy airlift need not be as prolonged as the Central Intelligence Agency and the Department of State expect.\*

--In either case, the risks to aircraft and crews will be substantial, since Pochentong airport would become even more of a priority target for the communists.

Aside from this immediate supply problem, the government's ability to get through the whole of the dry season ending in August depends on its receipt of supplemental US military and economic aid.

--If no additional aid is forthcoming, the military situation will deteriorate rapidly, starting in late March or early April at the latest. The economic situation will also steadily worsen. In such a situation, pressures against the government for a settlement, even on communist terms, could become overwhelming.

--If the Cambodian government receives additional aid in this fiscal year, it should be able to get through to the end of the dry season. But this situation would offer little prospect of the government regaining the overall initiative and would allow the communists to further consolidate their control over most of the country.

--War-weariness is widespread in Cambodia and increasing numbers of Cambodians are coming to the belief that there is no relief in sight.

--The chances for a breakthrough on the negotiations front are poor. Although they currently lack the ability to bring Phnom Penh down by a frontal assault, the communists appear to have the incentive, tenacity, and external support to continue the war indefinitely.

\*The Department of the Treasury believes that the estimate is not sufficiently clear regarding the prospects for delivery of economic aid supplies up the Mekong in the event the necessary funding is provided.

**FOR THE PRESIDENT ONLY**

CYPRUS

*The Turkish Cypriot declaration yesterday establishing a separate state pending agreement on a proposed Cyprus federation has prompted the Greek and Greek Cypriot governments to refer the issue to the UN Security Council. President Makarios called the Turkish Cypriot action a "very severe blow" to negotiations for a settlement of the Cyprus problem.*

Turkish Cypriot negotiator Denktash, who is president of the new state, conveyed his proposals for a settlement to Greek Cypriot negotiator Clerides and requested another session of the intercommunal talks on February 17. His proposals presumably call for a biregional federation with a weak central government. The size of the proposed Turkish Cypriot region and its share of the island's resources is likely to be substantially larger than would be commensurate with the Turkish Cypriot share of the population, 18 percent.

The Turkish Cypriot actions are apparently in response to the Greek Cypriot position paper submitted earlier in the week. It called for a multi-regional federation and a strong central government in which the total area controlled by Turkish Cypriots would approximate their percentage of the population. The Turkish Cypriots may now be trying to take back the initiative and place the onus of breaking off negotiations on the Greek side.

The Greek Cypriot proposals reflect President Makarios' belief that international pressure for concessions by the Turkish side will fade if the talks drag on inconclusively. Makarios has been pessimistic about the outcome of the talks for some time and had threatened to internationalize the issue if no progress were made by the end of this month. Proclamation of the separate Turkish Cypriot state may convince him to abandon the talks altogether, but Athens will probably want to examine the Turkish Cypriot position paper closely before breaking off the talks.

In the meantime, Turkish troops in the Nicosia area were placed on alert in anticipation of a possible Greek Cypriot military reaction. While this appears unlikely, demonstrations could occur within the Greek Cypriot sector and threaten foreign diplomatic missions.

**FOR THE PRESIDENT ONLY**

NOTES

*Soviet General Secretary Brezhnev yesterday made his first public appearance since December 24.*

He joined Premier Kosygin and Foreign Minister Gromyko at the Kremlin for talks with visiting British Prime Minister Wilson and Foreign Secretary Callaghan. [redacted]

25X1

25X1

Brezhnev did not welcome Wilson at the airport, but this was not required by protocol. Despite 51 days out of public view, Brezhnev showed no unusual physical problems and acted as he usually does in such situations for the media.

\* \* \*

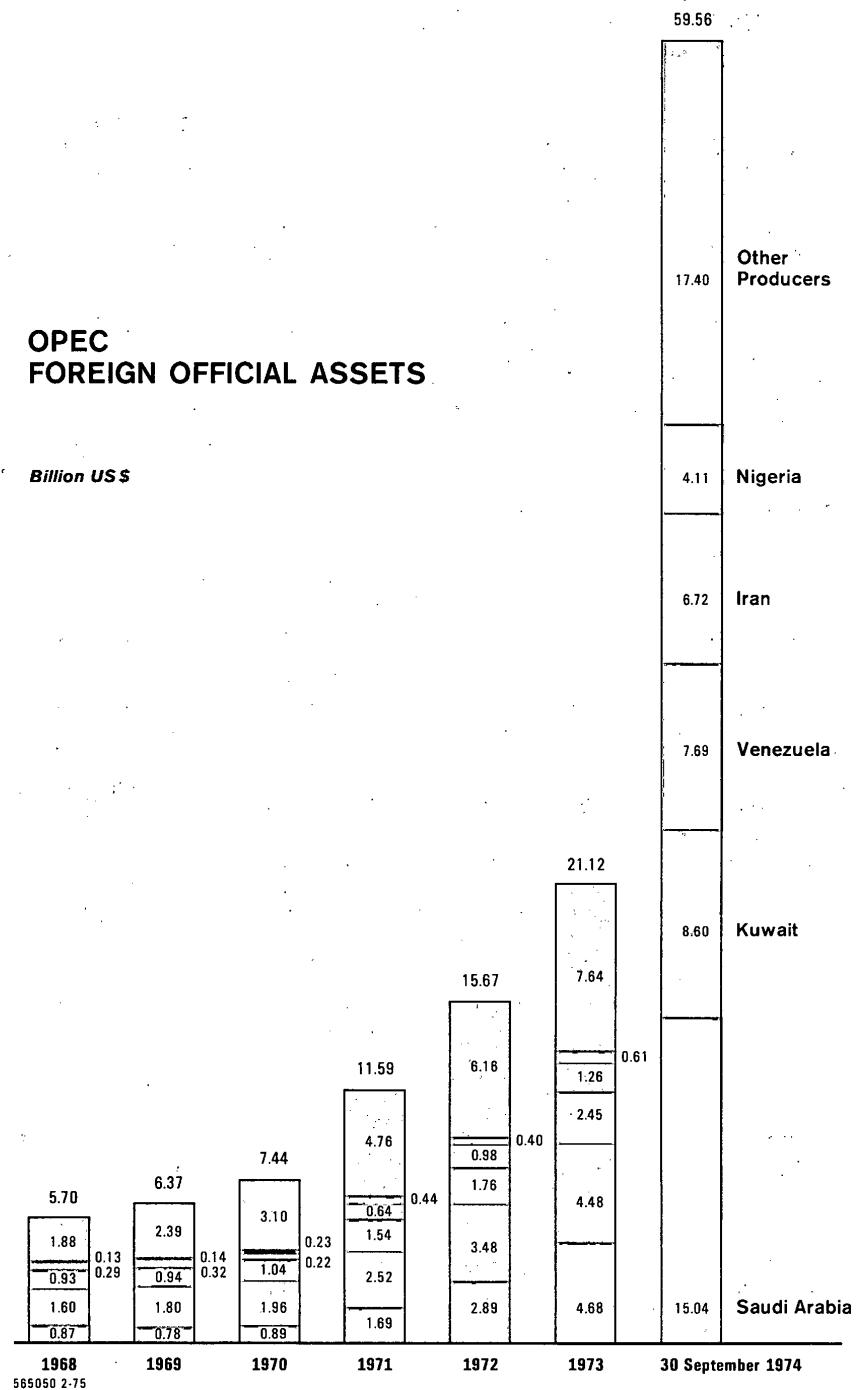
*Turkey's plans to explore for oil in the Aegean have been temporarily set back.*

Ankara has announced that it has canceled a contract with a Norwegian seismic research company because the owners refused to operate in disputed territorial waters. Turkey is now preparing to equip one of its own naval vessels for the job. It is likely to take some time to outfit a ship, however, and the delay will give Turkish and Greek diplomats more time to defuse the issue. The foreign ministers of the two countries are to meet to determine the specific questions that will be referred to the International Court of Justice.

**FOR THE PRESIDENT ONLY**

## OPEC FOREIGN OFFICIAL ASSETS

Billion US\$



FOR THE PRESIDENT ONLY

A  
N  
N  
E  
X

## OPEC INVESTMENT POLICIES

We present below an analysis of investment policies and the distribution of the foreign official assets of the Organization of Petroleum Exporting Countries' member states in 1974. Data for the fourth quarter are still incomplete, but we have detected no appreciable change in the proportional distribution of assets, their location, or the currencies involved. We estimate that in the fourth quarter OPEC foreign official assets increased some \$20 billion to \$80 billion.

25X1  
25X1

The international investment patterns of individual OPEC states are quite similar, despite political, religious, and geographic diversity, and sharp differences in the size of holdings. Their wealth is concentrated in liquid assets, primarily dollar denominated, and is located in the financial markets of the major developed countries, particularly in London and New York.

The similarity in investment pattern is due to a common external environment and shared investment goals, including:

- Insuring holdings against political seizure;
- Maintaining--or increasing--the real value of assets; and
- Retaining effective control over investments.

Asset Composition

Almost all of the OPEC members' wealth is in highly liquid assets. Bank deposits--predominantly with maturities of less than 90 days and often overnight or on demand--account for about 65 percent of the total. On September 30, OPEC's bank holdings approached \$40 billion. This is far in excess of short-term requirements, but bank deposits are relatively safe, easily managed, and can be channeled through intermediaries to make seizure unlikely. Moreover, in 1974 the return on short-term instruments was higher than that on many longer maturity assets.

(continued)

A1

FOR THE PRESIDENT ONLY

***FOR THE PRESIDENT ONLY***

Another 20 percent of OPEC foreign wealth is in government securities, largely US government issues. While subject to greater risk of seizure, government securities are financially secure and easily managed.

The type of asset held varies little among producers. Countries with higher-than-average absorptive capacities for imported goods, such as Indonesia, Iran, and Venezuela, have a somewhat larger share of their holdings in the most liquid assets--bank deposits and government securities. Even Kuwait and Saudi Arabia, however, with very large foreign balances relative to foreseeable exchange requirements, maintain more than 75 percent of their holdings in such assets.

**Asset Location**

The wealth of the OPEC states is located predominantly in financial markets of major developed countries. Holdings in London, including the Euro-currency market, and New York account for about 65 percent of the total. At the end of September, OPEC members had invested about \$25 billion in the UK and about \$15 billion in the US. Most bank holdings are in London because of generally higher interest rates there, particularly on short-maturity deposits. The share of assets in the US declined during the oil embargo, but has since grown considerably. About 25 percent of the OPEC states' foreign assets is located in continental Europe and Japan; half of this is in Switzerland. About 5 percent is held through the International Monetary Fund and the World Bank.

Most OPEC states hold more than half their assets in London and New York--except Algeria, Ecuador, Iraq, and Libya. Algeria, because of its ties to France, keeps a large share of its holdings in Paris. Ecuador, with relatively few foreign assets, is believed to rely on the Caribbean and Central American dollar markets. Iraq is unique among the OPEC states, having substantial investments in communist countries, as well as in Switzerland and West Germany. Libya, which for political reasons sold off most of its sterling in 1972, is believed to concentrate its investment in Switzerland and other continental European countries.

**Currency Composition**

About 70 percent of OPEC's foreign assets are dollar denominated. Dollar holdings totaled more than \$40 billion on September 30. Producers apparently prefer greater diversity, but a number of

(continued)

A2

***FOR THE PRESIDENT ONLY***

***FOR THE PRESIDENT ONLY***

factors have discouraged investment in assets denominated in other currencies. Investment in German marks and Swiss francs has been inhibited by capital controls and limited market size. Investment in most other currencies, including sterling, has been limited by concern over future value. The dollar market is presently the only market of sufficient size, depth, and openness to satisfy investment objectives.

Sterling, the other major reserve currency, accounts for another 10 percent of the wealth of OPEC members. Sterling's share declined through the first nine months of 1974 as British economic conditions deteriorated and uncertainty about the pound grew. On September 30, the sterling investment of OPEC states totaled about \$6 billion.

About 15 percent of the wealth of OPEC members is in other currencies, largely German marks and Swiss and French francs. Only 5 percent is in gold and International Monetary Fund assets, including the Fund's oil facility. No OPEC state has sought to increase its gold holdings significantly.

Most OPEC states hold at least 70 percent of their wealth in dollars and 10 percent or less in sterling. The sterling area countries--Kuwait and Nigeria--keep a larger share of their holdings in sterling. The radical Arab states--Iraq and Libya--hold more of their wealth in assets denominated in currencies other than the dollar or sterling.

**Prospects and Implications**

During 1975, the wealth of OPEC states will increase by about \$60 billion to \$140 billion, assuming oil prices and production remain near present levels. Barring a new war in the Middle East, major shifts in the distribution of existing assets of OPEC states are highly unlikely.

The share of longer maturity assets will probably increase in 1975 as short-term interest rates continue to decline, and OPEC countries gain investment experience. Purchases of government securities should rise, and a number of countries may establish investment funds or offices designed to invest more heavily in loans, equities, and real estate.

The US, because of the size and depth of its financial market, will continue to attract OPEC investors unless a new Arab-Israeli war increases

(continued)

*FOR THE PRESIDENT ONLY*

the perceived risk of seizure. Direct loans, particularly in return for technology and other development assistance, will absorb a larger share of the surplus of OPEC states than in 1974--likely recipients include France and Italy. OPEC member investment through international organizations will also grow as a number of multilateral recycling proposals now under discussion are implemented.

Changes in the currency denomination of the holdings of OPEC states will reflect decisions about the composition of new investment rather than a change in present holdings. Size and depth of the market will continue to be a primary criterion. This assures that most assets of OPEC members will be dollar denominated. Interest rates and expectations about exchange rate movements, however, will also be considered.

Dollar holdings throughout the world will probably total nearly \$100 billion by the end of 1975. The share of the OPEC states' investment in sterling should decline so long as the pound continues to appear overvalued. The potential for shifts away from the dollar and sterling is limited by the fact that countries such as West Germany and Switzerland would tighten capital controls rather than allow a major influx of funds from OPEC countries.

There is little prospect that changes in investment patterns will ease the recycling problem significantly. A shift to longer term assets by OPEC members will not increase private lending to needy countries because such loans are mainly limited by their high risk. Direct lending to importing countries will contribute to recycling but is likely to cover only a fraction of the deficits of hard-hit countries like Italy.

*Top Secret*



# The President's Daily Brief

*February 15, 1975*

5

~~Top Secret~~ 25X1

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

*FOR THE PRESIDENT ONLY*

February 15, 1975

Table of Contents

Cambodia: All surface lines of communication to Phnom Penh are closed, leaving Pochentong airfield as the government's only reliable means of resupply. (Page 1)

Ethiopia: The ruling military council is too optimistic about winning the struggle against the insurgents in Eritrea. (Page 2)

USSR:

(Page 3)

25X1

Notes: USSR; Turkey; Colombia-Cuba (Page 6)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CAMBODIA**

All surface lines of communication to Phnom Penh are now closed, leaving flights into Pochentong airfield as the government's only reliable means of resupply. Pochentong has been the target of daily communist shellings--mostly rocket fire--since the beginning of the year, and increased attacks against the field are likely as airlift operations expand.

An estimated 13,000 to 15,000 communist troops are located within a 15-mile radius of Pochentong. The recent shift of three communist regiments to the area northwest of Phnom Penh and the movement of elements of a communist division toward Pochentong from the southwest are ominous developments. Previous attacks on the airfield have been mounted from these areas.

Communist forces have the capability to:

- Intensify 107-mm. rocket attacks and possibly initiate 105-mm. howitzer fire against Pochentong.
- Launch coordinated ground attacks against the airfield.
- Conduct sapper attacks against the airfield.
- Employ automatic weapons against arriving and departing aircraft.

The Cambodian army has between 10,000 and 12,000 combat troops within a 15-mile radius of Pochentong. The army's best unit, the 3rd Division, is near Route 4 west of the airfield. The 7th Division is northwest of the airfield, but it has suffered serious losses and would be particularly vulnerable to any strong communist action. If Pochentong becomes seriously threatened, the government could also withdraw units from provincial enclaves to help in its defense.

**FOR THE PRESIDENT ONLY**

**ETHIOPIA**

*The ruling military council remains confident that government forces will win the struggle against the insurgents in Eritrea, but neither the government nor the rebels seem capable of a clear-cut military victory.*

The council overrates the military's capabilities, and planned organizational and leadership changes will probably not do much to improve the effectiveness of the armed forces.

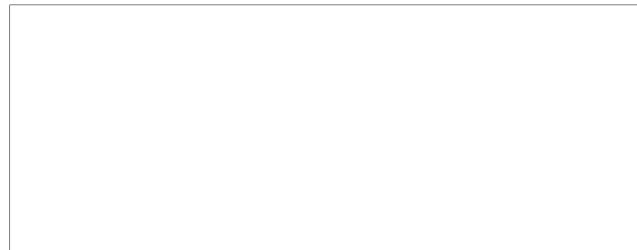
The size of the government force and its artillery and air support give it a decided advantage in regular combat situations. The military is, however, ill-trained and ill-equipped to conduct counterinsurgency operations. As a result, the government's position in major cities is reasonably secure, but it faces real problems if it attempts to operate in the countryside against the guerrilla forces.

The government's position is Asmara could deteriorate seriously if the military does not show greater success in clearing rebel roadblocks. The airlift now under way is vulnerable to rebel attacks on the airplanes and on the Asmara airport. In the long run, reliance on resupply by air could prove almost prohibitively costly for the government.

