

# The President's Daily Brief

1 December 1973

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

1 December 1973

**PRINCIPAL DEVELOPMENTS**

Efforts to persuade Cairo and Tel Aviv to resume direct talks continued yesterday amid indications of increasing expectations on both sides that a resumption of fighting may be imminent. (Page 1)

Both Moscow and New Delhi have some reason to be satisfied with Brezhnev's visit, although neither achieved its maximum goals. Brezhnev received an endorsement of his detente policy, while India obtained promises of greater economic aid. (Page 4)

Soviet and Chinese officials have confirmed that Peking has rejected a Soviet proposal made earlier this year to settle the Sino-Soviet border dispute east of Mongolia. (Page 5)

Increased North Korean military activity continues in the southern half of the country, particularly in the southwest sector and along the Northern Limit Line. Naval vessels patrolling south of the line have penetrated South Korean territorial waters at least three times in as many days. (Page 6)

Military activity in Cambodia increased yesterday as Communist ground attacks forced government units to abandon Vihear Suor, a small provincial capital ten miles northeast of Phnom Penh. The town's fall poses no immediate threat to Phnom Penh. (Page 7) 25X1

South Korean President Pak is under mounting domestic pressure to moderate his authoritarian policies [redacted] 25X1

[redacted] (Page 8) 25X1

Notes of Thailand's internal problems and Japanese interest in joint development of oil and natural gas deposits with the Soviets appear on Page 9.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**ARAB STATES - ISRAEL**

Efforts to persuade Cairo and Tel Aviv to resume talks continued yesterday amid indications of increasing expectations on both sides that a resumption of fighting may be imminent.

United Nations Emergency Force commander General Siilasvuo met with Egyptian Minister of War Ismail in Cairo for an hour yesterday before flying to Jerusalem for meetings on Sunday with Israeli officials, probably including Minister of Defense Dayan. Cairo's UN representative met with UN Secretary General Waldheim yesterday and reportedly warned him that the breakdown of the Kilometer 101 talks last Thursday could jeopardize the start of peace talks in Geneva on December 18. The representative raised the possibility of renewed fighting along the Suez front.

A senior UN official said yesterday that the UN Secretariat would have to prepare a report on the breakdown of the talks for Waldheim to present to the Security Council.

[redacted] the UN official believes that such a report might raise questions that could trigger requests for a Security Council meeting. What, if any, success UN efforts to bring the two sides together again might have is unclear. Press reports cite Egyptian officials as saying it is now up to Washington and Moscow to salvage the situation by persuading Israel to be more forthcoming on the issue of troop withdrawals in the Sinai.

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Israeli officials in Tel Aviv and Washington yesterday expressed fears that hostilities may break out within the week. They claimed that Egyptian forces are on the highest state of alert, that armored concentrations poised against Israel's West Bank salient remain in place, and that within the past week Egypt has completed preparations to resume hostilities. Israel's fears of an Egyptian attack may be well founded. When the six-point agreement was initialed earlier last month, there were reports that Egypt would resume hostilities if all six provisions were not fulfilled. Implicit in these "warnings" were Cairo's suspicions that the Israelis would not agree to all the provisions and further US pressure would be needed.

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*FOR THE PRESIDENT ONLY*

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A UN source has provided an account of Thursday's talks at Kilometer 101 which gives some explanation for Egypt's abrupt decision to call off further meetings.

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[redacted] Israel's negotiator, General Yariv, told the Egyptians he had no further proposals to make and then reiterated the original Israeli proposal that both sides evacuate all territory gained during the October fighting and turn it over to UN forces. Yariv added that he knew this would be unacceptable to Egypt but had no authority to go beyond this proposal. He thus acknowledged implicitly that the proposals he had put forth earlier had been unauthorized.

UN forces patrolling the southern Suez front reported a marked upswing in the number of cease-fire violations over the past several days. An Israeli military officer also told the press that the Suez front was "warming up," and Tel Aviv reported that Israeli forces came under Egyptian fire five times yesterday. One Israeli was wounded. Most clashes, however, appeared to be localized affairs involving small-arms fire, although some mortar and artillery fire was also exchanged.

In a speech to American Jewish leaders in Jerusalem, Prime Minister Meir reiterated her objections to international guarantees as a substitute for defensible borders. Mrs. Meir said she is not convinced fighting will not resume but hoped it would not. After stating that she had not noticed a single genuine call for peace from this week's Arab summit in Algiers, she said that Israel is still ready to attend the proposed Geneva peace conference.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

The Israeli scenario for the conference was spelled out by Foreign Minister Eban in an interview with an Israeli newspaper. He expects it to convene in Geneva on schedule on December 18 with Foreign Minister Gromyko and Secretary Kissinger attending the opening session along with the foreign ministers of Israel, Jordan, Syria, Egypt, and possibly Lebanon. The conference would then adjourn until after the Israeli Government received a negotiating mandate in the December 31 elections. Eban said that he expected the peace conference to go on for months after reconvening in January. The second phase would be attended by permanent delegations of professional diplomats who would deal with specific problems between Israel and individual Arab states. Eban insisted that Israel would not accept participation in the conference by PLO leader Yasir Arafat, even though the Arab summit had recognized the PLO as the sole representative of the Palestinian people. Instead, he suggested that Palestinian representatives be included in the Jordanian delegation, a concept that the Arab summit rejected.

The US counsel in Jerusalem reported on November 30 that Palestinians on the Israeli-occupied West Bank are rapidly coming around to the view that the PLO should negotiate for all Palestinians. They reportedly feel that an independent West Bank - Gaza state should emerge under PLO leadership and that Jordan's King Husayn should neither represent nor rule them. Informed journalists think that, in the wake of the Algiers summit, an overwhelming majority of the normally politically fragmented West Bankers favor these ideas, while the remainder are reluctant to speak out in opposition. In such an atmosphere, there is considerable expectation that the PLO will try to broaden its base by adding West Bank personalities to its Palestinian National Assembly. The upsurge of support for the PLO and a separate state apparently has been stimulated by the widespread assumption that now, for the first time, it is possible for West Bankers to decide for themselves what they want, regardless of Jordanian and Israeli views.

*FOR THE PRESIDENT ONLY*

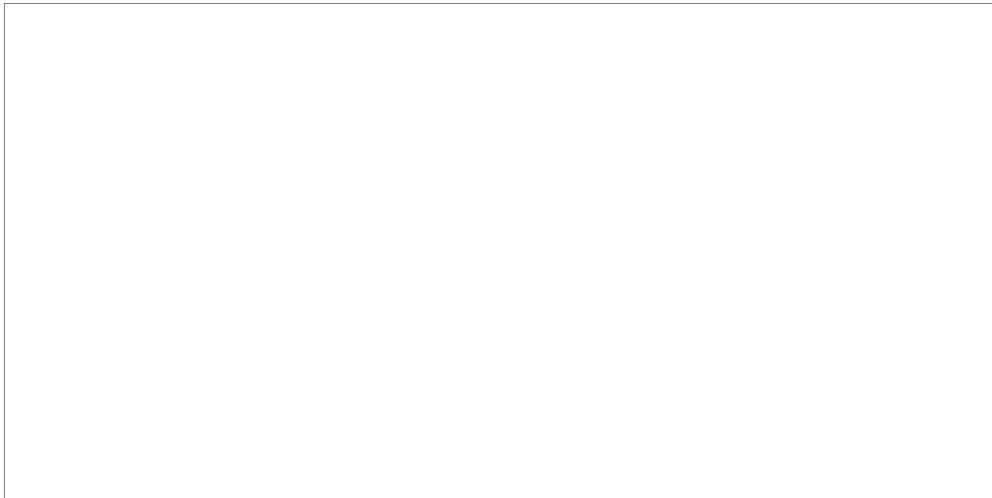
**USSR-INDIA**

Both Moscow and New Delhi have some reason to be satisfied with Brezhnev's visit, although neither achieved its maximum goals. Brezhnev failed to get endorsement for his Asian collective security proposal, and at least on the surface did not secure closer Soviet-Indian military cooperation. He did, however, get an endorsement of his detente policy which will undercut criticism of superpower diplomacy by other nonaligned countries. The USSR can portray various agreements signed as a strengthening of the Soviet position in India, and Brezhnev may have had some success in assuring the Indian leadership that Moscow will not sacrifice India's interests to detente.

India's gains were primarily economic--larger amounts of scarce commodities such as crude oil and perhaps foodgrains, and assistance to help India overcome its energy shortages. However, the Soviets may not have agreed to provide all the kinds of assistance the Indians really want. At present India pays more on old debts to the USSR than it receives in new Soviet assistance.

*FOR THE PRESIDENT ONLY*

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*FOR THE PRESIDENT ONLY*

**USSR-CHINA**

Soviet and Chinese officials have confirmed that Peking rejected a Soviet proposal made earlier this year to settle the Sino-Soviet border dispute east of Mongolia.

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Mikhail Kapitsa, chief of the Soviet Foreign Ministry's Far East Division, recently told [redacted] that a Soviet proposal of last March envisaged establishing the border at the main navigation channel of the Amur and Ussuri rivers rather than along the Chinese banks of the rivers. In June, a Chinese official told [redacted] that China had demurred on the grounds that the entire border--including the area west of Mongolia--should be negotiated as a single package.

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A Chinese embassy officer in Moscow confirmed this on November 28 and noted that, while the Soviet offer would have given the Chinese a number of contested islands, it would have left the Soviets holding the island of Hei-hsia-tzu, which has been the focal point of the dispute for several years. Hei-hsia-tzu lies directly opposite the city of Khabarovsk, the headquarters of the Soviet Far East Military District. The Soviets consider the northern route around the island to be an internal waterway and are especially sensitive about any changes that would bring the border closer to the city.

Pravda journalist Yuri Zhukov told a Soviet television audience about the proposal in general terms on October 20, and, a subsequent Soviet Chinese-language broadcast conceded--in a rare public admission--that "some changes at points along the...border may be called for." By disclosing the offer, as well as the proposal of a nonaggression pact made to Peking last June, the Soviets are trying to portray themselves as the conciliatory party faced with Chinese intransigence. They are also trying to underscore the contrast between their success in concluding a series of treaties with the US--particularly on the prevention of nuclear war--and the impasse in Sino-Soviet relations.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**NORTH KOREA**

North Korean military activity continues at an abnormally high level in the southern half of the country, particularly in the southwest sector and along the Northern Limit Line.

North Korean naval vessels patrolling south of the line have penetrated South Korean territorial waters at least three times in the past three days.

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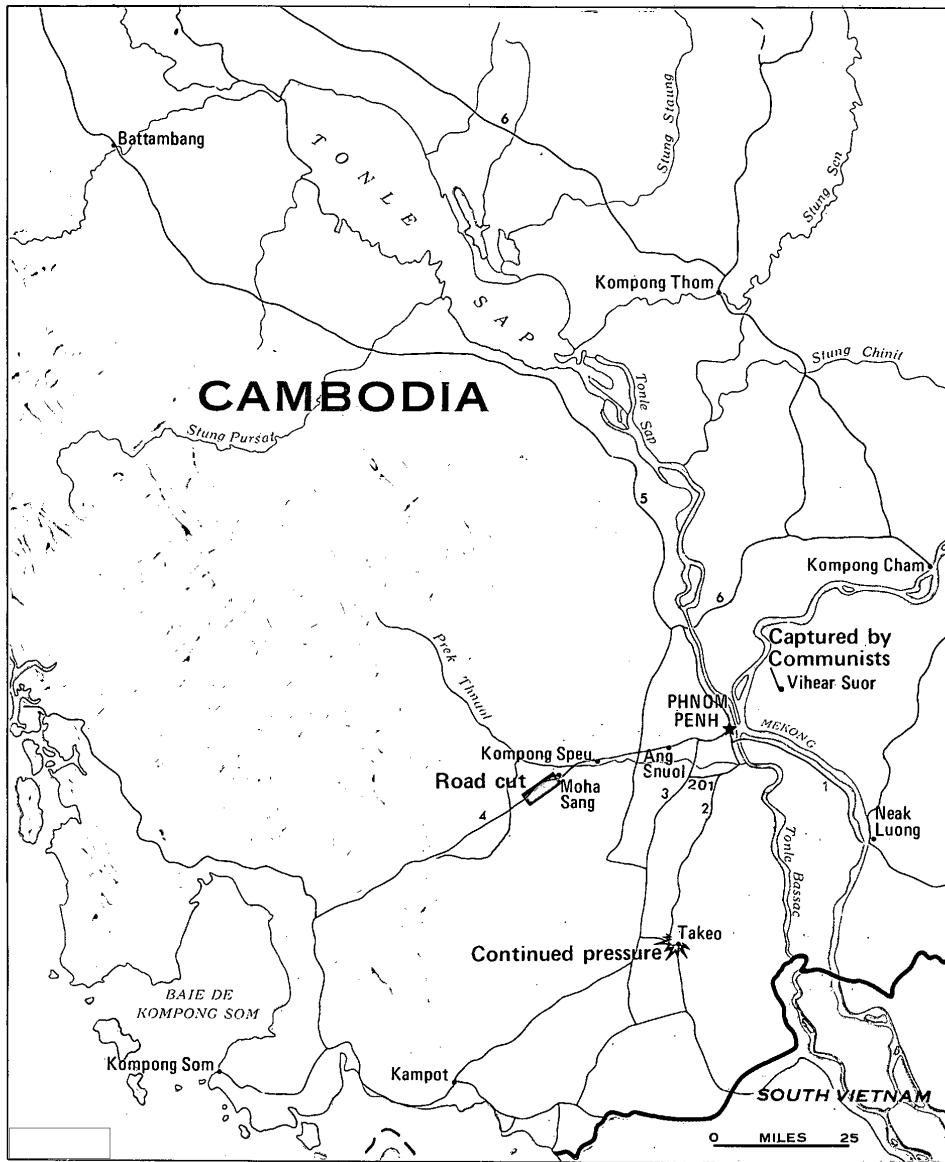
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Pyongyang, in response to the UN Command's protests against the naval activity, has accused Seoul of hostile acts and espionage and termed its own activity "routine patrols" within North Korean territorial waters. In the Military Armistice Commission meeting scheduled for today, Pyongyang may claim some areas near the limit line as its territorial waters.

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*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

CAMBODIA

Military activity in Cambodia increased yesterday as Communist ground attacks forced government units to abandon Vihear Suor, a small provincial capital ten miles northeast of Phnom Penh.

While the town's fall poses no immediate threat to Phnom Penh, the Communists could use it as a base to mount operations against villages on the Mekong's east bank just upstream from the capital. Although the rest of the capital region is calm, intercepted messages reflect Communist plans to cut traffic on the Mekong and launch attacks along Route 1 southeast of Phnom Penh.

Elsewhere, the provincial capital of Takeo, 40 miles south of Phnom Penh, remains under siege. Despite the recent arrival of at least one fresh battalion and daily support from the Cambodian Air Force, the city's defensive perimeter has shrunk under steady Communist pressure. Communist units have also checked government clearing operations along Route 4, west of Kompong Speu. The insurgents now control seven miles of highway southwest of the village of Moha Sang. An intercepted message late last week stated that the fighting along Route 4 had "caused the invasion of Kompong Speu city to be delayed."

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

SOUTH KOREA

President Pak is under mounting domestic pressure to moderate his authoritarian policies.

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The government has also approved a carefully worded National Assembly recommendation that calls for limited political reforms. There are indications that Pak plans a new initiative in the negotiations with the North early next year to re-focus public attention on the unification issue.

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The cosmetic character of these moves points up Pak's belief that he can ride out the storm without significantly modifying any of his major policies. He clearly wants to avoid making concessions that might only whet the appetite of his opposition. He seems to have confidence in the military and security forces, continues to believe that most Koreans wish to avoid the uncertainty that would attend any major weakening of his power.

Pak's troubles seem likely to continue nonetheless. The regime's compromise gestures fall far short of the basic political reforms the students and others are demanding. In the past few days campus demonstrations have intensified and spilled into the streets, causing the government to close schools and colleges.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**NOTES**

Thailand: Recent strikes and other labor unrest, accompanied at times by violence and vandalism, are worrying Thai government leaders, who are eager to see the country return to normal.

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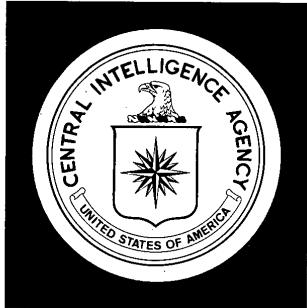
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So far, the labor situation does not appear to be a serious threat, but the new government could create trouble for itself by overreacting.

Japan-USSR: The energy crisis has rekindled Japan's interest in developing oil and natural gas deposits on the island of Sakhalin. Japanese business interests now favor reopening talks concerning joint Soviet-Japanese development there, and want Tokyo to bear some of the costs if the Sakhalin deposits should prove insufficient for development. Until recently, Tokyo wanted to hold up talks on the Sakhalin project until final details were worked out on the joint Soviet-Japanese Tyumen oil project.

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# The President's Daily Brief

3 December 1973



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**THE PRESIDENT'S DAILY BRIEF**

3 December 1973

**PRINCIPAL DEVELOPMENTS**

Efforts to resume the Egyptian-Israeli talks continued over the weekend, while UN sources report signs of possible Egyptian preparations for renewed attacks near Ismailia. (Page 1)

King Husayn's conciliatory speech over the weekend has brightened prospects for Jordan's participation in a Middle East peace conference. (Page 3)

Moscow is showing heightened concern over the Middle East situation, but apparently expects the cease-fire to hold. (Page 4)

Signs of strain in Franco-Soviet relations are increasing. Paris dislikes the extent of recent US-USSR consultation, and Moscow is apprehensive over military implications of France's EC policy. (Page 5)

South Korean President Pak today fired his controversial intelligence chief and also named new foreign and defense ministers. (Page 6)

North Korea has laid claim to waters surrounding islands off its west coast on both sides of the Northern Limit Line, and Seoul has placed its air and naval forces on "standby alert." (Page 7)

The current status and objectives of Romania's fence-straddling are discussed on Page 8.

Notes on the destruction of a POL depot near Saigon, Australia's shifting attitude on Cambodian recognition and on this week's meetings of EC finance and foreign ministers appear on Page 10.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ARAB STATES - ISRAEL**

UN observers reported unusually large movements of Egyptian troops and equipment toward the Suez front yesterday. UN observers in the Ismailia area saw what they estimated to be several tank battalions, along with several new missile sites and anti-aircraft units. In the past week the Egyptians were also reported to have built two ponton bridges across the Suez Canal about three miles north of Ismailia, as well as two bridges over the Sweetwater Canal west of the city. UN officers also noted "extremely heavy" military transport activity at the Cairo airport since Saturday

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[redacted] Attempts to contact the senior Egyptian liaison officer yesterday were thwarted when UN officials were told he was attending a large hastily convened meeting in Ismailia.

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UNEF Commander Siilasvuo met late yesterday in Cairo with War Minister Ismail after conferring earlier in the day in Jerusalem with Defense Minister Dayan to explore ways to reopen the desengagement talks. After his meeting with Siilasvuo, Dayan stated that Israel was willing to resume the talks whenever Egypt is ready, and noted that Israel's negotiator, General Yariv, would be prepared with "instructions from the government and able to submit them to the Egyptians." Ismail had told Siilasvuo on Friday that Egypt wished to continue substantive talks but wanted to hear Dayan's view before considering whether to resume negotiations.

Several cease-fire violations were reported along the Syrian and Egyptian fronts yesterday. In the most serious, Damascus claims to have destroyed an Israeli engineering unit, three tanks, a bulldozer, and an ammunition dump during a three to four-hour battle. The Israelis contend that the clash was sparked by the Syrians firing on a tractor, working in an area near the Israeli forward line. The Syrians reportedly employed small arms, artillery, and tank fire, as well as anti-tank missiles. An Israeli military spokesman said that two Israeli soldiers were wounded, but would neither confirm nor deny the Syrian claims.

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**FOR THE PRESIDENT ONLY**

## FOR THE PRESIDENT ONLY

Abu Dhabi's Minister of Petroleum Otaiba, who also was at Algiers, nevertheless says that the summit participants agreed to resume some oil shipments to the US once a peace conference establishes a definite time-table for an Israeli withdrawal and the implementation of UN Resolution 242. In the meantime, according to Otaiba, they agreed to maintain the 25-percent reduction in oil exports but to abandon the December additional 5 percent production cut and all planned subsequent 5 percent monthly cuts.

Otaiba also briefed the US Chargé on a UAE delegation's visits to Cairo and Damascus before the summit. In Cairo, Sadat claimed that the Egyptian military was pressing him to resume hostilities. Sadat denied that he had any firm guarantee from Secretary Kissinger relating to an Israeli withdrawal to the lines of October 22, but insisted that he was promised the US would do what it could to effect an Israeli withdrawal and promote a peace settlement meeting most, if not all, of Egypt's essential requirements. According to Otaiba, the Egyptians claimed that the Soviets had failed to provide Egypt with enough aircraft and blamed them for "faulty" communications equipment that resulted in the loss of about 50 Egyptian aircraft to their Soviet-supplied SAMs. Otaiba also said that Cairo asked the UAE for a virtual blank check to replace war losses, asking for everything "from pajamas to missiles."

In Damascus, President Asad told the delegation that he was satisfied that the US was working hard for a lasting Middle East peace settlement, although he stressed that Syria was prepared for renewed fighting should the cease-fire break down. Despite the Soviets' replacement of much of the war losses, Asad said the Syrians were still short of planes, tanks, and anti-tank missiles.

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Libya has closed its diplomatic office in Cairo and recalled its personnel. There has been no announcement that Egyptian diplomats have been asked to leave or are being withdrawn from Tripoli [redacted]

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[redacted] In what may be an effort at mediation, Syrian President Asad, according to press reports, has dispatched a cabinet minister to Tripoli with a message to Qadhafi "dealing with safeguarding unity in Arab ranks."

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**FOR THE PRESIDENT ONLY**

**JORDAN**

Prospects for Jordan's participation in a Middle East peace conference have brightened.

King Husayn's expectations of representing West Bank residents as part of Jordan received a blow when the Algiers summit designated the Palestine Liberation Organization (PLO) as the sole international bargaining agent for Palestinian interests. Husayn had threatened to boycott the peace conference if this were done.

Husayn's speech to Jordan's National Assembly on Saturday modified this stance. The King:

--reiterated his willingness to allow self-determination by West Bank residents. He proposed a UN-administered referendum and pledged that whatever the outcome--a unified Jordan, a confederation, or separate states--"we shall be their noble brothers."

--withheld his decision on attending a Geneva peace conference pending clarification from "brotherly Arab quarters" of his own responsibilities for the restoration of Palestinian lands and rights. He would not "compete with anybody" if Jordan were excluded from representing Palestinian interests.

--emphasized his standing requirement that any settlement be a comprehensive one, and include Israeli withdrawal from all occupied Arab territories; he ruled out "withdrawal from any part," such as Sinai, "at the expense of any other part," such as the West Bank of the Jordan.

Husayn's statements can be read as an appeal to Sadat for reassurance that no separate deals will be made at Jordan's expense and for some solution of the Palestinian representation issue that would permit Jordan's acceptance of a peace conference seat.

The US Embassy in Amman believes Husayn will do his utmost to strike a direct bargain with the PLO that will allow him to go to Geneva. A prominent West Bank politician assured an embassy officer shortly after Husayn's speech that talks with the PLO were already under way and were likely to succeed.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**USSR - MIDDLE EAST**

Moscow is displaying heightened concern over the Middle East situation, but appears to expect the current cease-fire to hold. Last Friday, Pravda launched its toughest attack on Israel in several weeks, accusing Tel Aviv of trying to pursue its pre-October course and of placing every possible obstacle in the way of a political settlement. The following day, Moscow radio warned that Israeli activity had sharply increased tensions and gave its tacit approval to Cairo's decision to break off the talks at Kilometer 101.

A Soviet official in Cairo, however, has expressed no special concern over the breakdown of the talks and has acknowledged that Soviet dependents are returning to Egypt. [redacted]

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[redacted]  
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What is especially nettlesome to the USSR at this juncture is the budding US-Egyptian relationship. Soviet officials in Cairo have questioned both US visitors and the Egyptian Foreign Ministry about this. Egyptian Foreign Minister Fahmy has told the US the Soviets have made no secret of their displeasure, but affirms that both he and Sadat want closer relations with the US.

At the same time, the Egyptians continue to demonstrate overt gratitude and affection for the USSR. In Friday's al-Ahram, editor Haykal termed the Soviet-Egyptian relationship "vital and irreplaceable for Arab peace" and said that relations with the US should not be permitted to diminish the Soviet role.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**USSR-FRANCE**

Signs of strain in Franco-Soviet relations are increasing as each country reassesses the value of their "special relationship."

Moscow's failure to consult with Paris during the October war apparently touched off the latest discord. More fundamental is France's publicly expressed concern over an alleged US-Soviet "condominium" and Moscow's dislike for Paris' moves to enhance EC unity and upgrade West European political and defense cooperation.

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Brezhnev met with French Communist chief Marchais for two days in mid-November, and Marchais has since been exceptionally active in attacking government policy. He even published a letter with a rare denunciation of President Pompidou by name, accusing him of moving toward "a sub-bloc dependent on the Atlantic bloc." French officials have indicated that they regard the Marchais letter as a strong Soviet warning. They note that Soviet diplomats in Paris have recently been making representations along the same line.

Nevertheless, a fourth Brezhnev-Pompidou meeting is likely early next year in the USSR, probably in February rather than January as earlier indicated. This week, Soviet Foreign Trade Minister Patolichev goes to Paris for commercial talks during which contracts for French construction of ammonia plants in the USSR may be signed. French Armed Forces Minister Galley is expected to visit the USSR shortly; Paris has been at pains to describe the visit as merely a reciprocal gesture for Grechko's trip to France last year and undertaken only after Galley had visited Western capitals.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

SOUTH KOREA

The ouster of Korean CIA chief Yi Hu-rak in a cabinet reshuffle announced today is the government's most serious effort to defuse unrest among students and intellectuals. The CIA chief had been the target of intense criticism for his agency's role in the kidnaping of opposition leader Kim Tae-chung in Tokyo last August, for its pervasive surveillance on university campuses, and for its involvement in the recent "suicide" death of a professor while under interrogation. Yi's successor, Justice Minister Sin Chik-su, is a close associate of President Pak and a former vice director of the Agency, and is likely to be considerably less controversial.

Yi also resigned as chief of Seoul's delegation to the South-North Coordinating Committee. Pyongyang had been demanding his removal since August, and his departure lifts a major impediment to a resumption of the North-South dialogue. Yi's loss of his CIA job and the other cabinet changes do not seem to be an outgrowth of North-South relations, however.

The handling of Yi's removal will go a long way toward easing the domestic situation. The government admitted, for example, that it had accepted his resignation and those of six other cabinet officers so they could "assume responsibility" for "unfortunate" recent incidents at home and abroad. Anticipating that students would demand further concessions, the government delayed its announcement until all the nation's schools had closed for the three-month winter vacation.

Yi's ouster also changes the political balance among Pak's chief lieutenants, since Prime Minister Kim Chong-pil--Yi's principal rival--retains his position. Yi, as a personal friend, is nonetheless likely to retain considerable influence with the President.

Among the other shifts, Foreign Minister Kim Yong-shik has been demoted to the Ministry of National Unification and replaced by the current ambassador to the US, Kim Tong-cho, who has been a persistent target of the Korean CIA. The new Defense Minister is Chief of Staff So Yong-chol, an experienced officer with close ties to the President.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

KOREA

Pyongyang claimed on December 1 the territorial waters surrounding islands off the west coast that lie on both sides of the Northern Limit Line--the unofficial seaward extension of the Demilitarized Zone. North Korean officials made clear at a meeting of the Military Armistice Commission that they undertook naval activity south of the limit line recently in order to establish a basis for the claim. Pyongyang appears intent on raising the question of the future status of the islands as well as securing unimpeded passage into Haeju, a port it has been building into a major maritime base.

Seoul has responded to Pyongyang's claim by placing its air and naval forces on "standby alert," but has taken no other measures. In the past, it has maintained its own claim to the islands with routine patrols on its side of the line.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**ROMANIA**

President Ceausescu arrives in Washington at a time when his country is uncomfortably prominent in international affairs. Bucharest's initiatives during the Mideast war were designed to gain for itself and other small powers at least some role in any settlement and to display independence. But they also brought pressures from the Kremlin to take a more pro-Arab stance.

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While in the US, he will seek

--reassurances that US-Soviet cooperation will not undercut Romanian independence, and

--expanded economic ties that will further reduce his dependence on Moscow and give the West a greater stake in Romania's future.

Although his country is a member of the Warsaw Pact and CEMA, Ceausescu has carefully built, and expanded, a form of independence that is unique in the Soviet alliance system.

--He has consistently refused to permit Warsaw Pact forces to maneuver on Romanian territory;

--He maintains a stubborn neutrality in the Sino-Soviet dispute;

--His representatives persistently lobby in the name of small and medium sized powers, and against superpower domination, at MBFR, CSCE and in the UN.

--His is the only Warsaw Pact country that maintains relations with Israel as well as with the Arab states.

That Ceausescu has been able to get away with such defiance of Moscow is primarily due to his ability to sense the limits of Soviet tolerance. On those rare occasions when he has miscalculated, he has been quick to restore the balance. His fear is that Moscow will slap him down and then keep him on a short tether.

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*FOR THE PRESIDENT ONLY*

Ceausescu has not yet made major concessions to atone for siding against the Soviets during the October war, and he may feel that none are necessary. Romania did succumb to Soviet pressure to withdraw its offer of troops to the UNEF, and he may believe that this was enough. The Soviets, for their part, may feel that no further pressure is needed. Romanian initiatives were irritating, but they were ineffective.

The Mideast experience has nevertheless left Ceausescu [redacted] perhaps suffering from a sense of isolation. He particularly resents that Tito, his fellow maverick, committed Yugoslavia so heavily to the Arab, and thus to the Soviet, side. Also, Tito's recent talks with Brezhnev in Kiev have caused him to worry that he can no longer look to Belgrade for support in time of trouble with Moscow. [redacted]  
Ceausescu hopes his visit to Washington will serve as a counterweight to growing Soviet influence in Yugoslavia.

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*FOR THE PRESIDENT ONLY*

FOR THE PRESIDENT ONLY

NOTES

South Vietnam: Communist rocket fire destroyed the Shell petroleum depot southeast of Saigon early this morning Saigon time. Most of the 600,000 barrels of POL stored there were destined for civilian use, but some was diesel fuel stored there for the South Vietnamese armed forces and aviation fuel earmarked for Cambodia.

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[redacted] about half the country's POL handling capacity has been destroyed, and that the tank farm will be out of operation for at least a year.

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Australia-Cambodia: Canberra may be considering recognition of the Sihanouk "government." Ambassador Green believes Prime Minister Whitlam will take this step if the Sihanouk "government" is accredited at the current session of the UN General Assembly. In recent months, Australia has had increasing doubts about the durability of the Lon Nol regime. Whitlam apparently also believes that the US, in letting Southeast Asian countries and Japan take the lead in defending the Lon Nol government at the UN, has signaled its own decreasing support for Phnom Penh.

European Communities: EC finance ministers are likely to approve a relatively mild anti-inflation proposal at meetings today and tomorrow if differences over energy policy can be overcome. They will probably also agree--largely out of concern over the possibility of recession--to expand consultation on economic policy. A separate foreign ministers' council probably will move toward approval of a Regional Development Fund. The French are no longer insisting that establishment of a Fund be postponed until the UK and Italy join the EC currency float. The energy crisis will overshadow the meetings; the Dutch, in particular, continue to demand that oil supplies be shared and could block other progress if they are not satisfied.

*Top Secret*



# The President's Daily Brief

4 December 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

4 December 1973

PRINCIPAL DEVELOPMENTS

Israel and Egypt appear to be edging toward an agreement to resume disengagement talks at Kilometer 101. Some influential Israelis may be arguing for a more flexible position regarding a possible US security guarantee for Israel as part of a Middle East peace package. Relatively heavy exchanges of fire occurred on the Syrian front. (Page 1)

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Seoul is pressing for an early meeting of the Military Armistice Commission which it wants to use as a forum for warning Pyongyang not to push its claim to waters surrounding islands south of the Northern Limit Line.

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(Page 4)

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A narrow majority of UN members appears to support Prince Sihanouk's challenge to unseat the Lon Nol government at the UN. (Page 5)

In South Vietnam, President Thieu is working on long-range plans to strengthen his domestic position and permit him to run for a third term. (Page 6)

China

Pakistan

(Page 7)

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Tito's swing toward Moscow has been chiefly motivated by the desire to insure Yugoslavia's independence after he is gone. (Page 8)

Notes on continuing demonstrations in Korea

appear on

Page 9.

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At Annex, we review Soviet-Yugoslav relations, the outcome of the recent Tito-Brezhnev talks at Kiev, and the effects of the shift in the Belgrade-Moscow relationship on Yugoslavia's relations with Romania and other Communist countries, the third world, and the West.

FOR THE PRESIDENT ONLY

*FOR THE PRESIDENT ONLY*

**ARAB STATES - ISRAEL**

Israel and Egypt appear to be edging toward an agreement to resume disengagement talks at Kilometer 101. An Egyptian Government spokesman said yesterday that indirect diplomatic contacts between Egypt and Israel are under way and that results can be expected "perhaps in the immediate future." Cairo still insists that before it will agree to resume talks Tel Aviv must indicate a willingness to change its "intransigent" bargaining position on troop pull-backs.

Israeli Defense Minister Dayan told UN Emergency Force Commander Siilasvuo Sunday [redacted] that

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[redacted] Israel's chief negotiator, General Yariv, would "certainly" be able to resume the talks and would be prepared to propose steps to effect a disengagement of forces. Dayan warned, however, that a discussion of a return to the October 22 lines was "out of the question" and that issues such as the re-opening of the Suez Canal were best left to a peace conference.