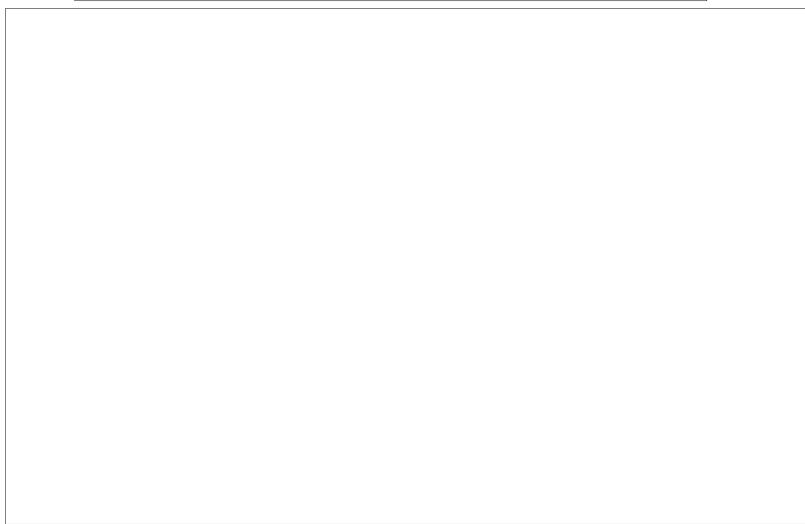
**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

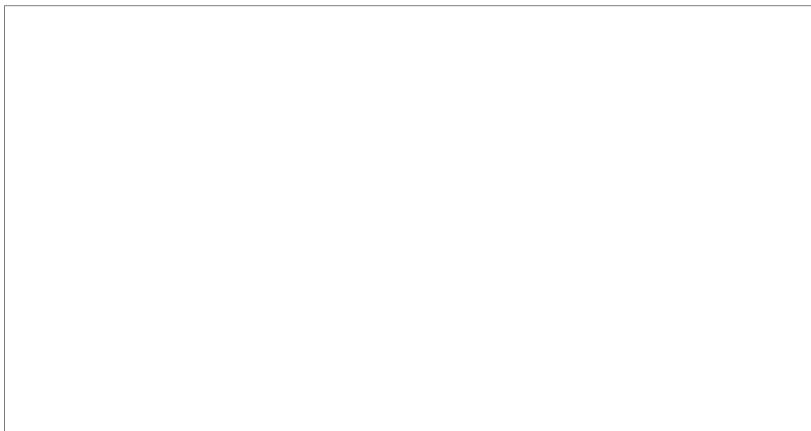
USSR



25X1



25X1



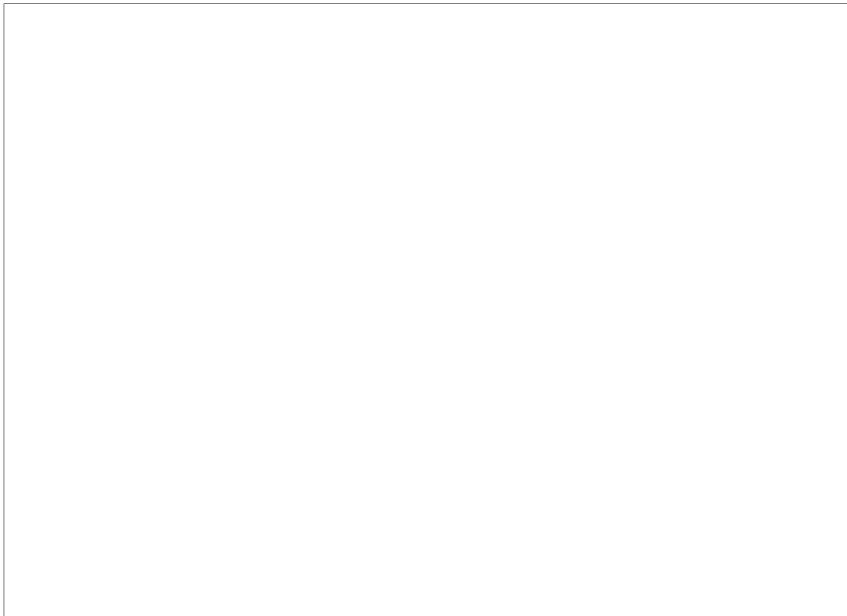
25X1



25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*



25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

USSR



*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

NOTES

The Canadian ambassador in Moscow was told some two weeks ago that General Secretary Brezhnev would make a public appearance on February 13 but that he would never fully recover from his illness nor resume a full work schedule.

The ambassador, who has been in Moscow longer than any other chief of mission, said he had received the information from someone he "normally trusts." He thinks Brezhnev's public appearance with British Prime Minister Wilson on the 13th gives some credence to one part of the story. Brezhnev continued in the Moscow spotlight yesterday with a speech praising the "positive changes" in Soviet relations with the West. He stressed the determination of Soviet leaders to make detente irreversible and pledged to seek long-term cooperation with non-communist states.

\* \* \*

Turkey has sent an additional artillery battalion to Cyprus within the past few days.

25X1

some 850 troops in combat gear were loaded on a transport ship in the Turkish port of Mersin on February 13. The US defense attaché in Nicosia has confirmed the arrival of artillery equipment at Famagusta on February 11.

\* \* \*

Colombia apparently is pressing on toward renewing relations with Cuba.

Foreign Minister Lievano recently announced publicly that he would have important news regarding Cuba "soon."

25X1

25X1

25X1

The opposition Conservative Party has launched a campaign in the Colombian press aimed at sabotaging or at least slowing the approach to Cuba. President Lopez is unlikely to be deterred, however, and his party's control of congress precludes legislative roadblocks.

*Top Secret*



# The President's Daily Brief

February 17, 1975

5

~~Top Secret~~ 25X1

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

**FOR THE PRESIDENT ONLY**

February 17, 1975

Table of Contents

USSR-China: A new round of Sino-Soviet border talks has apparently begun in Peking, but neither side is showing any optimism. (Page 1)

25X1

Greece: Dissatisfaction within the Greek military apparently is leading to some coup plotting. (Page 3)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**USSR-CHINA**

*A new round of Sino-Soviet border talks has apparently begun in Peking, but neither side is showing any optimism.*

A high-ranking official in the Soviet Ministry of Foreign Affairs confirmed in a recent discussion with a US diplomat that Deputy Foreign Minister Ilichev had returned to Peking to resume the talks, and that the first session had been scheduled for February 14. He denied that there was any special significance to Ilichev's return at this time, and quipped that he is a troubleshooter who usually fails.

In response to a question as to why the chief Chinese negotiator had been replaced, the Soviet official said Moscow had been informed that Ilichev's counterpart was seriously ill. The appointment of Han Nien-lung as chief Chinese negotiator does not appear to signal a shift in Peking's position. Each side has, in fact, recently stepped up press criticism of the other, and neither has demonstrated a desire for reconciliation.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

25X1

EGYPT-USSR



*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

GREECE

*Dissatisfaction within the Greek military apparently is leading to some coup plotting.*

[redacted] action could take place

25X1

almost immediately, [redacted] officers hope that a breakdown of law and order will play into their hands over the next several months.

25X1

25X1

Aside from a common determination to oust Prime Minister Karamanlis, the plotters apparently have divergent goals. Some favor a return of the King; others are seeking a return to full participation in NATO.

[redacted] the plotters, although anti-communist, will offer a place in the post-coup government to extreme leftist Andreas Papandreou or to Ilias Iliou of the United Democratic Left.

25X1

[redacted] not believe that the forces involved in the plotting have the organization, base, or leadership to move successfully now. The popular mood in Greece would also militate against such a move.

25X1

A desperate move by former junta elements, however, cannot be completely ruled out.

**FOR THE PRESIDENT ONLY**

*Top Secret*



# The President's Daily Brief

*February 18, 1975*

5

~~Top Secret~~ 25X1

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

*FOR THE PRESIDENT ONLY*

February 18, 1975

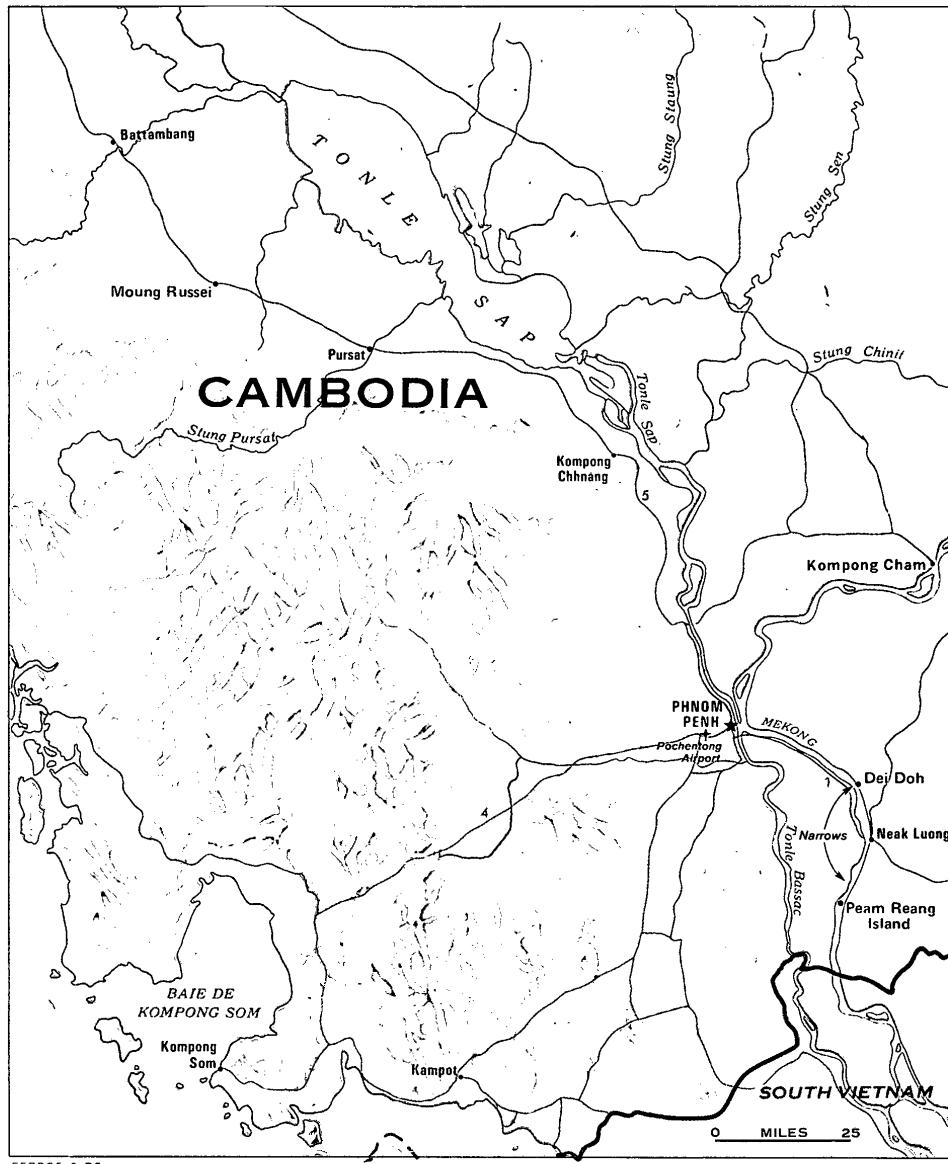
Table of Contents

Cambodia: The military situation deteriorated further over the weekend. (Page 1)

USSR-UK: Prime Minister Wilson concluded his five-day visit by signing a series of accords. (Page 2)

Note: Egypt-USSR (Page 3)

*FOR THE PRESIDENT ONLY*



557326 2-75

**FOR THE PRESIDENT ONLY**

**CAMBODIA**

*The military situation deteriorated further over the weekend. The communists reportedly have overrun government positions on the Mekong River island of Peam Reang.*

Loss of the island beachhead threatens remaining government positions south of Neak Luong and will delay security operations planned for the southern narrows. Without this foothold overlooking the narrows, it is doubtful that the government will be able to secure the riverbanks without a massive commitment of troops.

Northwest of Phnom Penh, the badly mauled 7th Division remains under almost constant attack, and remnants of one of its brigades were forced to pull back Sunday. Intercepts show that the communists are aware that they face a weakened force and that they intend to press their advantage.

In the far northwest, the insurgents have occupied most of Moung Russei, a town astride Route 5 southeast of Battambang. Reinforcements from Battambang and Pursat have been dispatched to assist remaining government defenders.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

USSR-UK

*British Prime Minister Wilson concluded his five-day visit to the Soviet Union yesterday after signing a series of accords that should help to improve bilateral relations.*

Included in the package are:

--A protocol on consultations.

--A declaration on nuclear nonproliferation.

--Long-term agreements for trade development, economic and industrial cooperation, and increased cooperation in science, technology, and medicine.

--A joint statement including declarations on such international issues as Cyprus, the Middle East, and the Conference on Security and Cooperation in Europe.

The Soviets gave the visit extensive press treatment and hinted that the UK may now figure more importantly in Soviet relations with Western Europe.

Moscow's treatment of the visit apparently also was aimed at demonstrating General Secretary Brezhnev's good health and vigor. Brezhnev met with Wilson three times during the visit. The General Secretary, Premier Kosygin, and Foreign Minister Gromyko accepted invitations to visit Britain, but no dates for such trips were announced.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTE

*An Egyptian ministerial delegation arrived in  
the Soviet Union yesterday for trade and economic  
talks.*

The five-day visit was arranged during Foreign Minister Gromyko's visit to Cairo two weeks ago. Members of the Egyptian delegation told the press that they will discuss arrangements for financing existing economic agreements, rescheduling payments on Egypt's debts to the USSR, Soviet assistance for Egyptian industrial projects, and an expansion of Soviet-Egyptian trade within the framework of Egypt's next five-year development plan.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

*February 19, 1975*

5

*Top Secret 25X1*

Exempt from general  
declassification schedule of E.O. 13652  
exemption category 5B(1), (2)(A), (3) of  
declassification instruction 1.2(d) of  
the Director of Central Intelligence

**FOR THE PRESIDENT ONLY**

February 19, 1975

Table of Contents

Portugal: The Armed Forces Movement clearly intends to remain the dominant force in politics after the election of a civilian government. (Page 1)

OPEC: The OPEC countries are preparing to invest more heavily in equities in order to diversify their financial holdings. (Page 2)

At Annex we discuss Moscow's interest in a more diversified strategic strike force including a new heavy bomber.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**PORUGAL**

*The Armed Forces Movement clearly intends to remain the dominant force in politics after the election of a civilian government later this year.*

A Movement spokesman told reporters, following a meeting of the Armed Forces General Assembly on Monday, that the Movement would be more than a "referee," but would not become a military dictatorship. He indicated that the Movement will retain its existing powers, including ministerial posts, after the election.

The Movement's role in Portugal's political future has been the subject of heated debate among military men for several weeks. Most radical officers want it to intervene directly in the affairs of a civilian government and veto any legislation contrary to the Movement's interests. Moderates prefer to follow the armed forces' original intention to return to the barracks following the election of a civilian government or after the political parties are capable of taking over.

The three coalition parties are also divided over the Movement's role.

The Communists, hoping to capitalize on their influence within the Movement and doubting their ability to do well in an election, want it to continue in power.

The Socialists and center-left Popular Democrats, who want to establish a European-style civilian democracy, support the continuation of the Movement's influence in politics, but believe the military is usurping too much power. They are especially wary since the Movement last week pushed a constitutional amendment expanding the powers of the military junta through the legislative Council of State. This law is being interpreted as giving the Movement a means to bypass civilian opposition in the cabinet.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

OPEC

OPEC countries are preparing to invest more heavily in equities in the West. Their intention is chiefly to diversify their financial holdings rather than to gain control of foreign firms. Equity purchases in 1975 will remain a small portion of OPEC investment.

Investment in equities by OPEC states in 1974 was small--less than 3 percent of their investable surplus of about \$60 billion. Kuwait, Saudi Arabia, and Iran accounted for most of the purchases, at least \$625 million of which consisted of US common stocks.

For the most part, acquisitions this year probably will be limited to no more than 5 percent of a company's shares. As a result of unfavorable reaction to Kuwait's purchase of a large block of Daimler-Benz stock, OPEC states are likely to seek approval of the host government before buying substantial interest in a firm.

Saudi Arabia and Kuwait, in particular among oil producers, are showing interest in buying into foreign financial institutions, presumably to use them as channels for additional investment. In preparation for further equity investment, OPEC countries are building up their investment institutions and seeking more guidance from Western banks.

Kuwait, the most sophisticated investor in the Middle East, bought nearly \$1 billion in equities, approximately 15 percent of its new investment, in 1974 and made use of its own financial institutions as well as major international banks. The Kuwait Ministry of Finance, for example, acquired stock in the Dresdner Bank, which then arranged the purchase of 14.6 percent of Daimler-Benz for \$396 million.

Iran has made only one major equity investment--the purchase of 25 percent of Krupp Steel for \$100 million. In purchasing equities, Tehran will favor companies that can contribute to Iranian development programs. Saudi Arabia has been slow to commit funds to equity investment. With the advice of American banks, the Saudis last year did purchase \$325 million in equities, all blue-chip US stocks. This year, they plan to put from \$500 million to \$1 billion--an amount equaling 2 to 4 percent of surplus Saudi revenues--into US equities.

**FOR THE PRESIDENT ONLY**

USSR

A  
N  
N  
E  
X

*The heyday of the heavy bomber in Soviet strategic strike forces ended when the Strategic Rocket Forces were created in December 1959. Development and deployment of strategic missiles progressed steadily during the 1960s; by the early 1970s, it was evident that the Soviets were relying almost exclusively on ballistic missiles for strategic deterrence, although they continued to maintain their aging heavy bomber force.*

*Now, however, with US bomber development and with improvements in US missiles that make the Soviet ICBM force increasingly vulnerable, the Soviet view of the strategic balance may have altered. Moscow may now be interested in seeking a more diversified strategic strike force, and we have some very tenuous evidence that the Soviets may be designing a new heavy bomber.*

Why a New Bomber?

US superiority in strategic bombers has long been of concern to the Soviets. This anxiety, which can be seen in the size of the extensive Soviet air defense network and in various Soviet SALT proposals for a limit on such aircraft, has almost certainly increased as a result of the publicity given to the development of our B-1 aircraft.

[redacted] the Soviets are determined to develop an equivalent to any combat aircraft developed by the US. This Soviet desire to "keep up" suggests that they might consider a new bomber as a rival to the B-1.

25X1  
25X1  
25X1

Soviet war doctrine appears to have changed somewhat in recent years. There is some evidence that the Soviets may have shifted from an earlier belief that war--especially a European war--would immediately escalate to a massive nuclear exchange. The Soviets now recognize that war could at least begin without the immediate and extensive use of nuclear weapons. In a conventional or limited nuclear war situation, bombers could have several advantages over missiles.

(continued)

A1

**FOR THE PRESIDENT ONLY**

***FOR THE PRESIDENT ONLY***

Given the present state of US air defense forces, the chances of a bomber reaching a US target are probably good. The planned reduction of US air defense missile forces will further improve those chances.

The age of the present Soviet strategic bomber force also argues for the development of a new bomber. The TU-95 and M-type Bison bombers of Long Range Aviation are from 10 to 19 years old. The introduction of a new heavy bomber would diversify the Soviet strategic attack force and improve its overall capabilities.

Moscow's most recently developed bomber is the swing-wing Backfire. This aircraft appears to be well suited for operations against targets along the periphery of the USSR, and most are likely to be used in that role. Although under certain conditions this bomber could be used against targets in the US, we have no firm evidence on which to base a judgment as to what extent the Soviets may intend to use the Backfire in this role.

The Vladivostok understanding, which calls for an agreement limiting the total number of strategic delivery vehicles of each party and the banning of new silo construction, doubtless is causing the Soviets to reassess their future strategic attack force. It is likely that their reassessment would include examination of the relative advantages of a new heavy bomber.

**The Evidence**

During negotiations with high-level US representatives last year, General Secretary Brezhnev on several occasions stated that if the US stopped development of the B-1, the USSR would not develop a new bomber that Brezhnev called the "160." [redacted]

[redacted] the possible development of a new Soviet strategic aircraft.

25X1  
25X1  
25X1

The interpreter accompanying a group of Soviets to a Boeing 747 aircraft production plant in October 1974 stated that the Soviet Ministry of Aviation Industry is designing a wide-body aircraft similar to the 747 that would be used as a ballistic missile transport and airborne launch platform. The translator stated that this aircraft had been designated the "TU-160."

(continued)

A2

***FOR THE PRESIDENT ONLY***

*FOR THE PRESIDENT ONLY*

Brezhnev's remarks and those of the Soviet officials may have been braggadocio or made to enhance their government's negotiating position, and the interpreter's remarks may have been a deliberate leak intended to mislead. On the other hand, it is possible that the "160" or the "TU-160" may refer to a new bomber design of the Tupolev bureau, which has long been associated with bomber and transport aircraft designs.

Soviet aircraft design bureaus, including that of Tupolev, normally assign numbers in sequence to identify an aircraft and its component parts. For example, in the early 1950s the Tupolev design bureau assigned the number "88" to plans for the TU-16 bomber. The TU-95 bomber, which was designed in the mid-1950s, was assigned the number "95." Since that time, the Tupolev design bureau has created many aircraft designs, and "160" is a plausible number for a current Tupolev aircraft design.

If So, When?

A new bomber design such as "160" or "TU-160" is, of course, only one possible option open to the Soviets. Other possibilities could include modification of the Backfire. If the Soviets decide or have already decided to develop a new bomber, they would probably not be able to deliver it to operational forces in significant numbers before the early 1980s. Past experience indicates that the Soviets normally require four to five years to test a new aircraft design. Thus, if they were to build a prototype in 1975, it would be at least 1980 before it began entering operational service.

*Top Secret*



# The President's Daily Brief

*February 20, 1975*

5

~~Top Secret 25X1~~

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

*FOR THE PRESIDENT ONLY*

February 20, 1975

Table of Contents

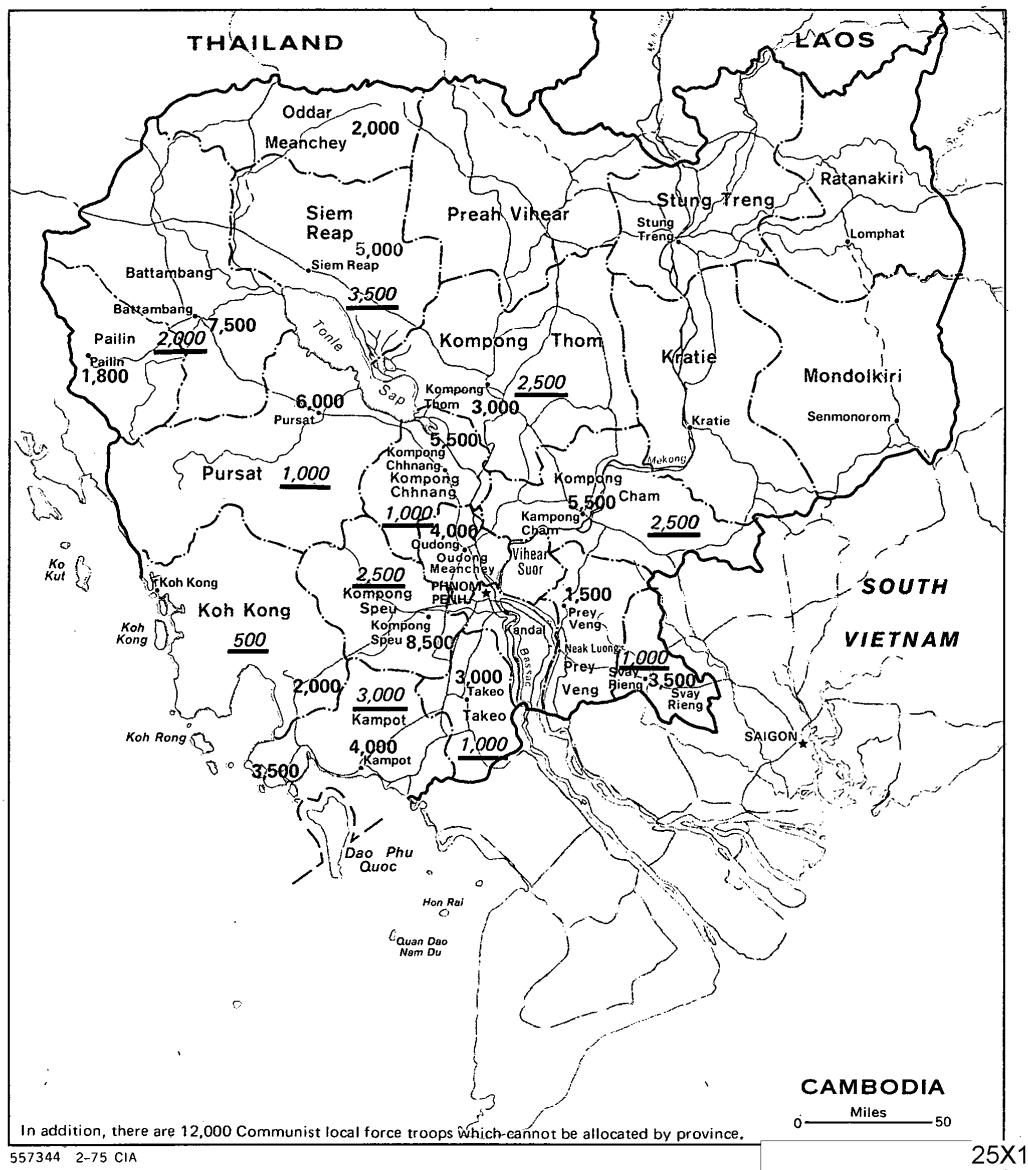
Cambodia: The military situation has continued to deteriorate during the past week. (Page 1)

USSR-Cyprus: President Makarios is pushing hard to get stronger support from Moscow. (Page 3)

Notes: Israel; China-Japan (Page 4)

*FOR THE PRESIDENT ONLY*

Government and Communist Strength in the Provinces



557344 2-75 CIA

*FOR THE PRESIDENT ONLY*

CAMBODIA

*The military situation has continued to deteriorate during the past week, and military leaders must find additional troops to help defend Phnom Penh and assist in reopening the Mekong River.*

The Khmer communists have won control of the two key Mekong River narrows some 25 and 40 miles downstream from Phnom Penh, and insurgent forces are beginning to close in on the government navy base at Neak Luong. In the immediate Phnom Penh area, the Cambodian army's battered 7th Division, manning the capital's northwestern defenses, appears on the brink of collapse after six weeks of relentless attack.

The Cambodian high command is still positioning its forces for clearing operations to secure the southern narrows of the Mekong River. The headquarters and two battalions of the 4th Brigade have been landed on the west bank above Peam Reang Island, and the brigade is to attack southward as soon as it is joined by the remaining battalions from Neak Luong. In the north, a brigade-sized unit, supported by armored personnel carriers, is soon to make a renewed effort to clear Route 1 and the west bank to Neak Luong.

The high command has already been forced to call in some units from provincial enclaves to help defend Phnom Penh and reopen the Mekong. These provincial reinforcements have not been enough, however, and the high command will have to strip its provincial defenses even further if it is to succeed.

The Balance of Forces

Of a total combat force of 60,000 to 70,000, the communists have massed some 25,000 in the Phnom Penh area and another 10,000 along the Mekong. The Cambodian army has a total strength of 110,000 to 130,000 troops, of which some 45,000 are in the Phnom Penh area and only 9,500 along the Mekong. Experience has shown that government forces need at least a two-to-one manpower advantage if they are to hold their own against the insurgents.

(continued)

*FOR THE PRESIDENT ONLY*

## THE GENERAL RESERVE

Unit	Location	Authorized Strength	Effective Strength*
1st Div.	Phnom Penh area	8,786	4,767
2nd Div.	Phnom Penh area	8,786	6,737
3rd Div.	Phnom Penh area	8,786	5,824
7th Div.	Phnom Penh area	8,786	4,134
9th Div.	Phnom Penh	8,786	4,849
Para. Bde.	Phnom Penh area	2,476	1,504
5th Bde.	Phnom Penh area	2,476	1,040
12th Bde.	Kompong Som/Phnom Penh	2,476	1,193
13th Bde.	Kandal/Kompong Speu	2,476	1,535
20th Bde.	Kampot/Phnom Penh	2,476	1,672
23rd Bde.	Phnom Penh area	2,476	1,336
79th Bde.	Phnom Penh area	2,476	1,098
80th Bde.	Phnom Penh area	2,476	1,500

*\*These figures include all personnel in the field available for combat duty. This does not include personnel in training, convalescing, or those carried on unit rolls but listed as missing or absent without leave.*

*FOR THE PRESIDENT ONLY*

A massive infusion of manpower is clearly needed if the government is to redress the situation even partially along the Mekong. Additional units will also have to be deployed to the Phnom Penh area to maintain the army's razor-thin margin there.

With some 65,000 troops in the provinces, the government would appear to have a ready supply of reinforcements; in fact, it does not. The vast majority of provincial troops are assigned to territorial units that perform a static defensive role. On the few occasions these territorial units have participated in operations outside their home provinces, they have for the most part performed poorly.

The only units that might be used effectively as reinforcements are elements of the 24,000-man general reserve. The five infantry divisions that form the backbone of this force are already in the Phnom Penh area as are four of the reserve's nine independent infantry brigades.

Government Options

In its search for additional troops the army high command will almost certainly have to withdraw major elements of the general reserve brigades still in provincial enclaves. The best of the territorial units also probably will have to be pressed into duty along the Mekong or around Phnom Penh. Although government commanders at most provincial centers should be able to hold on with somewhat reduced forces, currently threatened enclaves like Kampot and Takeo may fall if significant numbers of troops are withdrawn.

Any decisions to abandon holdings in the countryside will be difficult for military leaders, but such choices will have to be made soon if the government is to survive even for the short term.

*FOR THE PRESIDENT ONLY*

USSR-CYPRUS

*President Makarios is pushing hard to get stronger support from Moscow. He hopes to use the USSR as a lever against Turkey.*

On Monday, Makarios reportedly told [redacted] that Moscow should consider joint mediation with the US of the Cyprus dispute. If Washington refused, the archbishop said, he would welcome a unilateral Soviet initiative, including a visit by Foreign Minister Gromyko.

25X1  
25X1

In return for stronger Soviet support, Makarios said he would:

--Welcome a call at Cyprus by Soviet warships.

--Visit Moscow if satisfactory results could be prearranged.

--Enter into new cultural agreements with the USSR.

25X1

Makarios has [redacted] overblown public statements hailing what in fact has been tepid Soviet support. He has also endorsed Moscow's long-standing proposal for a broad international conference on the Cyprus situation.

25X1  
25X1

A statement issued by the Soviet news agency on February 16 regarding the Turkish Cypriot declaration of autonomy was mild, avoiding direct criticism of Ankara.

25X1

Moscow has an added reason to be careful of its relations with Ankara now that the US aid cut-off has called into question US use of Turkish military facilities.

The Soviets have been wary in dealing with the archbishop and will be suspicious of his willingness to accord the USSR a lasting role in the Cyprus situation. Nonetheless, the Soviets will probably do what they can to strengthen their hand with Makarios, particularly since their view of a proper solution for Cyprus tends to coincide with that of the archbishop. The Soviets may be intrigued by Makarios' suggestion that they offer their good offices to mediate the dispute.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

*Israel is continuing to provide military assistance to the Kurdish rebels in Iraq.*

25X1

Israelis have provided money, small arms, and advisers to the Kurds for several years. Tel Aviv's support for the rebellion is motivated in part by a desire to keep the Iraqi army tied down at home and out of the Arab-Israeli dispute. Israel is also anxious to stay on good terms with Iran, important as a source of oil. Tehran, for its part, probably welcomes greater Israeli support for the Kurds.

\* \* \*

*China has agreed to deliver to a private Japanese firm this year 108,000 barrels of crude oil a day at \$12.10 a barrel--a price below that for comparable Indonesian crude and considerably below the price of \$14.10 that the Japanese were paying China by the end of 1974.*

Talks later this spring with Japanese importers could push China's oil exports to Japan for 1975 above the target of 160,000 barrels a day projected by the two governments last fall. Last year, China exported only 80,000 barrels a day to Japan.

*FOR THE PRESIDENT ONLY*

*Top Secret*

/



# The President's Daily Brief

*February 21, 1975*

5

~~Top Secret 25X1~~



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

*FOR THE PRESIDENT ONLY*

February 21, 1975

Table of Contents

Cambodia: Military setbacks along the Mekong have increased pessimism and recrimination among senior government officials. (Page 1)

Syria: President Asad reportedly is in agreement with our approach to further interim negotiations. (Page 3)

Israel: Prime Minister Rabin hinted yesterday that his country might be interested in a US security guarantee. (Page 4)

Portugal: The long-awaited economic and social program provides for heavy government supervision of the economy. (Page 5)

OPEC: Production capacity of the members of OPEC is still growing. (Page 7)

Trinidad and Tobago: Prime Minister Eric Williams has become the Caribbean's most traveled statesman. (Page 9)

Greece: Defense Minister Averoff continues to be optimistic about relations with NATO and the US. (Page 11)

Note: Greece (Page 12)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

CAMBODIA

*Recent military setbacks along the Mekong have given rise to growing pessimism and recrimination among senior government officials. It is impossible to ascertain the point at which the government's morale and internal cohesion will break, but it is clear that the strains on the Cambodian political fabric have never been greater. As the pressures build on Phnom Penh, the chances increase for a political crisis that would make it difficult if not impossible for the government to continue to prosecute the war.*

Much of the discontent now being voiced in Phnom Penh is focused on President Lon Nol and his leadership. Since the beginning of this month, a number of government officials have been criticizing the President privately for what they view as his inflexibility regarding a settlement.

Most of the recrimination being directed against him is simply the result of frustration over an inability to discover a feasible route leading to negotiations and a compromise settlement. Actually, there is no indication that the communists are prepared to back away significantly from their hard line on a settlement or that the voluntary or forced departure of Lon Nol would somehow open the way to a compromise solution. At this point, the Khmer communists are confident that time is on their side, and they appear to be banking on either total military victory or a government surrender under the guise of a negotiated settlement.

In the face of this seemingly intractable communist position, conviction still seems to be growing in Phnom Penh that some way must be found to break the negotiations impasse before the government's military position crumbles altogether. Thus, the Khmer communist tactic of portraying Lon Nol and some other senior leaders as obstacles to peace could gain effectiveness, and sentiment for Lon Nol's departure could become more widespread and direct.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

Political crisis could also arise from the renewed friction between Prime Minister Long Boret and army commander in chief Sosthene Fernandez. The two appeared to have resolved their personal differences late last year. This accommodation has not survived the pressures of the present situation, however, and Long Boret in talks with Cambodian officials has begun to blame Fernandez for the deteriorating military situation.

On February 18, Lon Nol refused to accept the resignation of Fernandez. At a cabinet meeting on the same day, Long Boret threatened to resign unless the President allowed greater civilian control over Fernandez and the military.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

SYRIA

*President Asad reportedly is in agreement with our approach to further interim negotiations, even though the Syrians are telling other Arabs they were disappointed with Secretary Kissinger's visit.*

[redacted] Asad concurs in the Secretary's proposed procedure for a second-stage Egyptian-Israeli disengagement. Asad believes this procedure will be linked with a partial Israeli withdrawal on the Golan Heights or with negotiations to that end. He reiterated his warning, however, that there could be no peaceful solution without Syria's agreement.

25X1

Other members of the Syrian government are expressing doubts about Asad's "extreme flexibility." There is even talk in some circles about not going to Geneva and of joining with Iraq and the Palestinian "Rejection Front" in a common effort to head off a partial solution to the Middle East conflict.

The Syrians are continuing their efforts to maintain pressure on Sadat and to build support among other Arabs for their public position. Foreign Minister Khaddam recently visited several Persian Gulf states carrying a message about Asad's alleged disappointment with Secretary Kissinger's visit. Khaddam described the step-by-step approach to a settlement as a plot to split Arab ranks.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

ISRAEL

*Prime Minister Rabin hinted publicly yesterday that his country might be interested in a US security guarantee.*

Speaking before a group of university students, the Prime Minister said that while Tel Aviv's basic policy is to rely on its own strength and on defensible borders, only a power like the US could help Israel deter a threat from a super power such as the Soviet Union. He likened Israel's position to that of the West European states which met the Soviet challenge by forming the NATO alliance with the US.

The Israeli press has given prominent coverage to recent reports that Washington is considering the possibility of US security guarantees for Israel in connection with a second-stage Egyptian-Israeli agreement. Commentators are divided on the issue, with opponents stressing what they view as the unreliability of such a guarantee in light of Washington's Vietnam experience and the high price in territorial concessions Israel presumably would have to pay.

An editorial in one daily that frequently reflects government opinion comments that despite the obvious shortcomings of such a guarantee, it might have a stabilizing influence in view of Soviet hostility toward Israel and growing Arab power.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

PORUGAL

*The official version of the long-awaited economic and social program, released by the government yesterday, provides for heavy government supervision of the economy through control of key industries and natural resources. The program declares that Portugal will build "a society in which the intervention of the state will guarantee that the principal resources are employed for the well-being of the Portuguese people."*

Governmental control of essential industries like oil and gas production, petrochemicals, steel, and electricity will range up to complete nationalization. The program maintains, however, that "the larger part of economic activity" will remain in private hands.

Foreign investment is welcomed, except in defense-related industries, banks, and electricity. Outside funds are invited in areas where Portuguese technology will be improved, exports increased, or jobs created. In agriculture, the program calls for a limit on irrigated farms of 125 acres and provides for limited expropriation of unused land on large holdings. Expropriated land will be converted into cooperative farms.

The government's program drew criticism from the Communist-dominated labor confederation even before it was made public. The confederation held that its representatives were not consulted in all areas covered and that positions counter to the Armed Forces Movement had been adopted.

The US embassy in Lisbon reports that supervision of the economic program is among the legislative powers the Movement has delegated to the seven-man military junta. The junta's powers are also said to include removing harmful influences of the prior regime, and ensuring that future governments adhere to the Movement's plans.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

According to two air force members of the junta, the Movement is entering negotiations with the political parties to establish a platform for each that will conform to standards set by the Movement. Among other requirements, the parties reportedly must agree to accept the economic program for the next three years and to abide by the junta's interpretation of both the Movement's program and the economic program.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

OPEC

*Despite a series of production cuts and a continuing worldwide surplus of crude oil, production capacity of the members of the Organization of Petroleum Exporting Countries is still growing.*

*Oil production capacity in these states has now reached a record 38.8 million barrels a day, up from 36.2 million in May--the peak month of production in 1974. Actual production is now only about 27 million barrels a day, leaving nearly 12 million barrels a day of excess capacity.*

*If OPEC states--principally Saudi Arabia, Iran, and Iraq--maintain their current schedules, as they seem intent on doing, another 2 million barrels a day will be added to capacity by late summer. We expect world demand to decline by an additional 1 to 3 million barrels a day by that time and unused capacity to increase to between 15 and 17 million barrels a day.*

*In short, OPEC states will be producing 25 million barrels a day by late summer--about 60 percent of capacity. On the eve of the embargo in 1973, they were producing a near capacity 32.8 million barrels a day.*

*OPEC members generally believe that further production cuts may be required to sustain prices. Algeria has sent OPEC members several studies that project sizable surpluses this year. Other OPEC states have also made studies that indicate a need to cut production substantially next summer.*

*At the same time, some Arab producers are already dissatisfied with the large cuts they have had to absorb. Indeed, Abu Dhabi, Libya, Iraq, and Algeria are likely to try to raise output in the next few weeks. With demand on a downward trend, such increases will be possible only if other OPEC members make corresponding cuts.*

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

Thus far, production cuts by the international oil companies and producing governments, acting alone or in concert, have effectively reduced total oil supplies of OPEC members to a level only slightly in excess of demand. In some cases, however, the companies favored or penalized certain countries because of price differentials. The OPEC Commission, recognizing that prices were out of line, recently recommended a new set of price differentials designed to make the cartel's price system more secure.