Lower level contacts between Israeli and Egyptian military commanders are continuing. Local commanders along the front are keeping in touch and have held meetings at Kilometer 101 to discuss such matters as transfer of supplies to Suez city.

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*FOR THE PRESIDENT ONLY*

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On the Egyptian front, flight activity yesterday returned to a high level. More than 50 Israeli aircraft flew routine missions while some 15 Egyptian aircraft carried out what were probably defensive patrols and at least one reconnaissance flight.

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[redacted] On the ground several exchanges of small arms fire were reported. A high-level UN official stated yesterday that the Israelis have completed an earthen causeway across the Suez Canal and are using it.

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For the second consecutive day, relatively heavy exchanges of fire occurred on the Syrian front. The Syrians apparently reacted again to Israeli construction activity near the cease-fire lines with small arms, anti-tank, and artillery fire. Damascus claimed 15 Israeli casualties; the Israelis admitted four.

Some influential Israelis may be arguing for a more flexible position regarding a possible US security guarantee for Israel as part of a Middle East peace package. An Israeli journalist known in the past to have reflected Dayan's thinking published an article on December 2 that called for a fresh look at the idea and additional discussions with the US. Another Israeli journalist, who probably reflects the views of more hard-line groups, stated in an article of November 30 that the Israeli Defense Force must find a new deterrent formula to impress upon the Arabs the hopelessness of future military action. He said Israel must develop a doctrine employing technological sophistication and daring tactics that would utilize Israel's new weapons systems and the superior quality of its manpower.

*FOR THE PRESIDENT ONLY*

**LIBYA-EGYPT**

Tripoli has not officially announced the closing late last week of its diplomatic office in Cairo, an act which appears to be symbolic rather than a true diplomatic break. Libya's resident minister and staff officers are still in Cairo as is its permanent representative to the Arab League.

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*FOR THE PRESIDENT ONLY*

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KOREA

Seoul is pressing for an early meeting of the Military Armistice Commission, which the South Koreans want to use as a forum for warning Pyongyang not to push its claim to waters surrounding islands south of the Northern Limit Line. North Korea claims that these waters--and therefore presumably the islands--are within its 12-mile limit. Seoul is concerned that, unless Pyongyang receives clear notice of the South Korean position, an incident could occur during South Korea's support trips to the islands during the next few days. By seeking to use the Military Armistice Commission, Seoul is, in effect, also signaling that it opposes direct discussions of the issue with the North.

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a naval incident could occur which Pyongyang conceivably could use as an excuse for an amphibious assault on one or more of the islands.

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*FOR THE PRESIDENT ONLY*

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**UN-CAMBODIA**

The General Assembly today takes up Prince Sihanouk's challenge to unseat the Lon Nol government at the UN. Sihanouk's prospects have been improved by strong Chinese and nonaligned support; the most recent estimates show that a narrow majority--all that is needed on this issue--supports a resolution to seat Sihanouk's representatives. Approval of the resolution would be an important psychological victory for the Khmer Communists and a major accomplishment for the nonaligned states that have adopted the issue as a test of their solidarity.

The Asian Working Group, a caucus of UN members opposing the Sihanouk challenge, hopes to defer a vote until next year--a tactic that has been used successfully on similar issues in the past. This year, however, Sihanouk's supporters seem determined to mount strong opposition to postponement, and observers are predicting a close vote.

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*FOR THE PRESIDENT ONLY*

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**SOUTH VIETNAM**

President Thieu is working on long-range plans to strengthen his domestic position. He is determined to have South Vietnam's constitution amended to permit him to run for a third term in 1975. He also wants to limit the independence of the judiciary through an amendment that would make Supreme Court justices presidential appointees and eliminate the legislature's role in their selection. The Ministry of Justice would be given more direct control over judicial activities in the provinces.

Thieu is satisfied with his recent efforts to weaken non-Communist opposition groups. He wants, however, to preserve at least one "opposition" party mainly for "appearances abroad" and, in recent months, has shown concern that his actions might influence the US Congress to cut aid to South Vietnam. Currently only the government's Democracy Party has full legal standing. Thieu and his advisers are considering ways to allow the two main opposition parties to achieve this status but, at the same time, strictly limit their freedom of action. If he is not able to work out a satisfactory system of control, he may consider forming a puppet party.

*FOR THE PRESIDENT ONLY*

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PAKISTAN-CHINA

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*FOR THE PRESIDENT ONLY*

**YUGOSLAVIA-USSR**

If any single factor has motivated Tito's swing toward Moscow, it is his constant search for policies that will ensure Yugoslavia's independence after he is gone. This was true of his earlier orientation toward the West and of his strivings to make non-alignment a viable world force. He currently sees more to gain from Moscow than from the West.

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At Annex, we review Soviet-Yugoslav relations, the outcome of the talks at Kiev, and the effects of the shift in the Belgrade-Moscow relationship on Yugoslavia's relations with Romania and other Communist countries, the third world, and the West.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**NOTES**

South Korea: The ouster of South Korean CIA chief Yi Hu-rak in yesterday's cabinet reshuffle has not stopped campus unrest. Seven hundred students from a major women's college staged a street demonstration in the center of Seoul today--the first major off-campus protest in the two months of disturbances. The government's response remains measured

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USSR:

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## **YUGOSLAV - SOVIET RELATIONS**

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Yugoslav relations with the Soviet Union are now closer than at any time since Tito's break with Stalin in 1948. The gradual warming trend that began in 1971 suddenly went into high gear during the Middle East war and culminated in the exceptionally friendly talks between Tito and Brezhnev in Kiev in mid-November.

At the beginning of the 1970s Belgrade's foreign policy was still deeply influenced by what happened to Prague in 1968 and by attendant fears of a Soviet invasion of Yugoslavia. Relations with Moscow and its loyal East European allies had gone sour and Belgrade's fervor for nonalignment had waned. In the communist movement, the Yugoslav party was cultivating its ties with China and Romania, who were prominent in their defiance of the CPSU. Relations with Western Europe and the US on the other hand, had prospered, both in reaction to the Soviet threat and in the hope that ties to the West would bring economic improvements at home.

By 1971, however, Tito had come to perceive that there could be serious drawbacks in leaning too far to the West. Premature attempts to establish democratic institutions precipitated a crisis of nationalism in Croatia. Economic ties to the West created large debts to Western creditors without ensuring adequate development of the Yugoslav industrial base.

Moreover, the strategic advantages of the Westward tilt began to erode as the mood of European politics shifted toward detente. As Brezhnev increasingly touted his friendly ties with the rest of Europe and the United States, Tito saw less reason to maintain his anti-Soviet line. Washington's role as the supporter of Yugoslav security began to fade. More important, perhaps, the new atmosphere gave Tito an opportunity to repair an old breach with the Kremlin in time to win Moscow's good graces for his successors. His meeting with Brezhnev in Belgrade in September 1971 set in train a series of political contacts and expanding economic ties that have become the core of the new relationship.

The Middle East war in October provided the final push toward Kiev. Tito immediately proclaimed full support for the Arabs--his principal partners in nonalignment--placing Yugoslavia squarely on the Soviet side in a major international crisis. Belgrade granted over-flight rights for the Soviet air-lift, and the regime's presses began to crank out anti-Israeli propaganda.

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*FOR THE PRESIDENT ONLY*

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What Tito Received at Kiev

After issuing the warmly worded communique at  
the end of the visit, Yugoslav and Soviet officials  
have maintained a discreet silence about Kiev.

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In the realm of political cooperation, however,  
Belgrade has decided to back away from its long-  
standing support of China out of deference to the

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*FOR THE PRESIDENT ONLY*

***FOR THE PRESIDENT ONLY***

Kremlin's sensitivities. The Yugoslavs may also begin to mute their differences with the Soviets on international issues, such as MBFR, in which Belgrade has an interest but no real influence.

From Belgrade's point of view, the prospects of long-term economic cooperation were probably the most important matter discussed. Moscow had extended a \$540-million credit to Belgrade in 1972, and this October promised to build a gas pipeline to northern Yugoslavia. The Kiev discussions indicate, at a minimum, the Kremlin's continuing willingness to make solid investments in Yugoslavia.

The Soviets will probably make good on whatever economic promises Brezhnev made to Tito. They know that as long as the money pours in, Tito will not risk siding against the Kremlin on any of the more important international issues.

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There is also good reason to believe that Tito requested [redacted] modernization of the Yugoslav armed forces with Soviet weapons.

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Soviet arms shipments to Yugoslavia would go far toward allaying any residual fears Tito may have of a Soviet invasion. For his own part, Tito may well have decided to seek arms in the only market open to him.

**Effects of Kiev**

Belgrade must be prepared to pay some penalties for whatever it stands to gain from the new relationship with Moscow. This changed attitude toward the

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***FOR THE PRESIDENT ONLY***

***FOR THE PRESIDENT ONLY***

Soviet Union will generally be detrimental to Yugoslavia's traditional role in the world communist movement and in the international community.

The most immediate effect, and perhaps one of the most telling, will be a downturn in relations with Romania. President Ceausescu, who has long regarded Tito as both a friend and a fellow maverick in the communist movement, is already angry. During the Middle East war the Yugoslavs attempted to pressure Romania into adopting a more pro-Arab stance. At the UN, the Yugoslavs were instrumental in dismissing Romania's offer of troops to the UNEF. The Yugoslav shift on the Sino-Soviet dispute will add to Ceausescu's anger.

In the long run, differences between Belgrade and Bucharest over the shared basic principles that have shaped their relations with Moscow could prove most damaging. Ceausescu is deeply worried over the possible growth of Soviet influence in Yugoslavia. If he becomes unsure of Belgrade's support for his cocky independent stance, he may feel forced to revise his relationship with Belgrade and, perhaps, review his entire foreign policy.

Belgrade can also expect to hear from those Communist parties that have been active in opposing Moscow's attempts to dominate the movement. Certainly, Peking will register its displeasure, as will the Albanians and the Italian Communists. As the results of Kiev become known, differences that are normally aired only in private could well break into open polemics with the Yugoslavs.

Belgrade's generally good relations with Western Europe have not yet been affected, though some deterioration is possible. Tito will, however, be careful not to rock the boat, because he wants Yugoslavia to play a full role in European detente and because his country is heavily dependent on Western trade and credits.

Relations with Washington, which have already dipped to a new low, are evidently in for some more rough sledding. Tito's decision to side with the radicals in the nonaligned movement dictates that in his eyes the United States has become the ogre in international relations.

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*FOR THE PRESIDENT ONLY*

Independence versus Collaboration

If there is any single factor that has motivated Tito's swing toward Moscow, it is his constant search for those policies that will ensure Yugoslavia's independence after he is gone. This was true of his earlier orientation toward the West and of his strivings to make nonalignment a viable world force. In essence, he currently sees more to gain from Moscow than from the West.

There are limits on the degree to which he will cooperate with the Soviets, however. He will not, for example, permit any kind of formal ties that would even appear to undermine his independence. He will also avoid restrictive relationships with CEMA that would preclude Belgrade's continued--and lucrative--relationship with the Common Market.

At least for the foreseeable future, Tito will work more closely with Moscow, but within the framework of detente, and only so long as he believes the Kremlin's avowals that it is dedicated to the peaceful settlement of major European problems. Should Moscow undertake any action that seems to threaten detente, the Yugoslavs will immediately back-pedal toward neutralism or toward the West. Similarly, if Moscow becomes overly confident of its influence and begins to meddle in Yugoslav internal affairs, it will discover that the honeymoon with Tito was very short indeed.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

5 December 1973

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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

5 December 1973

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**PRINCIPAL DEVELOPMENTS**

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Arab leaders are trying to close ranks in anticipation of Secretary Kissinger's visit.

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Heavy attacks by North Vietnamese units in Quang Duc Province have dealt the South Vietnamese a severe setback and could link the Communist-held area not far from Saigon to the supply road leading to the DMZ. (Page 3)

Abu Dhabi, which produces 7 percent of all Arab oil, will make no further production cuts in January. (Page 4)

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The Japanese Government is increasing its aid to Arab states to help ensure a steady flow of oil. (Page 5)

Most of the NATO allies remain vague about or opposed to US suggestions for burden-sharing. (Page 6)

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Today's notes include reports on [redacted] new strength for the dollar and gold in European money markets, failure of Turkey's President to form a government, and the chaotic Danish political situation following yesterday's elections. (Page 7)

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*FOR THE PRESIDENT ONLY*

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## **ARAB STATES - ISRAEL**

Arab leaders are trying to close ranks and present a united front when Secretary Kissinger tours the area just prior to the Geneva peace conference on December 18. Syrian leaders are expected to consult in Cairo before the Secretary's visit.

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Syria has bowed to pressures and will attend the peace conference.

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[redacted] predicting that Egyptian-Libyan relations will return to normal by the end of the week. High-ranking officials from Egypt, Syria, and Tunisia have visited Tripoli recently to try to placate Libyan President Qadhafi and persuade him that Arab countries should bury their differences because of the new situation in the confrontation with Israel.

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The Israeli cabinet held a special session yesterday. Local political observers suggested that it was held to instruct Defense Minister Dayan for his visit to the US this week or to discuss Prime Minister Meir's exchange of views with Undersecretary Rush on Monday.

General Siilasvuo has failed again to get the Egyptian-Israeli disengagement talks going. Both sides appear to be waiting for talks with US officials before continuing negotiations on the subject.

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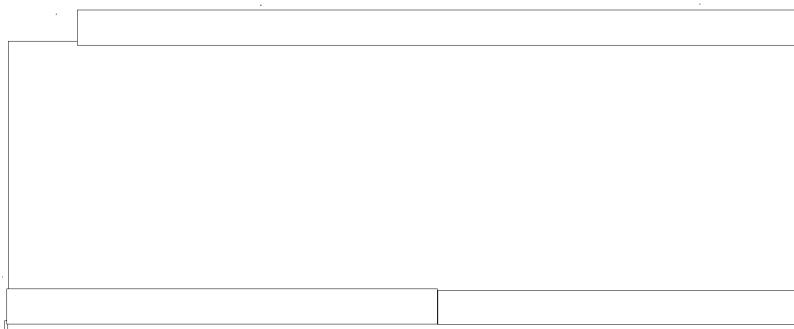


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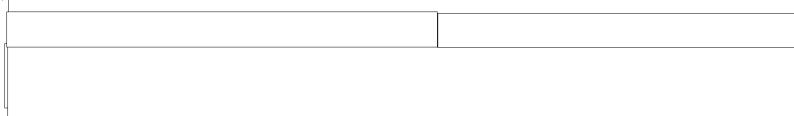
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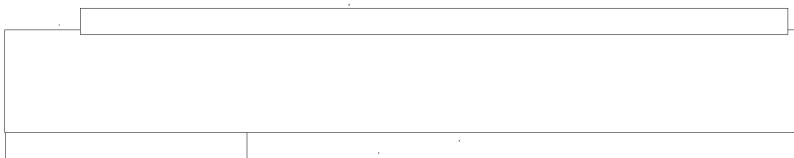
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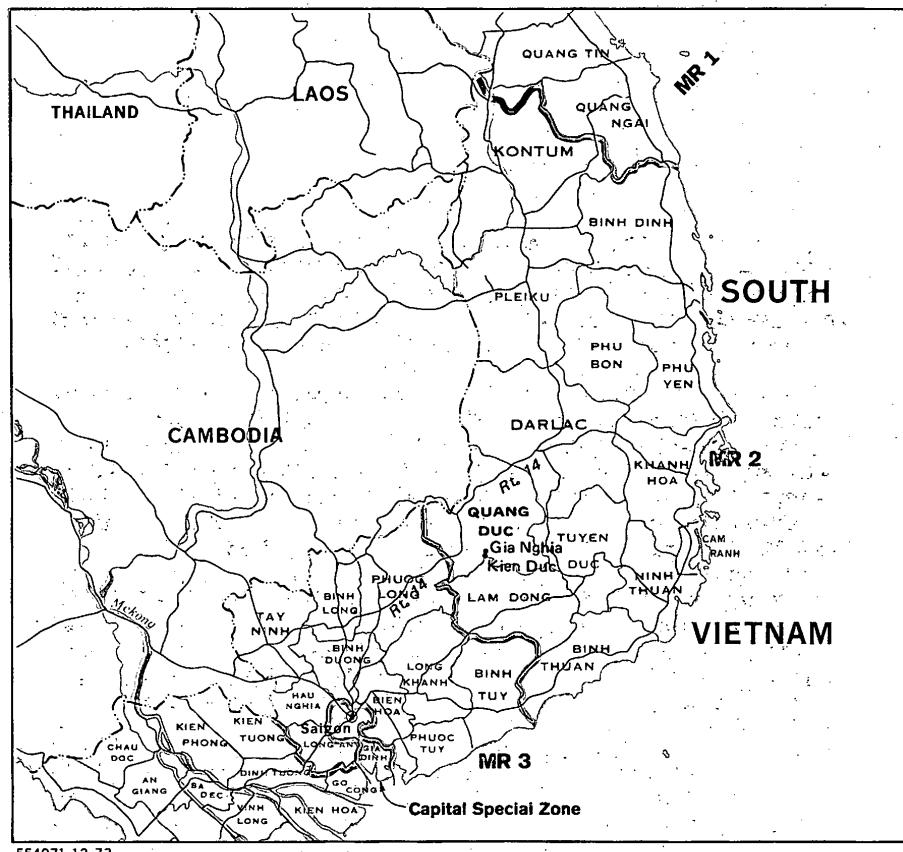


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*FOR THE PRESIDENT ONLY*



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**FOR THE PRESIDENT ONLY**

**SOUTH VIETNAM**

North Vietnamese units have overrun Kien Duc, in Quang Duc Province, and are threatening the provincial capital at Gia Nghia, 12 miles away. Field reports indicate that the Communists effectively used tanks and artillery to support their attacks, despite heavy government air strikes and artillery barrages.

The Communist assault came as the South Vietnamese were completing preparations for a campaign of their own to retake several border camps in the province that has been in Communist hands since early November. Intercepts show that the Communists were aware of the government plans, moved in fresh troops, and ordered all units in the area into a high state of readiness. A one-day delay in the government's offensive, caused by the late arrival of reinforcements, apparently enabled the North Vietnamese to beat Saigon to the draw.

The loss of Kien Duc, the first district capital to be captured by the Communists since the cease-fire, will be a severe psychological blow to South Vietnamese units in the highlands. Moreover, if the Communists hold their gains in Quang Duc, they will have secured the remaining link in their north-south supply corridor to bases north and west of Saigon.

There are no indications that the North Vietnamese intend to extend the fighting to other areas, but serious new Communist attacks could be triggered by government retaliatory actions elsewhere, or by continued Communist successes in the highlands.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

## ARAB STATES - PETROLEUM

Abu Dhabi Petroleum Minister Otaiba has publicly announced that his country is planning no further oil production cuts for January. Otaiba had previously told a US official that this policy had been decided secretly at the Algiers Summit Conference last week and was intended to apply to all producing countries.

Abu Dhabi produces only 7 percent of all Arab oil, and if it continued cutting back through March, its output would have gone down to 900,000 barrels per day.

Abu Dhabi has been exceedingly generous with its pledges of financial support to the Arab cause. Although its commitment of \$250 million is less in absolute terms than that of its neighbors, the money represents more than 80 percent of its foreign exchange reserves. Algeria, Saudi Arabia, Kuwait, and Libya have pledged 40, 33, 12, and 10 percent of their respective foreign reserves.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

JAPAN - ARAB STATES

The Japanese Government is increasing its aid to Arab countries to help ensure a steady flow of oil. Tokyo recently gave the International Red Cross a \$1-million grant to aid wounded Egyptian soldiers and will raise its yearly UN contribution for Palestinian refugee relief from \$1 million to \$5 million in 1974. Japan will also expedite loans agreed to earlier this year--a \$30-million project loan to Syria and a \$10-million commodity loan to Egypt.

Tokyo is considering loan requests from Iraq, Jordan, Libya, Sudan, Morocco, Algeria, and Tunisia, as well as a second request from Cairo. Saudi Arabia is also seeking further technical assistance. Japanese Deputy Prime Minister Miki will soon visit the Middle East to discuss the Arab requests.

Tokyo also is reportedly willing to help finance reopening the Suez Canal, and may join with private lenders in a \$500-million credit to Iraq to finance construction of an oil refinery, pipelines, and a liquefied petroleum gas plant. In addition to official aid, the Arab countries would like to secure sizable amounts of Japanese private capital and assistance to help industrialize their economies.

*FOR THE PRESIDENT ONLY*

NATO

The response to US suggestions on how the NATO allies might help to reduce the US balance-of-payments deficit has varied:

--Belgium, Canada, Denmark, West Germany, The Netherlands, and Norway support the idea that the US' share in all or some portions of the NATO budget be reduced. All NATO states agree only that the question should be studied.

--Denmark, Italy, The Netherlands, and Norway favor increased purchases of military equipment in the US. Turkey will continue to buy large amounts of US materiel, while the British have suggested London might make additional purchases.

--Only The Netherlands is willing to assume the additional budgetary costs resulting from stationing US troops in that country.

--West Germany and Canada maintain that their major contributions to burden-sharing are made through bilateral offset arrangements. The West Germans, however, have offered less than half of what the US desires in the offset agreement.

Other NATO states either are adamantly opposed to contributing to a multilateral burden-sharing system or have reservations about doing so. The British, for example, have stated that they will not participate in any multilateral NATO budget relief schemes because of their own military balance-of-payments deficit. The Turks also refuse to participate. Luxembourg is still examining the issue, while France, Greece, Iceland, and Portugal have made no commitments and apparently are reluctant to contribute at all.

Bonn's attitude toward its bilateral offset agreement with the US will have a decisive effect on the other allies. If the West Germans continue to offer only about \$1.4 billion, the other NATO states will be hard pressed to make up the difference required by the Jackson-Nunn amendment for a full offset of costs. If Bonn substantially increases its offer, others will be encouraged to make additional contributions.

***FOR THE PRESIDENT ONLY*****NOTES**

Korea: Seoul and Pyongyang are giving only low-keyed propaganda treatment to developments along the Northern Limit Line, but North Korean vessels continue to patrol across the line.

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Indications of how North Korea intends to press its claim to these coastal waters may become evident at today's preliminary meeting of the South-North Coordinating Committee. An incident could occur when Seoul sends the next resupply ferry to the islands

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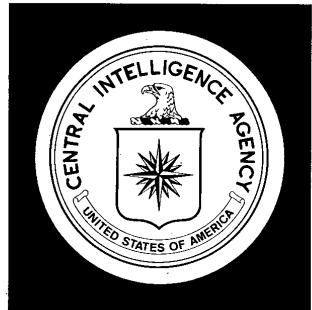
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International Monetary: The dollar again strengthened markedly against major European currencies in light trading yesterday in continuing response to European oil uncertainties. The guilder was under the most pressure, with the Dutch central bank intervening in moderate amounts to keep its currency within the European band. The price of gold also moved up more than \$5 in a day. Gold apparently has joined the dollar as some traders' preferred alternative to the European currencies.

Denmark: The political scheme of things is in shambles following yesterday's election. All five traditional parties were big losers as voters flocked to four new parties of the center and right. High taxes, inflation, and too radical a pace toward change cost the incumbent Social Democrats 46 of their 70 seats in parliament, and the government is expected to resign today. The four new parties, plus the Communists who are back after a 13-year hiatus, took 60 of the parliament's 179 seats. The disparate platforms of the ten parties will be hard to reconcile and it may be some time before a new government can be formed.

Turkey: President Koruturk confessed yesterday that he has failed to promote formation of a government based on the results of elections on October 14. His only proposed solution is to form a national coalition government representing all parties. Some, if not all parties, have rejected participation in a coalition. Koruturk did not call for new elections, saying the matter was for parliament to decide. He left the impression that the military do not intend to intervene again unless chaos resulted from "unjustified political squabbles."

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# The President's Daily Brief

6 December 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

6 December 1973

PRINCIPAL DEVELOPMENTS

Angered by the stalemate at Kilometer 101, the Egyptians are voicing new doubt with respect to US willingness to exert pressure on Israel. Al Ahram has taken the line that responsibility for the impasse must be fixed before Secretary Kissinger visits Cairo again. The military front is tense but relatively quiet. (Page 1)

In Argentina, President Peron is ordering strong measures to protect foreign companies and their personnel from terrorists. In addition, he and his wife [redacted] approved the organization of paramilitary groups for action against leftists. (Page 3)

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The economic outlook for Chile calls for cautious optimism as the junta continues to move to rebuild the economy. Many of its programs, however, have been particularly hard on low-income groups, and there may be increased unrest if pressures on labor and other consumers do not ease during the next six months. (Page 4)

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[redacted]  
Peru

(Page 5)

In Canada, there is growing criticism of attempts by Prime Minister Trudeau's minority government to deal with the oil shortage. The opposition intends to introduce a no-confidence motion next week. (Page 6)

North Korean naval patrols continue along and below the Northern Limit Line, but early this morning a South Korean resupply ferry arrived at one of the islands without incident. Yesterday's session of the North-South Coordinating Committee was businesslike. (Page 7)

FOR THE PRESIDENT ONLY

***FOR THE PRESIDENT ONLY*****ARAB STATES - ISRAEL**

Cairo's Al Ahram sounded a warning note yesterday about expectations for Secretary Kissinger's visit. In a commentary summarized and disseminated by the Middle East News Agency, the paper called into question the extent of US willingness to pressure Israel. It also challenged US definitions of a "reasonable peace," and the return of "almost" all occupied territory. It described a "complex" formula for Jerusalem as incompatible with Security Council resolutions.

The paper appeared to be interpreting the stalemate at Kilometer 101 as a failure by the Secretary to follow through on pledges made during his first visit to Cairo. It asserted that responsibility for the breakdown must be fixed before he returns. Meanwhile, the Egyptians have told the UNEF commander, General Siilasvuo, that Cairo has not yet decided whether to resume the talks at Kilometer 101.

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On the military front,

Cairo

claims that one aircraft was downed, but Tel Aviv denies losing any. UN observers in the Ismailia area reported seeing SAMs fired at approximately the time of the incident but were unable to determine whether any aircraft had been hit.

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According to press reports from Tel Aviv, Israel has over the past few days denied correspondents permission to visit the cease-fire line.

The Egyptians too have taken additional measures reflecting the high level of tension. Over the past week, Cairo has put off visits by military delegations from Pakistan and Tanzania.

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Analysis of Egyptian claims to have ten Egyptian-made Zafir missiles housed in silos and manned by Egyptian crews [redacted]

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[redacted] indicates that the claims are not valid.

[redacted] and such technology is currently beyond Egyptian capabilities. In the early 1960s, West German technicians helped the Egyptians' attempts to develop two single-stage liquid-fueled ballistic missiles, but neither of these ever became operational. There is no information available to substantiate the Egyptians' claim that French technicians have been working on the "Zafir" missile recently.

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*FOR THE PRESIDENT ONLY*

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**ARGENTINA**

President Peron is ordering strong measures to protect foreign companies and their personnel from terrorists.

Peron mobilized national police after a left-wing Peronist group threatened to kill employees of the Ford Motor Company unless \$4 million were handed over. After the assassination of a Ford executive in Cordoba last month, the company ordered all of its US personnel to leave the country. When Ford threatened to close down operations in Argentina, Peron told company officials from the US he was setting up a council at the cabinet level to coordinate the campaign against terrorism. A Ford spokesman reportedly said last night that Ford now plans to bring its people back eventually.

In addition, privately organized paramilitary groups have already moved against the Peoples Revolutionary Army and leftist elements within the Peronist Youth [redacted]. These counterterrorist groups, consisting largely of retired military personnel, [redacted] have Peron's approval and to take orders from his wife.

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*FOR THE PRESIDENT ONLY*

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**CHILE**

The economic outlook calls for cautious optimism as the junta continues to move to rebuild the economy.

Some policy conflicts have surfaced within the government, but these appear to be over tactics and timing rather than basic policy. For instance, there have been disagreements over how to carry out negotiations on compensating the nationalized copper companies. There is no disagreement, however, that compensation should be paid and that the mines should stay nationalized.

Another developing area of conflict is over the degree of austerity to be imposed on the populace generally and the specific measures to ease the impact on the poor. So far, the government's programs--together with an inflation rate that may well exceed 750 percent for the year--have been particularly hard on low-income groups. The middle class has also been hit hard.

No organized resistance to the junta or its policies has yet developed; those leftist agitators who are still free seem thoroughly intimidated. Nonetheless, there is a risk of growing unrest and spontaneous strikes if the pressures on labor and other consumers do not ease during the next six months.

*FOR THE PRESIDENT ONLY*

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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**CANADA**

The main opposition party, the Progressive Conservative, will introduce a motion of no-confidence in Prime Minister Trudeau's minority government next Monday on the energy issue. The government is under attack for its plans to lift petroleum price ceilings in February and for its failure to consult with provincial governments before announcing an export tax on crude oil. There is also resentment because of inadequate consultation on the projected Toronto-Montreal pipeline, and growing criticism of the government's optimistic estimates with regard to petroleum shortfalls.

Recent opinion polls apparently have strengthened the belief of Progressive Conservatives that a trend against the Liberals is setting in. The opposition may not actually be aiming at early elections, however. Rather, it probably wants to keep pressure on Trudeau's informal coalition until February, when a new parliamentary session will require the government to outline its legislative priorities. More serious motions of no-confidence can be expected at that time.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**NOTE**

Korea: Full details of yesterday's North-South Coordinating Committee meeting are not yet available, but the talks apparently were businesslike. Pyongyang expressed satisfaction with Yi Hu-rak's removal as Seoul's chief negotiator and implied that it now has a more positive attitude toward the talks. North Korean naval patrols continue along and below the Northern Limit Line, but early this morning a South Korean resupply ferry arrived at one of the islands without incident. [redacted]

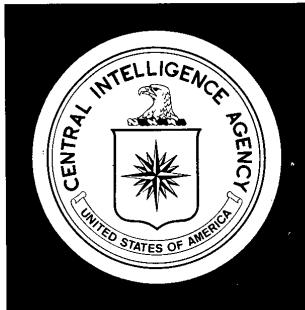
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# The President's Daily Brief

7 December 1973

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THE PRESIDENT'S DAILY BRIEF

7 December 1973

PRINCIPAL DEVELOPMENTS

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(Page 1)

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The Kuwait Oil Company has agreed to let the Kuwaiti Government buy 60 percent of the company; negotiations for a new agreement between ARAMCO and the Saudi Government are expected soon. (Page 3)

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Korea

(Page 4)

The oil crisis contributed to the indecisive outcome of the EC foreign and finance ministers' meetings earlier in the week. (Page 5)

Notes on the coming Venezuelan elections, on the continuing political impasse in Turkey, and on increasing activism among South Vietnam's An Quang Buddhists appear on Page 6.

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**ARAB STATES - ISRAEL**

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The US defense attaché in Tel Aviv reports that for the first time in three weeks antiaircraft artillery has been observed around the city.

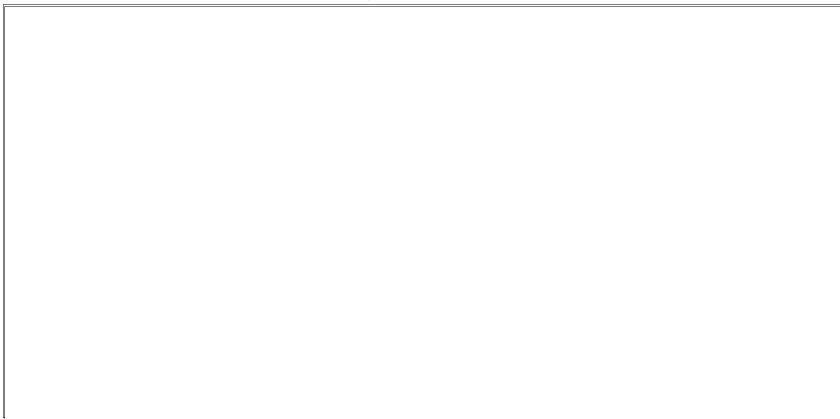
In Egypt, Chief of Staff Shazli told Newsweek editor De Borchgrave on Wednesday that he believes "matters will remain the same" on the front until after the Israeli election on December 31 unless the Israelis launch an offensive. He said the Egyptian Army is ready for such an attack and is not "wasting its time" during the current diplomatic impasse, claiming that the present situation along the front favors the Egyptians. He asserted that the Soviets have made up the Egyptian equipment losses resulting from the war, but no more.

At least one Egyptian aircraft was downed yesterday afternoon in an engagement between Israeli and Egyptian fighters near Zafaranah on the Egyptian gulf coast. The Israelis claim that an air-to-air missile from one of their Phantoms destroyed one of the four MIG-21s involved, and they think that the MIGs were piloted by North Koreans.

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*FOR THE PRESIDENT ONLY*

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The Egyptians have shown increased concern about the US 7th Fleet elements recently in the Gulf of Aden. The Cairo press has termed the naval movements an attempt to put pressure on the Arabs, and Foreign Minister Fahmi has said that the movements pose difficulties for his efforts to improve US-Egyptian relations.

*FOR THE PRESIDENT ONLY*

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## INTERNATIONAL OIL

The Kuwait Oil Company, a partnership of Gulf Oil and British Petroleum, has agreed to let the Kuwaiti Government buy 60 percent of the company. KOC is hoping to continue negotiating on other aspects of the government proposal, such as compensation for company assets, the amount and price of government oil sold back to the company, and the demand for increasing government ownership to 100 percent.

The terms of the latest participation proposals, however, will probably be debated at length in the Kuwait National Assembly, where there is sentiment for nationalizing KOC now.