When declining demand leads to production cuts, it is in the cartel's interest to spread the reduction among its members, or perhaps to concentrate it on the states that least need the money. The present largely company-managed method of supporting the cartel price probably will become increasingly difficult to maintain, however, in view of the desire of several OPEC members to increase production. In fact, if the companies focused production cuts in a single country, that country might overcompensate for its disadvantage by lowering prices. It thus seems likely that a formal scheme to prorate production will be put on the OPEC agenda in the near future.

*FOR THE PRESIDENT ONLY*

25X1



Political opinions of Williams at home are sharply divided. Everyone recognizes his contribution in achieving independence and consolidating a national structure. Many students and intellectuals, however, feel that he is out of touch with recent changes in society and that he loves power for its own sake.

When he resigned at the end of 1973 and then reversed his decision, some people took at face value his claim that he had decided to stay on in the national interest. Others suspected--probably more correctly--that the real reason was his dislike of the politicians waiting to succeed him. In any case, Trinidad's increasing prosperity seems to have convinced him to stay on at least until the next election, which must be held by May 1976. If he chooses to run again, nobody can beat him.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

People of African descent constitute over 40 percent of the country's 1.1 million population. They are predominantly urban-oriented, hold most of the professional jobs, and dominate politics.

Descendants of East Indian immigrants make up the second largest block--from 35 to 38 percent. The majority of them live in rural areas and are employed in agriculture.

The principal factor promoting racial harmony between these diverse groups is the country's wealth. With a per capita income of over \$1,100, and an equitable pattern of income distribution, Trinidadians are among the most prosperous people in Latin America.

Economic Background

The key to their economic well-being is oil. It provides one quarter of the national product and about two thirds of the country's exports. Domestic production--now at more than 200,000 barrels a day--is expanding, and about 400,000 barrels a day is imported to be refined. The US buys about 90 percent of this output.

Williams has ambitious plans for this oil revenue, both in building the country's economic future and in expanding its influence in the Caribbean. He is emphasizing projects that can use oil as fuel or as easily convertible high-value exports, such as liquefied natural gas. He is also discussing an aluminum smelter plant as a joint venture with Jamaica and Guyana.

The Prime Minister has also promised to use Trinidad's mounting oil revenues to promote regional development and integration. His plan would involve giving balance-of-payments assistance to Jamaica, Guyana, and possibly some other countries. He would also make funds available to the Caribbean Development Bank and to international agencies, such as the World Bank, for use in assisting Caribbean nations.

One of Williams' goals during his foreign travels has been to diversify his country's sources of capital. The US accounts for about 60 percent of the more than \$1 billion of foreign investment in Trinidad and is its most important trading partner, providing about a third of the country's imports and taking half of its exports. Williams is particularly interested in Japanese industrial companies that have expressed interest in helping Trinidad manufacture fertilizer, petrochemicals, and synthetics.

*FOR THE PRESIDENT ONLY*

GREECE

*Defense Minister Averoff continues to be optimistic about Greek relations with NATO and the US, and about Prime Minister Karamanlis' ability to consolidate his power in Athens.*

Averoff told Ambassador Kubisch on Tuesday that Athens wants to maintain close relations with NATO and the US, but that the political climate arising from the humiliation of Cyprus necessitates a modification of Greece's ties with its Western allies. Since a return to the status quo ante in Cyprus is not possible, he said Greece must seek a relationship with NATO similar to that of France. Averoff said he thought the French were more "in" than "out" of NATO.

Averoff expressed satisfaction with the first round of discussions last week between US and Greek officials on the status of US facilities in Greece. He acknowledged that the facilities served Greek interests, and predicted the talks would turn out well.

On the domestic front, Averoff said that the shake-up in the armed forces would be completed by June, barring some major internal or foreign policy disaster. Incompetence and too close association with the ousted junta were given as the principal criteria for dismissals. Averoff noted that there was some disaffection in the military arising from the government's relaxed approach toward student demonstrations. He felt, however, that his contacts within the officer corps have enabled him to keep abreast of stirrings in the armed forces.

Averoff told the ambassador that Karamanlis was indispensable to Greece, at least "for awhile." This formulation probably reflects Averoff's own ambitions to lead the government one day rather than any immediate intention to unseat Karamanlis.

*Coin rumors continue to circulate in Athens,*

25X1

*[redacted] unease in the army is a reflection of how widespread these rumors have become.*

25X1

*FOR THE PRESIDENT ONLY*



*FOR THE PRESIDENT ONLY*

NOTE

Greece reportedly moved ten infantry battalions and additional artillery to six islands in the eastern Aegean during the first ten days of February, increasing the number of Greek troops there by at least 5,000.

Since a threatened clash with Turkey over Aegean oil rights last June, Greece has reinforced the islands with infantry, artillery, and armored units. The army has purchased 60 light tanks and over 100 antiaircraft guns for the islands' defense.

25X1

Greeks are planning a national-scale exercise [redacted]  
[redacted] that will include scenarios for the defense of the islands.

25X1

25X1

*FOR THE PRESIDENT ONLY*

*Top Secret*



*Eod  
low*

# The President's Daily Brief

*February 22, 1975*

5

[Redacted]

~~Top Secret 25X1~~

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

**FOR THE PRESIDENT ONLY**

February 22, 1975

**Table of Contents**

USSR-US: A Soviet ship may have fired at a US destroyer in the Indian Ocean on February 21.  
(Page 1)

Israel-Egypt: Tel Aviv reportedly is not wedded to an Egyptian declaration of non-belligerency as part of a second stage agreement on the Sinai.  
(Page 2)

Ethiopia: The military still is confident of winning the war in Eritrea, and heavy fighting continues.  
(Page 4)

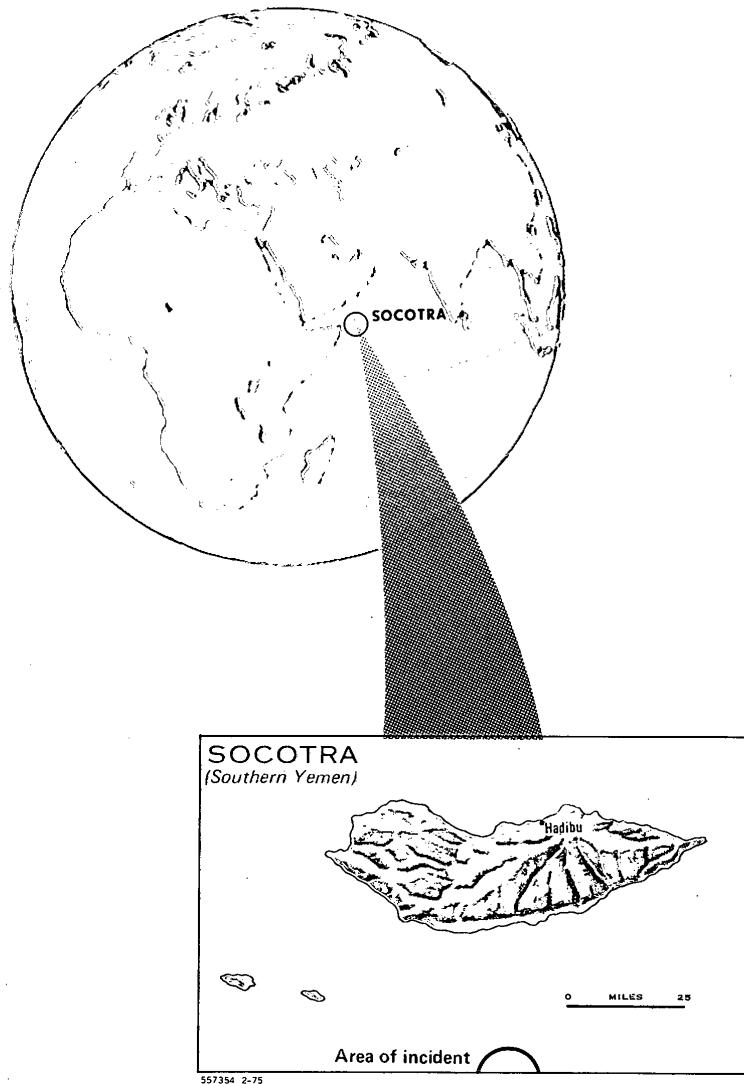
Portugal: The Armed Forces Movement's General Assembly has approved a seven-point program to formalize the military's role in governing the country.  
(Page 5)

Cyprus-UN: Secretary General Waldheim is hopeful that further internationalization of the Cyprus issue can be avoided.  
(Page 7)

Arab States: Arab League representatives will almost certainly discuss at their meeting in Cairo on Sunday participation of banks with Jewish interests in Arab investment operations.  
(Page 9)

Note: South Korea (Page 10)

**FOR THE PRESIDENT ONLY**



**FOR THE PRESIDENT ONLY**

USSR-US

A Soviet naval ship may have fired at a US destroyer escort in the western Indian Ocean yesterday. If confirmed, it would be the first Soviet firing against a US ship in a number of years and the first real breach in the Soviet-US Incidents at Sea Agreement signed in May 1972.

The USS Joseph Hewes was engaged in routine surveillance of Soviet ships anchored off Socotra Island when smoke and a water splash were seen about a mile to the west of the ship. The sighting was followed by the sound of an explosion. US personnel believe a medium-sized projectile was fired by a Soviet ship, although no gun flash was observed. Guns on a Soviet Petya I destroyer escort, located about four miles to the east of the Hewes, were observed trained on the US ship.

A US helicopter, reconnoitering and dropping sonobuoys on the far side of the Petya, was ordered to return to the Hewes following the explosion. The Petya's guns reportedly followed the helicopter as it passed by, which would be a breach of the Incidents at Sea Agreement in itself.

The US ship immediately moved out of range of the Soviet guns, but is remaining in the area until tomorrow as originally planned. The Hewes has been ordered to continue surveillance, but to discontinue the helicopter operations and to take no action that the Soviets could construe as "harassing, threatening, or provocative."

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ISRAEL-EGYPT**

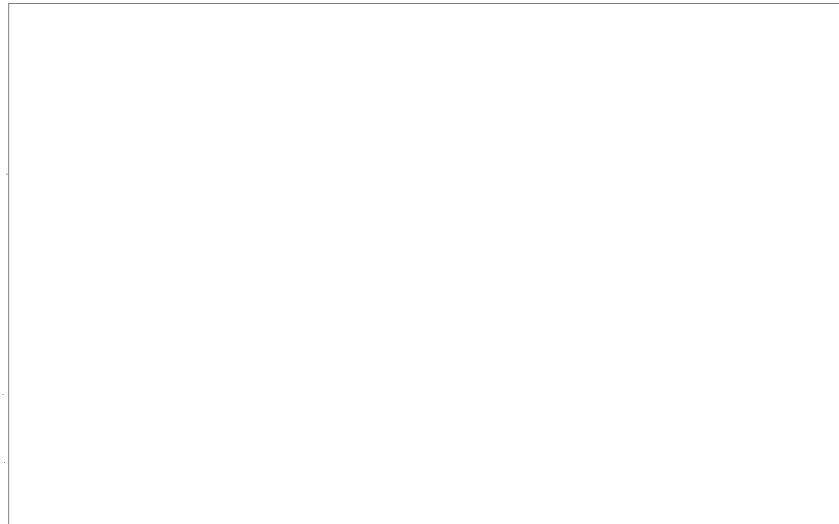
*Tel Aviv may not be wedded to its demand that Egypt make a written declaration of non-belligerency as part of a second-stage agreement on the Sinai.*

25X1



**FOR THE PRESIDENT ONLY**

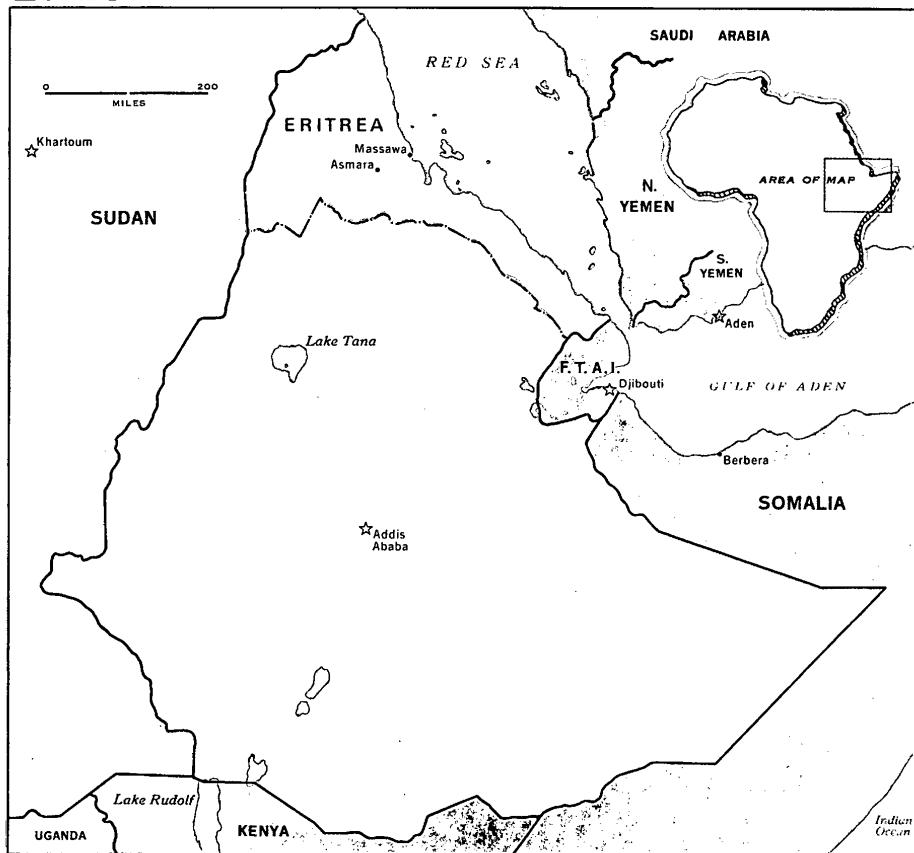
*FOR THE PRESIDENT ONLY*



25X1

*FOR THE PRESIDENT ONLY*

## ETHIOPIA



557353 2-75

**FOR THE PRESIDENT ONLY**

ETHIOPIA

*The military still appears confident that it can defeat the Eritrean insurgents, and heavy fighting is continuing.*

Government forces yesterday used artillery and aircraft to attack a village near Asmara suspected of being held by the Eritrean insurgents. The artillery fire came from a tract adjacent to a US communications facility, forcing the evacuation of US personnel to the compound of the consulate general in Asmara. Heavy fighting was also reported some 50 miles northwest of Asmara, as well as near the Red Sea port of Massawa.

[redacted] this week that he is confident of success, but concerned about the continuing indiscipline in the armed forces, defections in the air force and navy, and the war's high cost.

25X1

Our embassy reports that the ruling military council's propaganda, media manipulation, and national unity demonstrations have attracted support for a no-compromise policy on Eritrea. This support may wane, however, as the war's cost becomes apparent to the country's educated urban population.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

PORUGAL

The Armed Forces Movement's 200-member General Assembly has approved a seven-point program to formalize the military's role in governing the country. Reliable sources have told US embassy officials that the plan, approved last Monday, is being discussed with the military rank and file and with political party leaders.

The program provides that:

--The Movement will continue to guide Portugal's political process indefinitely.

--The recently announced economic plan cannot be made more conservative, only more "progressive."

--The campaign for constituent assembly elections will not begin on March 3 unless the political parties have agreed to minimum standards for their platform set by the Movement.

--Presidential candidates must be approved by the Movement.

--The future constitution will be based on the program that the Armed Forces Movement published shortly after the coup last April.

--The new constitution will grant full legislative powers to the Council of State, now a rubber-stamp body. The Council will be controlled by the military, and the Movement will participate in selecting the civilians that compose one third of the Council.

--The Movement will choose the minister of defense and economy after a constitutional government is elected.

Although they have repeatedly insisted that they do not intend to install a military dictatorship, Movement officers have been impatient with the

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

bickering among political parties and believe they must keep a firm hand on Portugal's progress. They fear that an inexperienced civilian government might destroy the changes they have already instituted, or that continuing dissension might precipitate a return to a right-wing system.

The program is certain to provoke opposition from Portugal's civilian leaders, although even moderate politicians recognize that the Movement must play some role in preserving security and guaranteeing basic civil liberties. Moderates will resist, however, those parts of the program that they regard as an overly active intervention by the military in political affairs.

Both Socialist and Popular Democratic leaders were critical of the new "legislative" powers given to the seven-man military junta earlier this month. Since then, Movement members, including Prime Minister Goncalves, have retaliated by attacking those--notably Socialist Party leader Soares--who have warned against the possibility of a "civil war" and of divisiveness within the Movement.

Yesterday, Soares abruptly canceled a trip to Bonn; he may have decided he needs to concentrate on his party's response to the Assembly's program.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

CYPRUS-UN

*UN Secretary General Waldheim has returned from a trip to the eastern Mediterranean hopeful that further internationalization of the Cyprus issue can be avoided and the intercommunal talks between Greek and Turkish Cypriots renewed.*

In his conversation with the Greek Prime Minister, Waldheim detected a note of desperation in Karamanlis' insistence on the need for some forward movement to help strengthen his hand in dealing with restiveness in Athens. Waldheim told Ambassador Scali that Karamanlis believed that if progress is not made on the Cyprus issue within a reasonable time, he is in danger of losing control to right-wing elements in the military.

Karamanlis indicated he was willing to become personally involved in efforts to negotiate a settlement, if he could get a statement clarifying the Turkish position, and presumably showing some flexibility, on three crucial elements:

- An agreement on a federal state.
- The number of Turkish Cypriot zones.
- The percentage of the island to be included in a Turkish sector.

The Turks have not formally presented their position on these issues, but have made it clear that they will accept only one zone--a biregional state--with a weak central government; in essence, a loose confederation of two autonomous states.

Waldheim found the Turks anxious to get on with the negotiations that were suspended when the Greek side brought the matter to the Security Council. The Turks turned down the Greek suggestion that the talks be transferred from Nicosia to New York, but were receptive to Vienna as an alternative site.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

Turkish Foreign Minister Esenbel confirmed this to US Ambassador Macomber, noting that he was delighted with the prospect of shifting the talks from Nicosia and the overshadowing presence of Archbishop Makarios. The Turks, however, gave neither Waldheim nor the US ambassador any indication that they were prepared to make any new moves to break the impasse in the talks.

Sentiment in the Security Council appears to be running against any further broadening of the Cyprus talks. Waldheim reportedly told Karamanlis not to expect much from the Council beyond a condemnation of the Turkish Cypriot declaration of an independent federated state and a call for the continuation of the intercommunal talks. The possibility of a Security Council mission to Cyprus, probably to be made up from among the non-permanent members, is also being discussed.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

ARAB STATES

*Representatives of the Arab League meeting in Cairo on Sunday will almost certainly take up the question of whether banks with Jewish interests should participate in Arab investment operations.*

The growing importance of Arab financial institutions and arbitrary and discriminatory Arab practices against some banks has caused consternation within the international financial community. The problem--for Arab circles as well--is which institutions will be subject to Arab boycott and which will not. *have*

[redacted] the boycott problem threatens the wide ties [redacted]  
 [redacted] throughout world financial centers. Arab League officials share this view and insist that the thrust of the boycott be directed toward banks supporting Israel economically, regardless of nationality or religious associations. Nevertheless, the Kuwait International Investment Company reportedly has withdrawn from a bond issue involving Lazard Freres of Paris, even though this institution is not on the League's boycott list.

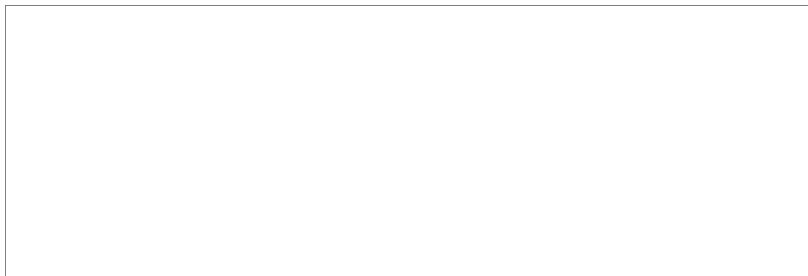
25X1  
25X1  
25X1

The Cairo meeting may well develop into a struggle between hardliners, who seek a broad and sweeping exclusion of all banks judged to be supporters of Zionism, and moderates, led by the Lebanese and Egyptians, who seek softer, individual interpretations of the boycott rules. The meeting is not likely to lead to any clear-cut resolution of the problem.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

NOTE



25X1

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

*February 24, 1975*

5

~~Top Secret 25X1~~

Exempt from general  
declassification schedule of E.O. 111652  
exemption category 5B(1), (2), (3)  
declassified under instruction of  
the Director of Central Intelligence

**FOR THE PRESIDENT ONLY**

February 24, 1975

Table of Contents

Canada: Prime Minister Trudeau will be starting  
a visit to Western Europe this week. (Page 1)

Ethiopia: Arab aid to Eritrean rebels may increase.  
(Page 2)

Notes: Mexico; Spain (Page 3)

At Annex we present the principal judgments of an  
intelligence report on the Soviet Military  
Presence in Egypt.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**CANADA**

*Prime Minister Trudeau departs later this week for his second round of talks with West European leaders in a continued effort to lessen Canadian dependence on the US.*

The trip, which will begin on Thursday, will include stops in The Hague, Bonn, Rome, London, and Dublin. Trudeau visited Paris and Brussels last December, but held off visiting other West European capitals until he restored normal relations with the French. Ties between Ottawa and Paris had been cool ever since former president De Gaulle in 1967 advocated independence for Quebec.

The Prime Minister views the forthcoming discussions as a general review of problems facing the Western nations and does not intend to seek specific agreements. He will, however, continue to push for institutional ties between Canada and the EC, although the Nine are reluctant to begin negotiations at this time. He will also make a point of advocating stronger nuclear safeguards and is likely to urge the Euratom members, which signed the Non-Proliferation Treaty, to complete ratification without delay.

The European leaders, for their part, will be concerned over the effects of the Canadian government's defense review on NATO. They undoubtedly will urge Trudeau to maintain Canada's military commitments toward Europe.

**FOR THE PRESIDENT ONLY**

***FOR THE PRESIDENT ONLY***

**ETHIOPIA - ARAB STATES**

*Arab aid for the rebels in Ethiopia's  
Eritrea Province may be increased.* [redacted]

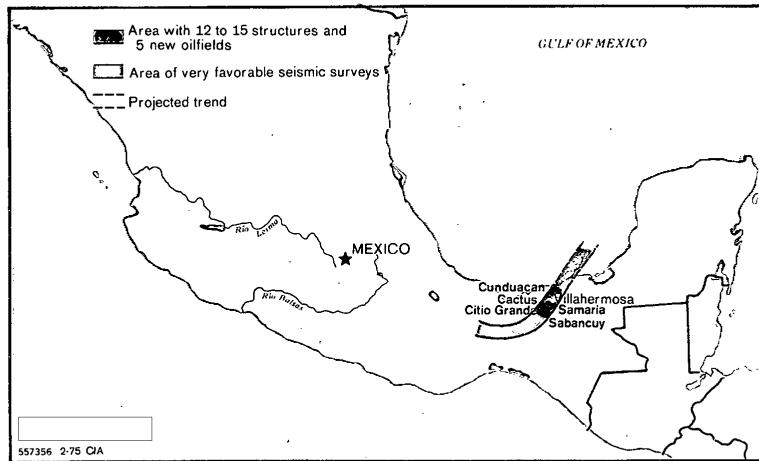
25X1  
25X1

In Beirut, Osman Saleh Sabbe, the leader of one of the two main factions of the rebel movement, rejected the reported plan of a group of Eritrean notables living in Addis Ababa to try to arrange negotiations between the ruling military and the rebels. The council itself may not have approved the scheme.

Light fighting was reported in Eritrea Province over the weekend. Air force planes continue to bomb suspected rebel positions on the outskirts of Asmara.

***FOR THE PRESIDENT ONLY***

**Mexico's Reforma Oil Province**



25X1

**FOR THE PRESIDENT ONLY**

NOTES

Mexico's chief petroleum reservoir engineer recently said that the rich Tabasco-Chiapas oil discoveries may extend 50 miles offshore into the Gulf of Mexico.

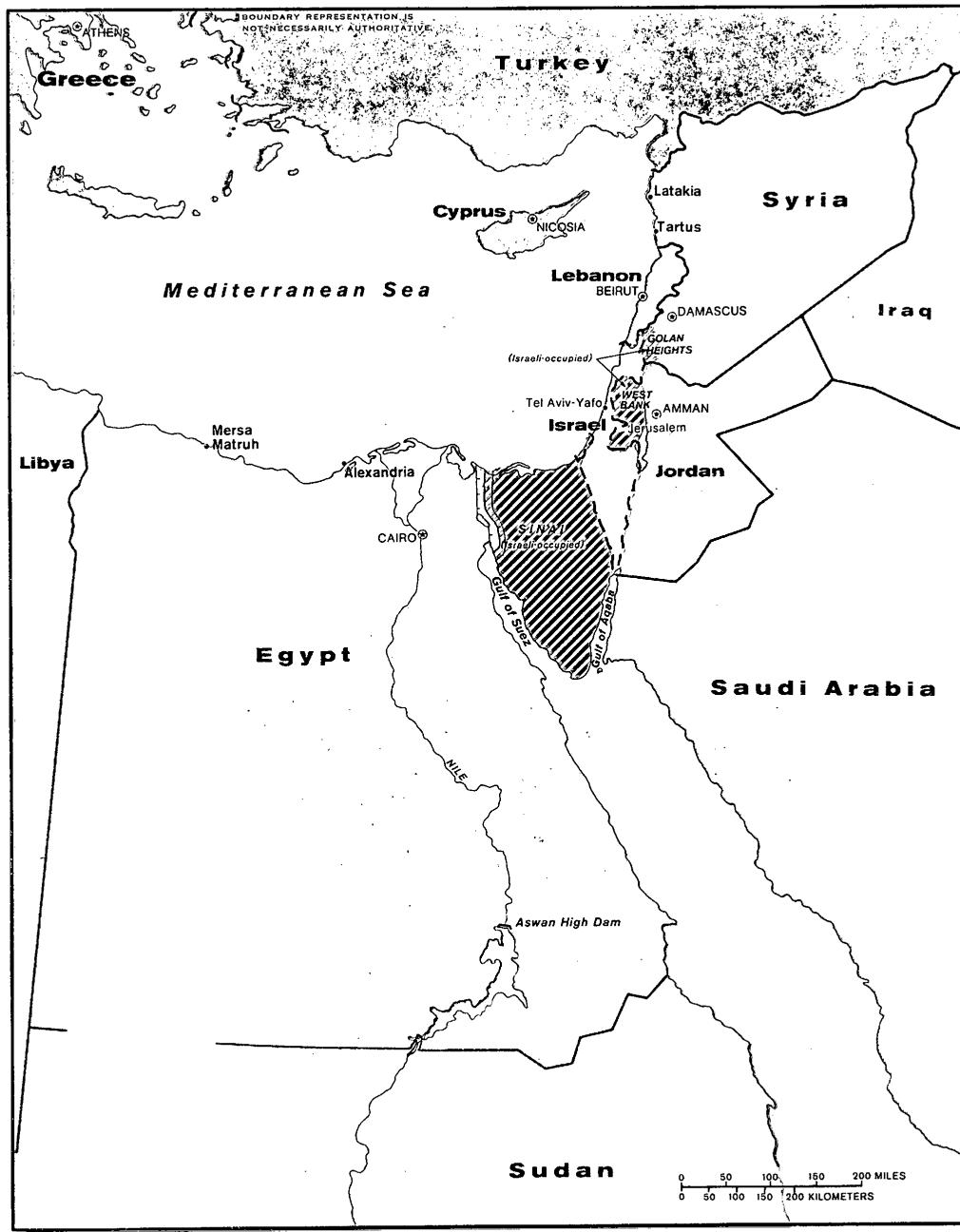
At last count, 61 of 68 wells drilled in the onshore fields were successful. Onshore proved and probable reserves are now on the order of 18-20 billion barrels. There is a growing belief that all five major fields in the Reforma area--Sabancuy, Citio Grande, Cactus, Samaria, and Cunduacan--actually constitute one enormous reservoir. If so, and if the pool extends offshore, as seems highly likely, Mexico's new oil reserves could approach Persian Gulf dimensions.

\* \* \*

The Spanish government's arrest of two army officers in Barcelona last week suggests that there is serious disagreement within the army over the role the military should play in maintaining order.

The arrests have come at a time when there is confusion within the government on how to handle spreading labor and student unrest. High Spanish military officials have told our embassy that the incident does not mean that the specter of the Portuguese "captains' revolt" has been raised in Spain. They admit, however, that the army's delay in announcing the arrests and its withholding of details will heighten public speculation that a subversive plot existed.

**FOR THE PRESIDENT ONLY**



557355 2-75

*FOR THE PRESIDENT ONLY*

A  
N  
N  
E  
X

USSR-EGYPT

*We present below the principal judgments of an intelligence report on The Soviet Military Presence in Egypt, prepared by our Office of Political Research.*

The Soviet military presence in Egypt has always been closely dependent upon the Soviet political base. That presence has fluctuated considerably over the years with the Egyptian government's rapidly changing view of its needs and degree of satisfaction with Soviet military services to Egypt. The prospects for the Soviet presence remain hostage to this highly volatile political relationship.

Past and Present Soviet Military Advantages

The primary military advantage Moscow now enjoys in Egypt is the use of the Egyptian ports of Alexandria and Mersa Matruh to support Soviet naval forces in the eastern Mediterranean. The Soviet Union has in the past enjoyed two other major benefits for operations against the Sixth Fleet:

--Between 1968 and 1972, the Soviets maintained a naval air unit in Egypt which gave the USSR its first land-based air capability in the Mediterranean.

--Between 1970 and 1972, the Soviets were developing an extensive deep water facility at Mersa Matruh controlled by the Soviet navy and for its exclusive use.

All three benefits were granted by Egypt to the USSR as recompense for Soviet services--first in reequipping and retraining the Egyptian armed forces after the 1967 defeat, and then in responding to Nasser's 1970 appeal for installation of a Soviet-manned air defense system in Egypt to halt Israeli raids against Egyptian cities.

Despite these past services, Soviet-Egyptian frictions after Nasser's death produced an abrupt reduction in the Soviet presence.

--On Sadat's orders in July 1972, the 6,600 Soviet air defense combat personnel in Egypt were entirely withdrawn, the 5,500 Soviets providing support and advisory services were reduced to about 200, and the total of all Soviet

(continued)

A1

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

military personnel in Egypt dropped from a peak of nearly 15,000 in 1971 to less than a thousand. This spectacular change was humiliating to the Soviet Union and politically harmful to the Soviet position in the Middle East.

--More important for Soviet military capabilities against the Sixth Fleet, Sadat simultaneously ordered the Soviet naval air unit out of the country and deprived the USSR of its exclusive facility at Mersa Matruh, while allowing Soviet naval vessels to continue to use the services of Egyptian ports.

The Soviet-Egyptian political tensions which produced these changes have not disappeared.

--The Egyptians have chafed at what they have seen as Soviet overbearing ways and aspirations for extraterritorial rights. Sadat has above all resented repeated Soviet delays or reneging on commitments to deliver certain weapon systems, and in 1972 and 1973 he was angered by the conviction that Soviet dealings with the US were inhibiting Soviet willingness to support Egypt.

--The Soviets in turn have resented Egyptian ingratititude for past services and have been alarmed at the post-Nasser trend toward the right in Egyptian political and economic life. In 1974, Moscow was particularly chagrined over Sadat's turn away from the USSR in favor of dealings with the US and closer reliance upon the conservative Arab states, as he sought both US aid in obtaining Israeli concessions and sources of economic and military aid alternative to the Soviet Union.

**Soviet Military Concerns and Desires**

The Soviets today have both specific concerns and particular ambitions regarding their military presence in Egypt.

--The most important concern is over the preservation of the current Soviet naval right to use Egyptian ports. While the Soviets have a contractual agreement with Egypt for use of these facilities, Sadat has nevertheless several times raised direct or indirect threats to the port rights as a means of pressuring the USSR to fulfill arms supply agreements. There is good evidence that such a threat was raised by Egyptian Foreign Minister Fahmi during his October 1974 talks with Brezhnev.

(continued)

*FOR THE PRESIDENT ONLY*

--The Soviets would probably regard loss of the use of Egyptian ports as a considerable inconvenience to their Mediterranean operations. The Syrian ports of Latakia and Tartus, also used by the Soviet navy, would offer a partial substitute, but would not serve Soviet needs as adequately, particularly over the near term.

--A second and less urgent concern exists regarding the conditions of Soviet naval use of a reopened Suez Canal. The Soviets probably do not believe that even in a new major Soviet-Egyptian political crisis Sadat would dare to deny them use of the canal. But Moscow is aware that there are various delays and difficulties which Cairo could create, short of outright blocking of Soviet passage. The Soviets would probably welcome some formal assurances from Egypt on this score. Beyond this, they would of course hope for preferential treatment for their vessels over those of the US and NATO, but they would not expect this unless present political conditions change greatly.

In addition, there are undoubtedly military benefits in Egypt which the Soviets would like to regain or acquire if their political relationship with Cairo ever permitted this.

--Near the top of the list would be restoration of the Egypt-based naval air unit. Since its departure, the important gap represented by the lack of adequate air support for Soviet naval units deployed opposite the Sixth Fleet has not been filled.

--There is some evidence to suggest that the Soviets also continue to long for restoration of the facility they were at one time developing at Mersa Matruh for the exclusive use of the Soviet navy.

Contingencies Affecting the Future Soviet Presence

Tensions in the Egyptian-Soviet relationship are such that the chance of Egyptian acceptance of any proposals for an expanded Soviet presence are presently quite small. The Soviets are well aware of this. These odds would improve for the USSR in the event of Egyptian involvement in a new war with Israel, particularly if it led to an Egyptian defeat. In the latter case, circumstances could emerge in which the Egyptian need for Soviet help would become so grave as to induce Sadat to accept, or even to request, additional Soviet forces and facilities in Egypt.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

On the other hand, there is reason to believe that Sadat's ability to fend off any future Soviet pressures for an increased presence would be further strengthened if a significant additional Israeli Sinai withdrawal could be arranged, and the Suez Canal meanwhile reopened. This would satisfy the most essential Egyptian war aims and increase Egyptian incentives to try to remain out of any future Middle East fighting, while reducing Egyptian dependence on prospective Soviet help. There is strong evidence that Sadat's preference is to minimize such dependence on the USSR so far as his political needs permit.

In the absence of a new war, there is some chance that another crisis in Soviet-Egyptian relations, possibly induced by further Soviet reneging on promised arms shipments, could lead Sadat to take sudden action to deny Soviet naval units use of Egyptian ports. Recently Sadat has personally alluded in public to the possibility of abrogation of the Soviet-Egyptian Friendship Treaty, an act which would probably presage action against Soviet port rights. We estimate the chance of such drastic Sadat action over the next twelve months to be on the order of one in three, which is somewhat greater than the chance of his giving the USSR an increased presence.

On balance, over the next year the chances seem somewhat better than even that there will be neither an improvement nor a further reduction in the Soviet military presence in Egypt. This is largely because both leaderships still have important reasons to try to keep their ongoing disagreements from escalating to the breaking point.

*Top Secret*



# The President's Daily Brief

*February 25, 1975*

5

~~Top Secret 25X1~~

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

*FOR THE PRESIDENT ONLY*

February 25, 1975

Table of Contents

Greece: The armed forces were placed on alert yesterday because of alleged conspiratorial activity by officers linked to the former junta. (Page 1)

Cyprus: The Turkish Cypriot constituent assembly yesterday began deliberations on a new constitution. (Page 2)

USSR-China: Soviet spokesmen continue to say that there is little hope for progress in the border negotiations. (Page 3)

Iran-Pakistan: The Shah began a three-day visit to Pakistan yesterday. (Page 4)

Turkey: We present the principal conclusions of an Interagency Intelligence Memorandum on Turkey After the US Arms Cutoff. (Page 5)

Ethiopia: There were no reports of significant fighting yesterday. (Page 7)

Notes: Cambodia; USSR (Grechko visit); USSR [redacted]; USSR (MIG-23) (Pages 8 and 9)

25X1  
25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

GREECE

*The armed forces were placed on alert yesterday because of what the government termed conspiratorial activity by officers linked to the former junta. A spokesman announced that the government was in full control and that there was no cause for concern.*

Minister of Defense Averoff told Ambassador Kubisch privately that the coup plotting was not too serious, but that it was prudent for him to act as if it were. He said severe measures would be taken to deal with what he described as "crazy young people" within the army. Press reports indicate that 28 army officers, the highest in rank a brigadier general, have been arrested. One, Major Athanassios Perdikis, a close associate of former strongman Dimitrios Ioannidis, has been reported [redacted] to have been involved in a plot to launch a coup this week.