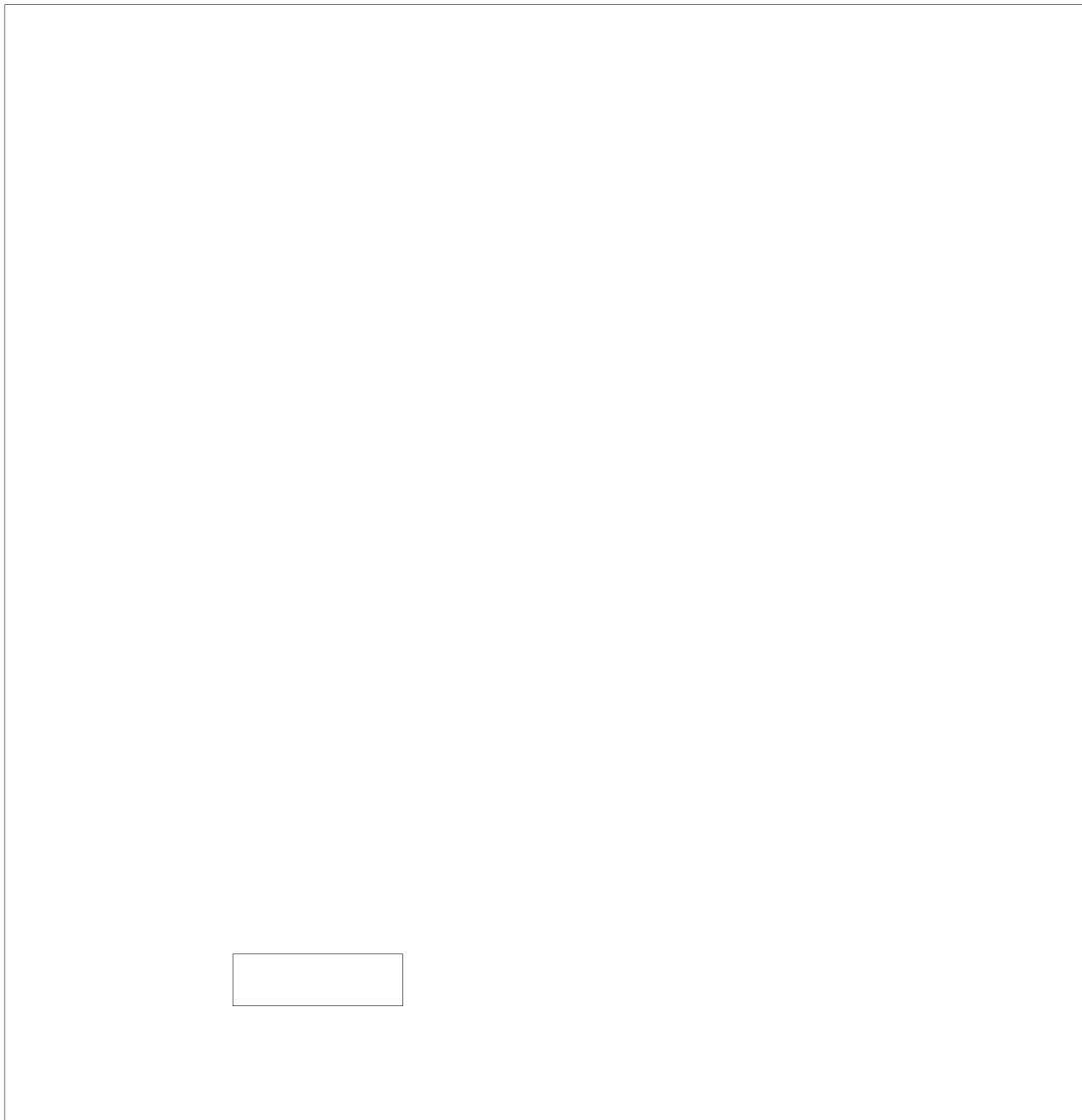
Saudi Arabia too wants to revise its participation agreement, and negotiations are expected to begin soon. Kuwait and Saudi Arabia are almost certainly coordinating their efforts. Saudi Oil Minister Yamani recently indicated that his government will demand more than 51-percent ownership of ARAMCO in the coming negotiations. Abu Dhabi and Qatar will probably follow the Saudi lead as they have during previous negotiations.

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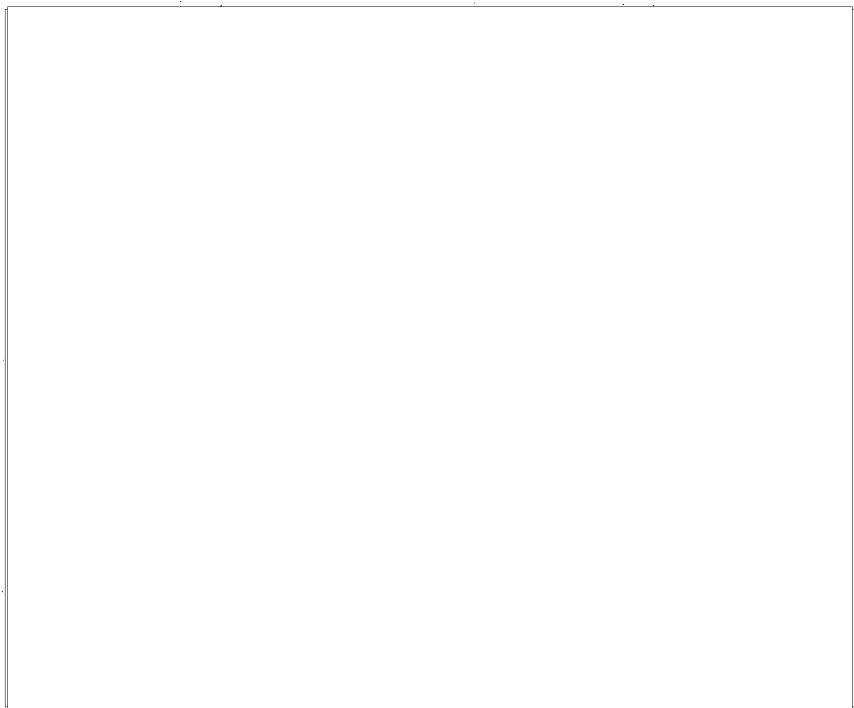


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*FOR THE PRESIDENT ONLY*

KOREA

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## **EUROPEAN COMMUNITIES**

The oil crisis dominated the separate meetings of the EC foreign and finance ministers held earlier this week. Although oil concerns were not always the major factor in the lack of progress, they contributed to the indecisive outcome of the meetings. In summary:

--Little progress was made in resolving differences on the establishment of a regional development fund.

--A decision was made to put off negotiations on association with the Mediterranean states.

--The finance ministers failed to deal positively with various Commission proposals on economic and monetary union.

Both the community bureaucracy and the various national representatives are discouraged by the lack of progress, and the summit of the Nine in Copenhagen next week will need to restore a sense of direction to the EC.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**NOTES**

Venezuela: The two major presidential candidates, Democratic Action's Carlos Andres Perez and the governing Social Christian Party's Lorenzo Fernandez, appear to be in an extremely close race in this Sunday's elections. Whichever man wins, he will head a minority government and therefore need to secure the backing of some of the small parties, such as the new Marxist Movement to Socialism. The incoming administration can be expected to be even more nationalistic than President Caldera's, especially on the oil issue; the Venezuelans believe time is on their side in dealing with importing countries.

Turkey: Political leaders are still unable to form a government nearly seven weeks after inconclusive elections. Earlier this week President Koruturk for the first time said that the impasse was "verging on a crisis" and called for either a coalition of the two major parties or a national coalition of all groups. He has asked the parties to reply after assessing the results of local elections scheduled for Sunday. Koruturk alluded to the "interest" of the military in the government [redacted]

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[redacted]  
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South Vietnam: The An Quang Buddhists, who have maintained a very low profile since the January cease-fire, next week will hold a national congress which is expected to oust some of the most moderate elements from key positions. The new leadership will likely increase the level of Buddhist political activity, but probably will not resume the disruptive actions of the mid-1960s.

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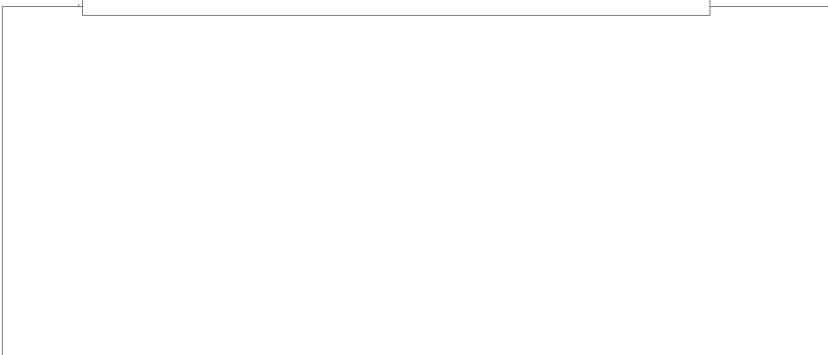
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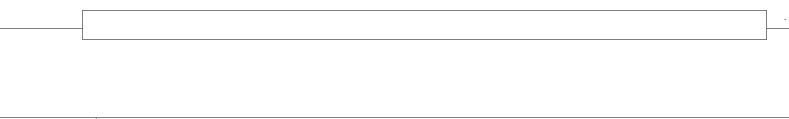
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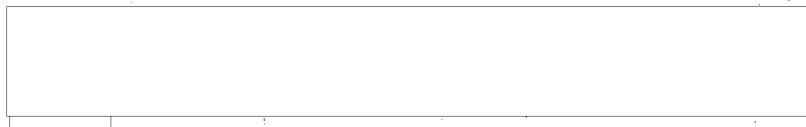


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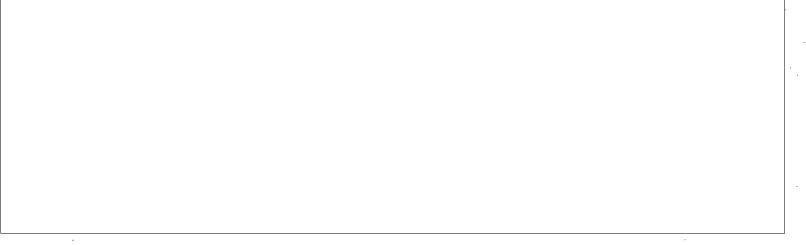


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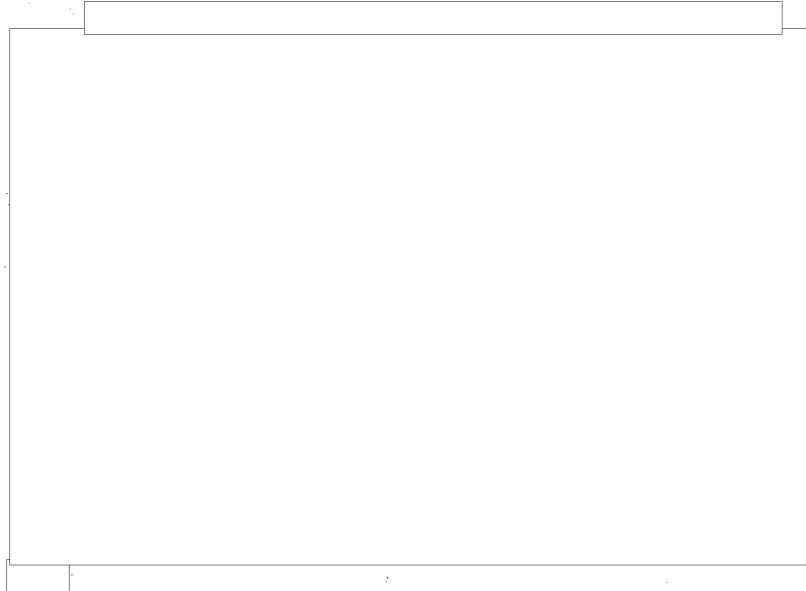


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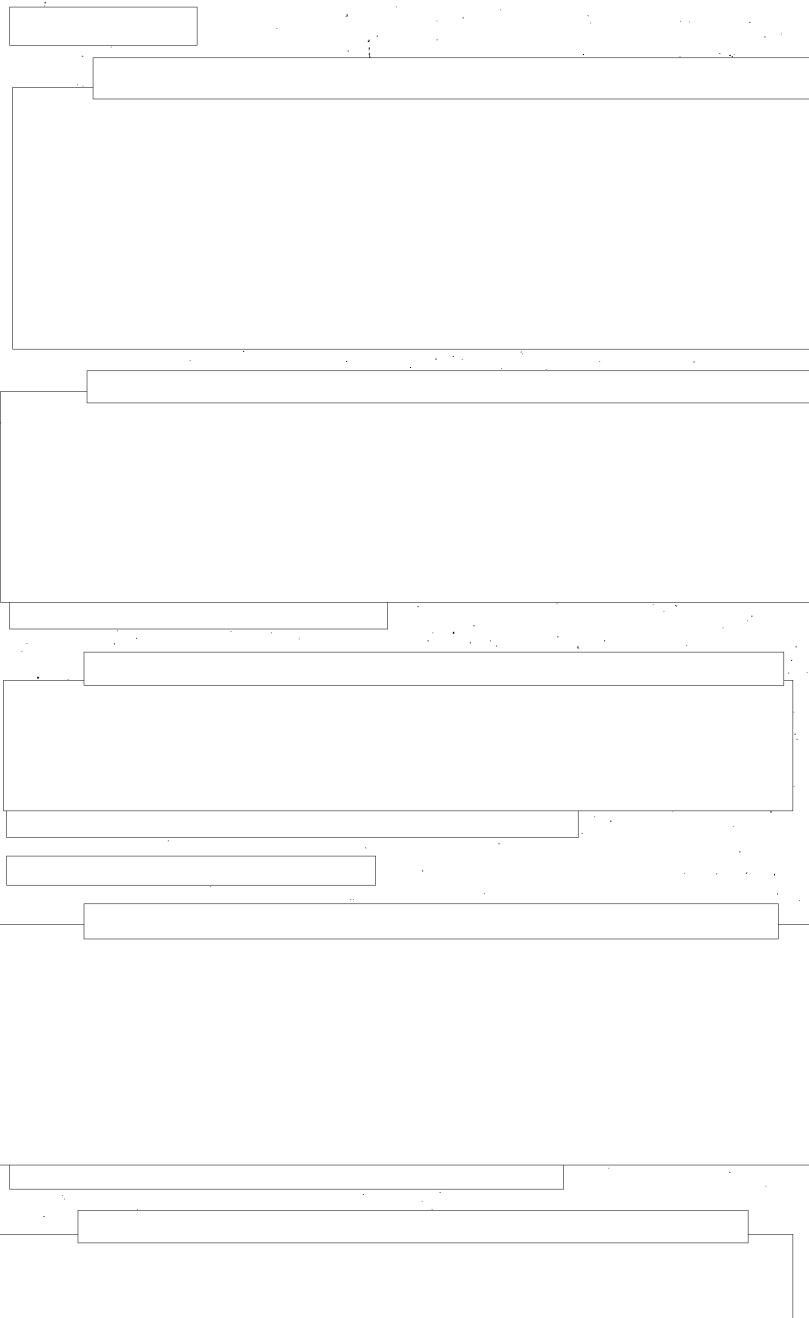
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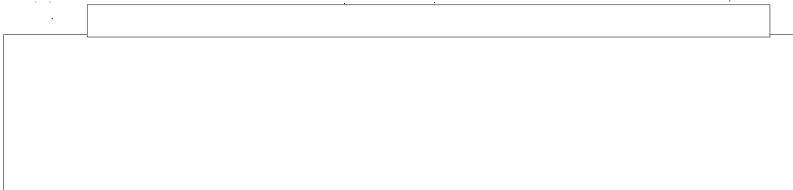
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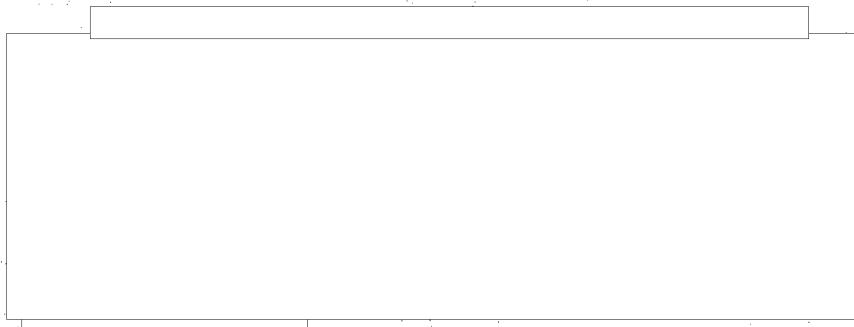
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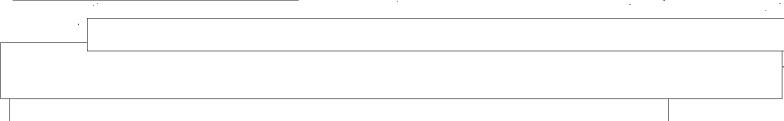
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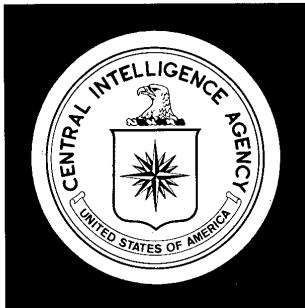
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# The President's Daily Brief

*8 December 1973*

*45*



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THE PRESIDENT'S DAILY BRIEF

8 December 1973

PRINCIPAL DEVELOPMENTS

Only scattered incidents occurred on the Syrian and Egyptian fronts yesterday. The press and officialdom in both Cairo and Tel Aviv have been issuing conflicting reports on the inevitability of war and the likelihood of peace, presumably with the intention of pressuring the enemy and the superpowers and masking intentions. (Page 1)

Jordan  
(Page 2)

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Korea  
(Page 3)

25X1

Moscow has begun to soften its polemical exchange with Peking, but Soviet leaders continue to insist that the Chinese must make the next move on the stalled border talks. (Page 4)

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The Yugoslav-Romanian

[redacted]

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On Pages 6 and 7 are notes on South Vietnam's recapture of Kien Duc, Libya

[redacted], President Pak's release of Korean students arrested in October, the agreement of major European Communist parties to meet next year, and results of the latest round of talks on reorganization of the inter-American system.

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FOR THE PRESIDENT ONLY

**FOR THE PRESIDENT ONLY**

**ARAB STATES - ISRAEL**

Only scattered incidents occurred on the Syrian and Egyptian fronts yesterday. The Israelis continued to fly a number of reconnaissance missions along the Suez Canal. Israeli aircraft also were active along the Gulf of Suez in the general area of the air clash of December 6, but there is no evidence of any Egyptian attempt to challenge them.

The press and officials in Cairo and Tel Aviv have been conducting a war of nerves with conflicting reports on the inevitability of war and the likelihood of peace. These reports probably are designed partly to put pressure on the enemy and the superpowers and partly to mask intentions. They may also reflect genuine uncertainty about future policy.

The Egyptians appear to hope that the visits of Israeli Defense Minister Dayan to Washington and of Secretary Kissinger to the Middle East will produce some movement toward breaking the diplomatic impasse. Although the Egyptian press continues to carry reports that Cairo will not resume the disengagement talks, the public comments of official spokesmen leave open the possibility that the talks will reopen. Their comments indicate, however, that the Geneva peace conference could be convened without prior progress toward disengagement.

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In Israel, the press continues to stress the need to maintain a high state of alert but notes that there is only a slim possibility of an all-out confrontation.

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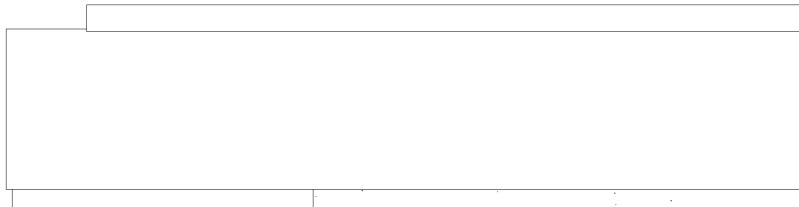
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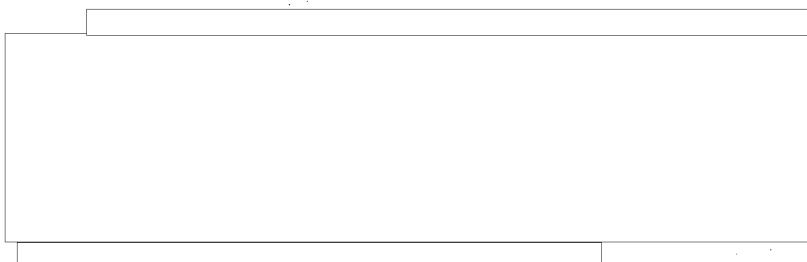
JORDAN



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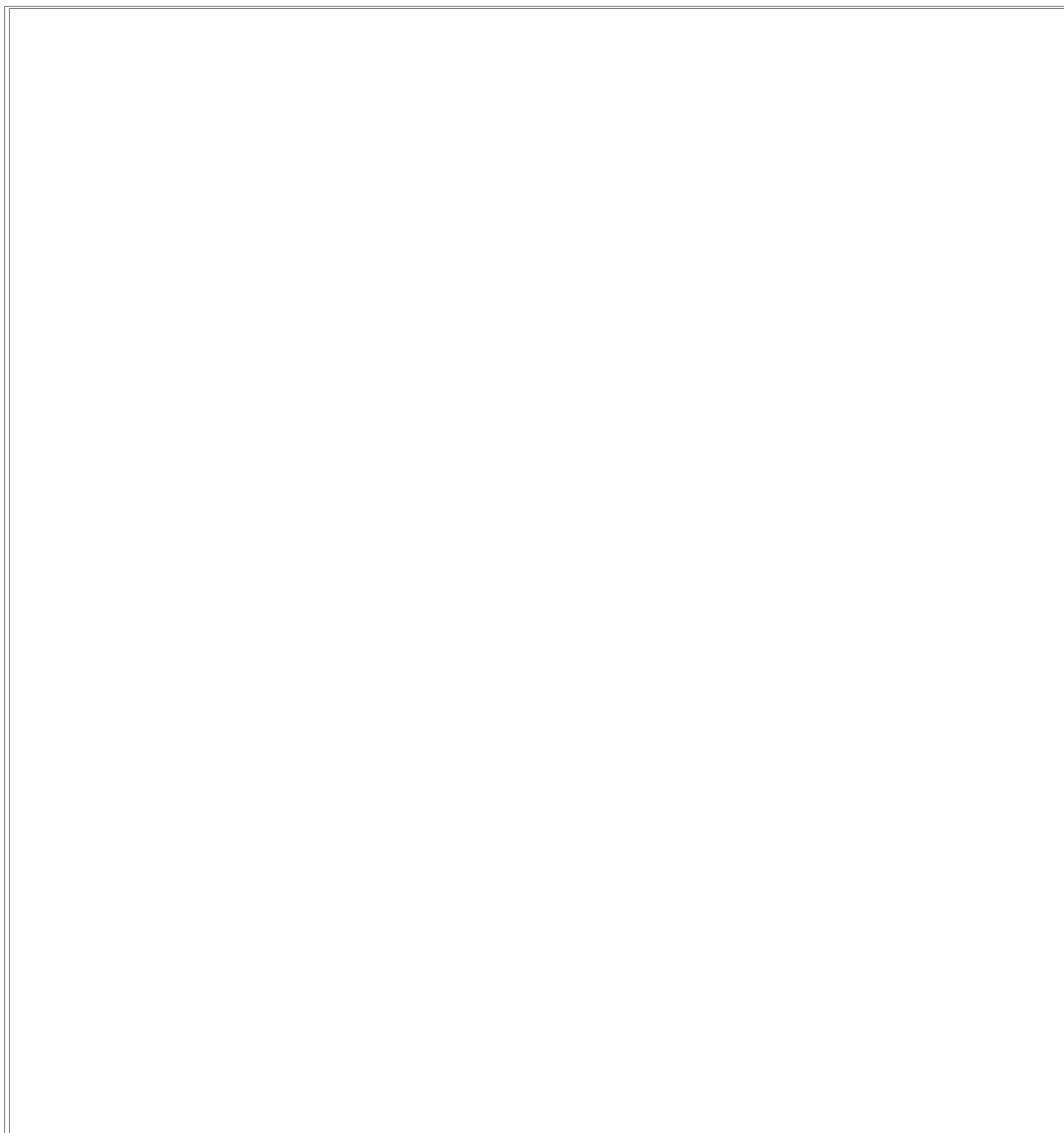
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KOREA

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*FOR THE PRESIDENT ONLY*

**USSR-CHINA**

Moscow has begun to soften its polemical exchange with Peking, although Soviet leaders continue to insist that it is up to the Chinese to make the next move on the stalled border talks.

This latest shift from the superheated rhetoric and personal attacks that reached a peak in the months following the Chinese 10th Party Congress may be Moscow's response to signs that Peking too is willing to use cooler words. In early November, the Chinese sent National Day greetings to Moscow that referred to the border question and avoided the usual attempt to play off the Soviet people against their leaders. The Soviets in turn took the unusual step of publishing Moscow's thanks for the Chinese greetings.

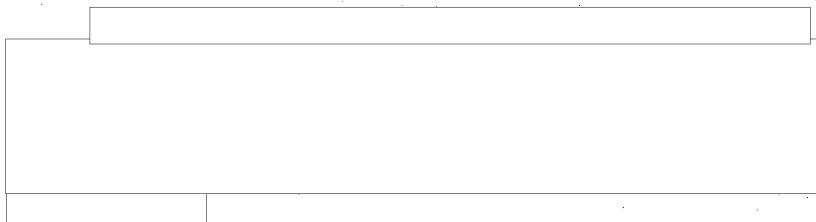
Another recent sign that the Soviets are easing their criticism of the Chinese was the failure of Pravda to print a sharp attack on Peking that was contained in a speech in late November by Politburo member Suslov. This deletion coincided with Pravda's commemoration of Albania's National Day, which for the first time in years did not blame Peking for Tirana's move out of the Soviet orbit.

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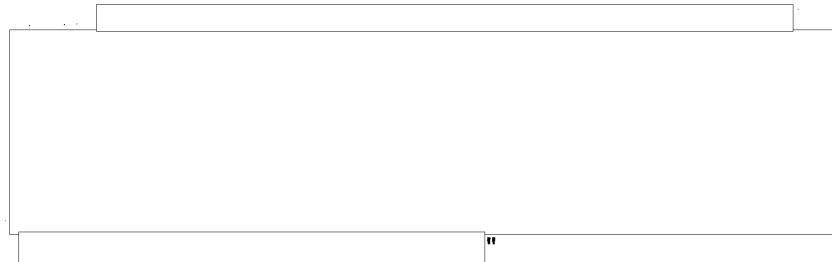
*FOR THE PRESIDENT ONLY*

YUGOSLAVIA-ROMANIA

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NOTES

South Vietnam: South Vietnamese forces re-took the district capital of Kien Duc in Quang Duc Province yesterday. Enemy resistance was light, suggesting that North Vietnamese units had moved away from the town.

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Libya: [redacted]

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[redacted]  
[redacted] 25X1

South Korea: President Pak has released most of the students arrested during the campus demonstrations that began in early October. Pak's move, which comes on the heels of a cabinet shuffle and the ouster of the South Korean CIA chief, is another conciliatory gesture toward those calling for political reform. It may help dampen protest for the present, even though dissidents are likely to continue to agitate for the freeing of other imprisoned students. Campus disturbances in Seoul have subsided, and the closing of schools for the winter break together with the onset of cold weather will ease the government's efforts to handle domestic unrest.

USSR - Communist Parties: All of the major European Communist parties evidently have now agreed to meet next year, thereby giving Moscow an opportunity to coordinate their activities and to line them up behind Brezhnev's detente policy. The willingness of the Romanian and Yugoslav parties to attend suggests that Moscow has agreed to play down the China issue. The Soviets may be willing to give ground on this question in order to ensure a successful European session, which in turn could pave the way for a world party congress later.

(continued)

FOR THE PRESIDENT ONLY

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Western Hemisphere: As the third round of talks on reorganizing the inter-American system concluded, OAS representatives recommended a few revisions of the OAS Charter and the Rio Treaty, but defeated sweeping reforms urged by the more radical delegates. The proposal to revise the Rio Treaty calls for collective security against "economic aggression"; this is aimed at limiting the influence of US and multinational corporations. Unlike earlier rounds, however, the latest talks in Lima were characterized generally by a desire for constructive dialogue with the US.

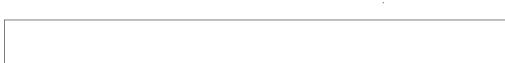
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# The President's Daily Brief

10 December 1973



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**THE PRESIDENT'S DAILY BRIEF**

10 December 1973

**PRINCIPAL DEVELOPMENTS**

Cairo says it will participate in the peace conference in Geneva but will have little patience with any Israeli footdragging. There are further signs that most fedayeen leaders are setting their sights on the creation of an independent Palestinian state at Geneva, even if compromise is necessary to achieve this. The Arab oil producers have announced that they will resume their five-percent-monthly cuts in production, starting in January. (Page 1)

The unimpeded passage of a South Korean ferry to the outermost of the islands in the disputed area off the western coast yesterday has eased tensions a bit.

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(Page 3)

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Cambodian Communists have launched small-scale ground attacks against Kompong Speu and against government positions along Route 4 between that city and Phnom Penh. On the political front, President Lon Nol is looking for a replacement for Prime Minister In Tam, who has once again announced his desire to resign. (Page 4)

In South Vietnam, there is still heavy fighting around Kien Duc; both the Communists and the government say they control the district town. The South Vietnamese appear to be in the city, but some North Vietnamese remain either in parts of the town or its immediate outskirts. (Page 5)

The Soviet party Central Committee probably will meet today or tomorrow to approve the economic plan and budget for 1974 before they are presented to the Supreme Soviet on Wednesday. A plenum would also give Brezhnev a chance to report on the current situation at home and abroad. (Page 6)

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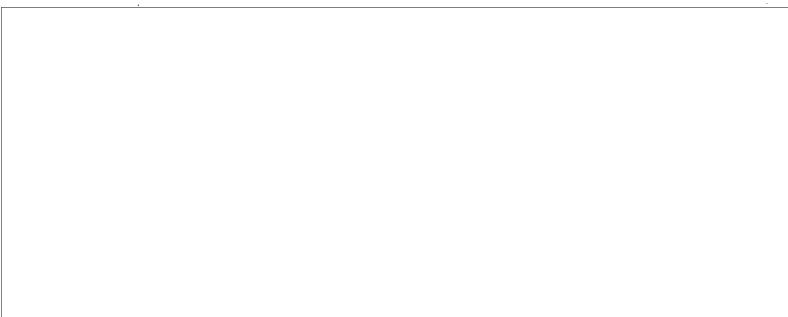
*FOR THE PRESIDENT ONLY*

**ARAB STATES - ISRAEL**

Egyptian Deputy Prime Minister Hatim on December 8 said that Cairo will participate in the peace conference in Geneva despite the breakdown of the talks at Kilometer 101. In a major policy speech, he stressed that Egypt will not, however, tolerate further Israeli "procrastination" and will not allow the conference to result in the "deadlock that existed before October 6." He added that the Egyptians will keep their "fingers on the trigger" to prevent "enemy treachery."

Hatim devoted most of his address to domestic affairs. He gave a ringing endorsement to plans for "economic openness" that Cairo had stressed in the months before the war as a means of moving Egypt away from its Nasirist, socialist economic past. These plans had drawn open criticism from the USSR, and Hatim's reiteration of them will give rise to fresh misgivings in Moscow as to Cairo's future course. Moreover, the USSR will find little satisfaction in Hatim's cursory thanks for Soviet military, economic, and political support. Hatim's strong emphasis on domestic affairs appears largely an attempt to convince the Egyptian people that even though the government must now concentrate on military and political problems, it has effective plans to improve their economic situation.

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The Palestine News Agency reported on December 8 that fedayeen leaders have rejected a Jordanian initiative for a joint delegation to the talks in Geneva. The report claimed that Jordan offered to form a new government that could include officials selected by the Palestinians. The new government would in turn appoint the Jordanian delegation to the conference. According to the Palestinians,

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## FOR THE PRESIDENT ONLY

"the Revolution's leadership refused even to discuss the offer." Predictably, Amman has denied taking such an initiative. Even if Jordanian denials are valid, however, the Palestinian statement is a fresh sign of fedayeen reluctance to move toward cooperation with Jordan.

Meanwhile, the US Embassy in Beirut sees further signs that most fedayeen leaders are setting their sights on the creation of an independent Palestinian state at Geneva--even if compromise is necessary to achieve this. Sensitive to charges from the ranks that they are selling out to the enemy, fedayeen leaders are taking pains to overcome resistance to participation in the talks. In looking toward a Palestinian state--even a small one that would co-exist with Israel--some are stressing the tactical advantage of accepting half a loaf.