25X1

The government has been moving cautiously to purge the army of supporters of the deposed junta, but junior officers are concerned that the dismissals will be more widespread. The principal aim of the plotters appears to be the removal of Greek Prime Minister Karamanlis. The junior officers fault Karamanlis for his failure to curb press attacks against the army, his legalization of the small, divided Communist Party, and his withdrawal of Greece from military participation in NATO.

This latest example of military unrest should be useful to individuals like Averoff, who have been trying to convince the press and opposition politicians that they should temper their attacks on the army.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

CYPRUS

*The Turkish Cypriot constituent assembly yesterday began deliberations on a new constitution to be completed within 45 days and then submitted for popular approval in a referendum.*

A high Turkish Cypriot official told the US ambassador last week that the outline of the constitution was drafted in Ankara and provides for a strong presidential system. The official believes that two parties--one supporting Rauf Denktash and one opposed to him--will contest the elections scheduled to follow the referendum.

According to the official, Ankara is pressing Denktash to give up his role as negotiator for the Turkish Cypriots in future intercommunal talks. Ankara maintains that Denktash's new position as President of the Turkish Federated State of Cyprus makes it improper for him to participate in negotiations with Greek Cypriot negotiator Clerides who holds a lower official position.

The UN Security Council deliberations suggest that agreement may be reached on a change of venue for the talks and their possible expansion to include Greek and Turkish representatives as well as other participants. Such a move would lessen the impact of Denktash's non-participation if he gives up his role as negotiator.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

USSR-CHINA

*Soviet spokesmen continue to take the line that there is little hope for progress in the Sino-Soviet border negotiations at Peking.*

In conversations with US officials in Peking late last week, Soviet Ambassador Tolstikov and his deputy were at pains to deemphasize the importance of the return to China of the head of the Soviet border delegation, Deputy Foreign Minister Ilichev. They said that Ilichev, who had not been in Peking for six months, returns from time to time to see if China has any new proposals.

The chief Chinese negotiator's recent departure to attend the coronation in Nepal is another sign that the talks are not going very far very fast.

Soviet attacks on the Chinese National People's Congress have been persistent and wide-ranging, and two editorials in *Pravda* this month have stressed the theme of Maoist hostility toward the USSR and have gone so far as to say that the Chinese leaders are actively promoting a nuclear war between the US and the USSR.

The Soviets are obviously worried about the possibility of improved Chinese relations with the US and Western Europe. In a lengthy article by a leading Soviet sinologist, which appeared in the January issue of the Soviet journal *USA*, the author attacked those in the US who seek closer relations with China and deplored what he perceived as efforts by the US to exploit Sino-Soviet differences for its own benefit.

The article seems to blur, although it does not totally eliminate, the usual Soviet distinction between the anti-detente (and pro-China) forces in the US and the US government. It suggests that the Soviets are concerned about the consequences of your projected trip to China.



557368 2-75

*FOR THE PRESIDENT ONLY*

IRAN-PAKISTAN

*The Shah of Iran begins a three-day visit to Pakistan today to reaffirm close ties between the two countries and to demonstrate his continued support for Prime Minister Bhutto's government.*

The Shah wants a politically stable neighbor because he fears manipulation of Pakistan by the Soviets, who already enjoy strong influence in India, Afghanistan, and Iraq. The Iranian leader wants Pakistan to control dissident minorities in its frontier provinces. One of these provinces, Baluchistan, borders on Iran, and Baluchis live on both sides of the border. Iran has provided helicopters and C-130 transport aircraft to Pakistan for use in meeting security problems in the province.

Pakistan, for its part, is anxious to continue receiving Iranian economic assistance. Islamabad also wants to retain Iranian backing in its long-standing quarrels with India and Afghanistan. In this regard, Bhutto wants to be sure that improvements last year in Tehran's relations with New Delhi and Kabul do not signify any lessening of support for Pakistan.

Iran last year committed around \$600 million in aid to Pakistan. A joint ministerial commission on economic cooperation was created, cooperation between the Iranian and Pakistani intelligence services was increased, and Iran indicated a willingness to help Pakistan obtain better tank engines.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

TURKEY

*We present below the principal conclusions of an Interagency Intelligence Memorandum on Turkey After the US Arms Cutoff.*

The Turks have no satisfactory alternative to US supply of arms, at least over the near term. Hence, the effectiveness of the Turkish armed forces and their ability to perform their key role in NATO will steadily deteriorate. The strategic implications of a protracted US cutoff could be profound, particularly in view of Turkey's geographic position anchoring NATO's southern flank and controlling Soviet access to the Mediterranean.

Although the Turks are shocked and appalled at the termination of US arms aid, their reaction thus far has been measured and they will probably avoid any rash response. If the arms cutoff continues, it is highly likely that the Turks will retaliate against the US in stages, including steps to curtail US use of facilities in Turkey. This could seriously weaken the ability of US forces--primarily naval and air--to operate in the area as well as jeopardize key intelligence collection programs.

Turkey's ties with NATO will also be damaged, but probably not as seriously as Turkish relations with the US. For at least the short term, much will depend on whether Turkey is successful in obtaining military equipment from other NATO countries to help compensate for the loss of US supply. If those countries are able to help Ankara in this way, moderate forces in Turkey will be strengthened and the country's ties to Western Europe will probably remain strong.

If, on the other hand, the Turks conclude that their basic military needs cannot be met by their European allies, they are likely to read this as de facto isolation from NATO and will react much more strongly. In these circumstances, Turkey is likely to explore alternative sources of support abroad--from Arab states, for example--but will probably not

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

be able to satisfy its needs in this way. The results might be an inward-turning isolation and a reversion to domestic conservatism which could spell trouble for Turkey's economic health and its role in southern Europe.

\* \* \*

*Turkey announced yesterday that its navy would not participate in a scheduled NATO naval exercise this week.*

The Turks claimed that "technical reasons" had forced their withdrawal from the exercise, but their decision is more likely a further reaction to the halt in US military assistance. Actions like this allow Ankara to demonstrate pique over the aid cut-off without seriously affecting Turkey's NATO relationship.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**ETHIOPIA**

*There were no reports of significant fighting between Ethiopian government forces and rebels in Eritrea yesterday, although air force planes continued to bomb suspected rebel positions northwest of Asmara.* [redacted]

25X1  
25X1

The US embassy in Addis Ababa reports that, despite the fighting in Eritrea and widespread unrest in other parts of the country, the capital remains reasonably well-policed and is not likely to experience a general breakdown of law and order in the near future. Residents, however, are tense and fearful. This is particularly true of Eritreans and Moslems, who fear they will become victims of the ruling military council's psychological campaign against Eritrean separatists and their Arab supporters. Other residents are anticipating rebel terrorist incidents in Addis Ababa in retaliation against government military operations in Eritrea.

The council is attempting to streamline its operations to deal more effectively with Ethiopia's many problems. It voted on February 15 to eliminate its subcommittees in the provinces and is now considering the reduction of its own membership from 120 to about 30. Major Mengistu Haile-mariam, the council's first vice chairman, was responsible for winning majority approval of these decisions, despite opposition from other influential members. Mengistu's success is another sign of his strong position on the council.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

NOTES

*The military action in Cambodia remains centered along the Mekong River and around Phnom Penh.*

The government navy base at Neak Luong has been the target of intense Khmer communist shelling in the past few days, and several outposts along the base's outer perimeter are under ground attack. Communist attacks are also keeping government troops pinned down at two beachheads along the lower Mekong.

The insurgents continue to fire rockets into Phnom Penh's Pochentong airport, but have failed to interrupt airlift operations. Although air deliveries have so far been limited to ammunition, some rice and fuel are scheduled to begin arriving late this week. The fighting near the capital is southwest of the airport and along the city's northwest-ern defenses.

\* \* \*

*Soviet Defense Minister Grechko arrived in New Delhi yesterday for a three-day visit during which he will talk about new Soviet military aid to India.*

Grechko may also seek the use of Indian port facilities for Soviet warships and of Indian air-fields by Soviet aircraft for "space support mis-sions." Soviet navy and air force commanders are with Grechko. The Soviets may believe that the Indians will be more receptive now that the US arms embargo on the sale of arms to South Asia has been lifted. The Indians have rejected Soviet requests for military facilities in the past; we believe they will be reluctant to reverse this policy.

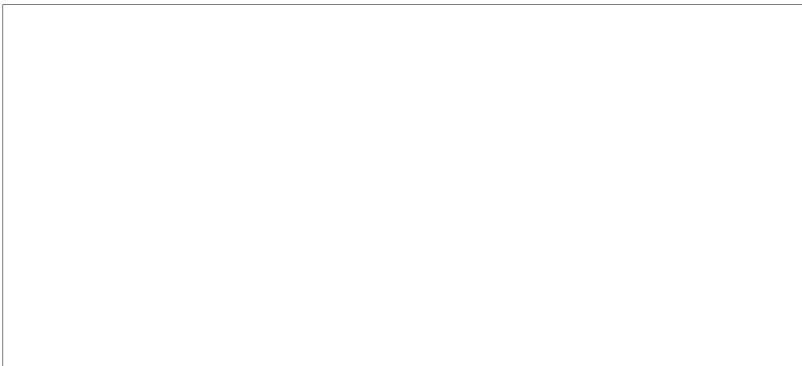
(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

\* \* \*

25X1



\* \* \*

*Soviet deliveries of MIG-23s to Egypt under a  
1973 arms agreement are continuing.*

Four MIG-23s arrived aboard a Soviet freighter on February 15, bringing to ten the number delivered since early February when they were first introduced into Egypt. A total of 24 aircraft are likely to be delivered during the next few months.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

*February 26, 1975*

5

~~Top Secret~~ 25X1

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

*FOR THE PRESIDENT ONLY*

February 26, 1975

Table of Contents

Cambodia: The Khmer communists have launched a major push against Phnom Penh's southwestern defenses. (Page 1)

Israel-Egypt: [redacted] [redacted] several violations of the disengagement agreement by the Egyptians, but none by the Israelis. (Page 2)

25X1  
25X1

Ethiopia: The Eritrean rebels are likely to retaliate against US interests if military aid is extended to Addis Ababa. (Page 4)

Inflation: The price spiral in major foreign developed countries shows signs of breaking. (Page 5)

Iran-USSR: Moscow and Tehran have signed their largest economic cooperation agreement to date. (Page 7)

Notes: Portugal; Jordan-Oman (Page 8)

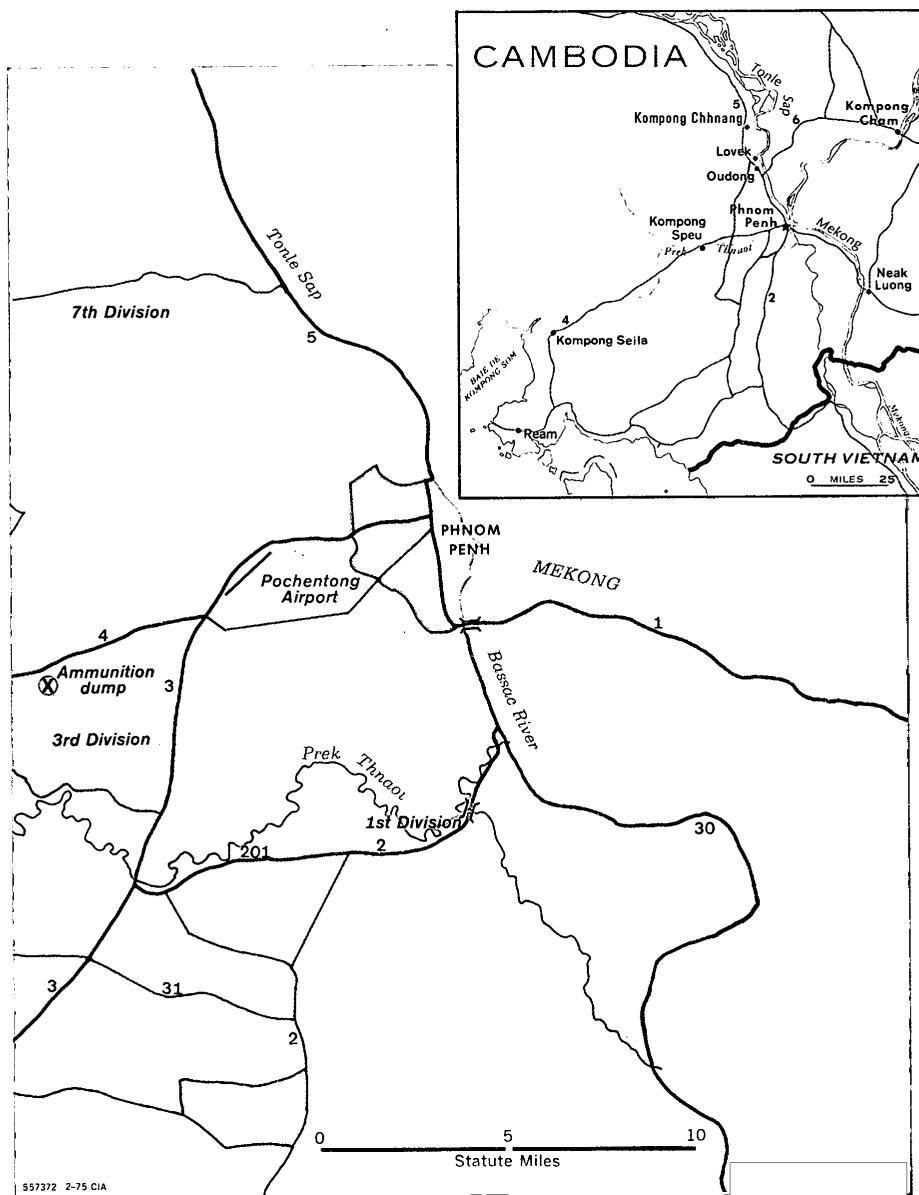
At Annex [redacted] Soviets [redacted]

25X1

[redacted]  
25X1

25X1

*FOR THE PRESIDENT ONLY*



25X1

*FOR THE PRESIDENT ONLY*

CAMBODIA

*The fighting around Phnom Penh is spreading and the situation in the capital could soon become critical. The Khmer communists have increased their attacks against Phnom Penh's southwestern defenses and pose a serious threat to the army's main ammunition dump and to Pochentong airport.*

Almost all government units in the southwestern sector have been engaged in heavy combat for the past two days and a number of positions have been lost. The Cambodian army high command has committed some reinforcements to the front, but relief operations are being stymied by stiff insurgent resistance--including some howitzer fire. With the communists continuing to press the capital's northwestern defenses and with renewed fighting occurring along the Mekong northeast of Phnom Penh, the situation in the capital area could become critical soon.

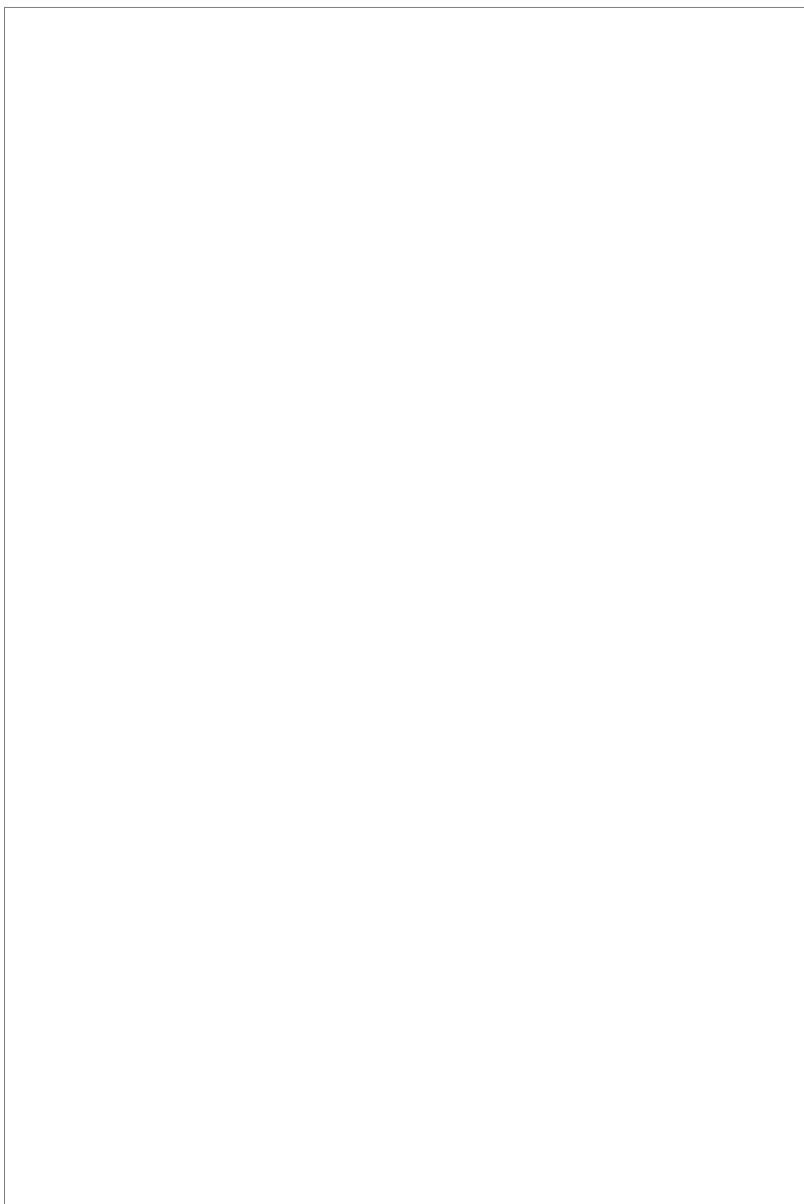
In the north, government troops yesterday pulled out of the town of Oudong on Route 5, some 20 miles northwest of Phnom Penh. Oudong was reduced to ruins during heavy fighting last spring and summer and has been only lightly defended since mid-January. Most of Oudong's defenders apparently withdrew to the nearby base at Lovek, taking four 105-mm. howitzers with them. Lovek is now the only major government position near the Tonle Sap River between Phnom Penh and the provincial capital of Kompong Chhnang.

Elsewhere, the Khmer communists are continuing to shell the navy base at Neak Luong in the Mekong River corridor, and civilian casualties there are beginning to mount. Communist gunners south of Neak Luong yesterday destroyed two navy craft trying to resupply a beachhead which later fell. The navy has been able to get supplies to a larger beachhead nearby, however, and convoys continue to reach Neak Luong from Phnom Penh.