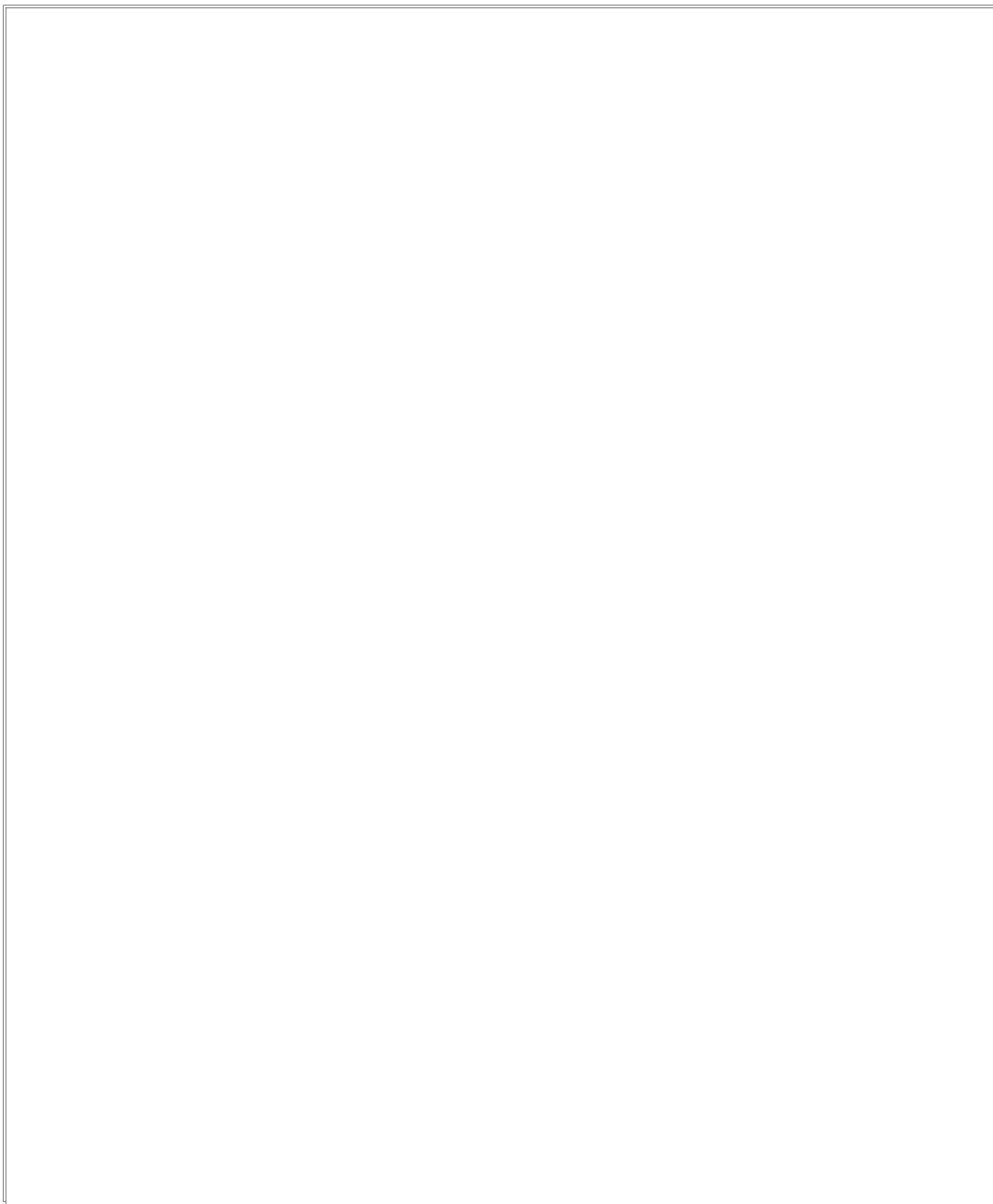
Voicing strong support for the concept of a Palestinian state, the head of the radical Popular Democratic Front for the Liberation of Palestine declared on December 6 that the Palestinians should take what they can get now. He contended that the fedayeen face a choice between "passive opposition and positive revolutionary opposition." He came out strongly for the latter, which he said requires the Palestinians to gain an independent national existence on any piece of soil that can be wrested from Israeli control. In this way, the fedayeen leader argued, the Palestinians could better preserve themselves as a people and press on to overthrow Husayn, defeat Israel, and eventually regain their "full rights."

\* \* \*

Ministers of the Organization of Arab Petroleum Exporting Countries, meeting in Kuwait over the weekend, decided to resume, starting in January, their five-percent-monthly cuts in oil production. The Arabs also agreed that they would gradually increase production and end the ban on oil export to the US only when Israel begins to implement a timetable for withdrawal from all Arab territories occupied since 1967, including Jerusalem. The rate of oil production increases would, the ministers said, correspond to phases in Israel's withdrawal, and the timetable must be guaranteed by the US.

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*FOR THE PRESIDENT ONLY*

KOREA

The unimpeded passage of a South Korean ferry with naval escort to the outermost of the islands in the disputed area off the west coast yesterday has eased tensions a bit. The [redacted]

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[redacted] South Koreans reported seeing at least five North Korean patrol boats en route.

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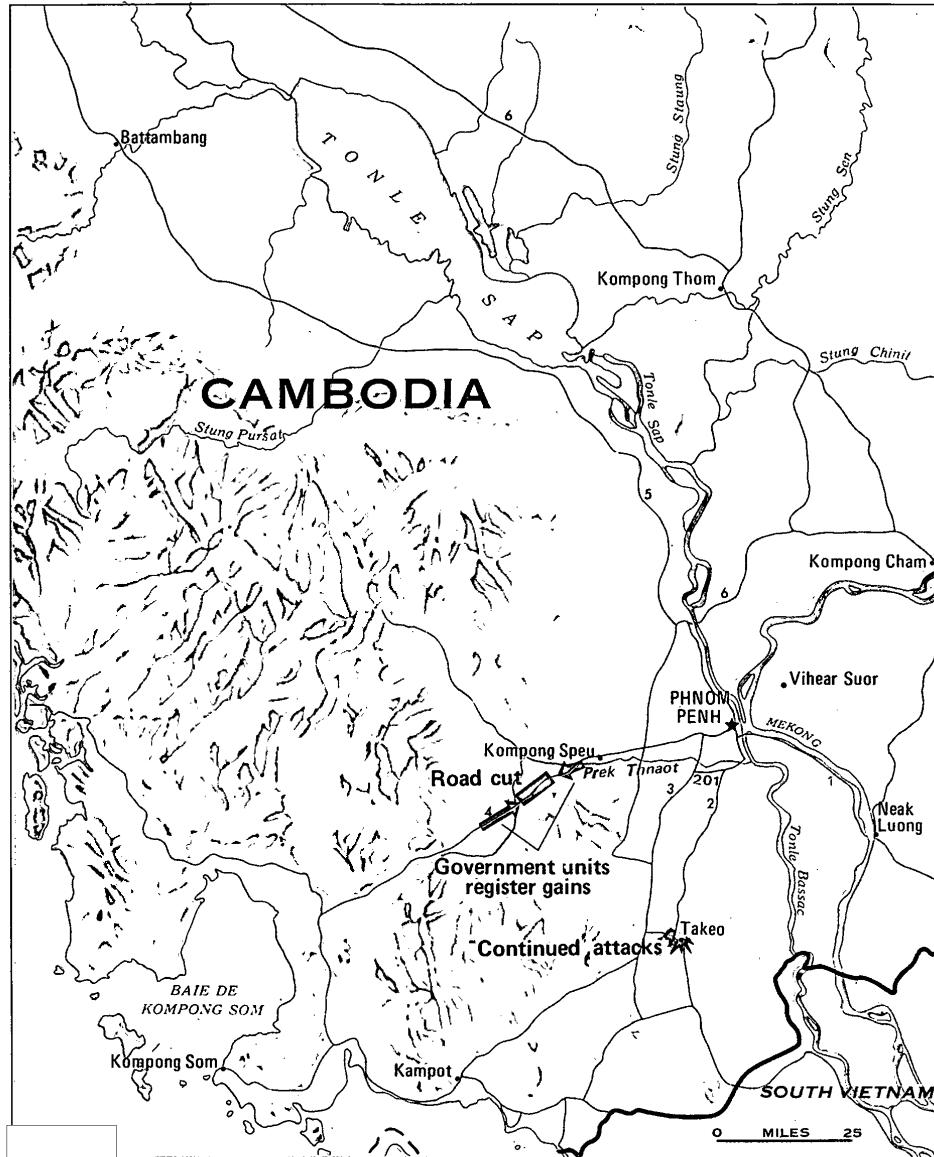
In a statement issued only hours before the ferry got under way, Pyongyang appeared to clarify its terms for passage. The North demanded that Seoul obtain prior approval for any ships traveling to the islands, but threatened "punishment" only to ships "carrying out reconnaissance and other hostile acts." A week earlier, the North had called for "proper steps" against any vessels making the trip without its permission. Pyongyang may hope that the latest statement will explain its lack of action against routine South Korean resupply vessels.

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Meanwhile, the war of words between the two sides has intensified. Seoul and Pyongyang have issued a series of statements accusing each other of violating the North-South accord and pressing for a resumption of the dialogue on their respective terms.

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## CAMBODIA

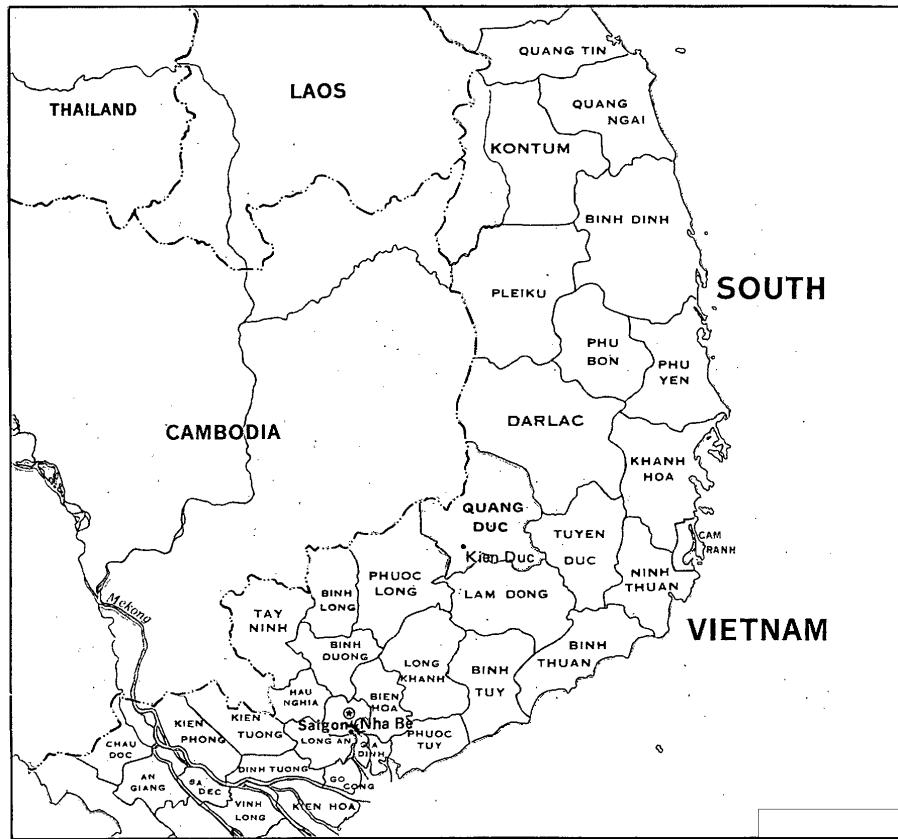
The Communists have launched small-scale ground attacks against Kompong Speu and against government positions along Route 4 between that city and Phnom Penh. Army commanders are concerned that the Communists may be trying to cut off Kompong Speu and the army's 4,000-man task force, which has reported slight progress in clearing a seven-mile stretch of Route 4 to the west of Kompong Speu.

South of Phnom Penh, the situation at the provincial capital of Takeo has improved, although the city remains the target of sporadic Communist shellings and probes.

Nearer the capital, a Communist message of December 8 ordered only a limited increase in activity south of the Prek Thnaot River between December 16 and 25. The message stated that "during January and February our objectives are moderate" and urged units "to build up capabilities for...the period when the various major offensives begin."

On the political front, President Lon Nol is casting about for a replacement for Prime Minister In Tam, who on December 7 once again announced his desire to resign. The US Embassy in Phnom Penh reports that Lon Nol's first choice is likely to be his long-time associate, General Thappana Nginn, currently the third vice prime minister. Sirik Matak and others are likely to oppose this choice.

*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

**NOTES**

South Vietnam: Heavy fighting continues around the district town of Kien Duc; both the Communists and the government say they control the town. The South Vietnamese appear to be in the city, but some North Vietnamese remain either in parts of the town or its immediate outskirts. The recent destruction of the Nha Be fuel depot outside Saigon was caused by about 15 employees who used explosives first to rupture the tanks and then ignite the fuel as it poured out, according to the South Vietnamese officer in charge of the investigation.

USSR: The Central Committee probably will meet today or tomorrow to approve the economic plan and budget for 1974 before they are presented to the Supreme Soviet on Wednesday. A plenum, the first since last April, would give Brezhnev an opportunity to report on the current situation at home and abroad, but his speech probably would not be published.

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# The President's Daily Brief

11 December 1973

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

11 December 1973

**PRINCIPAL DEVELOPMENTS**

Egyptian and Syrian leaders are meeting in Cairo to prepare for the opening of the Geneva peace conference. The Israelis are moving to halt a spate of terrorist activities on the West Bank. (Page 1)

In Cambodia, agreement apparently has been reached on naming Foreign Minister Long Boret as the new prime minister. (Page 2)

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Soviets

25X1

(Page 3)

The Dutch Government has asked for emergency powers to deal with economic disruptions caused by the oil crisis. (Page 4)

Notes on Venezuelan election returns and Brandt's trip to Prague appear on Page 5.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**ARAB STATES - ISRAEL**

Syrian President Asad arrived in Cairo yesterday to consult with Sadat on a strategy for the Geneva peace conference. A lower ranking Syrian delegation has been in Egypt for the past few days. Asad went to Cairo directly from Tripoli, where he had talked with Qadhafi for two days. This suggests that he may also hope to ease the strained relations between the Egyptian and Libyan leaders.

Egypt's opening presentation to the peace conference will have a significant bearing on the outcome of the Knesset elections on December 31, according to well-placed members of Prime Minister Meir's Labor Party. Sources of the US Embassy in Tel Aviv have stressed that a "moderate and constructive" Egyptian statement would greatly help the party by indicating that the conference could lead to a viable peace settlement. Conversely, an Egyptian presentation of "non-negotiable" demands would enable the opposition Likud coalition to characterize Israeli participation in the conference as a surrender to international pressures.

Israel, meanwhile, has taken severe measures to counter the recent surge in terrorist activity on the West Bank. According to press reports, Tel Aviv yesterday deported to Jordan eight Arab residents, including a mayor and a member of the Islamic Council in Jerusalem, for allegedly urging cooperation with guerrillas. Also, for the first time in four years Israeli authorities imposed a curfew in Nablus, the West Bank's major city, where the Israeli military governor was attacked last Saturday.

Military activity on both fronts was primarily limited to exchanges of small-arms fire yesterday.

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*FOR THE PRESIDENT ONLY*

**CAMBODIA**

Chargé Enders reports that High Political Council members Lon Nol, Sirik Mata, and Cheng Heng agreed yesterday that Cambodia's talented Foreign Minister Long Boret should replace In Tam as prime minister. The country's two major political parties have also approved Boret, who has no political base of his own. Lon Nol reportedly has already cabled Boret in New York, asking him to return to Phnom Penh to form a new government.

25X1

If Boret accepts, he probably will head a smaller cabinet with a broad political base. Some haggling over the filling of cabinet positions is likely, but government leaders appear determined to install the new government without any inordinate delay.

In an effort to improve the government's overall performance and to reduce tension between civilian and military officials, the council is to begin meeting on important problems with the new prime minister and army commander in chief Fernandez. Lon Nol is also claiming that he will give the new government greater authority than that exercised by the outgoing In Tam administration.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

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USSR

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

## NETHERLANDS

Prime Minister Den Uyl's coalition government has asked parliament for emergency powers for one year to deal with economic disruptions caused by the oil crisis.

Opponents as well as dissidents within the coalition have now muted their criticism of government policy and appear reluctant to make political capital out of the crisis. Most political leaders sense the need for unity and are inclined to follow public opinion, which remains strongly pro-Israel. Recent efforts by the Foreign Ministry to change the tone of Dutch policy more to the liking of Arab governments produced several gaffes in public relations, but no oil.

In alleviating the oil shortage, the Dutch will continue to look, for the near term, to the US. The Hague is grateful for the assurances given at this week's NATO ministerial meeting that the US and West Germany would meet the fuel needs of the Dutch Air Force and Navy.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

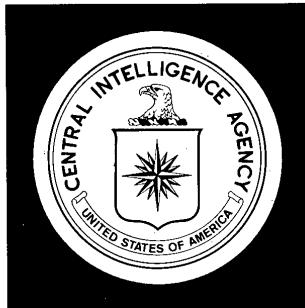
NOTES

Venezuela: The latest unofficial returns from the presidential balloting on Sunday shows Democratic Action's Carlos Andres Perez with an increasing lead over Lorenzo Fernandez, the governing Social Christian party nominee. The two major parties appear to be winning about 65-70 percent of the total presidential vote, a major gain over their total in 1968 and a possible indication that a two-party system may be emerging. The makeup of the new congress will not be known until later in the week.

West Germany - Czechoslovakia: Chancellor Brandt and Foreign Minister Scheel begin a two-day visit to Prague today to sign the "reconciliation" treaty and to establish diplomatic relations with Czechoslovakia. Bonn hopes to follow up this achievement quickly and to establish full diplomatic relations with Bulgaria and Hungary before the end of the year.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

12 December 1973

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

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

12 December 1973

**PRINCIPAL DEVELOPMENTS**

The Syrian Government reportedly has reinstated some of the same civil defense measures it took before the attack of October 6. Cairo has threatened the reimposition of a full blockade of the Bab al-Mandab Straits unless Israel allows Egyptian ships now in various Red Sea ports to return to Suez City for repairs. (Page 1)

The new civilian government in Thailand will send an official delegation to China around December 21. (Page 3)

[redacted] talk of a coup is developing among senior Thai military officers.

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25X1

Soviet

25X1

(Page 5)

A note on the approval of some 30 tariff concessions by the EC Council of Ministers appears on Page 5.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ARAB STATES - ISRAEL**

UN sources report that the Syrian Ministry of Planning has been put on a "war basis," and that all other ministries and schools have been alerted to go on a war footing as soon as instructed. The measures taken by the ministry require all personnel to operate in underground shelters 24 hours a day.

The Syrian Government apparently took similar measures in the week prior to the attack on October 6. If the above reports are accurate, the civil defense measures may be part of a general Syrian and Egyptian policy to maintain an atmosphere of tension and of readiness to return to war if Israel does not move toward a settlement. Such measures, however, could also be an indicator of a plan to reopen hostilities.

For the second straight day, Syrian and Israeli forces exchanged fire on the Golan front. The Syrians claimed to have inflicted about a dozen casualties and to have destroyed several pieces of engineering equipment that were being used to improve advanced Israeli positions in the area.

Continuing military activity on the Egyptian front, although minor, is resulting in a higher casualty rate than that reported in late November. The Israelis have turned over to the Red Cross the names of 32 Egyptians captured in incidents since the completion of Egyptian-Israeli prisoner exchange on November 22. The Egyptians do not admit holding any Israeli prisoners.

The Egyptians are claiming publicly that ammunition is reaching the Third Army via the Gulf of Suez. The Israelis presumably are alert to attempts to infiltrate weapons and probably are capable of intercepting such shipments. Limited amounts--enough to sustain Third Army morale, however--may be getting through.

General Gamasy, Egypt's negotiator at the stalled disengagement talks, complained yesterday to the United Nations Emergency Force commander, General Siilasvuo, about Israel's refusal to permit

*FOR THE PRESIDENT ONLY*

resupply of an isolated Egyptian garrison located to the north of the Third Army. Gamasy threatened that when these troops run out of supplies within a few days, Egypt will feel compelled to use force. UN sources comment that Israel had agreed to the evacuation of this garrison, as Egypt had originally requested, but that Cairo later decided it keep it in place.

Gamasy has also informed Siilasvuo of Egypt's proposal that Israel allow Egyptian ships now in various Red Sea ports to return to Suez City for repairs. Gamasy reportedly linked this proposal to the question of Israeli transit of the Bab al-Mandab Straits. He threatened the reimposition of a full blockade of the straits if Israel does not permit Egyptian ships access to Suez City.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**THAILAND-CHINA**

The new civilian government in Bangkok is resuming the Sino-Thai dialogue. In response to a Chinese invitation, Deputy Foreign Minister Chartchai will lead an official delegation to Peking around December 21.

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Bangkok appears particularly interested in the possibility of purchasing Chinese petroleum products and has been encouraged by Peking's favorable response to a recent Thai bid to buy high-speed diesel oil.

The Thai may also suggest that the Chinese post a permanent mission to ECAFE headquarters in Bangkok. This would permit the Thai to establish a political relationship with China short of diplomatic relations. The new government, although no more likely than the former Thai leadership to take precipitous action, is under pressure from students and critics within the bureaucracy to strike a more independent and "neutral" foreign posture.

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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**THAILAND**

Talk of a coup is developing among senior Thai military officers as labor unrest in Bangkok increases. Army chief General Krit Sivara [redacted]

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[redacted] In remarks to the press last week, Krit emphasized that Prime Minister Sanya has the authority to take strong measures to quell strikes and disorders, and he implied that military intervention would not be necessary.

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The country's major student organization returned a moderate slate to office after elections last week. The moderate leaders had resigned a month ago in the face of criticism from activist and radical students. The results of the new election should ease the army's concern over the general situation and increase the government's confidence in its ability to control the students.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

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**NOTES**

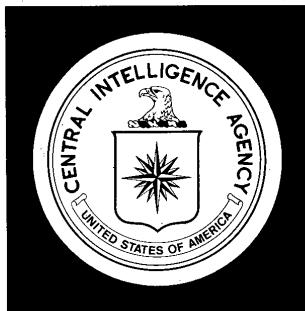
Czechoslovakia-USSR: [Redacted]

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European Communities: The EC Council of Ministers on December 10 approved some 30 tariff concessions designed to compensate non-EC countries for higher export costs resulting from the increase in the community's membership last January. Although the specific concessions have not yet been announced, they apparently are not significantly different from proposals made early last month. These fell far short of the desires of the US and other affected countries. The concessions will be presented formally to the community's trading partners at GATT headquarters in Geneva within a few days.

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*Top Secret*



# The President's Daily Brief

13 December 1973

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*FOR THE PRESIDENT ONLY*

**THE PRESIDENT'S DAILY BRIEF**

13 December 1973

**PRINCIPAL DEVELOPMENTS**

25X1

The Egyptian Army high command has been shaken up,  
apparently for failures in the recent war. [redacted]

25X1

[redacted] Meanwhile, Lebanon has reduced tensions  
with Israel. (Page 1)

25X1

Britain is threatened with an economic crisis. (Page 3)

The Chinese appear to be phasing out production of  
their only strategic jet bomber. (Page 4)

The USSR is providing Afghanistan with new military  
equipment; this will upset the Iranians and Pakistanis. 25X1  
(Page 5)

Greek [redacted]

25X1

[redacted] (Page 6)

25X1

Soviets [redacted]

25X1

[redacted] (Page 6)

Venezuela's president-elect promises to maintain a  
nationalistic stand on economic matters, particularly oil. 25X1  
(Page 6)

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

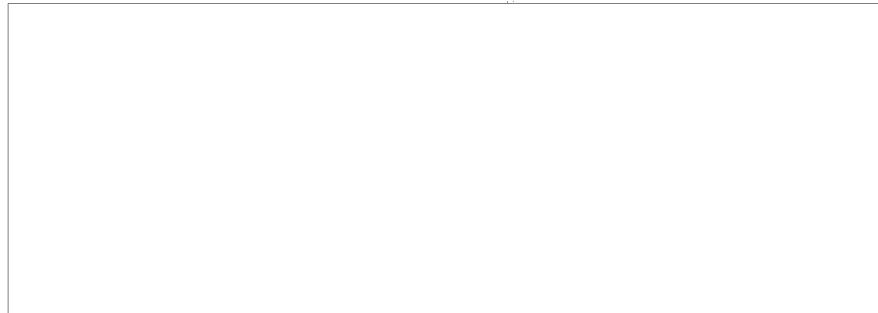
**ARAB STATES - ISRAEL**

The Egyptian Army has undergone a shakeup that includes the removal of General Shazli, the apparent mastermind behind plans for the attack on October 6, from his post as chief of staff. The new chief of staff is General Gamasy, Egypt's chief negotiator at Kilometer 101.

Shazli appears to have been at odds with Egypt's political leaders and with War Minister Ismail over his failure to retain the military initiative after successfully crossing the Suez Canal. He apparently was given a dressing down by President Sadat last week. Gamasy, on the other hand, has won high marks for his performance at the disengagement talks.

Among other new appointees are a new chief of operations and new commanders for the Second and Third Armies. These changes appear to be an effort to remove those primarily responsible for the failure of Egyptian forces to halt the Israeli penetration of the west bank of the canal. Both of the new army heads were regimental commanders who led successful Egyptian crossings of the Suez on October 6.

The Middle East News Agency notes that the changes are designed to reinforce the army command and "to prepare for the coming stage with commands which are scientifically and practically qualified for the kind of war which these commands have witnessed recently and which the Egyptian armed forces might witness at any time." 25X1



Numerous cease-fire violations were reported on both the Syrian and the Egyptian fronts yesterday. Radio Damascus claimed that at least 20 Israelis were hit in "fierce fighting." Tel Aviv has denied that it suffered any casualties.

(continued)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

Lebanon today will release two Israeli pilots captured during the October war. Beirut [redacted] assured by Tel Aviv that the release will be given no publicity from the Israeli side; this should minimize any criticism of the Lebanese action by radical Arab states or the fedayeen. The release will lessen the considerable pressure the Israelis have been putting on Lebanon, and is likely to reduce the intensity of Israel's reactions to fedayeen cross-border shelling.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

UK

Prime Minister Heath has received an extension of the month-old state of emergency in order to deal with the worsening energy situation and the spreading labor strife that are threatening Britain with an economic crisis.

The executive committee of the coal miners' union will meet today to decide whether it will submit its dispute with the government over wage increases to a vote among union members. If the miner leaders decide against a ballot, the union's ban on overtime, which has cut coal production by 30-40 percent, will continue. If the issue is put to a vote, the miners will decide whether to accept the government's offer or call for a strike.

A decision yesterday by locomotive engineers to ban overtime and Sunday work until they receive a better wage offer further weakens Britain's energy situation. The limited amounts of coal that are being produced will be more difficult to transport because of the railroad slowdown.

Industry's energy reserves, already reduced by an oil shortage, have been further depleted by the government's orders to divert oil to power stations, where electrical engineers are also engaged in a work slowdown. The government has exhausted the simple steps it can take to conserve energy, and tougher measures will be needed if labor slowdowns continue.

General economic forecasts for Britain are gloomy. One leading industrialist believes that unemployment could be tripled in the next two months. Inflationary pressures next year are expected to be the most severe since 1945. The government will release November trade figures today; it is anticipated that they will continue to reflect the record deficit set last quarter.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

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CHINA

The Chinese apparently see no requirement at present to add many more jet bombers to their current inventory [redacted]

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25X1  
25X1

25X1

The TU-16 is Peking's only strategic jet bomber; there is no sign of a follow-on program. The fall in production strengthens [redacted] that China has made a basic decision to rely primarily on its missiles to improve its strategic posture.

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*FOR THE PRESIDENT ONLY*

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*FOR THE PRESIDENT ONLY*

AFGHANISTAN-USSR

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The Soviet Union is providing Afghanistan with new military equipment, including tanks.

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[redacted] that substantial numbers of Soviet armored vehicles have already been delivered or are en route.

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At present, the Afghan tank inventory is just over 400; half of these are obsolete T-34 medium tanks. Kabul probably plans to replace the T-34s, and may be planning to enlarge its three armored and ten infantry divisions.

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The deliveries indicate that the Soviets intend to ingratiate themselves with the military backers of the new Afghan Government. At the same time, the Soviets probably calculate they can minimize any problems in relations with Pakistan and Iran because the items provided do not appreciably enhance Afghanistan's capability to intervene in Pakistan. The Soviets have not supported Afghanistan on the issue of Pushtunistan and do not appear interested in the further fragmentation of Pakistan.

The Shah of Iran knows of the Soviet deliveries, and the Pakistanis are almost certain to find out, if they are not already aware of them. Afghanistan's relations with its neighbors may therefore suffer, and Pakistan may look abroad for additional arms.

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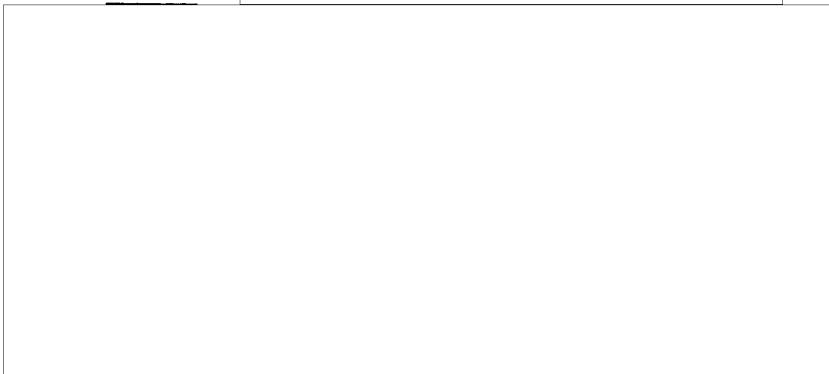
*FOR THE PRESIDENT ONLY*

NOTES

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Greece:

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USSR:

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Venezuela: Carlos Andres Perez, winner by a surprisingly wide margin in the presidential election, is expected to maintain his predecessor's firmly nationalistic stand on economic matters, particularly petroleum. He will press for an earlier takeover of US and other foreign oil concessions-- it is now scheduled to begin in 1983--but will try to attract new private investment to join state enterprises in developing the country's vast unexploited energy resources. He will be a hard bargainer as he seeks to use petroleum as a lever to get better treatment for his country. Perez has not called for a cutback in production from fields being exploited currently, but he is believed to favor such conservation measures.

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# The President's Daily Brief

14 December 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

14 December 1973

PRINCIPAL DEVELOPMENTS

There are continuing reports that Syria is putting its civilian population and military forces on a wartime footing.

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(Page 1)

Egypt Is-  
rael

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(Page 3)

Syria  
Page 5,

25X1  
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Yasir Arafat may be approaching the US on a settlement that would provide for a "Palestine" state-- Jordan's former west bank and Gaza--federated with Israel. (Page 7)

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Vietnam

25X1

(Page 8)

25X1

The North Koreans have toned down their territorial claims in the Yellow Sea, at least for the moment. They did not raise the issue at yesterday's meeting of the Military Armistice Commission. (Page 9)

Despite Moscow's claim this week that it is reducing its military budget, the gradual growth in Soviet defense spending evident since 1969 will in fact continue in 1974. (Page 10)

Six Arab states have agreed to form a \$230-million investment company to finance Arab agricultural and shipping ventures. (Page 11)

FOR THE PRESIDENT ONLY

*FOR THE PRESIDENT ONLY*

MIDDLE EAST

There are continuing reports from a variety of sources that Syria is putting its civilian population and military forces on a wartime footing.

[redacted] Da-  
mascus armed its popular militia [redacted] 25X1  
and distributed gasoline-powered generators to bakeries throughout Syria. The distribution of generators suggests the government is taking steps to ensure food supply in the event hostilities are resumed. Similar measures reportedly were taken prior to the October 6 attack. 25X1

[redacted] the Syrian Ministry of Planning has been put on a "war basis" and that other ministries and schools have been alerted to be ready to follow suit. 25X1

[redacted] 25X1

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

[redacted] the situation on the Syrian front is "extremely strained" and that "hostilities could start at any moment." [redacted] all Syrian forces at the front have been in a maximum state of alert since December 8 and that there have been significant Syrian troop movements and reinforcement in the area. The Syrian Army is said to be bitter over the government's acceptance of the cease-fire and eager to resume the fighting. 25X1  
[redacted] 25X1

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

[Redacted]

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Sadat and Syrian President Asad probably are  
entertaining the notion of resuming the fighting  
if negotiations reach a serious impasse

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[Redacted]

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[Redacted]

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[Redacted]

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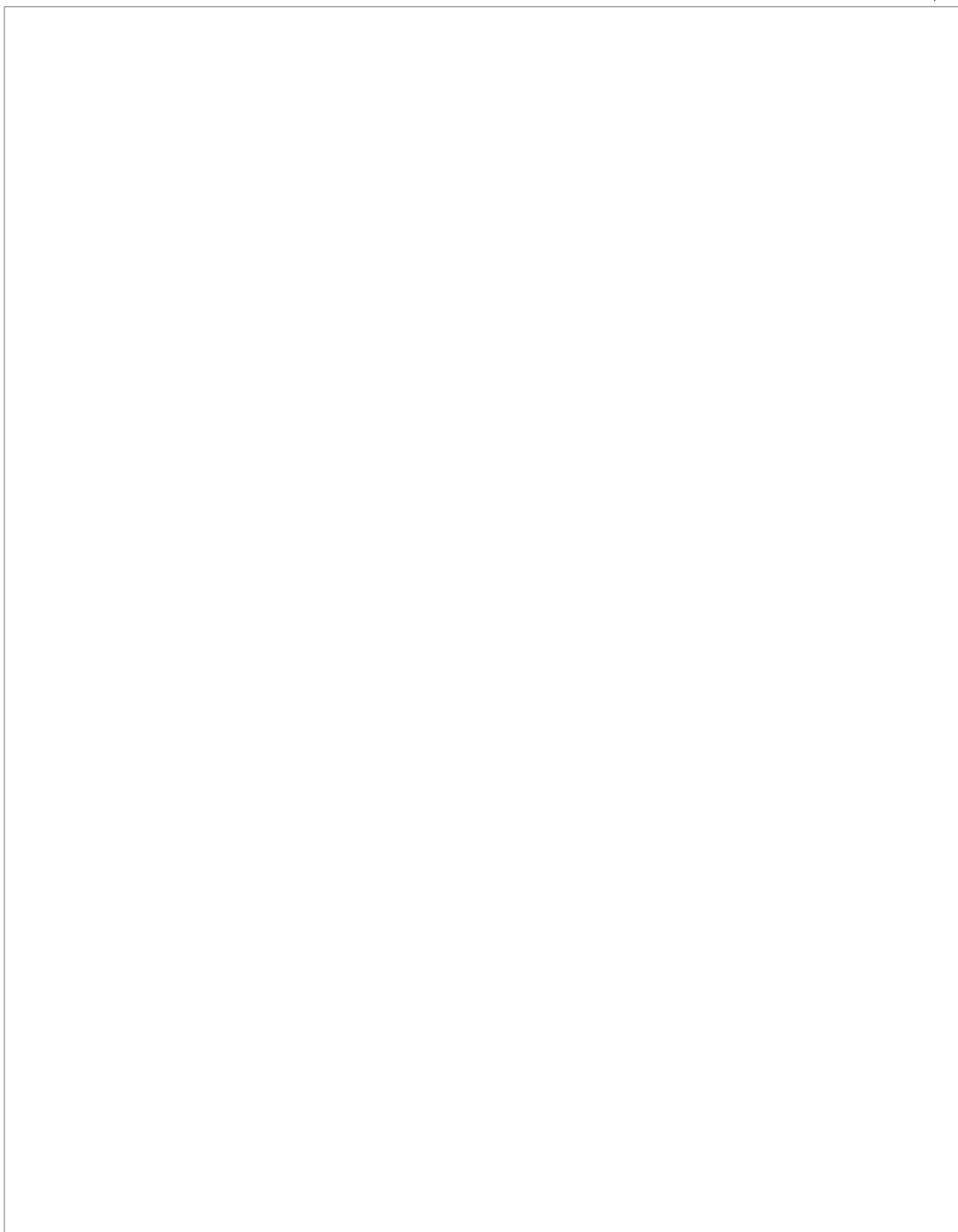
Follow-  
ing a cabinet session in Amman yesterday, it was  
officially announced that Jordan will take a "posi-  
tive attitude" toward the invitation to attend the  
conference.

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\* \* \*

Only scattered incidents were noted on the  
Golan and Suez fronts yesterday. In the most seri-  
ous incident, Egyptian and Israeli tanks exchanged  
fire for about an hour in the area of the main Cairo-  
Suez road. Both Israeli and Egyptian aircraft were  
detected flying reconnaissance missions and defen-  
sive patrols. Cairo claims to have downed one Is-  
raeli reconnaissance aircraft over its territory,  
apparently an unmanned drone which sources in Tel  
Aviv said had gone astray.

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*FOR THE PRESIDENT ONLY*

EGYPT-SYRIA-ISRAEL

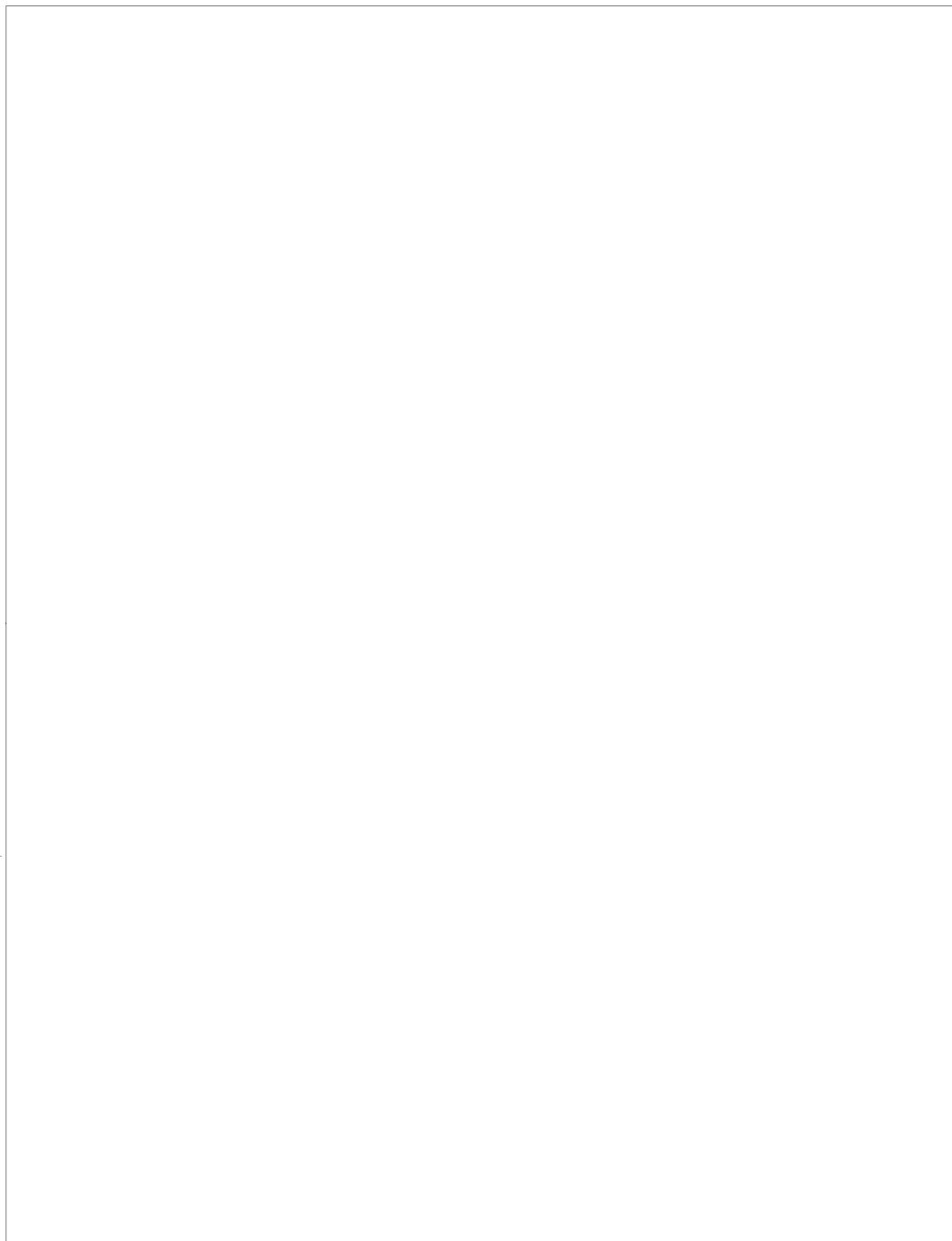
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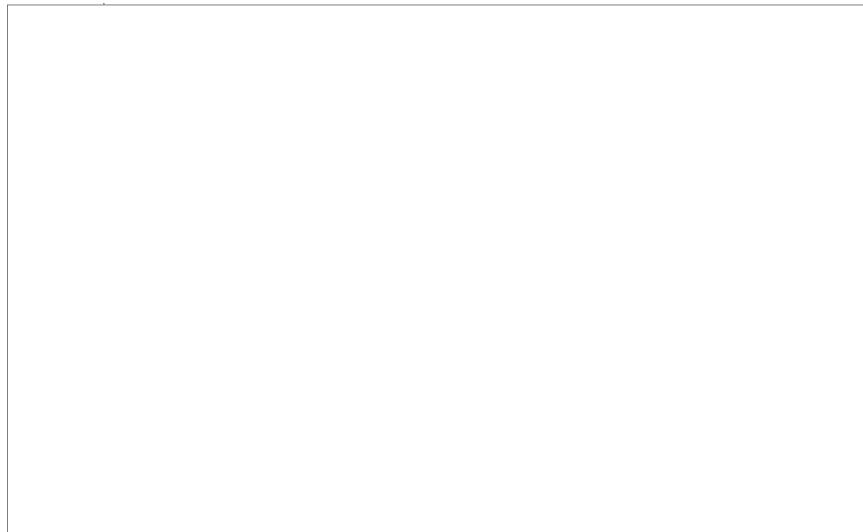
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*FOR THE PRESIDENT ONLY*

**SYRIA**

From all outward signs, President Asad seems to be fairly secure in power. Syria's politics have always been so precarious, however, and information on internal Syrian affairs so sketchy and contradictory, that it is impossible to assess Asad's staying power with confidence. Clearly, he is under heavy pressures from both political allies and foes.

Just before the outbreak of war there were numerous--often conflicting--reports of attempts to overthrow him on the part of his long-standing enemies: right-wing exiles in Beirut, leftist Baath exiles in Baghdad, rival claimants to power with support in the army or the Syrian Baath Party, and members of the majority Sunni Muslim community who resent the predominant position Asad has given members of his own smaller Alawite sect. When the fighting broke out, however, Asad's enemies rallied to support the war effort. Now many of them are said to be critical of Asad's decision to accept a cease-fire, as are many of his previous supporters.

The initial opposition to Asad's handling of the war came from some of the fedayeen and from the Iraqis, who had sent a sizable force to Syria's assistance. These groups were joined by those Syrians who have always been sympathetic to the more radical Iraqi variety of Baathism.

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Discontent among Sunni military officers is probably the most serious threat to Asad, whose regime depends on army support.

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Asad has reason to be concerned about their loyalty and is making efforts to repair his standing with them. To help him, he has over the years developed a network of supporters--often hand-picked--in the armed forces, the security apparatus, and the party. He also has formed an elite 10,000-man security force under the command of his brother.

(continued)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

There is also considerable pressure on Asad to resume the fighting. Apparently most of the Syrian leadership, including Asad himself, agreed to the halt with great reluctance, and many officers are said to believe that the cease-fire cheated them of an opportunity to regain at least some of the ground they lost in mid-October. Syrians do not believe that Israel wants peace, and most probably would rather fight the Israelis than negotiate. If the peace talks drag out, Asad will have his hands full coping with their sentiments, assuming that he does not lose all patience with the Israelis himself.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**FEDAYEEN-US**

President Houphouet-Boigny of the Ivory Coast has received a private message from Yasir Arafat which he says is actually an approach to the US on a Palestinian settlement.

As reported to Ambassador Root in Abidjan, the message from Arafat asserts that:

--the Palestine Liberation Organization in no way seeks the destruction of Israel, but accepts its existence as a sovereign state;

--the PLO's main aim at the Geneva conference will be the creation of a Palestinian state out of the "Palestinian part of Jordan," plus Gaza;

--Arafat is personally prepared for a phased development from a confederation of Israel and the new state to a simple federation. He is not ready to divulge this to other Arab states, however, although he claims that all the PLO except the extremist wing supports him;

--Arafat has chosen the Ivorian President as the exclusive intermediary for this message because Houphouet enjoys the full confidence of the United States.

The bearer of this message was Dr. Asam Sartawi, a respected US-trained surgeon who has been associated with Arafat's Fatah and with a Palestinian liberation group of his own, and is one of the more moderate members of the PLO executive committee. Sartawi was in Abidjan last week at the head of a PLO delegation and reportedly spent considerable time with the President.

The Ivorian ambassador to the US is to carry this message when he returns to Washington early next week.

The message may well be a genuine effort by Arafat to approach the United States through an intermediary who can be trusted by both sides. A Palestine federated with Israel would not be the kind of proposal the PLO leader would want to make through an Arab channel, and the concept is one that Arafat would have to oppose publicly unless it were put forward during negotiations as the last chance for a Palestinian-run state.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

SOUTH VIETNAM

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The Communists

recent at-

tacks against border outposts in Kontum, Pleiku, and Quang Duc provinces have brought them some territorial gains in remote areas, through which they are developing a north-south supply corridor. In addition, the Communists may now be increasing military activity in the delta near the Cambodian border and elsewhere.

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The annual dry season push to move men and supplies south from North Vietnam is under way

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another North Vietnamese infantry division has recently returned home from northern South Vietnam--the third division to leave this area since the cease-fire.

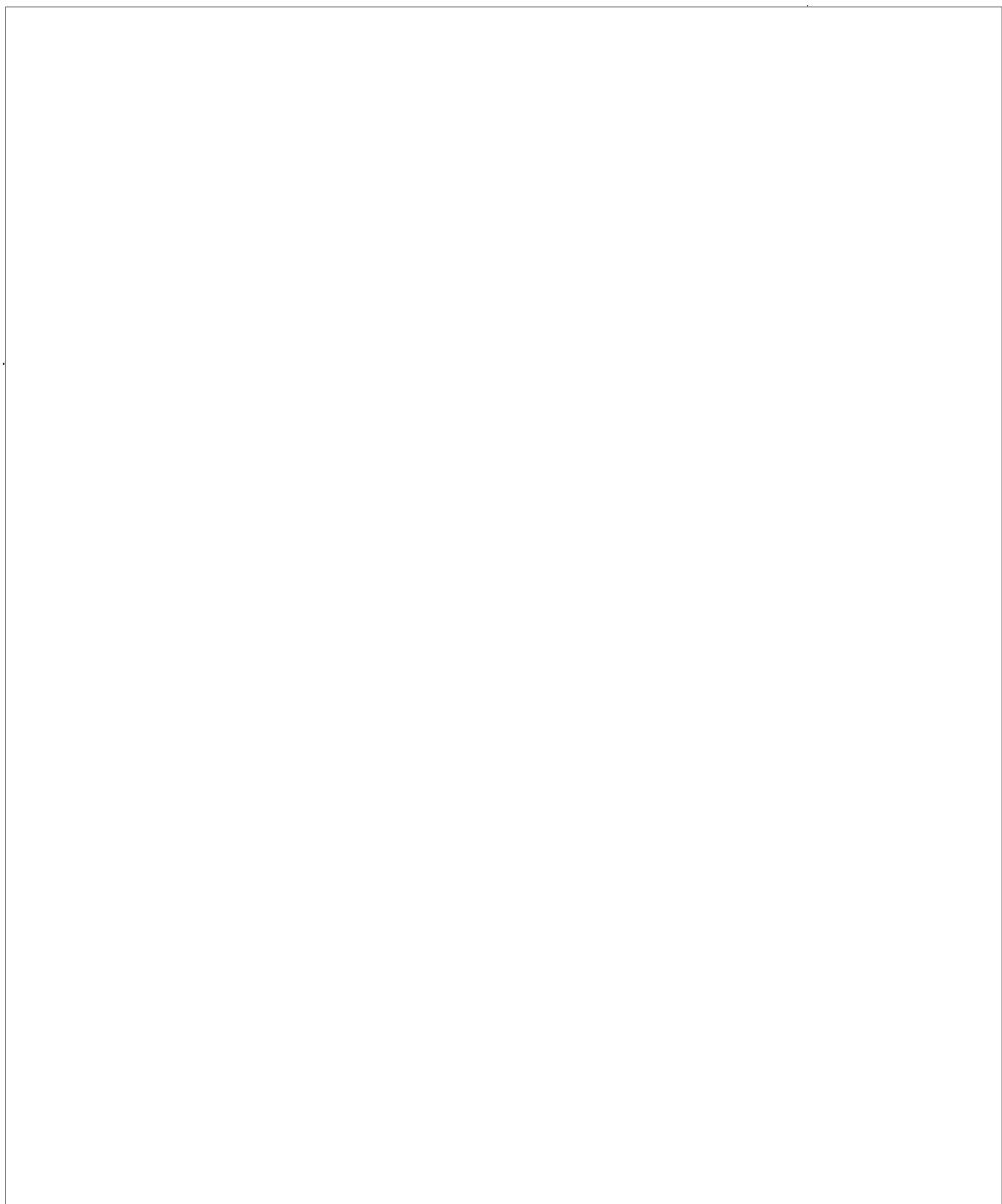
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*FOR THE PRESIDENT ONLY*

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*FOR THE PRESIDENT ONLY*

KOREA

Pyongyang appears to be playing down, at least for the moment, its claim to waters surrounding the five islands in the Yellow Sea. The Communists did not raise the issue at the preliminary meeting of the Military Armistice Commission yesterday. The meeting, requested by the North Koreans, took place after South Korean vessels had traveled to and from islands in the disputed waters without obtaining permission from Pyongyang.

The North Koreans had already modified their threat, made at the full MAC session on December 1, to act against any vessels attempting passage without prior clearance. A week later, they said this action would apply only to ships carrying out "reconnaissance and other hostile acts."

Some 40 North Korean boats now routinely patrol the waters around the South Korean-controlled islands that lie within Pyongyang's claimed 12-mile limit. On December 11, three of these boats made high-speed passes at South Korean vessels.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

USSR

The 1974 Soviet defense budget announced on December 12 will amount to 17.6 billion rubles, a decline of about 2 percent from last year's 17.9 billion total, which has held constant since 1969. Military spending, according to the announcement, will decline to 9.1 percent of the national budget from last year's 9.9 percent. Despite these claims, intelligence estimates indicate that the gradual growth in Soviet defense spending evident since 1969 will in fact continue in 1974. Moreover, the pace is expected to quicken in 1975 and 1976 when the USSR begins putting in place ICBM systems now under development.

The Soviets use their announced budget for political purposes, and they apparently hope that it will convey to domestic and foreign audiences a sense of confidence that further progress in detente will be made.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTE

Arab States: Six Arab states--Egypt, Saudi Arabia, Kuwait, Abu Dhabi, Qatar, and Sudan--have agreed to form a \$230-million investment company to finance Arab agricultural and shipping ventures. The company is being hailed as the first project motivated by last week's Arab League decision to repatriate foreign deposits for investment in Arab countries. The capitalization involved will not lead to any noticeable drawdown in Arab holdings in the US or Western Europe. Similar companies have appeared in the Middle East over the past five years, but so far they have not made much impact.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

15 December 1973

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~~Top Secret~~

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

December 15, 1973

25X1

PRINCIPAL DEVELOPMENTS

Large-scale movements of facing Israeli and Syrian forces apparently have occurred in the past few days.

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Libya [redacted] Italy [redacted]

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(Page 4)

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The Soviets [redacted]

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Japan [redacted]

(Page 6)

25X1

Japan's prices rose last month at the fastest rate since the Korean War. Another boost in the central bank discount rate seems likely. (Page 7)

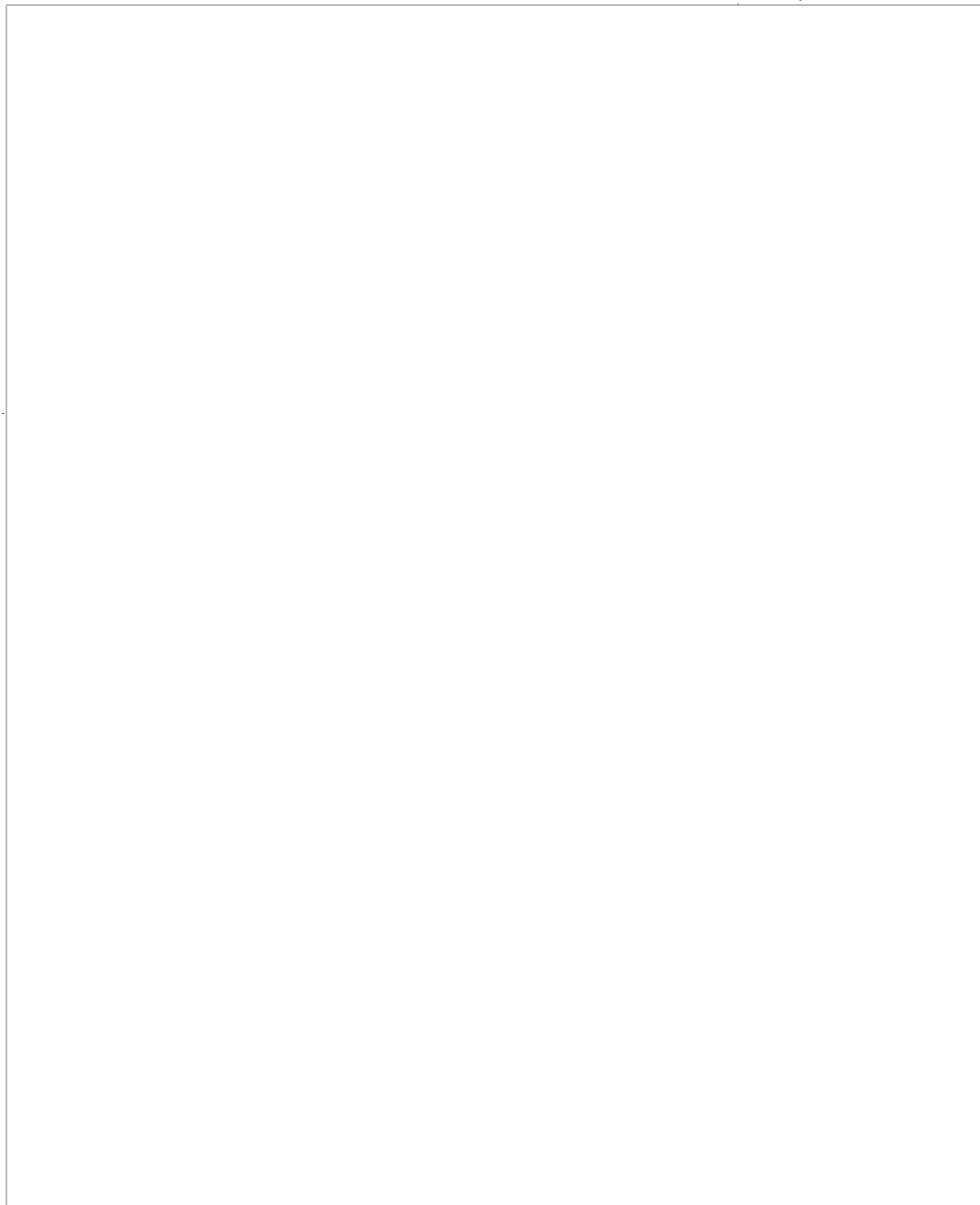
The continuing strengthening of the dollar may push it above current central bank rates and test the willingness of the Bundesbank and others to defend the rates. (Page 8)

Notes on China's development of offshore oil resources [redacted] appear on Page 9.

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FOR THE PRESIDENT ONLY

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*FOR THE PRESIDENT ONLY*

**ARAB STATES - ISRAEL**

Large-scale movements of Israeli and Syrian forces apparently have occurred along the Syrian front over the past few days.

UN truce observers reported seeing heavy traffic of Israeli tanks and wheeled vehicles near Al Qunaytirah on Wednesday evening. Additional movements of Israeli tanks and artillery were observed west of Syrian-held Sasa that same evening. The next night, the observers reported large-scale movements of Syrian vehicles opposite Al Qunaytirah and near Sasa on both sides of the Israeli salient into Syria.

Substantial Israeli and Syrian forces are already stationed in the areas of the reported movements, and it is not known whether the sightings represent a redeployment of forces there or an augmentation of them. For the past week, [redacted]

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[redacted] Syria has been putting its civilian and military forces on a wartime footing.

25X1

[redacted] significant Syrian troop movements have occurred along the Golan front and that Syrian forces there have been reinforced. The reported Israeli troop movements may be in reaction to the Syrian activity.

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An assessment by the US defense attaché in Tel Aviv concludes that Israel's military leadership does not seek renewed warfare and views the Geneva conference as desirable, despite widespread fears that Israel will be pressured into giving up the fruits of victory in two wars.

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[redacted]  
[redacted]  
[redacted]

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*FOR THE PRESIDENT ONLY*

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In fact, an increase in terrorism on the West Bank since October has caused Israel to impose some drastic security measures there, while there have been few terrorist incidents in Israel proper.

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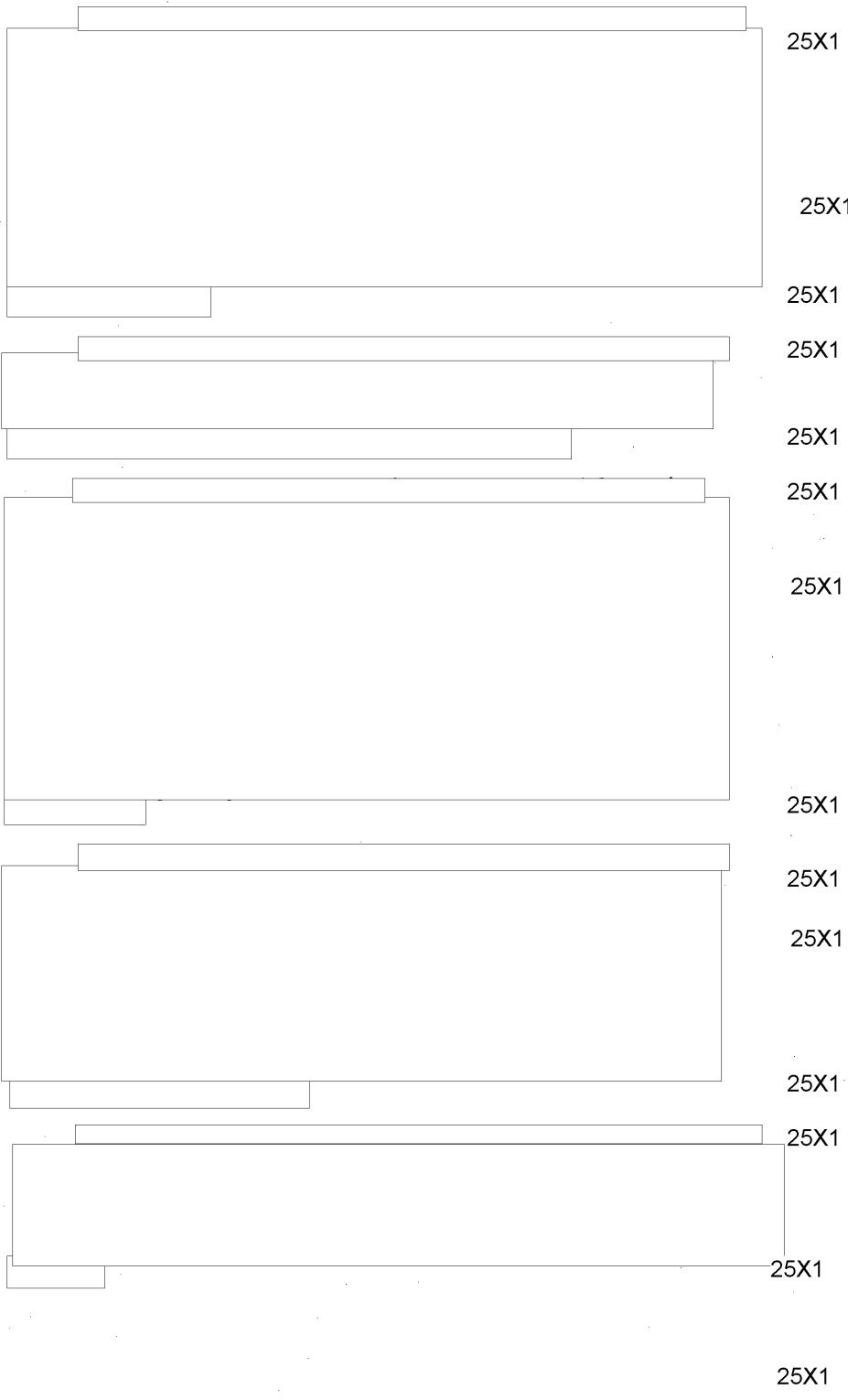
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

JORDAN

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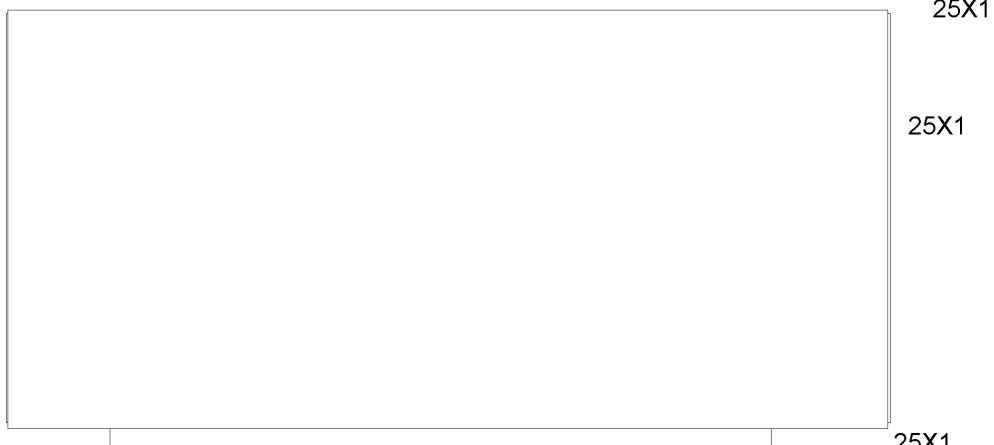
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**LIBYA-ITALY**

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USSR



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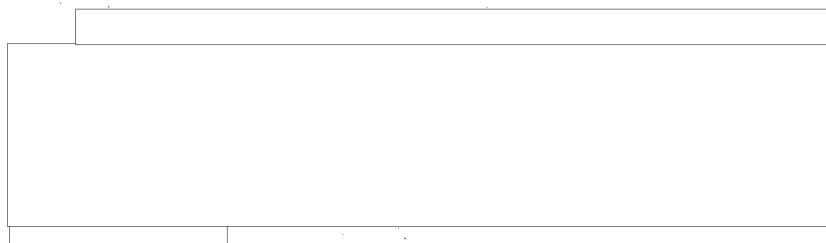
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JAPAN

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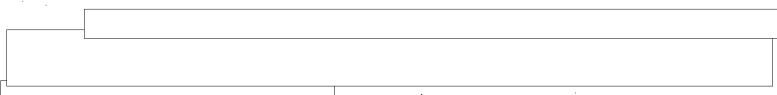
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

JAPAN

Inflation accelerated last month, with wholesale prices rising 3.2 percent to a level 22 percent above November 1972. The energy crisis was a major factor; fuel prices rose about 10 percent from the previous month. The prices of copper and paper also rose sharply.

Japan's prices rose faster in November than in any month since the Korean War, despite the deflationary impact of a record balance-of-payments deficit during the month. Long-term capital outflows doubled from the October level and short-term outflows increased significantly because of the weakening of the yen. These outflows more than offset a trade surplus of \$380 million.

Tokyo's response to its inflation problem will probably be another sharp rise this month in the central bank discount rate--to at least 8 percent--and a more austere government budget for the fiscal year beginning April 1. In the short-term, such measures are unlikely to slow the advance of prices to an acceptable rate and they could intensify the slowdown in economic activity that will result from the energy crisis.

*FOR THE PRESIDENT ONLY*

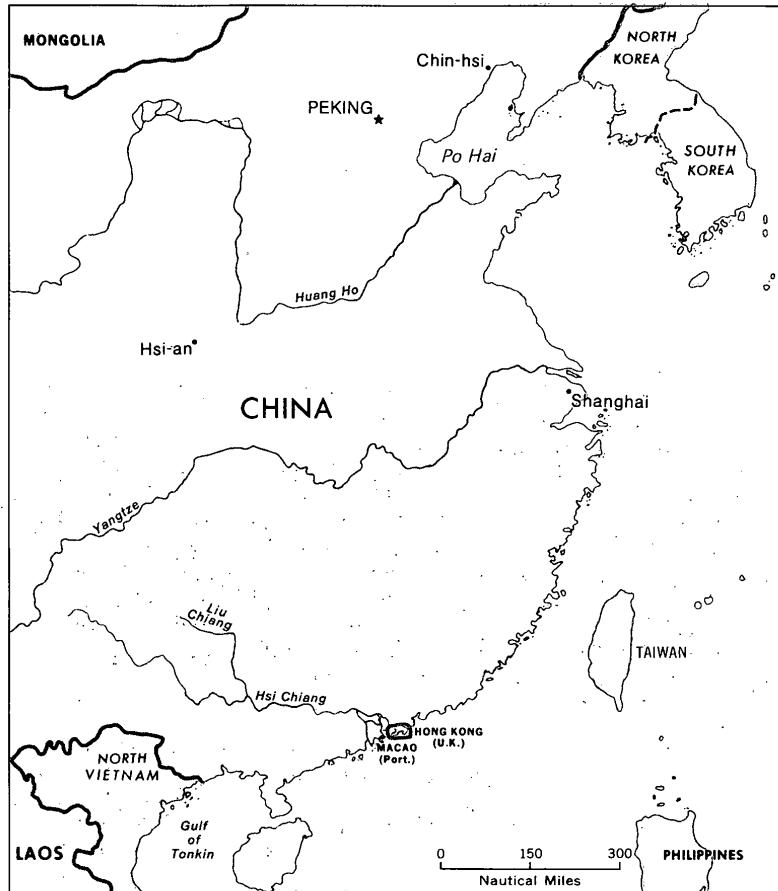
*FOR THE PRESIDENT ONLY*

## **INTERNATIONAL MONETARY DEVELOPMENTS**

The dollar continued to strengthen this week, rising to its highest average level relative to other major currencies since the devaluation last February. Growing confidence in the long-range prospects of the dollar may push it above the current central bank rates. This in turn will test the willingness of the Bundesbank and others to defend these rates.

West German officials have long regarded the present central rate of 2.67 marks per dollar as appropriate for maintaining long-range stability. So far, the dollar has shown little tendency to rise above this level. If substantial upward pressures on the dollar occur, however, the Bundesbank may find that support for the central rate would conflict with regional European and West German priorities. An attempt to maintain the 2.67 rate, when all float currencies are weakening against the dollar, could strain the European joint float.

*FOR THE PRESIDENT ONLY*



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*FOR THE PRESIDENT ONLY*

NOTES

China: Over the past two months, Chinese officials have been telling Japanese businessmen and overseas Chinese leaders that Peking may consider inviting foreign firms to participate in developing offshore oil in China's Po Hai Gulf. Prospects for earning foreign exchange and acquiring technology--as well as for countering Soviet overtures to Japan--have apparently softened Chinese opposition to earlier foreign proposals for joint ventures. Crude oil output in China last year reached 30 million tons, compared with 7.5 million in 1965. As transportation and handling problems are resolved, China could export 6 to 10 million tons annually by 1976.