25X1

*FOR THE PRESIDENT ONLY*

ISRAEL-EGYPT



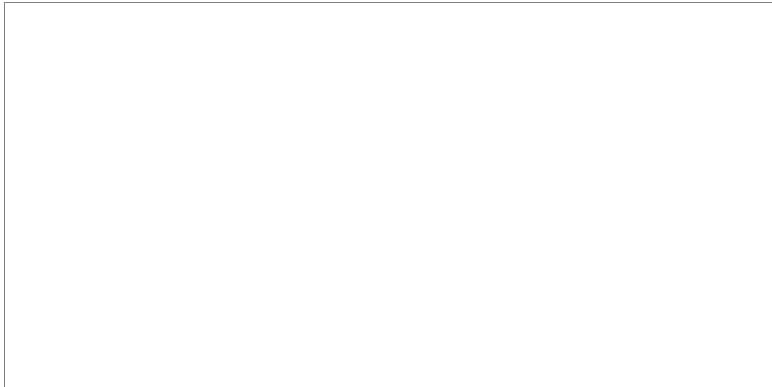
25X1

(continued)

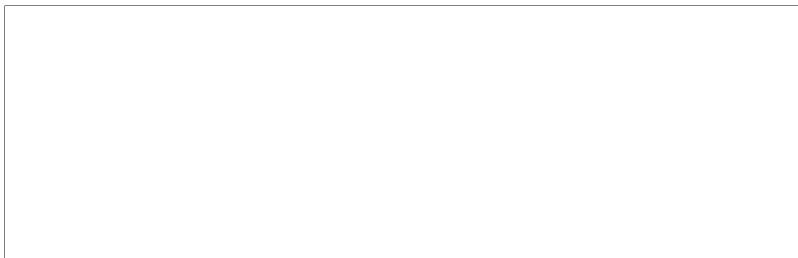
*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

25X1



25X1 25X1



The continuing construction of permanent SA-6 sites is such a blatant violation of the disengagement agreement that it probably was undertaken with political as well as military motives in mind. It is doubtful that such an action would be the result of an unauthorized initiative by the local commander.

President Sadat, who presumably authorized the construction, may have done so as an indirect signal to Israel and the US that his patience with the slow pace of step-by-step negotiations is not unlimited. He may also have taken this action to reassure Egyptian military commanders who are worried lest a breakdown in the negotiations leaves them vulnerable to an Israeli attack. But there is really no satisfactory explanation for a step that will inevitably raise Israeli concern about Egyptian intentions and strengthen the arguments of those who oppose further Israeli withdrawals.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

ETHIOPIA

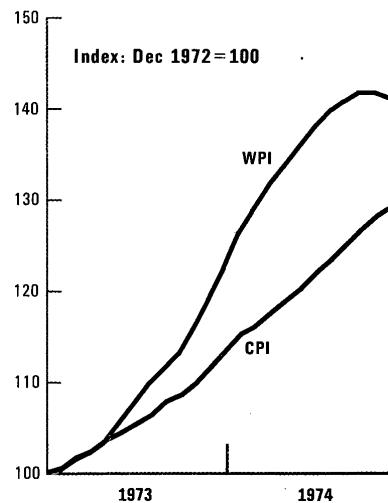
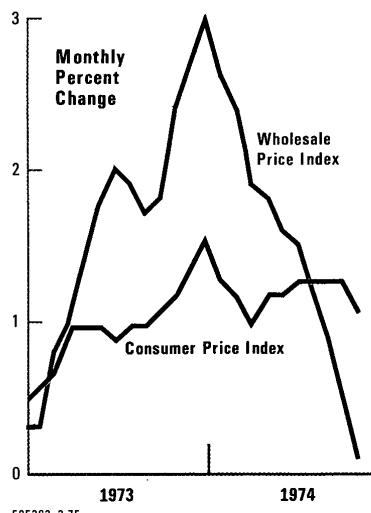
*The Eritrean rebels--well aware of the Ethiopian government's request for additional military aid--are likely to attempt to retaliate if the aid is forthcoming.*

The US naval communications facility in Asmara is vulnerable to rebel attack. Its fuel supply came under fire earlier this month when the rebels attempted to prevent the fuel from being used for Asmara's electrical generators.

Osman Saleh Sabbe, leader of one of the main factions of the insurgent movement, has repeated an earlier appeal to the US to stop providing Ethiopia with military supplies. Sabbe said yesterday that Syria, the only major Arab country openly supporting the rebel demand for complete independence, is ready to provide military training to the Eritrean insurgents. It has long provided them with arms.

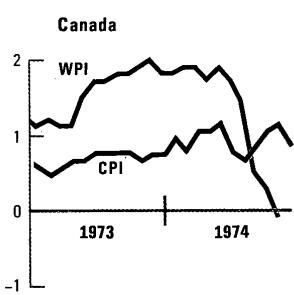
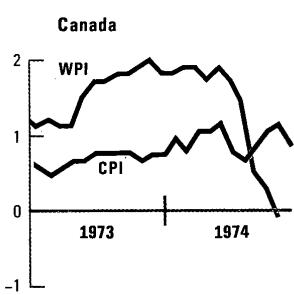
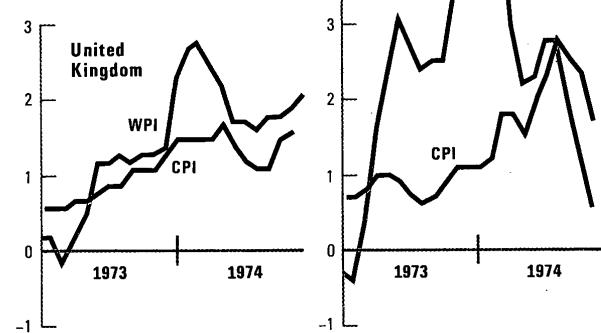
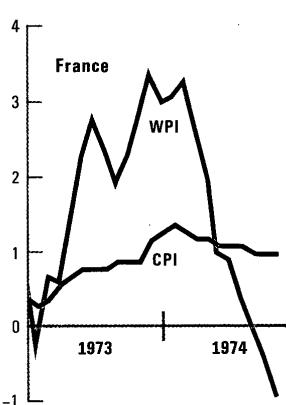
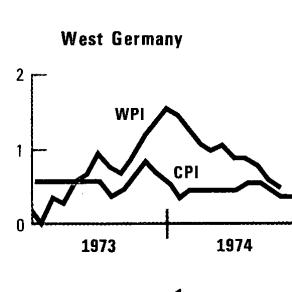
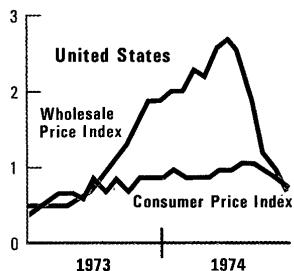
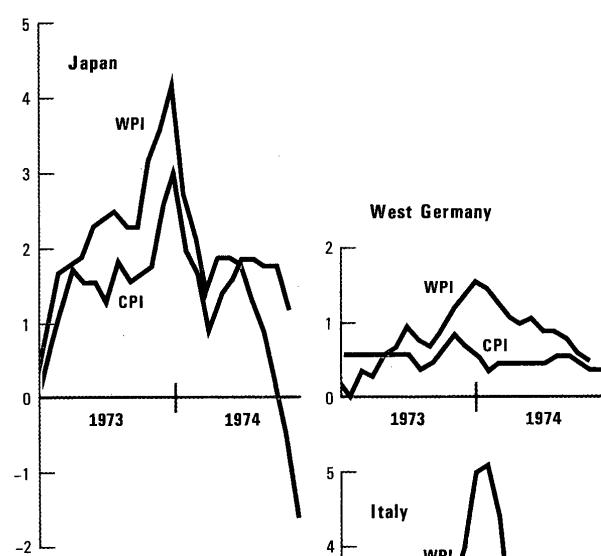
## DEVELOPED COUNTRIES: Composite Price Trends (Excluding the United States)

(three month moving averages, seasonally adjusted)



## DEVELOPED COUNTRIES: Price Trends

Monthly Percent Change  
(three month moving averages, seasonally adjusted)



565267 2-75

***FOR THE PRESIDENT ONLY*****INFLATION**

*The price spiral in major foreign developed countries, now almost three years old, shows signs of breaking. Increases in wholesale prices (in terms of seasonally adjusted, three-month moving averages) dropped in the last half of 1974 to nearly zero. Moreover, the rise in consumer prices eased toward the end of the year, although the rate of 12 percent was still uncomfortably high.*

**Wholesale Prices**

Wholesale prices have declined by 5 percent in Japan since October, by 3 percent in France since September, and by 1 percent in Canada since November. In West Germany, Italy, and the US, prices have been rising at a much reduced rate over the past several months. Only in the UK have wholesale price rises recently accelerated--mainly because price controls were relaxed.

The break in wholesale prices stems primarily from a fall in demand rather than a reduction in cost pressures. While wage rates in such countries as Canada, Italy, and Japan are still increasing at a 20-percent annual rate, industrial firms are no longer able to pass on all the added costs.

**Consumer Prices**

The continued rise in consumer prices reflects mainly growing costs for food and services. Increases in food prices have recently accounted for almost half of the consumer price rise in major foreign economies. Growth in prices for manufactured goods has slowed to a 4-percent annual rate in recent months, down from the 15-percent rate of last fall.

Recent declines in wholesale prices of industrial goods should help slow the pace of consumer price inflation in the near future. The easing of world food prices will not be felt at the retail

(continued)

*FOR THE PRESIDENT ONLY*

level for several months--and then only if the decline continues. Because stocks of most foodstuffs remain tight, poor harvests would set off another round of price hikes.

Wage Rates

Stiff increases in wage rates--the extreme example being the recent 31-percent hike in the pay of British coal miners--continue in spite of depressed demand and rising unemployment. These increases are attributable to the militancy of various labor organizations, demands (or contract provisions) for "catch-up" gains to match soaring consumer prices, and the weakened resistance of several insecure governments to inflationary wage gains. Recent wage negotiations in Germany, however, resulted in comparatively moderate increases of 7 percent per year.

**FOR THE PRESIDENT ONLY**

IRAN-USSR

*Moscow and Tehran broke new ground in yesterday's signing of an economic cooperation agreement--their largest accord to date. The \$3-billion deal was probably agreed to in principle last November during the Shah's visit to Moscow.*

The agreement features the first Iranian credit to the USSR, which is for construction of a paper complex in the USSR to be repaid by the Soviets with deliveries of paper products.

Significantly lacking in the announcement was any reference to Soviet credits in connection with Soviet-built projects estimated to cost over \$2 billion. The \$1.8-billion expansion in the Soviet-built Isfahan steel mill called for in the recent agreement presumably will be on a pay-as-you-go basis.

The Isfahan plant, originally built with the aid of Soviet credits, will eventually have a capacity of 8 million tons--over half the steel making capacity currently envisaged by Iranian planners. Other projects include expansion of the Soviet-built machinery plant at Arak, construction of electric power plants, and erection of grain silos.

The announcement also reflected the two sides' hope for a new five-year trade agreement of no less than \$2.5 billion. On an annual basis, this would represent a 35-percent increase in their total trade in 1973. It may involve an increase in the value of Iranian exports of natural gas, and consumer and manufactured goods to the USSR. Expanded Soviet exports will include heavy machinery for projects being built for Iran together with such traditional items as cotton, hides, and clothing.

*FOR THE PRESIDENT ONLY*

NOTES

*Portugal's major non-Communist parties are opposing some parts of the program of the Armed Forces Movement designed to perpetuate its key role in the government's decision-making process.*

Continued disagreement could interfere with the elections to the constituent assembly now set for April 12. One of the points in the Movement's program requires all political parties to reach an understanding on certain minimum features of the constitution before they will be allowed to participate in the campaign, which is scheduled to begin on March 3. It is not clear how amenable the Movement will be to changes in its program. In recent months the Movement has allowed considerable debate within its own membership, but once a decision is reached it has grown accustomed to having that decision accepted as final. Moderate parties run the risk of having their opposition equated with "reactionary" activity.

\* \* \*

*Jordanian forces and equipment promised by King Husayn to assist the Sultan of Oman are beginning to arrive there.*

Initial elements of a special forces battalion arrived on February 23, and the remainder should be there in a few days. Thirty-one Hawker-Hunter fighters are being sent this month and in March. Four Jordanian pilots and a number of technicians will assist the Omanis.

*FOR THE PRESIDENT ONLY*

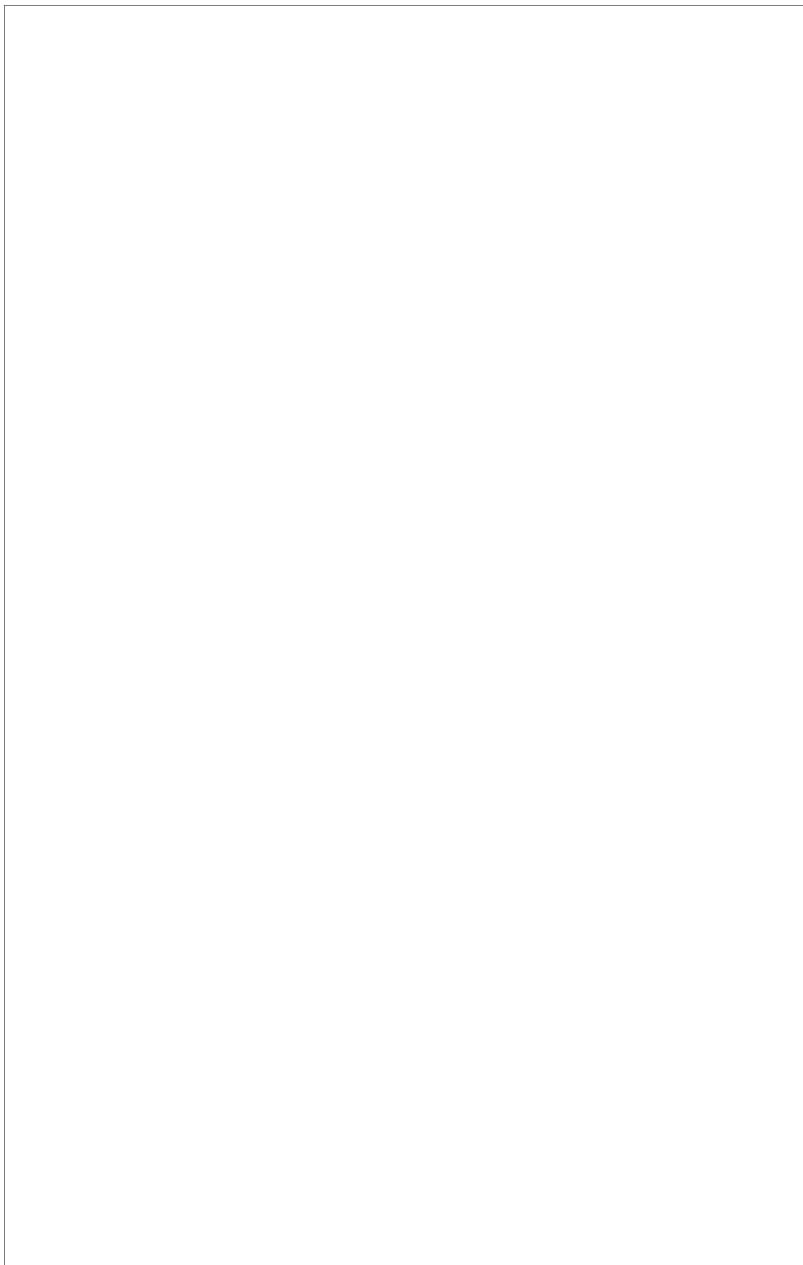
*FOR THE PRESIDENT ONLY*

SOVIET

25X1

A  
N  
T  
E  
X

25X1



(continued)

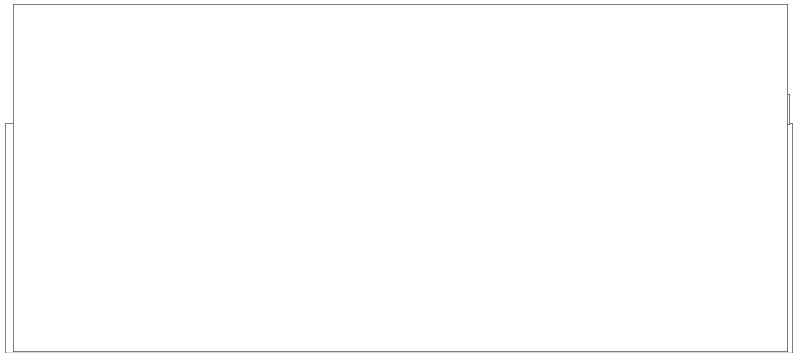
A1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

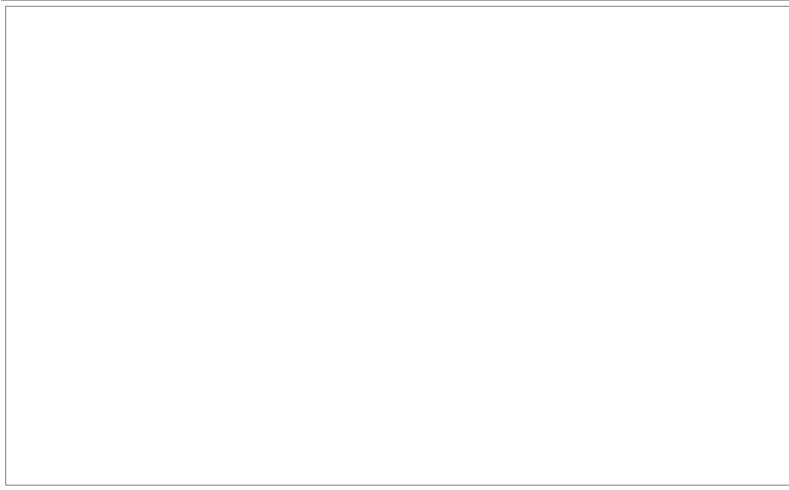


25X1



25X1

25X1  
25X1



25X1

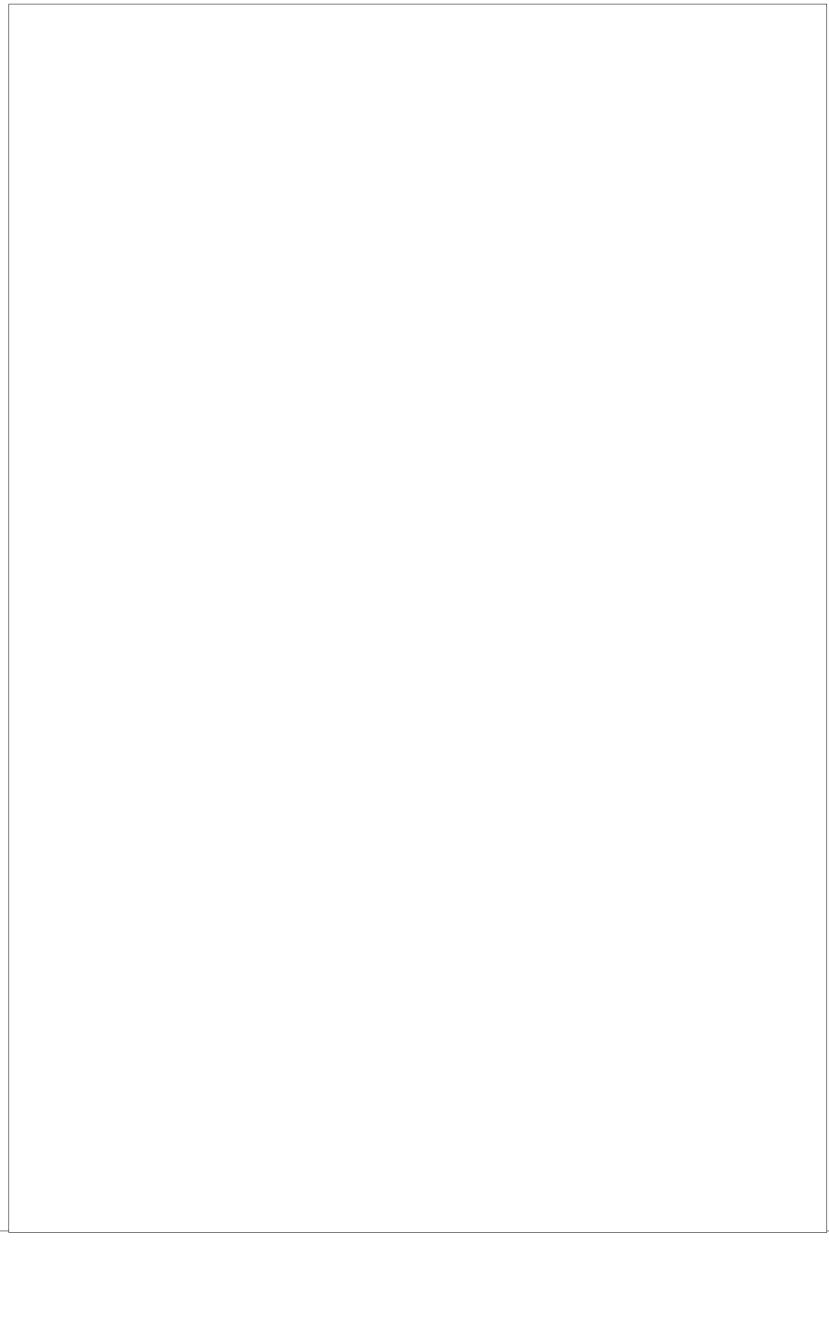
(continued)