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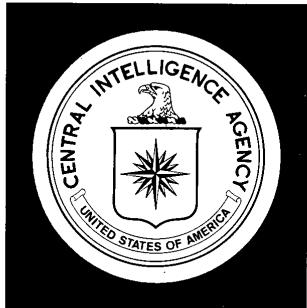
France: [redacted]

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*FOR THE PRESIDENT ONLY*

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# The President's Daily Brief

*17 December 1973*

*45*

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

December 17, 1973

**PRINCIPAL DEVELOPMENTS**

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[redacted] Pro-fedayeen disorders are occurring 25X1  
on the Israeli-occupied West Bank of the Jordan.  
Palestinian leaders have failed to agree on the  
formation of a state or on participation in the  
Geneva talks. King Faysal remains adamant about  
the return of East Jerusalem to Arab control.

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(Page 1)

The EC summit produced guidelines for action on  
energy problems. (Page 3)

Poland has agreed to repatriate large numbers of  
ethnic Germans in return for West German economic  
aid. (Page 4)

25X1

Brezhnev may have postponed his trip to Cuba.  
(Page 5)

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Saudi Arabia [redacted]  
[redacted]. (Page 5)

25X1

Kuwait [redacted]

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(Page 5)

Turkey's President has asked for an end to two  
months of caretaker rule with the formation of a  
coalition government embracing all parties with ten  
deputies in parliament. (Page 5)

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**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ARAB STATES - ISRAEL**

The US Consul in Jerusalem reports that developments in the Israeli-occupied West Bank of Jordan are beginning to resemble the 1967-68 period, when women and students led widespread public disorders. Israeli authorities on December 15 arrested a number of women demonstrators, including the wife of a former Jordanian cabinet minister. The Israeli military government has also closed the 250-student Anglican Arab College, the West Bank's only significant college and long a center of Palestinian nationalist activity. The Consul believes that these Israeli efforts to forestall trouble are, in fact, virtually certain to lead to disorder.

The Israeli Government has publicly reiterated that Israel will not talk with Syrian representatives at Geneva until Damascus provides it with a list of Israeli POWs and allows International Red Cross representatives to visit them. Even if Syria eventually produces such a list, it might prove to be a bitter disappointment to Israel.

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Palestine Liberation Organization chairman Yasir Arafat failed last week to convince the PLO Executive Committee to adopt a unified position

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the rejection of Arafat's proposals reflect several other factors that have influenced the thinking of the PLO Executive Committee since the cease-fire:

-- fedayeen dissatisfaction with the allegedly "passive role" of the USSR in the search for a Middle East settlement;

-- [redacted] fear that the Fatah-led PLO would dominate an independent Palestine;

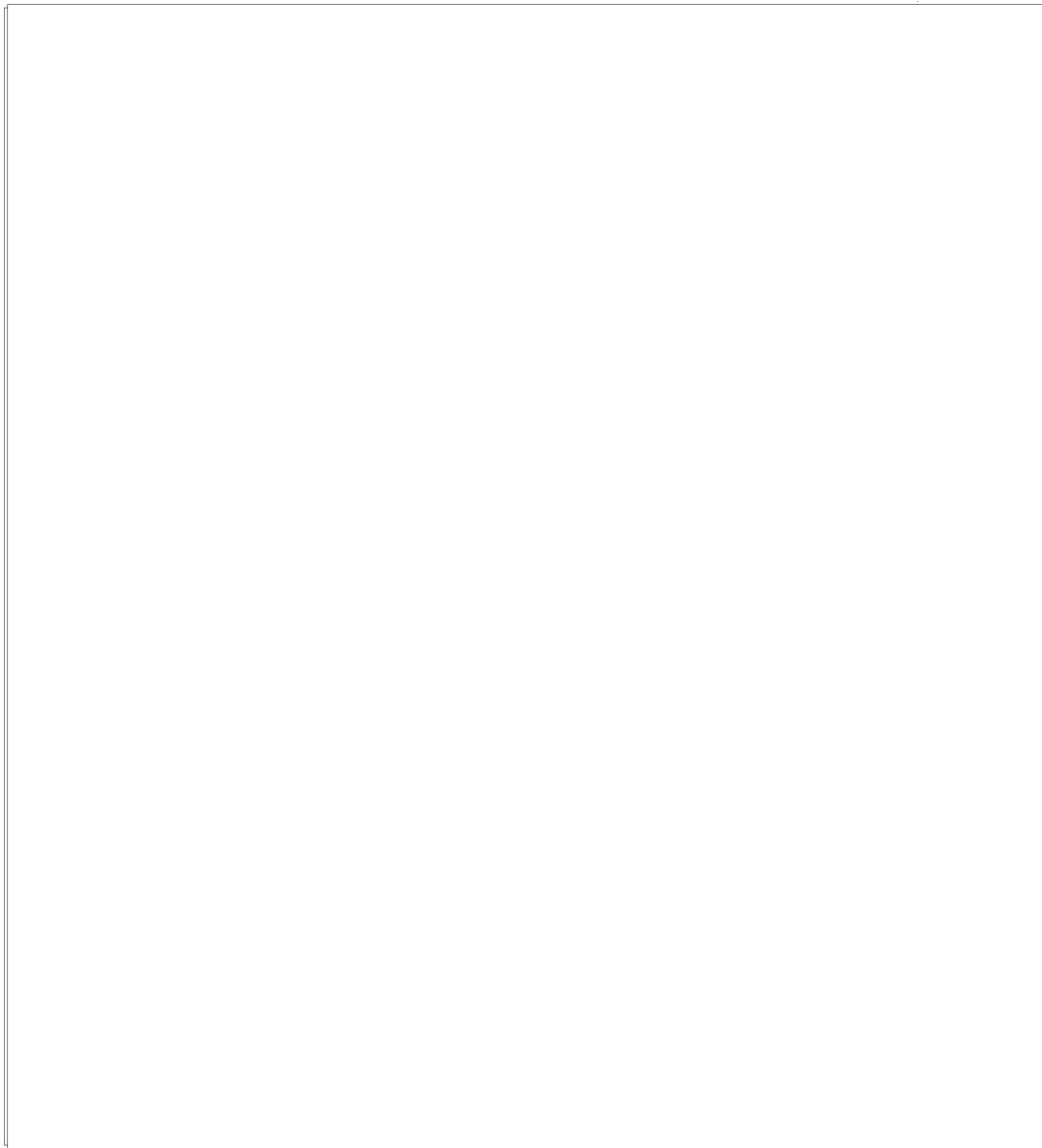
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**FOR THE PRESIDENT ONLY**

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*FOR THE PRESIDENT ONLY*

--Israel's continued "intransigence," as manifested in the Kilometer 101 talks;

--Iraq's well-orchestrated campaign to discredit the moderate PLO leadership and to develop an opposition front within the PLO.

King Faysal, meanwhile, is reported to be adamant that East Jerusalem revert to Arab control. The political officer of the Saudi Embassy in Cairo informed the US Interests Section over the weekend of Faysal's view that an Arab flag--Jordanian or Palestinian--alone must fly over East Jerusalem. The King, he claimed, will not accept any "open city" plan. The Saudi said Faysal hopes that he has convinced Secretary Kissinger of the Arabs' moral as well as legal right to the city.

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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

## **EUROPEAN COMMUNITIES**

The EC summit meeting adopted guidelines for concerted action on energy problems. Between now and early February the EC Commission is to draw up an inventory of energy resources, examine the effects of energy shortages on the EC's economy, and make proposals for a common energy market. The Commission's mandate pointedly omits mention of oil sharing--presumably still unpalatable to France and Britain--and leaves considerable leeway to each state in deciding how to limit energy consumption.

The program is a commitment toward solving longer range aspects of the energy problem, and includes accelerated research on new sources of energy and creation of a European uranium enrichment capacity. The statement suggests no date for beginning negotiations on comprehensive cooperation arrangements with oil-producing countries.

There was only an indirect response to Secretary Kissinger's call for an Energy Action Group in a reference to the usefulness of studying the consumer countries' problems "within the framework of the OECD."

Four Arab foreign ministers--from Algeria, Tunisia, Sudan, and the United Arab Emirates--came to Copenhagen and succeeded in using the summit to publicize Arab demands on Europe. They apparently received no more from the Nine, however, than a reiteration of the EC's November declaration. Summit participants, moreover, conveyed their irritation by publicly cautioning about the negative effect of Arab oil measures on European public opinion.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**WEST GERMANY - POLAND**

Bonn and Warsaw edged closer to resolving their problems during Foreign Minister Olszowski's visit to Bonn in early December. Lower level negotiators are expected to work out the final shape of an accord before Polish party chief Gierek makes his long-awaited visit to West Germany next spring.

The Germans regard Polish concessions on emigration as a major breakthrough. The Poles agreed to permit 50,000 ethnic Germans to emigrate next year, and [redacted] an additional 50,000 will be allowed to depart in each of the following two years.

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The Germans had insisted that this concession was required before Bonn could justify granting long-term economic aid. The Poles had previously sought a \$1.2 billion credit, but last week Bonn held to an offer of \$400 million. The Germans are willing to negotiate the terms, leaving open the possibility that they will provide the loans at 4 percent interest as the Poles have requested--less than half the current market rate in the Federal Republic.

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The current optimism in Bonn contrasts sharply with the mood only a few weeks ago. [redacted]

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

NOTES

USSR-Cuba: General Secretary Brezhnev may have postponed his trip to Havana.

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Brezhnev has been scheduled to go late this month to be on hand in early January for celebrations marking the 15th anniversary of Batista's flight from Cuba.

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Saudi Arabia - Japan:

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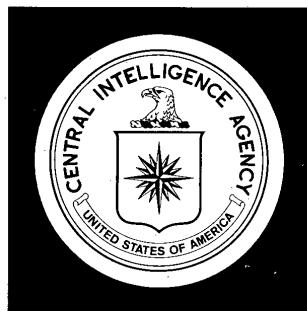
Kuwait:

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Turkey: In a major address on December 15, Turkish President Koruturk asked caretaker Prime Minister Talu to form a coalition government embracing all parties that have at least ten deputies in parliament. Talu is an independent. The President also recommended that election laws be revised in order to prevent new elections from yielding the same results as those of October 14, when no party received a mandate. Koruturk did not say whether the eligible parties have agreed yet to serve in such a coalition. Other attempts over the past two months to put together a coalition government failed because key parties refused to participate.

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# The President's Daily Brief

18 December 1973

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

December 18, 1973

**PRINCIPAL DEVELOPMENTS**

There was a new flurry of consultation among the Arabs yesterday; the main topics appear to have been how Damascus should respond to Israel's demand for a list of POWs, and Syria's general attitude toward the upcoming talks in Geneva. Amid the various comings and goings were signs that the Egyptians and the Soviets were offering their own views and suggestions to the Syrians. (Page 1)

Cambodian troops have regained control of several miles of Route 4 southwest of Kompong Speu, but part of the highway remains in Communist hands. (Page 3)

With the economic crisis growing more acute, Britain has announced new measures designed to deflate the economy. Public spending in the next fiscal year will be reduced by close to \$3 billion. There will be new taxes and controls on credit sales. (Page 4)

USSR

(Page 5)

25X1

In Denmark, Liberal leader Poul Hartling stands a fair chance of forming a minority centrist government soon. (Page 5)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**ARAB STATES - ISRAEL**

A new flurry of inter-Arab consultation is under way. Syria was directly involved in most of yesterday's diplomatic activity, which presumably focused on Israel's demand that Damascus provide a list of Israeli POWs, as well as on Syria's general attitude toward the upcoming peace conference in Geneva.

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Egyptian Foreign Minister Fahmi reportedly flew to Damascus yesterday where he conferred for three hours with President Asad before returning to Cairo.

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Palestine Liberation Organization Chairman Arafat also held talks with Asad yesterday.

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Meanwhile, Libyan Prime Minister Jalud returned to Cairo from Tripoli less than 24 hours after leaving the Egyptian capital. Jalud spent five days in Egypt late last week, during which time he reportedly met twice with President Sadat.

The Middle East News Agency yesterday carried the text of remarks made by Foreign Minister Fahmi in an interview for French television. Fahmi said that Egypt expects more Israeli "maneuvering" once peace talks begin in Geneva. He said Cairo would participate in order to "prove to the world" that Israel is obstructing peace.

Israeli Deputy Premier Allon spelled out his expectations for the Geneva negotiations in an interview broadcast by Jerusalem radio on December 17. Allon stressed:

- "considerable time" would be spent negotiating a separation of forces;
- the only joint session would be the opening ceremony, and then only if Syria provides a list of POWs;
- Israel intends to hold separate talks with each of its neighbors, "because there are different problems with each state";

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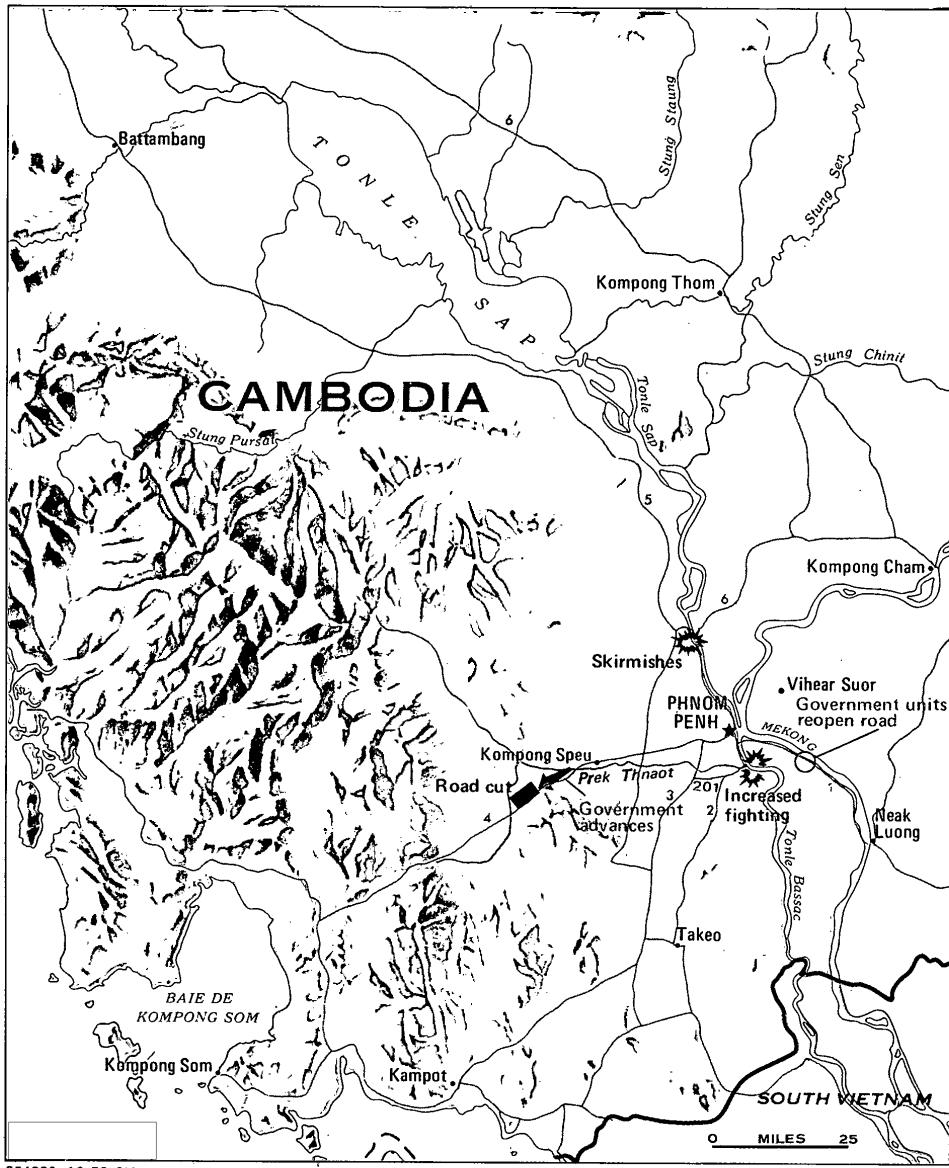
**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

--there must be agreement on a "long list of conditions" for a settlement before final boundaries can be discussed; these conditions include the nature of demilitarized zones, the status of peace-keeping forces, Israel's navigation rights, and the nature of relations following a settlement.

There are continuing signs that the Arabs intend to keep military pressure on Israel in an attempt to strengthen their hand at the peace talks. An article in Al-Ahram yesterday advocated increasing such pressure so as to force Israel to endure the high cost of maximum preparedness for as long as possible. The Syrians may have something more serious in mind. According to a new source with access to middle-level Syrian military officers, the latter believe Damascus will launch renewed attacks before and during the talks in Geneva in order to force a rapid settlement.

*FOR THE PRESIDENT ONLY*



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**FOR THE PRESIDENT ONLY**

**CAMBODIA**

Elements of a 4,000-man Cambodian Army task force broke through Communist defenses on Route 4 over the weekend and have now regained control of several miles of highway southwest of Kompong Speu City. Government units are regrouping before trying to reopen the four miles of road still in Communist hands. Although three Communist regiments are reportedly operating in the general area of Kompong Speu, intercepted messages indicate that Communist strength has been worn thin during the month-long campaign on Route 4.

Government troops yesterday regained control over a short stretch of Route 1, some seven miles southeast of Phnom Penh, that was cut by the Communists over the weekend. Along the Bassac River directly south of Phnom Penh, Communist units have isolated several government outposts and have begun forcibly relocating villagers. The Communists have for some time been planning a series of coordinated small-scale attacks along the city's southern defenses, and a modest increase in fighting can be expected elsewhere in the area.

Scattered fighting continues along Route 5 between ten and fifteen miles north of Phnom Penh as government reinforcements attempt to dislodge several hundred Communist troops that moved into the area late last week.

Recent messages from Communist units near the provincial capital of Takeo have mentioned ammunition shortages, but the town remains the target of daily Communist shellings and ground probes.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**UNITED KINGDOM**

Chancellor of the Exchequer Anthony Barber yesterday announced new measures to deflate the British economy. Public spending in the next fiscal year will be reduced by close to \$3 billion. Cuts will be widespread, but there will be none in energy industries or in state housing. Barber also announced a tax surcharge affecting those in higher income brackets, new controls on credit sales, and a tax on real estate transactions.

These measures are intended primarily to bring demand into line with the sharply reduced production expected to result from Britain's energy crisis. The domestic coal shortage and railway slowdown have compounded the effects of shortfalls in oil deliveries. Consumer prices rose at an annual rate of ten percent last month, and the trade deficit for the year will top \$5 billion.

*FOR THE PRESIDENT ONLY*

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NOTES

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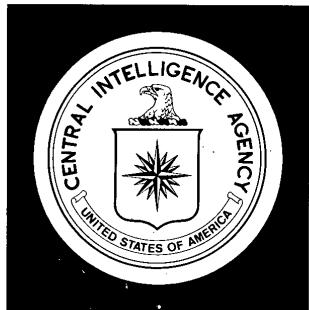
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[redacted]  
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Denmark: Liberal leader Poul Hartling, named formateur by the Queen last week, stands a fair chance of forming a minority centrist government soon. Hartling, a moderate who was foreign minister from 1968 to 1971, reportedly has the support of the Center Democrats and the Christian People's parties-- both of which benefited from the anti-establishment mood of the Danish electorate in the voting on December 4. Two other parties also have favored his candidacy for formateur. In view of the political fragmentation resulting from the recent elections, however, extensive interparty negotiations probably will be needed to put together even a weak, minority government.

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*Top Secret*



# The President's Daily Brief

19 December 1973

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THE PRESIDENT'S DAILY BRIEF

December 19, 1973

PRINCIPAL DEVELOPMENTS

Syria's refusal to attend the Geneva Middle East peace conference which begins Friday heightens chances for renewed hostilities on the Golan front. Egypt's reaction, however, seems to hold out some possibility that Syria may be persuaded to attend if early progress is made.

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[redacted] Egyptian nervousness over possible Israeli air raids. (Page 1) 25X1

Hijackers of the Lufthansa aircraft from Rome may be members of the dissident Fatah - Black September group based in Tripoli. (Page 2)

The opening round of negotiations on force reductions in Europe was largely a probing exercise that indicated areas of conflict and potential compromise. (Page 3)

Soyuz 13, launched yesterday with two cosmonauts aboard, appears to be operating normally. (Page 4)

Notes on cutbacks of Arab oil to Caribbean refineries and Denmark's new minority government appear on Page 5.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**ARAB STATES - ISRAEL**

Syria's announcement yesterday that it would not participate in the Geneva conference which begins Friday reflects the ingrained convictions of some Syrian leaders that productive negotiations with Israel are still not possible.

By casting doubt on prospects for quickly attaining Arab goals through negotiation, the announcement heightens chances for renewed hostilities on the Golan front, where Syrian forces were alerted and reinforced last week. Moreover, the recent Egyptian military buildup and positioning of air force units suggest the possibility of Egypt and Syria advancing their timetable for applying military pressure on Israel to withdraw from Arab territory.

Official Egyptian reaction to Syria's decision still held out hope that the Syrians could be persuaded to attend the conference if early progress were made. Cairo's statement expressed understanding of the "fear and suspicion that have forced" Syria not to attend the conference. However, it emphasized that significant progress during the early meetings could open the way for Syria and other Arabs to contribute positively to the peace effort. But, Cairo warned, Israeli stalling would force the Arabs to resume the armed struggle.

According to press reports from Geneva, Israeli officials reaffirmed Israel's agreement to attend the conference, despite the Syrian decision.

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Despite Egyptian nervousness, few cease-fire violations were noted yesterday. UN observers reported antiaircraft fire near Fayid on the west bank of the Great Bitter Lake, and several heavy explosions were heard north of Suez City. According to Jerusalem Domestic Service, no cease-fire violations occurred on the Syrian front.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**FEDAYEEN**

The hijackers of the Lufthansa aircraft from Rome airport are apparently members of a dissident Fatah - Black September group based in Tripoli, Libya. The group is headed by Ahmad Abd al-Ghaffur, a Fatah member but a critic of Fatah chief Yasir Arafat.

[redacted] there is no indication of Libyan complicity in this operation.

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The hijackers' demand for the release by the Greek Government of two imprisoned Palestinians who staged a terrorist attack at Athens airport last August suggests that the hijackers were operating under the guidance of Abd al-Ghaffur, who is thought to have planned and supervised the Athens incident. Prior to that incident Abd al-Ghaffur was said to be planning attacks for both Rome and Athens.

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A principal purpose of the current hijacking apparently was to disrupt the peace conference in Geneva. Abd al-Ghaffur in early 1973 was said to have agreed to coordinate his operations with officials of the Popular Front for the Liberation of Palestine, whose head, George Habbash, has publicly opposed participation by the Palestine Liberation Organization in the conference.

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**FOR THE PRESIDENT ONLY**

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

USSR

Soyuz 13, launched yesterday from Tyuratam with two cosmonauts aboard, appears to be operating normally.

The Soviet manned space program has been plagued by a variety of problems which could affect the joint Apollo-Soyuz mission scheduled for 1975. One objective of the current flight may be to test new components added to the spacecraft for this joint mission.

The orbits of Soyuz 13 and Cosmos 613, an unmanned spacecraft launched earlier, are significantly different, indicating that no rendezvous or docking operations are planned.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**NOTES**

Caribbean Oil: The embargo of crude oil by Saudi Arabia and Kuwait to all major refineries in the Caribbean, Libya's cutback on shipments to some refineries, and Libya's embargo to the one in the Virgin Islands--all effective in early November--stand to reduce the inflow of Arab crude to the area by about 80 percent. Heretofore, about 25 percent of the Caribbean's supply of crude oil has come from these three countries. Output of the Caribbean refineries is now beginning to reflect these cutbacks. US imports of petroleum products from the Caribbean, which amounted to 1.3 million barrels per day during the first six months of 1973, may soon be reduced by as much as 18 percent.

Denmark: The minority government of Moderate Liberal leader Poul Hartling enjoys, at least initially, relatively broad parliamentary approval. Over the longer term, however, support from the fragmented parliament is uncertain. As a result, the government may attempt only moderate domestic reforms aimed at slowing inflation and modifying the tax structure. Little innovation is likely in foreign policy, particularly as regards relations with NATO and the EC.

**FOR THE PRESIDENT ONLY**

*Top Secret*



# The President's Daily Brief

20 December 1973



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**FOR THE PRESIDENT ONLY**

**LATE ITEM**

Spain: Premier Luis Carrero Blanco died this morning as the result of injuries sustained when his car was caught in an apparent explosion of an underground gas main in Madrid. There is no evidence of sabotage at this time. Franco had relinquished the post of premier to Carrero in June but had retained his two other top positions as chief of state and supreme commander of the armed forces. Carrero will be replaced for the present by Deputy Premier Fernandez Miranda.

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

December 20, 1973

**PRINCIPAL DEVELOPMENTS**

The cease-fire lines remained relatively quiet as Egypt and Israel prepared to meet at Geneva tomorrow to explore possibilities for an Arab-Israeli settlement. (Page 1)

25X1

The dispute over regional development policy at this week's EC Council meeting has dimmed the limited achievements of the community summit last weekend. (Page 2)

Notes [redacted] Soviet [redacted] 25X1  
Peron's move against the commander of the Argentine Army appear on Page 3.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**ARAB STATES - ISRAEL**

The cease-fire lines remained relatively quiet as Egypt and Israel prepared to meet at Geneva tomorrow to explore the possibilities for an Arab-Israeli settlement.

The Egyptian foreign minister yesterday reiterated Cairo's commitment to secure Israel's complete withdrawal from Arab territories and the restoration of Palestinian rights. In an allusion to Syria's reasons for not attending the conference, he pledged that his delegation does not intend to enter into peripheral details in the discussions.

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President Asad held talks yesterday with Jordan's King Husayn in Damascus. Husayn visited Syria primarily to discuss Arab support for Jordan's attendance at the conference and to work out details of the Jordan Arab Army's role should fighting resume on the Syrian front.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

## EUROPEAN COMMUNITIES

A sharp dispute over regional development policy at this week's EC Council meeting has dimmed the limited achievements of the community summit last weekend and has made it clear that summity is no substitute for the familiar tough bargaining in the community's institutions.

The Council meeting broke down because Britain refused to accept the small figure West Germany proposed for the first three years' operations of a regional development fund. France, like Germany, favors a small fund.

The transfer of resources involved in the regional fund is of major political importance to the UK, Italy, and Ireland; they would be the principal beneficiaries. The direct transfer of funds from rich to poor regions, moreover, would mark an important step in the development of economic integration.

The British insist that the Council agree on the regional fund before London endorses the energy policy measures proposed at the summit. Stage two of the planned economic and monetary union has also been postponed as a result of the blow-up.

The Council is scheduled to meet again on January 7 to try to resolve differences over regional policy. Domestic politics in virtually all of the EC countries, however, will make it hard for their representatives to compromise.

*FOR THE PRESIDENT ONLY*

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**NOTES**

USSR: [redacted]

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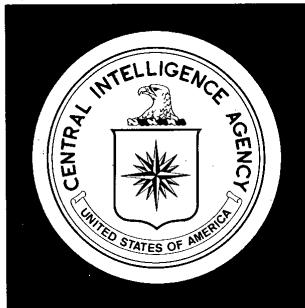
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Argentina: President Peron has forced out the commander of the Argentine Army because of rumors that he had presidential ambitions. The new army chief may be only temporary until Peron has time to purge the army and bring into command younger officers more responsive to his direction. The President cleaned out anti-Peronists from the navy earlier this month.

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*Top Secret*



# The President's Daily Brief

21 December 1973

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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

December 21, 1973

**PRINCIPAL DEVELOPMENTS**

Differences between Syria and Egypt have hardened substantially in the past few days. Syria's refusal to attend the Geneva conference has also disrupted attempts to forge a common peace policy among fedayeen organizations. (Page 1)

There is mounting evidence that Libya was involved with the terrorists who hijacked a Lufthansa aircraft from Rome earlier this week. (Page 3)

International meetings in Europe and in the Middle East have dominated the oil news this week. (Page 4)

Soviet and East European Communist party specialists met this week in Moscow to coordinate their efforts to minimize the effects of wider contacts with the West. (Page 6)

General Secretary Brezhnev's visit to Cuba appears to have been deferred until mid-January. (Page 7)

The assassination of Prime Minister Carrero Blanco has complicated General Franco's succession plans and compounded the uncertainties of the post-Franco era. (Page 8)

Notes on Soviet [redacted], security concerns in Chile, Canadian wheat crop estimates, and Zaire's nationalization of foreign-owned oil distribution facilities appear on Page 9.

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**FOR THE PRESIDENT ONLY**

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**SYRIA-EGYPT-FEDAYEEN**

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Differences between Cairo and Damascus have hardened substantially in the past few days.

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[redacted] President Asad delivered a long tirade against Sadat. [redacted] Asad's comments [redacted]

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[redacted] reflect genuine doubts about Egypt's trustworthiness and about prospects for a satisfactory peace settlement. They also reflect concern about the strength of Asad's position at home.

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Asad hashed over [redacted] Syrian grievances against Egypt. He accused Sadat of accepting the cease-fire without consulting Damascus, using the Syrians for his own ends [redacted]

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[redacted] Asad was especially critical of Sadat for throwing away the Arabs' trump card by agreeing to exchange prisoners-of-war--again without consulting Damascus. He said Syria has no intention of relinquishing its Israeli prisoners so easily.

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The Syrian President indicated that sentiment in the army and the Baath Party against Syrian attendance at the Geneva conference was too strong for him to disregard, but added that he might consider participating later if he saw some "visible results" coming from the talks. He put a decision on resuming hostilities on the same "wait and see" basis, and claimed he had no immediate plans for such action.

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[redacted] Asad [redacted]

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[redacted] could not accept less than a total withdrawal without committing political suicide.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

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Syria's refusal to go to Geneva and its efforts to prevent the fedayeen from attending have disrupted Arafat's attempt to forge a common Palestinian peace policy.

Arafat had made some progress earlier in gaining from various fedayeen factions support for PLO participation at some stage in the Geneva talks, and for the creation of a Palestinian state consisting of the Israeli-occupied West Bank and Gaza.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**LIBYA-FEDAYEEN-EGYPT**

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Libya may have helped plan the hijacking of the Lufthansa aircraft from Rome earlier this week.

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President Sadat reportedly views the operation as an attempt by Qadhafi to sabotage the Geneva talks.

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Meanwhile, the Kuwaitis apparently are having no success in eliciting information from the hijackers about their identities or organizational affiliation. Kuwaiti officials reportedly have decided to turn them over to the Palestine Liberation Organization. Kuwait's Foreign Minister told Ambassador Stoltzfus yesterday that the PLO has been told categorically that Morocco and Kuwait expect the "harshest punishment" to be meted out to the hijackers.

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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

## **INTERNATIONAL OIL**

International meetings, past and future, in Europe and in the Middle East, dominate the oil news this week.

The EC summit meeting in Copenhagen apparently made no progress in reconciling the differences among the Europeans on how to cope with energy problems and, in any case, focused mainly on medium- and long-term measures. The absence of immediate action may reflect, in part, the largely unstated consensus that Western Europe can best maintain oil imports, and provide for those countries with the largest potential deficits, by not taking formal collective measures that the Arabs could interpret as a challenge.

[redacted] there is a "silent understanding" that EC governments will not interfere with the oil companies' efforts to supply all regular customers, including those in the Netherlands, on an equal basis. This "understanding" may not be [redacted] firm [redacted]; countries losing oil as a result of the equalization effort have tended to complain [redacted] to the oil companies that too much is being diverted from them. The UK, for example, appears to be losing about 10 percent of its oil supplies as a result of diversions and export restraints by product suppliers, while France is losing only some 2 percent.

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Meanwhile, Secretary Kissinger's call for an extensive cooperative energy program is being studied. The British favor the Kissinger plan, the French are skeptical, and most other countries have expressed general approval, but are waiting for US elaboration before committing themselves. The meeting of the OECD Oil Committee's High Level Group on December 19 resulted in a strong consensus favoring the plan. A majority wants the OECD used as a vehicle for the group, although details were not discussed.

The view that the US stands to make substantial long-term economic gains at Europe's expense because of the energy crisis has gained some credence and has increased European frustration. West German and French bankers and Japanese Foreign Ministry officials have charged that the US may be promoting the shortage, and US officials report that conspiracy theories are becoming popular.

(continued)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

On the producers' side, substantial crude oil price increases are expected to be announced at the Organization of Petroleum Exporting Countries meeting that begins tomorrow in Tehran. At the last OPEC meetings in October-November prices for Persian Gulf oil were raised by about 37 percent.

The Arab oil ministers may hold a meeting late this month to hear a report from their Saudi and Algerian colleagues, who have been traveling in Europe and the US. Any new policy announcements that King Faysal might want to make following his consultations with his oil minister and his meeting with Secretary Kissinger might surface at this meeting.

Unity among the Arab producing countries appears to be increasing.

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Kuwait says that it now regards a 50-percent reduction in production as both politically and economically desirable.

Some Arabs may be beginning to question the effects of their own weapon, however. While most producers profess to be unworried about Western countermeasures and are not overly concerned about Western public opinion, they do fear that the oil weapon could bring about a world depression that would affect them. They also realize that the end result of the cutbacks may be a strengthening of the US economy relative to those of Europe and Japan. Arab willingness to let oil transit Rotterdam is one sign of this new concern.

**FOR THE PRESIDENT ONLY**

**USSR - EASTERN EUROPE**

Soviet and East European leaders are coordinating efforts to minimize the corrosive effects of wider contacts with the West. This was undoubtedly a key topic discussed by party specialists from all Warsaw Pact countries who met in Moscow on December 18-19. They probably also developed common propaganda guidelines with regard to the talks on European security, with particular stress on the thorny issue of free movement of people and ideas.

Moscow's leading ideologue, Mikhail Suslov, chaired the sessions. The other participants were central committee secretaries responsible in their respective parties for ideology and interparty relations.

The conferees presumably discussed various plans for multilateral Communist meetings next year and the world conference that the USSR would like to hold eventually. A gathering of West European Communist parties is scheduled for early 1974 in Brussels, and Moscow seems to have enough support for an all-European Communist meeting by late 1974. Polish party chief Gierek, who also met with Soviet party officials in Moscow last week, may have been given a special role in paving the way for the all-European meeting. The Poles have been asked to perform similar tasks in the past.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**USSR-CUBA**

An officer of the Soviet Foreign Ministry has told the US Embassy that Brezhnev will be going to Cuba around January 15. This confirms reports of last weekend that the Soviet leader's arrival in Havana has been deferred from late December to mid-January.

Brezhnev may have decided that his presence at Castro's 15th anniversary celebrations on January 2 would be the kind of irritant to the US which he wishes to avoid at this point in the US-USSR relationship. The uncertainties of the Middle East situation, of course, could also have contributed to the decision.

Whatever the reason, Havana is not pleased, since the delay implies that Moscow is downgrading Cuba's importance. Deputy Premier Carlos Rafael Rodriguez, in Moscow last week preparing for the visit, implied as much in his departure statement; he noted that Cubans are "awaiting impatiently" the Soviet leader's visit.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**SPAIN**

The death of Prime Minister Carrero Blanco complicates General Franco's succession plans and compounds the uncertainties of the post-Franco era. The assassination may have been related to the trial of the "Carabanchel Ten" dissident labor leaders, which was slated to begin just an hour after the attack. The trial was temporarily suspended, but late reports indicate that it was resumed later in the day.

Vice Prime Minister Fernandez-Miranda automatically became acting prime minister. The constitution provides that Franco appoint someone to a full five-year term within ten days, but Franco may decide to keep Fernandez-Miranda on an acting basis for a longer period. Fernandez-Miranda himself becomes a leading contender for permanent appointment, although he is likely to be challenged by others who want the post.

Franco may conclude that the assassination necessitates the appointment of someone further to the right than Fernandez-Miranda. Potential candidates include General Diez Alegria, chief of the High General Staff, and President of the Cortes Rodrigues de Valcarcel, a possible compromise candidate. Franco may even decide to reassume the post himself. The government's policies are not likely to change significantly in any event.

Meanwhile, security has been tightened in Madrid. All police have been recalled from holiday leave and the security service will probably round up known extremists of all political persuasions.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

USSR:

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Chile: There is concern in the junta over the possibility that its opponents will attempt to re-focus international attention on Chile with headline-making activity over the holiday period. Strict security measures remain in effect throughout the country, including spot searches of travelers. Although the left is still far from ready to launch a concerted terrorist campaign, extremists are capable of mounting a few spectacular operations.

Canada: Revised Canadian estimates show that there will probably be an additional 1 million tons of wheat available for export or carry-over for the crop year ending next July 31. Canada will probably export between 13 and 15 million tons of wheat during the crop year, leaving some 7 to 10 million tons to be added to domestic stocks.

Zaire: President Mobutu, apparently fearful that Zairian oil supplies would be diverted to countries with major oil shortages, has ordered the nationalization of all foreign-owned petroleum facilities in Zaire. The decision was announced shortly after Mobutu returned from a trip to the Middle East during which he obtained guarantees that Zaire will be able to purchase oil products directly from Algeria and Libya. The announcement of the takeover, which includes distribution facilities owned by Texaco, Shell, and Mobil, implied that the companies affected will be compensated. In the meantime, they have been ordered to continue their operations.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

22 December 1973

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~~Top Secret~~

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Exempt from general  
declassification guidelines E.O. 14176  
exemption category 5B(1), 5D(3)  
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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

December 22, 1973

**PRINCIPAL DEVELOPMENTS**

By increasing imports and expanding its domestic crop, Egypt is trying to accumulate wheat well in excess of its annual consumption requirement. This suggests that Cairo wants to be ready for a long war, if negotiations are not successful. (Page 1)

With Syria absent from Geneva, the Egyptians are under even greater pressure to achieve quick progress and to prove to their Arab allies that Cairo was right in deciding to negotiate. (Page 2)

A close adviser of King Faysal has told Ambassador Eilts in Cairo that the King would like to ease the oil embargo, but can do so only if Sadat recommends it, or if there is "some tangible disengagement" on the Arab-Israeli fronts. (Page 3)

Saudi Oil Minister Yamani says he will try to keep the lid on prices at the meeting of Persian Gulf members of OPEC. He expects to be fighting a lonely battle, however, and other information suggests his fears are well-founded. (Page 4)

Indonesia plans to ask the Arabs to end their oil boycott. The Indonesians will argue that over the long run the boycott harms poor, developing countries more than the intended targets. (Page 5)

The current visit to the USSR by the South Vietnam PRG president has prompted the first high-level Soviet criticism of US actions with respect to Indochina since the Paris agreement. (Page 6)

The Soviets may hope that Latin American countries will be more willing to buy weapons now that Peru has publicly acknowledged the purchase of Soviet tanks. There is no sign, however, that any new deals are likely soon. (Page 7)

Abu Dhabi has bought 18 more Mirage fighters from France. (Page 8)

**FOR THE PRESIDENT ONLY**

**FOR THE PRESIDENT ONLY**

**EGYPT**

The Egyptians are trying to accumulate wheat well in excess of their annual consumption requirement of 5 million tons. They are requesting delivery from foreign suppliers before June 30, 1974. If the contracts already reported and rumored are fulfilled, imports would total 4 million tons, compared to a normal annual import requirement of 3 million tons.

Moreover, the wheat-growing area in Egypt is to be expanded at the expense of the cotton crop. This will assure expansion of the usual domestic harvest of 1.5 to 2 million tons.

These efforts suggest that Cairo is preparing for the contingency of a long war if the Arab-Israeli negotiations are not successful after about six months.

With Arab aid money now available and still higher wheat prices expected, extra Egyptian wheat purchases would not by themselves be surprising. Record high cotton prices, however, make the conversion of cotton lands to wheat a dubious economic move. In view of the tight international shipping situation and acute postwar congestion at the port of Alexandria, the accelerated import delivery requests are difficult to explain except as war contingency preparations.

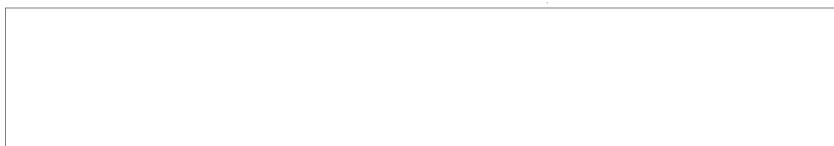
**FOR THE PRESIDENT ONLY**

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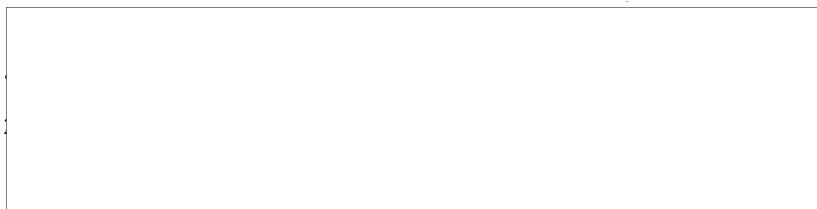
**EGYPT-USSR**

With Syria absent from the Geneva peace conference, Cairo apparently feels under even greater pressure to achieve quick progress and to prove to its Arab allies that its decision to negotiate is justified. Soviet statements may have given the Egyptians some hope that early results can be achieved.

Cairo probably worries that pressures from other Arabs to break off the talks will intensify. Accordingly, Cairo news media are emphasizing that Egypt is going to the conference under the mandate granted it by the Algiers summit in late November, determined to adhere with "utter seriousness" to the summit's demands for total Israeli withdrawal and restoration of Palestinian rights. Foreign Minister Fahmi has also been instructed, according to one leading Cairo paper, to make it clear at the conference that Egypt is seeking an Arab solution, not merely an Egyptian one, and is as concerned for the return of Syrian territory as for the Sinai.



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*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**SAUDI ARABIA**

Kamal Adham, King Faysal's brother-in-law and senior adviser, discussed a wide range of issues with Ambassador Eilts in Cairo earlier this week. Although Adham was not necessarily speaking at Faysal's direction, he probably reflected the thinking of the King in many respects.

On the oil embargo, Adham stated that Faysal would like to find a way of "easing" it. At this point, however, Adham claims that the King can ease the embargo only if President Sadat recommends that he do so, or if there is "some tangible disengagement" on the Arab-Israeli fronts. Once either of these developments occurs, the Saudis "will be helpful," according to Adham.

King Faysal's sole concern on Jerusalem remains that in any final settlement the Old City must not be placed under Israeli sovereignty. Adham indicated that internationalization of the formerly Jordanian-held part of Jerusalem might be sufficient.

Faysal is no longer adamant, however, on the return of the rest of the West Bank to Jordan. In fact, Adham stressed the King's flexibility on Jordanian-Palestinian affairs; the King believes the Palestinians should have the option of going "their own way" or staying with King Husayn.

Regarding Syria, Adham expressed some sympathy for the Israeli view that past Syrian action on the Golan Heights justified Tel Aviv's belief that Syria should not get back all of the Heights. Adham indicated that Syria's refusal to attend the Geneva conference was linked to Damascus' fear that disclosure of how few Israeli POWs survived in Syria might so infuriate Israel that disengagement would be impossible.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

## INTERNATIONAL OIL

Saudi Oil Minister Yamani has told the US Embassy that he will be the only participant at the meeting of Persian Gulf members of the Organization of Petroleum Exporting Countries--which opens today in Tehran--who will try to keep the lid on prices. He commented that he would consider he had done a good job if the sales price of Persian Gulf crude could be kept as low as \$6 per barrel--about a 70-percent increase. Yamani said that recent bids of \$16-18 per barrel for government sales of Iranian and Nigerian oil had inclined other producers to believe that a tripling or quadrupling of oil prices could be sustained in today's market.

Yamani's opinion of the intention of other OPEC members has been confirmed by conversations between the Shah and Ambassador Helms. According to a message from the US Embassy in Tehran, the Shah is seriously considering a proposal that would tie crude oil prices to costs of alternative sources of energy, which the Shah estimates are the equivalent of \$8-14 per barrel.

Price increases of the magnitude mentioned by the Shah would have a strong impact on the balance of payments of oil-consuming nations. Less developed countries, with little hard currency to spare, would be seriously affected unless OPEC arranges for the sale of oil to them under barter agreements.

Skyrocketing oil revenues would mean additional massive accumulations of foreign exchange for such countries as Saudi Arabia, Kuwait, and Libya, which have only limited ability to utilize such an inflow of capital. This problem could lead them to put further restrictions on production.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

## INDONESIA - ARAB STATES

Indonesia plans to petition the Arab states to end their oil boycott at the Islamic summit meeting scheduled for mid-January in Lahore. Jakarta will argue that in the long run the boycott harms the poor, developing countries more than the rich, industrial ones that are the intended targets.

Although Indonesia is a major exporter of crude oil itself, it is suffering from sharply increased import prices for fertilizer and other petrochemical products and for finished industrial goods like steel. Industrial states are passing spiraling energy costs along to their consumers, forcing underdeveloped states like Indonesia to spend foreign exchange earmarked for development projects.

Indonesia's petition is unlikely to affect decisions on the oil boycott, and may well increase Arab doubts about the sincerity of Jakarta's support for the Arab cause. Indonesian leaders think it important, however, to underline the point that the boycott is a double-edged sword cutting friend as well as foe.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

**USSR-VIETNAM**

South Vietnam PRG president Nguyen Huu Tho's visit to the USSR has prompted the first high-level Soviet criticism of US actions in Indochina since the Paris agreement. The visit does not appear to have resulted, however, in stronger Soviet support for the South Vietnamese Communists.

For over a month, Moscow has been taking a somewhat harder public line on US activity in Indochina. The Soviets have repeated Vietnamese Communist allegations that US military aid to South Vietnam has increased and that US military personnel remain in South Vietnam in civilian guise.

At a banquet in honor of Tho on December 18, President Podgorny accused the US of supporting Saigon's attempts to "sabotage the Paris agreements" and demanded an end to "provocations." Podgorny softened his statement with an optimistic allusion to Secretary Kissinger's meeting with North Vietnamese negotiator Le Duc Tho, and, in pledging support for the Vietnamese, Podgorny did not go beyond what the Soviets have said since last January.

The Soviets seemed anxious to give Tho treatment that paralleled what he had received in China, where he had seen Mao and signed an aid agreement. In Moscow, Tho had a meeting with party leader Brezhnev and signed a new economic aid agreement. Podgorny may have felt that Chinese criticism of the US during Tho's visit to Peking required a similar statement from the Soviets.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**PERU-USSR**

Moscow may hope that Latin American countries will be less hesitant to buy Russian weapons now that President Velasco has publicly acknowledged the purchase of Soviet tanks. The Soviets have also offered to sell patrol boats to Peru, but this overture is not new; Moscow reportedly offered these as early as 1970. Peru will probably put off agreeing to buy other Soviet equipment at least until all the tanks are delivered and evaluated.

There is no sign that other Latin American countries are about to purchase Soviet arms, although one--Ecuador--reportedly has been offered excellent terms on MIG-21s. Both Ecuador and Peru have complained that Congressional restrictions on sales of US arms have forced them to look elsewhere for their military needs.

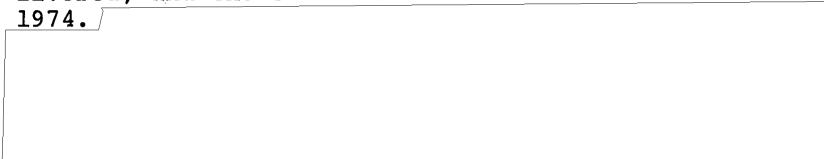
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**NOTE**

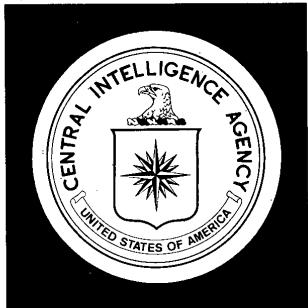
Abu Dhabi - France - Pakistan: Abu Dhabi has bought Mirage jet fighters from France, its second such purchase in the last two years. The agreement, signed on December 13, provides for the delivery--beginning two years from now--of 18 Mirage IIIs valued at an estimated \$50-55 million. Abu Dhabi ordered 14 Mirage 5s in 1972. Three have been delivered, and the other 11 are scheduled to arrive in 1974.

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*Top Secret*



# The President's Daily Brief

24 December 1973

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~~Top Secret~~

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declassification under E.O. 11652  
exemption category 5B(1) and (3)  
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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

December 24, 1973

**PRINCIPAL DEVELOPMENTS**

The disengagement talks of the Egyptian-Israeli working group will begin this week. Cairo reportedly is satisfied with the opening session of the Geneva conference; Jordan is apprehensive about the decision to concentrate on the disengagement of Egyptian and Israeli forces [redacted]

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[redacted] (Page 1)

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[redacted] (Page 2)

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[redacted] (fedayeen)

[redacted] (Page 3)

Major cities in Lebanon were quiet over the weekend after four days of demonstrations protesting the sharply rising cost of living. (Page 4)

Spain is calming down, and Generalissimo Franco is expected to name a new prime minister by the end of the month. (Page 5)

China's foreign trade increased at an unprecedented rate in 1973 and will continue to increase next year. (Page 6)

Arab oil ministers will meet this week to discuss the impact of the Arab oil embargo. (Page 7)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**ARAB STATES - ISRAEL**

The disengagement talks of the Egyptian-Israeli working group will begin this week. General Yariv, Israel's negotiator at the stalled talks at Kilometer 101, said he expects a "very tough discussion" but believes disengagement may be possible. Egypt's official spokesman, Tahsin Bashir, has stated that he, too, sees a "ray of hope."

The Cairo media have portrayed the opening session of the Geneva conference as crisis-ridden [redacted]

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[redacted] 25X1

[redacted] Major news-papers have praised the tough stand taken by Egyptian Foreign Minister Fahmi on the necessity for full Israeli withdrawal from the occupied territories.

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[redacted] 25X1

Jordan is apprehensive about the decision to concentrate on the disengagement of Egyptian and Israeli forces. Amman radio warned yesterday that Israel is trying to break Arab solidarity and counseled that the goal of the Arabs at Geneva should be to negotiate at the same time a separation of forces on all fronts. The Jordanians are worried that Cairo will reach a settlement on the Sinai and leave Amman alone to negotiate West Bank issues from a position of relative weakness.

[redacted] 25X1

Damascus radio yesterday described the first stage of the Geneva conference as the "beginning of the end" and charged that Israel will be able to stall progress in the military working group just as it did at the talks at Kilometer 101. [redacted]

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[redacted] 25X1

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

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Coverage of the conference by Israeli media has been factual, with editorial comment urging a cautious optimism. Jerusalem radio reported that the meeting on December 21 between foreign ministers Eban and Gromyko--the first high-level meeting between the Israelis and the Soviets since 1967--was held "within the framework of Gromyko's authority as one of the chairmen of the peace conference." An Israeli spokesman added that Gromyko received Eban at the residence of the Soviet delegation, but said the meeting had not led to any concrete or significant results.

Soviet coverage of the conference has been generally optimistic. Pravda, however, has cited Israel's "expansionist spirit" and has carried negative accounts of Eban's opening speech and of Prime Minister Meir's statement at Haifa that not all occupied Arab lands would be returned.

\* \* \*

According to the Middle East News Agency, the number and intensity of cease-fire violations on the Egyptian front increased significantly over the weekend. Although most of the reported incidents involved only small-arms fire, some, according to the account, were "severe battles" that included exchanges of artillery, mortar, and tank fire. This increase in military activity is not confirmed by other sources.

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A senior Swedish officer serving with the UN truce supervisory organization on the Syrian front reports a major buildup by Syrian forces over the past few weeks. Until a month ago, the officer had believed the cease-fire would hold until spring. Having now observed the buildup behind the Syrian cease-fire line, he thinks there is a risk of a major clash by mid-January. He reasons that, even if the Syrians do not launch an attack, their potential for causing severe damage by a surprise move is such that the Israelis, still smarting from their setback of October 6, might decide on a pre-emptive strike.

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

FEDAYEEN

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**LEBANON**

Major cities were quiet over the weekend after four days of demonstrations protesting the sharply rising cost of living. Violence began on December 17 in the northern city of Tripoli. Subsequent general strikes in Beirut and Sidon were partially effective, despite the refusal of the trade unions to participate. Throughout the week, security forces were able to maintain a fair degree of control in most areas, although at least four persons were killed and eight wounded.

Although the protests focused primarily on inflation, there were a number of other complaints indicating popular disaffection with the government. In addition, anti-Americanism, as expressed in the earlier student demonstrations protesting Secretary Kissinger's visit, may have played a role.

Some opponents of the government have sought to transform such popular discontent into a Christian-Muslim dispute. They have had only limited success, however. It is unlikely that the current round of protests will force major changes in Prime Minister Sulh's six-month-old government.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**SPAIN**

The country is calming down. Generalissimo Franco has appeared in public and now is expected to name a new prime minister by the end of the month.

The police have identified six Basque terrorists as the assassins of Prime Minister Carrero Blanco and are trying to apprehend them. All are said to be members of the outlawed separatist organization Basque Fatherland and Liberty. It has been involved in bombings, kidnapings, and bank robberies in northern Spain to dramatize its demands for a separate state and to raise funds to continue its struggle.

Meanwhile, the trial of the "Carabanchel Ten" dissident labor leaders concluded Saturday with a prosecution demand for sentences of 12 to 20 years for "illegal association." A verdict of guilty is expected before the new year.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

CHINA

Peking's foreign trade increased at an unprecedented rate in 1973. According to preliminary returns, total trade jumped from \$5.3 billion in 1972 to more than \$8 billion this year with imports doubling to about \$4.5 billion.

Sharp increases in the volume and cost of imported agricultural products and accelerated purchases of whole plants highlighted China's trade with the West. The US, China's largest supplier of farm products in 1973, moved up to the number two position among Peking's trading partners. China's export earnings were boosted by increased rice exports at substantially higher world prices and by price hikes for most Chinese goods sold at the Canton fairs.

China's foreign trade in 1974 will continue to increase at a substantial rate. Peking has already signed contracts for larger quantities of agricultural products in 1974 than in all of 1973. Deliveries connected with China's billion-dollar plant import program will begin next year. Other machinery and equipment valued at over \$500 million have also been ordered. Trade with the US in 1974 may surpass the \$1-billion level, primarily due to continued large agricultural imports.

*FOR THE PRESIDENT ONLY*

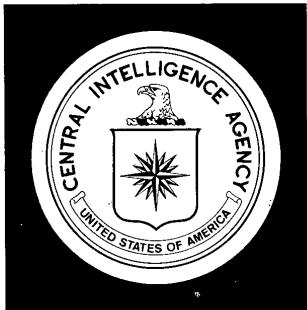
*FOR THE PRESIDENT ONLY*

**NOTE**

International Oil: Arab oil ministers will meet this week to discuss the impact of the Arab oil embargo. There are some indications that Algeria will argue for easing the boycott. So far, Saudi Arabia shows no sign of wavering in its support of the embargo.

*FOR THE PRESIDENT ONLY*

*Top Secret*



# The President's Daily Brief

26 December 1973

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~~Top Secret~~

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Exempt from general  
declassification schedule of E.O. 14176  
exemption category 5B(1),(2),(3)  
declassified only on approval of  
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**FOR THE PRESIDENT ONLY**

**THE PRESIDENT'S DAILY BRIEF**

December 26, 1973

**PRINCIPAL DEVELOPMENTS**

The Egyptian-Israeli negotiations on military disengagement are expected to begin promptly in Geneva with the arrival today of the Israeli delegation chief. Defense Minister Dayan said yesterday that there is a better than even chance that the two sides will be able to work out an agreement.

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(Page 1)

The British are about to sign an agreement with Saudi Arabia for the long-term supply of 200,000 barrels per day of crude oil. Late last week, a Saudi official told Ambassador Akins of a similar deal with the French. If many other countries follow suit, bilateral transactions could preempt a significant portion of any future increase in Saudi oil production. (Page 3)

Communist action along the east bank of the Mekong River may lead to heavier pressure against Phnom Penh, but rocket attacks against the capital over the past few days did little serious damage. (Page 4)

In the Philippines, President Marcos is moving to head off antigovernment activity around December 30, the day his elected term expires. The government has already arrested several dissident leaders, and has placed the armed forces on alert through mid-January. (Page 5)

Afghan President Daoud has also made several arrests and imposed a military alert. His actions may have been designed to intimidate potential coup plotters. (Page 6)

The Banzer government in Bolivia is fast losing its bases of support; it is already in danger of being overthrown by disaffected officers acting in concert with Banzer's former political allies. (Page 7)

**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

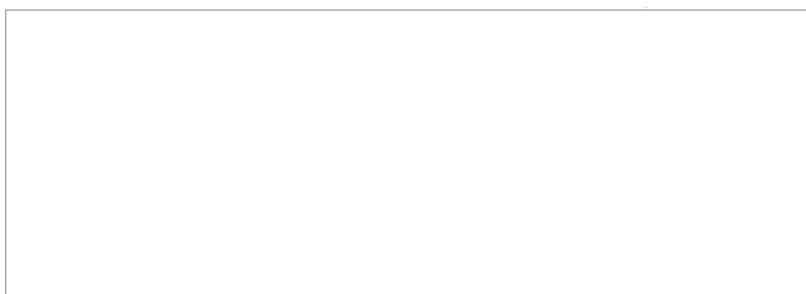
**ARAB STATES - ISRAEL**

The Egyptian-Israeli talks on military disengagement are expected to begin promptly in Geneva with the arrival today of the Israeli delegation chief, Major General Gur. Defense Minister Dayan told the Israeli press yesterday that there is a better than even chance that the two sides will succeed in negotiating a separation of forces.

Egyptian Foreign Minister Fahmi has stayed in Geneva for further consultations with US, Soviet, and UN officials, indicating the importance Cairo attaches to the talks on disengagement. Fahmi also held several working sessions with the Egyptian delegation. He is [redacted] planning to return to Cairo today, and will leave behind Brigadier General Magdoub to head Egypt's negotiating team.

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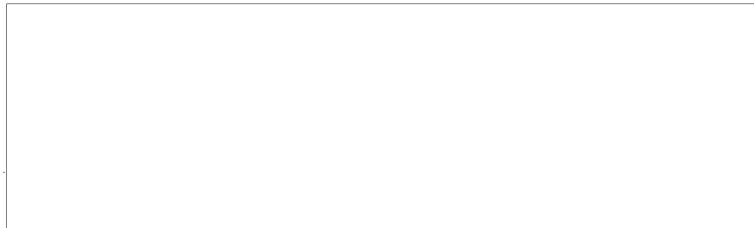
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*FOR THE PRESIDENT ONLY*

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Numerous incidents were reported along the Suez Canal over the past two days. Israel reportedly lodged 45 complaints with the UN Emergency Force about Egyptian cease-fire violations. An Israeli military spokesman reported that the Syrian front, however, was quiet yesterday for the eighth consecutive day. Israeli aircraft have been flying numerous reconnaissance and patrol missions over the Golan Heights area. In addition, Israeli aerial reconnaissance along the Suez Canal and Gulf of Suez increased yesterday.

*FOR THE PRESIDENT ONLY*

**FOR THE PRESIDENT ONLY**

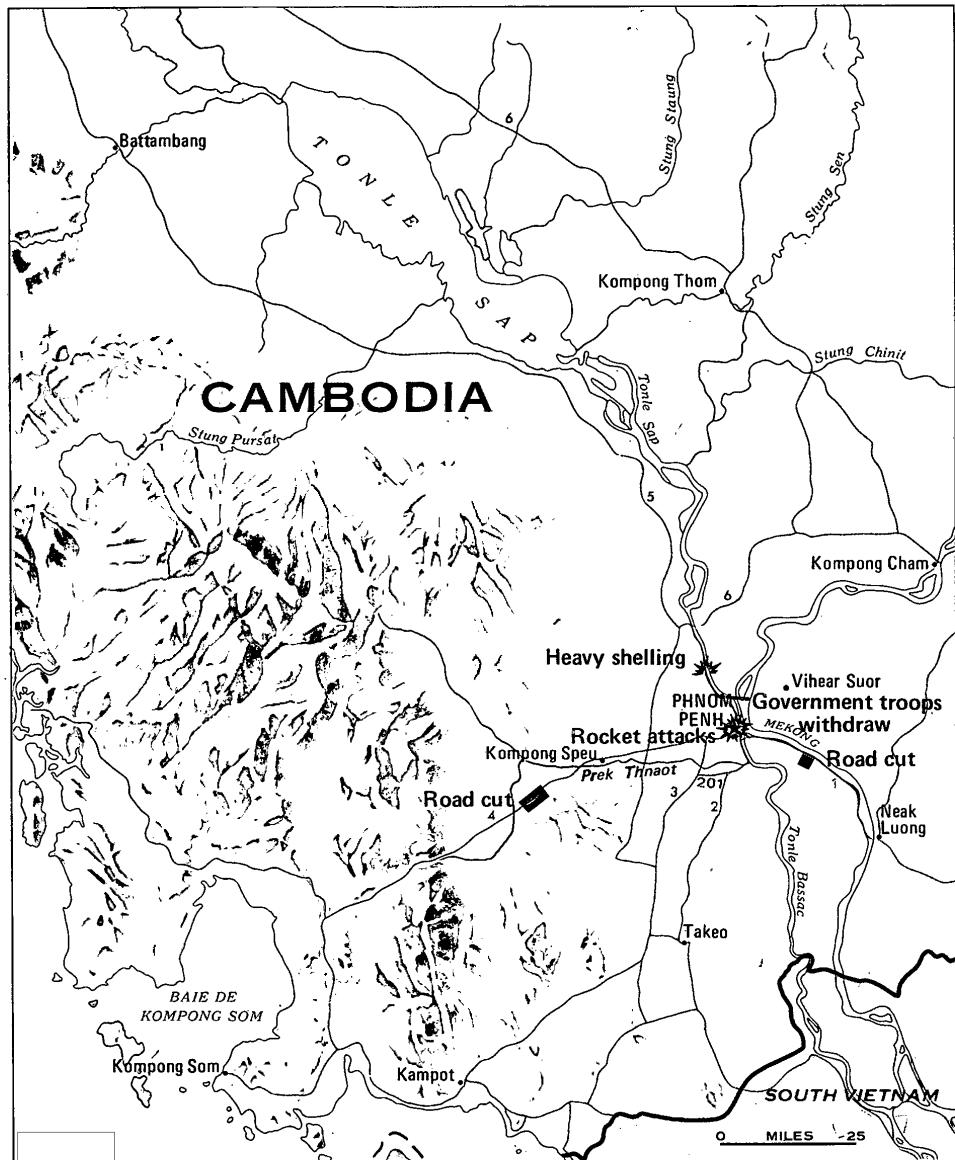
**SAUDI ARABIA - UK - FRANCE**

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[redacted]  
the UK is about to sign an agreement with the Saudi Arabian Government for the long-term supply of 200,000 barrels per day of crude oil. This is the second such deal reported recently. Late last week, a Saudi official told Ambassador Akins of an agreement with the French involving the purchase of 200,000 barrels per day for three years, with options for more and for a longer term.

These amounts are relatively small. If many other countries follow suit, however, bilateral transactions could preempt a significant portion of any future increase in Saudi oil production. In addition, government-to-government agreements with the Saudis could make consumer countries less interested in multilateral steps to coordinate oil policy.

**FOR THE PRESIDENT ONLY**



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*FOR THE PRESIDENT ONLY*

**CAMBODIA**

Communist action along the east bank of the Mekong River may lead to heavier pressure against Phnom Penh, but rocket attacks against the capital over the past few days did little serious damage. Government-held villages ten miles upstream have been under continuous heavy shelling, and the Cambodian Army has been forced to withdraw from one post five miles north of the capital. Communist forces are also attacking government troops guarding the Mekong supply route near the Vietnamese border, isolating some units.

Government clearing operations along Routes 4 and 5 are stalled, and both roads remain cut in several places. Over the weekend, Communist forces cut Route 1 some eight miles southeast of Phnom Penh. That stretch of highway was reopened this morning, however, according to a late press report quoting the Cambodian high command.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

## PHILIPPINES

President Marcos is moving to head off anti-government activity around December 30, the day his elected term expires. The government has already arrested several dissident leaders, and has placed the armed forces on alert through mid-January.

Marcos contends that there is no question about the legality of his tenure after December 30, because the 1935 constitution under which he was elected has been superseded. He bases his continuation in office on the new constitution he rammed through this year with "ratification" by local citizens' assemblies. Marcos' political opponents insist that this ratification process was illegal, and that therefore the 1935 constitution remains in effect.

Although some anti-Marcos protests are likely over the next several days, the government seems fully capable of preventing large demonstrations.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**AFGHANISTAN**

President Daoud, reacting to an alleged coup attempt on December 19, has arrested about 100 persons and imposed a military alert. Those detained include a former secret service chief, a former deputy prime minister, religious leaders, and military officers. On December 22, the government announced the execution of a number of persons involved in last September's coup attempt and severe sentences for others.

Although a coup may indeed have been either attempted or preempted, it is possible that Daoud's actions may have been designed simply to intimidate any would-be plotters. Since September, Daoud has been largely preoccupied with consolidating his power. The US Embassy in Kabul now believes that Daoud is firmly in control and there is no viable alternative to him in the short run.

*FOR THE PRESIDENT ONLY*

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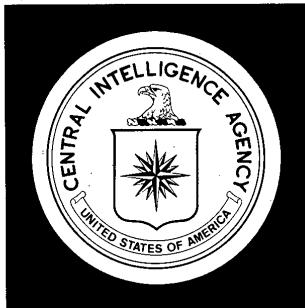
**NOTE**

Bolivia: President Banzer's government is fast losing its bases of support and is in danger of being overthrown by one or more groups of disaffected officers acting in concert with Banzer's former political allies. The government's inability to deal with serious economic problems is at the root of the widespread dissatisfaction. The nation's most prestigious political figure, former president Victor Paz Estenssoro, appears to be watching developments from the sidelines.

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*Top Secret*



# The President's Daily Brief

27 December 1973

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THE PRESIDENT'S DAILY BRIEF

December 27, 1973

PRINCIPAL DEVELOPMENTS

Syria

25X1

(Page 1)

The Arab oil exporters' decision to increase output in January will restore world oil supplies about to the level of last September, apart from the amount involved in the embargoes against the US and the Netherlands. (Page 3)

25X1

Egypt

25X1

The Soviet ambassador in Laos predicts that the Pathet Lao soon will begin negotiations toward a new coalition government. (Page 5)

25X1

The Korean prime minister has appealed to opposition forces to enter a dialogue with the government. (Page 6)

Notes on the further strengthening of the dollar, the new Cambodian cabinet, Soviet [redacted] and the Soyuz landing appear on Page 7.