A2

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

25X1



25X1

(continued)

A3

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

25X1

25X1

A4

*FOR THE PRESIDENT ONLY*

*Top Secret*

✓



# The President's Daily Brief

*February 27, 1975*

5



~~Top Secret~~ 25X1

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

*FOR THE PRESIDENT ONLY*

February 27, 1975

Table of Contents

Egypt-Syria: Presidents Sadat and Asad have attempted to respond in a positive way on the non-belligerency issue during the past two weeks. (Page 1)

USSR:

25X1

Mexico: The Mexicans are interested in leasing refinery capacity in the US and marketing refined products here. (Page 4)

Notes: Cambodia; North Vietnam; Egypt; Egypt-USSR; Ethiopia; Korea; India (Pages 5, 6, and 7)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**EGYPT-SYRIA**

*Neither Egypt nor Syria has given clear public signals that the gap between their negotiating proposals and Israel's is narrowing. Nevertheless, in press interviews over the past two weeks, both Sadat and Asad have attempted to respond in a positive way on the critical non-belligerency issue.*

In a discussion with a *Washington Post* editor earlier this month, Sadat rejected the notion of providing Israel with a written guarantee. He promised, however, that Egypt would not attack Israel as long as negotiations continue and suggested, in effect, that the US could serve as the guarantor of Egypt's peaceful intentions.

Sadat further hinted in his *Post* interview that he is prepared to assuage any Israeli fear that substantial concessions to the Arabs now will only lead to unacceptable demands in the future. The Egyptian leader risked drawing fire from the Palestinians and King Faysal by asserting that he is prepared to accept the internationalization of the entire city of Jerusalem as an alternative to the return of the Arab sector to the Arabs. Subsequently, the counselor of the Egyptian embassy to the Vatican told a US official that Sadat's statement is a firm government decision.

Asad, in an interview appearing in the current issue of *Newsweek*, also called for an end to the state of belligerency as a first step and added that a US defense guarantee for Israel would be acceptable to Syria as part of a final settlement, not as part of an interim package. By not rejecting out of hand the notion of a defense guarantee, Asad may be indirectly signaling Tel Aviv that he could live with some form of US guarantee for a second-stage Egyptian-Israeli settlement along the line suggested by Sadat to the *Post*.

(continued)

*FOR THE PRESIDENT ONLY*

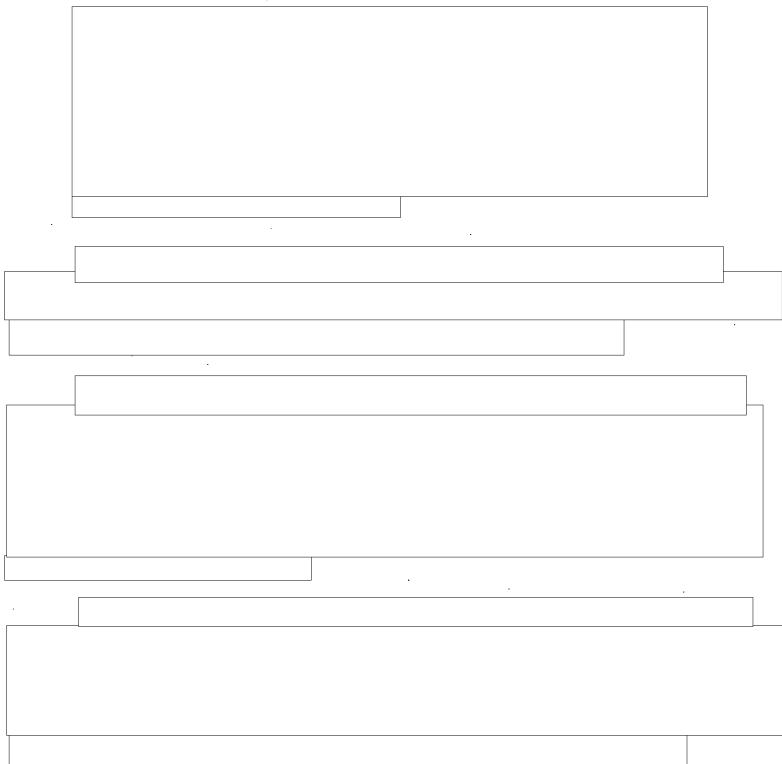
In any case, Asad's admission in the *Newsweek* interview that he would be willing to sign a long-term peace treaty with Israel is the clearest public indication to date of his commitment to the negotiating process. This is the first time Asad has been willing to be as explicit as Sadat, who repeatedly has said that Egypt is ready to sign a peace treaty when the time comes and to accept the right of Israel to exist.

By going on record now, Asad may hope to elicit a positive Israeli response to Syria's demand that some movement on the Golan be linked with any formula for a second-stage Israeli-Egyptian agreement. Asad indicated that he is not insisting upon an immediate return to Geneva, and he clearly left open the possibility that he would be willing to negotiate a second-stage withdrawal on the Golan. He claimed, however, that a limited Israeli pull-back in the southern Golan--leaving the hills around Qunaytirah in Israeli hands--was of no interest to Syria.

By using US media to transmit these signals to Israel, Sadat and Asad may hope to avoid arousing domestic criticism of their departures from orthodoxy, but both must reckon with the reaction of doctrinaire Arab critics, in particular the Palestinians. The clearest acknowledgement of this constraint came yesterday when Asad's press office said that the *Newsweek* interview did not "faithfully express" his comments on a peace treaty with Israel. Sadat has also come under fire from the Palestinians for his statements on Jerusalem.

*FOR THE PRESIDENT ONLY*

USSR



25X1

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

MEXICO

*The Mexicans have told US embassy officials of their interest in leasing unused refinery capacity in the US or other countries and marketing the refined products in the US under arrangements with American oil companies.*

The leasing plan would help achieve Mexico's goal of exporting refined products rather than crude oil in order to obtain the maximum income from its petroleum resources. Mexico could also use some of the refined products to replace imports from other countries until domestic refineries under construction come on line. In addition, the arrangement would expand commercial relations with US oil companies that Mexico could exploit in the future as it expands its own refinery capacity.

These efforts to maximize revenues lend credence to reports that Mexico is considering domestic gasoline rationing to free additional petroleum products for export.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

NOTES

Cambodia's deteriorating economic and military situation has stimulated anti-Chinese demonstrations in the northwestern city of Battambang and in Phnom Penh.

The tight supply situation and rising prices of some basic commodities have increased traditional Cambodian resentment over the control of commerce by local Chinese and Vietnamese. Given the already considerable tensions that exist in Phnom Penh, further demonstrations against the Chinese could easily get out of hand and assume anti-government overtones. Morale and discipline among available security forces in the capital area are low; the government might be unable to cope with widespread disorders.

\* \* \*

North Vietnam appears about to move one of its reserve divisions--the 341st--to the south.

This month the 341st has received large quantities of supplies, including medicine and body bags, and has established communications with the senior Communist headquarters responsible for moving troops and materiel south. On February 23 the division communicated with the military high command in Hanoi. The 341st has given no indication of its ultimate destination, but two likely places are northern South Vietnam or southern Laos.

\* \* \*

The head of the Egyptian economic delegation has returned home from Moscow with little to show for his efforts.

The Soviets appear to have taken a tough line in the economic negotiations as a way of keeping pressure on President Sadat. Cairo undoubtedly is particularly disappointed with the lack of progress on rescheduling payment of Egypt's military debts. Until last year, Moscow had deferred most of these payments. Although four sessions in Moscow were devoted to the issue, press reports indicate that all the Egyptians got was a Soviet commitment to "study" their proposals. One influential Egyptian commentator said that resolution of the debt question must await General Secretary Brezhnev's elusive visit to Cairo.

(continued)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

\* \* \*

Egypt apparently received its first shipment of SU-20 fighter-bombers since the Soviet suspension of aircraft deliveries in late 1973.

A Soviet freighter arrived in Alexandria on February 22 with at least four fuselage crates associated with SU-7 and SU-20 aircraft. These crates probably are the first shipment of the 18 SU-20s to be delivered under a Soviet-Egyptian arms accord reached in 1973. The SU-20 is a swing-wing version of the SU-7 ground attack aircraft with a greater range. Delivery of the SU-20s, as well as the ten MIG-23s that arrived in Alexandria earlier this month, was probably arranged during the visit of Egyptian Foreign Minister Fahmi to Moscow last December.

\* \* \*

Eritrean insurgents and Ethiopian government forces engaged in a two-hour firefight late last night near the US consulate and the Kagnew facilities in Asmara; there were no American casualties.

[redacted] the rebels--who hold no large population center--will soon try to seize the town of Keren, some 55 miles northwest of Asmara. If they are successful, they will declare Eritrea independent.

25X1  
25X1

\* \* \*

South Korean naval vessels challenged North Korean fishing boats well south of the west coast Northern Limit Line. A South Korean destroyer reportedly collided with, and sank, one of them.

Other South Korean ships and jet fighters were dispatched to the general area. The North Koreans conducted defensive fighter patrols both north and south of the line and sent some naval ships south of the line, probably to escort the fishing boats back home. [redacted]

25X1  
25X1

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

\* \* \*

*Indian officials have reacted with relative restraint to the announcement that US arms sales to Pakistan will be permitted.*

Prime Minister Gandhi told the Indian upper house yesterday that the US action would reopen old wounds and hinder the course of normalization, but her comments were made in the course of debate and apparently were not from a prepared statement. Foreign Minister Chavan has canceled an official visit to Washington, but his statement in parliament on Tuesday was moderate. New Delhi had been anticipating the US policy change, the immediate impact of which was overshadowed by New Delhi's almost simultaneous announcement of a new political arrangement in Indian-controlled Kashmir and the arrival of Soviet Defense Minister Grechko.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

*February 28, 1975*

5

~~Top Secret~~ 25X1

Exempt from general  
declassification schedule of E.O. 11652  
exemption category 5B(1), 52(3)  
declassified only on approval of  
the Director of Central Intelligence

*FOR THE PRESIDENT ONLY*

February 28, 1975

Table of Contents

USSR-Middle East: Moscow has probably concluded that it cannot block Egyptian-Israeli disengagement negotiations. (Page 1)

OPEC: OPEC is faced with potentially divisive problems, but all can be resolved without severely testing the cartel's cohesiveness. (Page 2)

Cambodia: Prince Sihanouk claims that North Vietnam has stepped up arms deliveries to Cambodia in response to the US airlift. (Page 3)

Syria-Israel:

(Page 5)

25X1  
25X1

Note: Syria (Page 6)

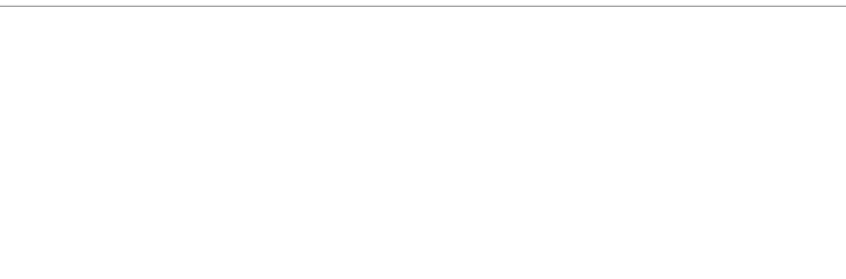
*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

USSR - MIDDLE EAST

*Moscow has probably concluded that it cannot block Egyptian-Israeli disengagement negotiations and is now trying to convey the impression that it is working to facilitate an agreement.*

25X1



25X1

[redacted] shortly after Foreign Minister Gromyko's meeting with Secretary Kissinger, the Soviets weighed in with Egypt and Syria, expressing general backing for the current disengagement talks. The Soviets reportedly said that although they still want the Geneva conference to resume and prefer simultaneous movement on the Egyptian, Syrian, and Palestinian fronts, they will not stand in the way of Secretary Kissinger's efforts.

25X1

Even allowing for some self-serving exaggeration on the part of the Soviets, their statements suggest they have become somewhat more reconciled to a new Egyptian-Israeli disengagement agreement since Secretary Kissinger's meeting with Gromyko in Geneva. Soviet broadcasts have criticized negative Western accounts of the Geneva meeting and particularly stressed the significance of the discussions on the Middle East. They have given special prominence to Secretary Kissinger's comment that final settlement in the Middle East will require Soviet participation and cooperation.

This stance also indicates that, despite Soviet resentment of the US-sponsored talks on Egyptian-Israeli disengagement, there is little Moscow can do at this stage to impede an accord. In addition, the Soviets presumably think completion of the bilateral negotiations is necessary before talks can resume in Geneva, where they expect to play a more prominent role.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

OPEC

*While OPEC is currently faced with some real and potentially divisive problems, all probably can be resolved without severely testing the cartel's cohesiveness.*

Yesterday in Vienna the OPEC oil ministers concluded their meeting laying the groundwork for an OPEC Summit Conference that opens in Algiers on Tuesday. The oil ministers agreed to postpone until April 1 consideration of ways to offset the decline in the value of the US dollar.

In their final communiqué, the ministers also reaffirmed their decision to freeze oil prices through September. They decided to take no action to coordinate oil production levels of member states at this time and agreed to permit the United Arab Emirates to lower its price differential.

The potentially most divisive issue OPEC faces is that of production prorationing. So far, the international oil companies have done remarkably well in spreading the cuts among the producing states in a manner acceptable to them. We believe that OPEC will be extremely reluctant to undertake a serious prorationing effort because it raises a whole host of equity issues for the membership. In the past, the organization has chosen to avoid the issue and to leave the apportioning to the companies, and they are likely to continue to do so.

*FOR THE PRESIDENT ONLY*

CAMBODIA

*Prince Sihanouk claims that North Vietnamese leaders have agreed to step up deliveries of Chinese arms to the insurgents in response to the US air-lift to Phnom Penh. In the course of a press interview in Peking yesterday, Sihanouk said he had worked out the agreement during his visit to Hanoi during the Tet holidays. Meanwhile, a gathering of Khmer communist officials in Cambodia issued a broad policy statement yesterday which suggests that the communists are readying the party apparatus for a national take-over.*

Intercepts--which disclosed a significant flow of supplies into northeastern Cambodia early this year--have not reflected any arms deliveries in over a month. There could be a lag of several weeks, however, between the time a decision is made in Hanoi to increase arms deliveries and their arrival in northeastern Cambodia.

Sihanouk also said in the interview that total US withdrawal from Cambodia is the only way to reach a peaceful resolution of the conflict. The Prince maintained that he would not stay on as head of state after a Khmer communist victory, but would be willing to accept a role as roving emissary.

A Khmer communist "national congress"--an assembly that rubber stamps policy formulated by the Khmer communist party central committee--issued a communiqué yesterday that amounted to a broad policy statement looking toward the end of the war. The communiqué included:

--Notice that "ringleaders" such as Lon Nol, Long Boret, Sosthene Fernandez, and Sirik Matak, "must be killed for their treason."

--Assurances that other "top- and middle-level" civilian and military officials would be well treated if they stop cooperating with the "traitors."

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

--A call for all foreign embassies in Phnom Penh to evacuate and a communist refusal to bear responsibility for any "accidents."

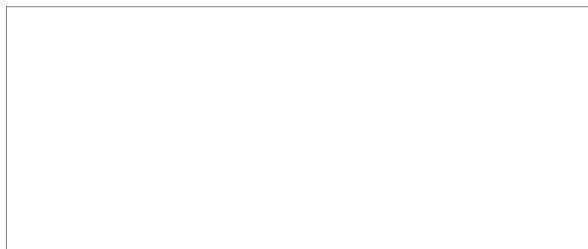
--Promises of an "independent and nonaligned" foreign policy allowing no "foreign" military bases and accepting all unconditional aid.

The communiqué made no mention of negotiations and did not include even the standard rejection.

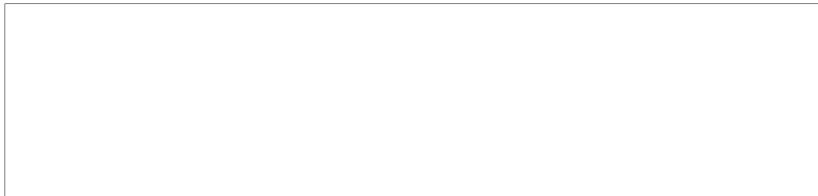
The congress--the second such gathering since the Cambodian conflict began--was chaired by "deputy prime minister and defense minister" Khieu Samphan. The communiqué maintained that the congress was held under "extremely favorable circumstances" with the Lon Nol government "on the verge of collapse militarily, economically, and politically."

*FOR THE PRESIDENT ONLY*

**SYRIA-ISRAEL**



25X1



25X1

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTE

*A Syrian foreign ministry official yesterday confirmed to Ambassador Murphy that the official statement issued Wednesday claiming that President Asad had been misquoted in the current issue of Newsweek had been intended chiefly for domestic consumption.*

The official characterized the retraction as a "tactical" move necessary to protect Asad's supporters in the leadership of the Syrian Baath Party; a series of party elections begins next week. The official assured the ambassador that, as Asad had indicated, Syria would be willing to sign a peace treaty with Israel if the terms were right. He said Asad would make this clear "at the proper stage in negotiations."

*FOR THE PRESIDENT ONLY*

*Top Secret*