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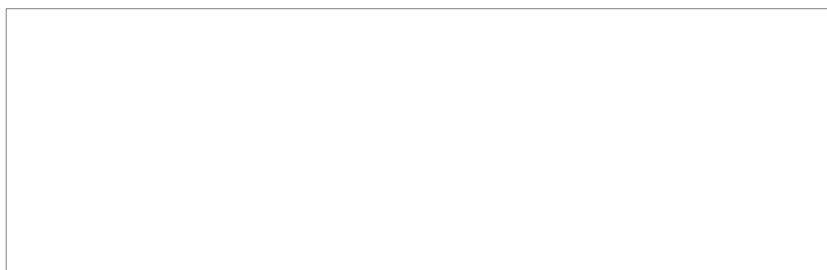
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ARAB STATES - ISRAEL



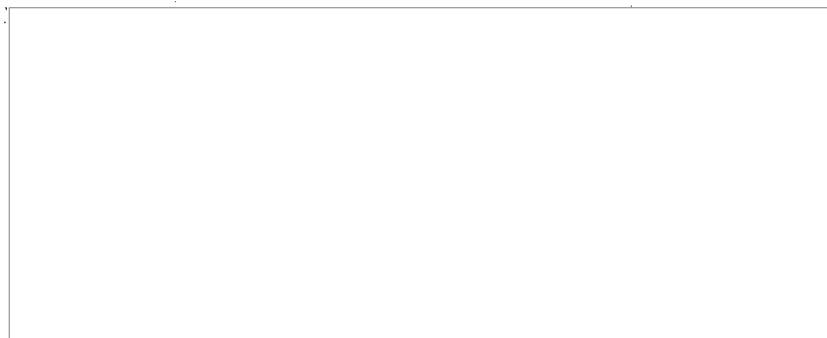
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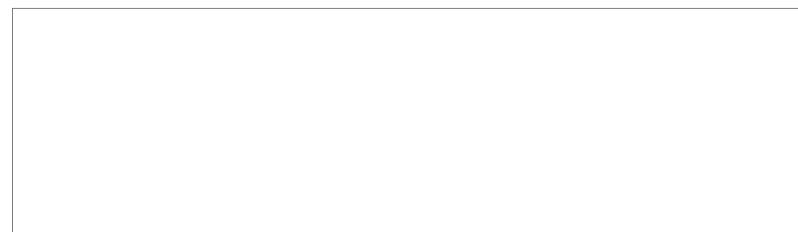
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*FOR THE PRESIDENT ONLY*

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Israeli and Egyptian military negotiators met in Geneva yesterday for the first disengagement talks since discussions broke down last month at Kilometer 101. Both sides apparently reiterated the initial positions that had caused the breakdown: the Israelis calling for a mutual withdrawal of Egyptian and Israeli forces to opposite sides of the Suez Canal, and the Egyptians demanding that Israel evacuate all but about one third of the Sinai peninsula.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

## INTERNATIONAL OIL

The Arab oil exporters' decision on Christmas Day to replace the 5-percent cutback in output scheduled for January with a 10-percent increase will mean a rise of about 2 million barrels per day in world oil supplies over December levels. Supplies will still be some 3 million b/d below September's output and over 4 million b/d less than the output that had been projected for January before the Middle East war. The 3 million b/d reduced supply of oil is roughly equal to the amount that the US and the Netherlands would lose if the embargoes were strictly applied against them.

Despite the embargo, the US probably will continue to receive at least a share of the available oil proportionate to its pre-crisis imports. Well over 500,000 b/d of Arab and non-Arab crude may already be diverted from normal channels to the US, and another 500,000 to the Netherlands. As the Arabs increase production, the amount diverted will probably increase. Thus the US will lose relatively little of its total supply, perhaps no more than 5 percent.

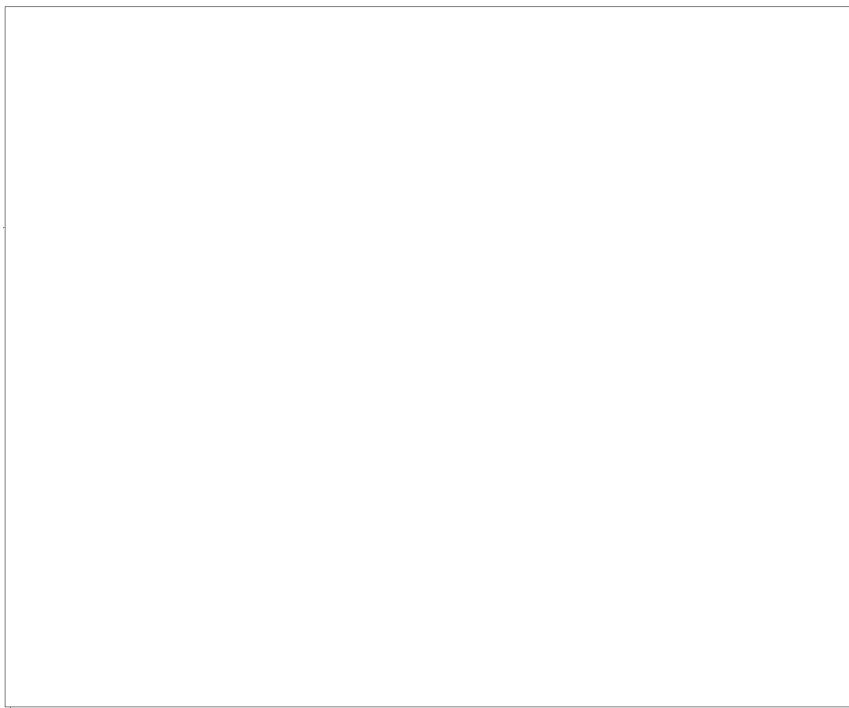
Serious economic dislocations next spring now seem unlikely in Europe and Japan, but economic growth rates will be substantially below pre-October projections.

The earlier decision by Persian Gulf members of OPEC to raise prices \$4 a barrel, when matched by other OPEC producers, will double the world oil bill in 1974 to about \$100 billion, assuming little or no growth in consumption by major oil importing countries. The additional cost resulting from the new hikes will be about \$10 billion for the US, \$23 billion for Western Europe, and \$8 billion for Japan.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

EGYPT



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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**USSR-LAOS**

The Soviet ambassador in Laos predicts that the Pathet Lao will agree early in 1974 to begin negotiations toward a new coalition government. According to Ambassador Vdovin, Soth Phetrasy, the senior Pathet Lao representative in Vientiane, has told him the Communists will soon drop their condition for neutralization of the two capitals before negotiations could begin. Phetrasy recently returned from consultations in Hanoi and Sam Neua and could be carrying new instructions.

Vdovin informed the US chargé on December 24 that he would do everything possible to facilitate the negotiations. Earlier he had told the British ambassador he might go to Sam Neua to try to convince the Pathet Lao that Prime Minister Souvanna is acting in good faith.

Vdovin acknowledged that the Pathet Lao had delayed implementation of the Lao accords. He agreed that this probably results from concern over the physical security of their leaders as well as a desire to accommodate their North Vietnamese allies, who may--for reasons of their own--be opposed to the early formation of a Lao coalition government.

Vdovin believes Peking is satisfied with the agreement in Laos and is supporting Souvanna's efforts toward the early formation of a new government. Vdovin's moderation on the subject of the Chinese probably owes much to the recent Chinese withdrawal of about 4,000 antiaircraft artillery forces from Laos. This reduces Peking's overall strength there to some 25,000 engineer, infantry, and support troops. Withdrawal of these forces remains a major Soviet goal.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

SOUTH KOREA

In an address to the nation yesterday, Prime Minister Kim Chong-pil told domestic critics that the government would not bend to demands for political reform and revision of the constitution. He appealed to opposition groups to end their dissent and to institute, instead, a quiet dialogue with the regime. He implied that continued unrest would lead to repressive government action.

Kim's statement was prompted by the recent attempt by 30 prominent South Koreans to petition publicly for reform. The Prime Minister hopes to avoid a head-on confrontation between the unyielding President Pak and his critics--Christians, students, intellectuals--who want to reduce presidential authority. In an effort to strengthen his appeal, Kim emphasized that continued instability in South Korea would benefit the North.

The Prime Minister's remarks are not likely to ease the situation. Should the present pattern of dissent persist, a serious confrontation may well occur in the next month or two.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

International Monetary Developments: The new price of Persian Gulf crude oil has led to further strengthening of the dollar in international money markets. The price increase has more seriously affected European and Japanese economies than the US because of its adverse impact on importers' balance of payments and domestic price levels. In Tokyo, the dollar rate is above the 300 yen level in the forward market and dealers expect further devaluation. In Paris, the dollar closed yesterday at a new post-devaluation high against the franc, and gains against other European currencies should be reflected today.

Cambodia: Prime Minister Long Boret's new 16-man cabinet--announced in Phnom Penh yesterday-- holds out some hope for improvement over its predecessor, according to an initial assessment by the US Embassy. It contains much less dead wood and the portfolios have for the most part been distributed more rationally. President Lon Nol's Socio-Republican Party dominates the cabinet, but Sirik Matak's Republican Party, the "independents," and the military are also represented. The new ministers meet today to address such problems as the teachers' strike, a lagging conscription drive, and general economic malaise.

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USSR: [redacted]

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USSR: Soyuz 13 with two cosmonauts aboard landed yesterday after an eight-day mission. According to TASS, both cosmonauts are in good health following a successful recovery. [redacted]

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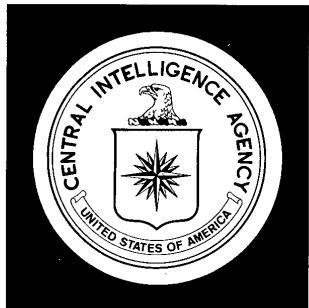
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# The President's Daily Brief

28 December 1973

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THE PRESIDENT'S DAILY BRIEF

December 28, 1973

PRINCIPAL DEVELOPMENTS

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	25X1
Syria	25X1
	(Page 1) 25X1

Notes on COSVN orders to reduce military action during Tet, Soviet arms aid to North Korea, [redacted] on Page 3.

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*FOR THE PRESIDENT ONLY*

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ISRAEL-SYRIA

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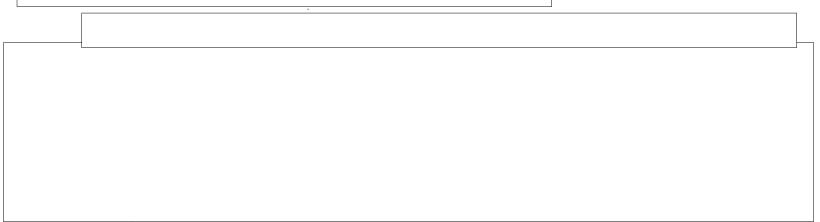
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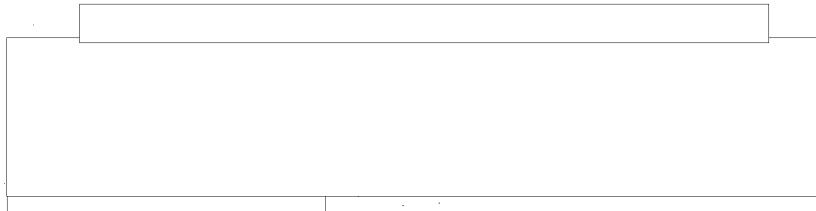
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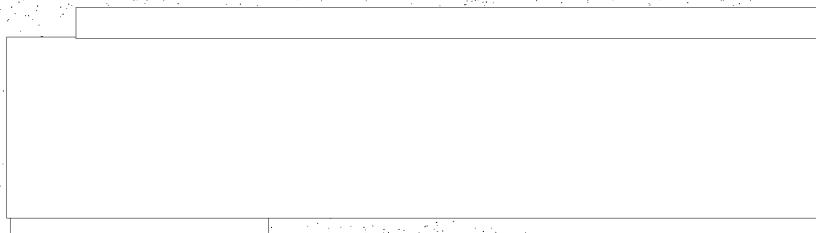
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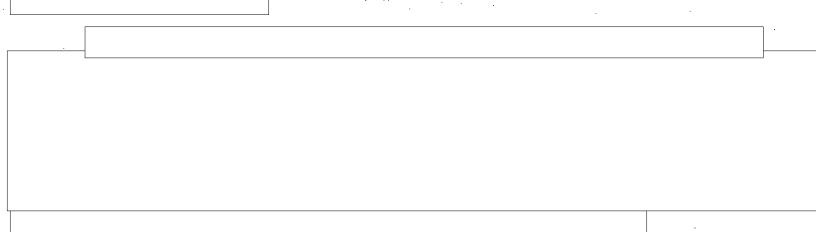
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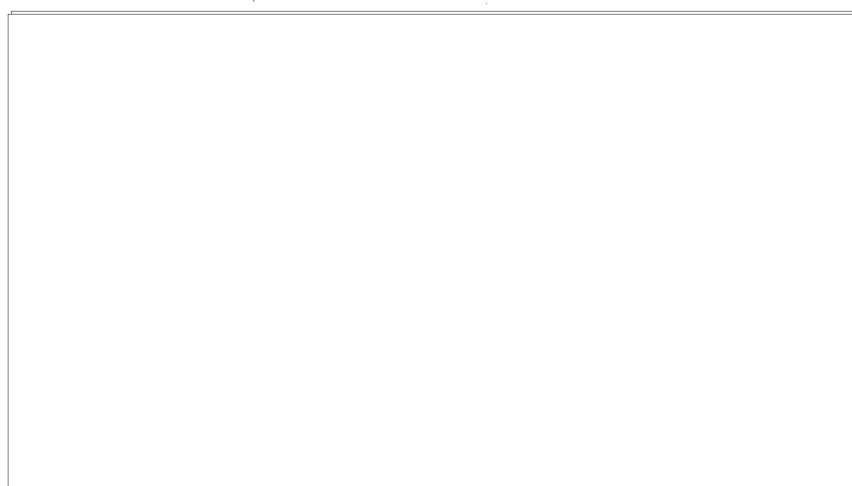
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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

NOTES

South Vietnam:

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In contrast to Tet 1973, when they were ordered to seize more territory, Communist troops have been told not to fight this year unless Saigon's forces encroach on Communist-held territory. COSVN also reportedly ordered its troops to take advantage of the holiday spirit to fraternize with government soldiers.

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North Korea - USSR:

25X1

23 tanks on board a Soviet train bound for North Korea. The tanks may be part of an arms agreement reportedly concluded between the two countries in January 1972. Since then, the Soviets have delivered MIG-21 and SU-7 aircraft, as well as substantial amounts of air defense equipment to North Korea.

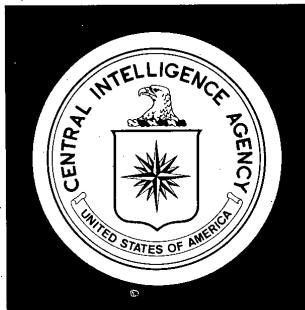
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# The President's Daily Brief

29 December 1973

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THE PRESIDENT'S DAILY BRIEF

December 29, 1973

PRINCIPAL DEVELOPMENTS

[Redacted]

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Israel

(Page 1)

Prime Minister Meir's Labor Party is generally expected to stay in power after Israel's parliamentary election on Monday. (Page 3)

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The Soviets [Redacted]

(Page 4)

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[Redacted]

25X1 25X1

(Page 6)

Japan has approved a \$1-million credit for North Korea. (Page 7)

Japanese leaders are fanning out around the world in search of fuel and good will. (Page 8)

[Redacted]  
slovak

Czecho-

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[Redacted] Cyprus. (Page 9)

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**ARAB STATES - ISRAEL**

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There are additional indicators that fighting  
could soon resume in the Middle East.

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(continued)

*FOR THE PRESIDENT ONLY*

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At Geneva, Egyptian and Israeli military negotiators concluded their second disengagement meeting yesterday. The next meeting is set for January 2-- two days after the Israeli election, when the Israelis may feel free to discuss substance, if Mrs. Meir's government is returned to office. So far, the two sides have concentrated on outlining their respective ideas of the general principles that should govern disengagement.

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**ISRAEL**

Prime Minister Meir's ruling Labor Alignment is generally expected to receive a sufficiently large plurality in Monday's parliamentary election to enable it to retain control of the government. The US Embassy points out, however, that the outcome of this election is more uncertain than any other in Israeli history, largely because of the recent war and its aftermath. Recent Israeli polls indicate that large numbers of voters--40 percent in one recent poll--are still undecided.

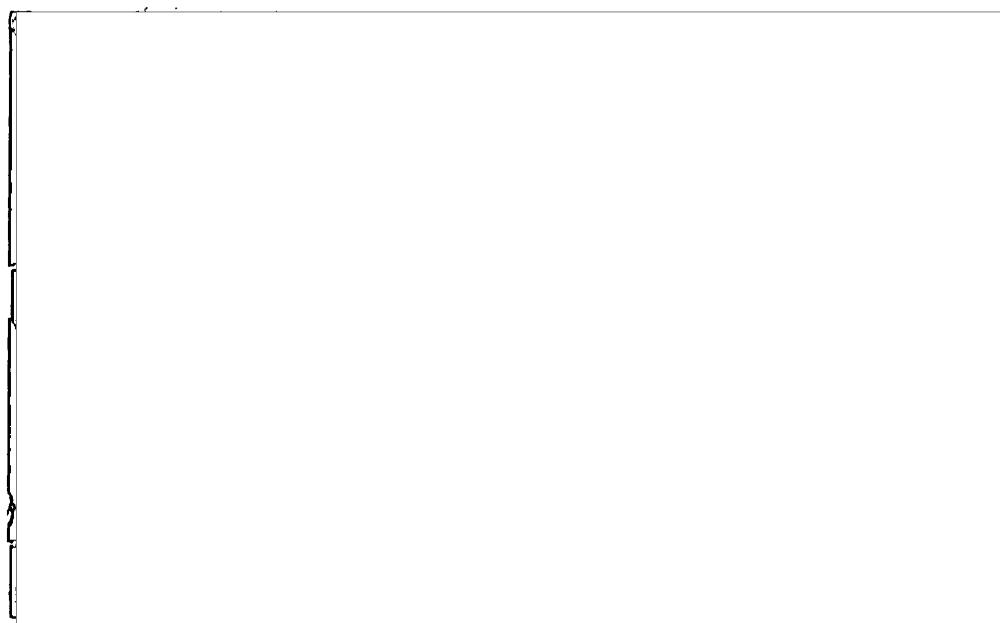
The Labor Alignment seems likely to lose some of its 57 seats in the 120-member Knesset. The losses are generally expected to be from five to eight seats, with the Alignment's coalition partners losing perhaps another three seats. While even a loss totaling 11 of the coalition's 77 Knesset seats would still allow Mrs. Meir to form a new government, her margin would be dangerously small and the negotiations to put together a majority would be even more protracted than usual.

The main challenge to Mrs. Meir's continued rule comes from the rightist Likud--a three-party alliance formed last summer--which has been generally hostile toward compromise with the Arabs. The embassy believes that Likud may add six to eight seats to the 31 it now has in the Knesset.

Although most observers believe Likud unlikely to win enough seats to form the main core of a new governing coalition replacing the Alignment, the possibility exists that it could make a sufficiently strong showing to press Mrs. Meir to take it into a "national unity" government. This would seriously reduce Israeli flexibility in negotiating a peace settlement. If Likud does as well as some predict, it could perhaps place Mrs. Meir in a minority position by winning over the National Religious Party, now the Alignment's major coalition partner, and by inducing Defense Minister Dayan and his followers to break away from Mrs. Meir.

*FOR THE PRESIDENT ONLY*

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USSR

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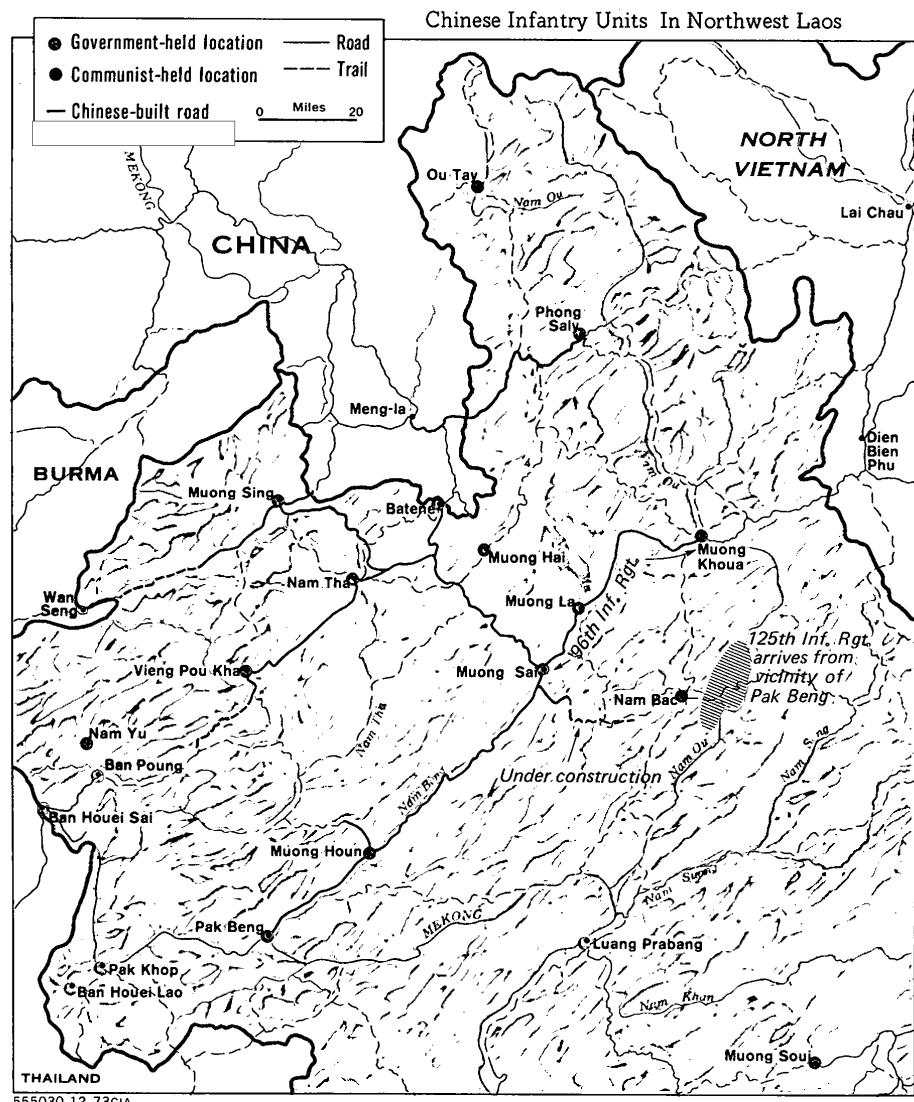
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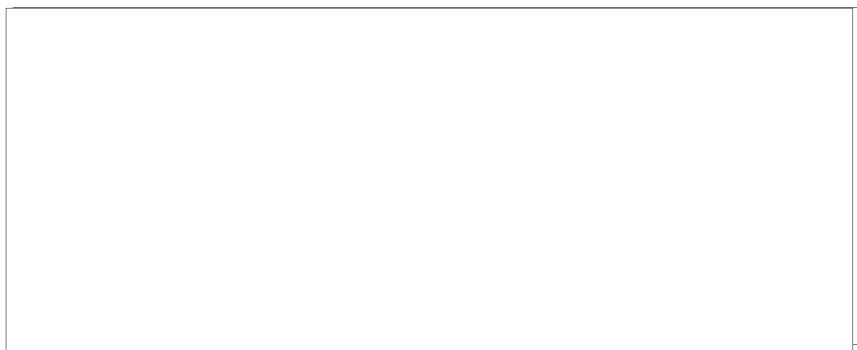
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**CHINA-LAOS**



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Peking began providing infantry protection for its engineer and construction troops in Laos in early 1972. Current Chinese troop strength in Laos is estimated at 25,000; the withdrawal of the infantry regiment will reduce that number to about 23,000.

The withdrawal will also make China's presence more compatible with its apparent desire to eliminate Laos as a source of Sino-US friction. Since last year, China has taken an active role in Lao affairs--first in promoting a cease-fire, and then in supporting the concept of a coalition government in Vientiane.

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Peking resumed normal diplomatic contacts with the Souvanna government more than a year ago, and [redacted] Peking would send an ambassador to Laos when a coalition emerges. Chinese aircraft also transported Lao Communist personnel to Luang Prabang in implementation of the agreement between the Lao sides in September.

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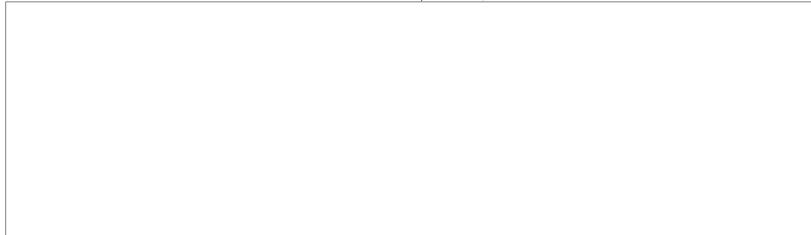
China clearly intends to maintain its influence in Laos, partially through its construction program in the north. Chinese diplomats have hinted that Peking plans to give its presence there a civilian cast. There have also been signs that Peking may wish to renegotiate the 1962 Sino-Laotian agreement on road construction in an effort to put its activities on a more legitimate and durable footing.

*FOR THE PRESIDENT ONLY*

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*FOR THE PRESIDENT ONLY*

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**JAPAN-KOREA**

The announcement yesterday that Tokyo has approved a \$1-million economic credit to North Korea highlights the continuing improvement in Japanese - North Korean relations. Japan recently sold a large cement plant to North Korea, one of the largest transactions thus far between the two, and trade is running about 25 percent ahead of last year.

South Korea, moreover, does not have enough leverage with Japan to reverse this trend, particularly since the Kim Tae-chung kidnaping case. The case may have figured in the reduction of Japanese aid to South Korea announced at the joint ministerial conference this week, although Japan's domestic economic problems were at least partly responsible.

The Japanese pledge was far short of Seoul's request and below the aid granted last year. Tokyo left open the possibility of further grants, however, if Japan's economy improves.

*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

**JAPAN**

With the Diet in recess until January 21, Japanese leaders are undertaking an unusually active diplomatic schedule in the interim. Three are going to the Middle East and Persian Gulf to talk about oil supplies.

Three others are going elsewhere. Deputy Prime Minister Miki, who has just returned from a swing through Arab oil producing states, plans to visit Washington about January 7 for discussions on the Middle East and related issues. He will also meet with UN Secretary-General Waldheim in New York.

Prime Minister Tanaka's scheduled tour of five Southeast Asian nations is not directly related to the energy crisis. It has been planned as an effort to improve Tanaka's domestic standing, and, at least as important, to meet growing regional criticism of Japanese economic policy, particularly in Indonesia.

Foreign Minister Ohira will go to Peking, apparently at Chinese request, for formal signature of a recently concluded trade agreement. While there, he may find the Chinese willing to break an impasse over reaching a civil aviation agreement. The Japanese may also wish to explain anticipated cutbacks in exports to China--chemical fertilizer, for example--in terms of their current oil shortage, and perhaps to discuss bilateral investigation of China's Po Hai Gulf oil deposits.

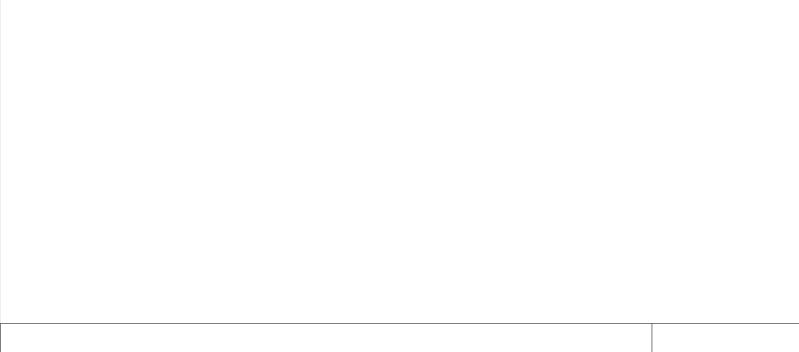
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NOTE

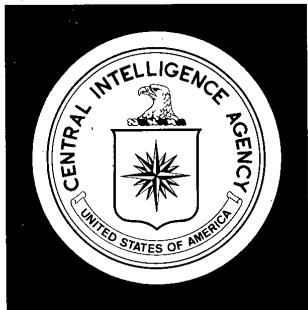
Cyprus-Czechoslovakia: 

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# The President's Daily Brief

31 December 1973

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**THE PRESIDENT'S DAILY BRIEF**

December 31, 1973

**PRINCIPAL DEVELOPMENTS**

Arab and Israeli

25X1

(Page 1)

Notes on North Korea [redacted] a Japanese  
emissary to the Middle East, the South Vietnamese  
military situation, and Spain's newly designated  
premier appear on Page 3.

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**FOR THE PRESIDENT ONLY**

*FOR THE PRESIDENT ONLY*

**ARAB STATES - ISRAEL**

[Redacted block] 25X1

Press reports from Israel yesterday stated that Israeli troops had been placed on a high state of alert on both fronts. [Redacted block] 25X1

[Redacted block] 25X1

The atmospherics in Egypt, however, do not indicate any rising tension. Cairo media continue to report in a positive tone on the resumption of the disengagement talks, and say that ambassadorial delegations may convene on January 15, possibly to be followed by a meeting of the participating states' foreign ministers. Officials in Cairo seem

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*FOR THE PRESIDENT ONLY*

*FOR THE PRESIDENT ONLY*

relaxed, according to the US Interests Section. President Sadat reportedly is in Aswan where he will meet with Foreign Minister Fahmi and others during the next several days.

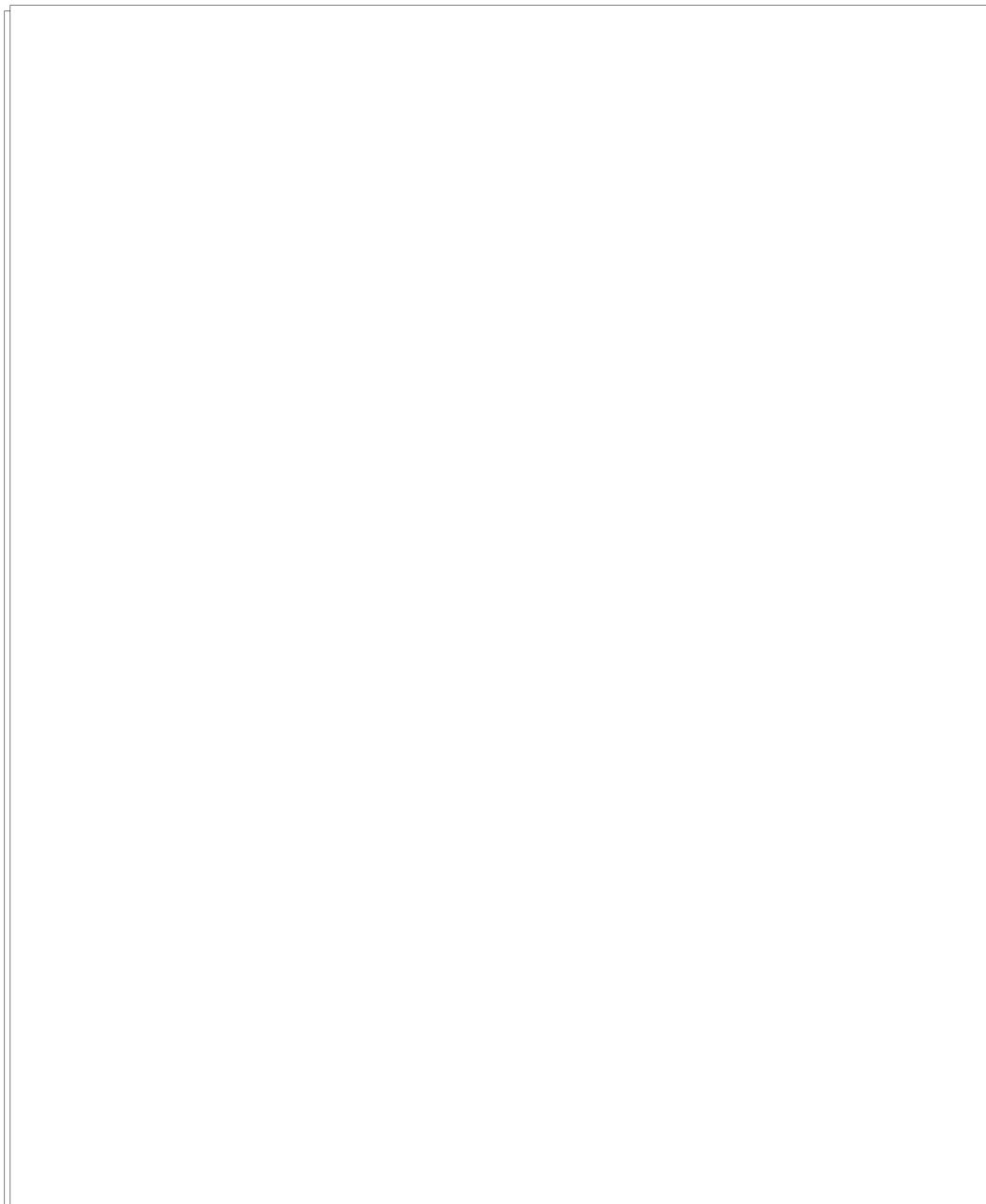
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*FOR THE PRESIDENT ONLY*

NOTES

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Korea:

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Japan - Middle East: Minister of International Trade and Industry Nakasone will visit Iraq and Iran in early January in a further effort to improve Japanese access to Middle East oil.

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During his last visit to the Middle East in mid-1973, Nakasone made a special effort to avoid identifying Japanese interests with those of other oil-consuming countries.

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South Vietnam: Government troops appear to be holding their own in the new fighting that has begun in Quang Duc Province. According to a Saigon spokesman, North Vietnamese forces initiated the fighting on December 28 with artillery and infantry attacks against two government troop positions.

Spain: General Franco's choice of Interior Minister Carlos Arias Navarro as premier indicates that the new government will increase the emphasis on law and order. Arias has a reputation for toughness dating from 1957 to 1965 when he headed Spain's security services. He lacks ties to any political faction, and is a staunch supporter of Prince Juan Carlos, Franco's designate as future king. The interim government underlined its own firm opposition to dissent on Saturday by imposing maximum sentences on ten labor leaders who had been trying to promote a labor union independent of official control.

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