



*The President's Daily Brief*

*28 December 1972*

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*FOR THE PRESIDENT ONLY*

LATE ITEM

Israel-Fedayeen: The Israeli Government has asked the US Embassy in Tel Aviv to pass on whatever information becomes available through US channels concerning the seizure this morning of the Israeli Embassy in Bangkok by armed terrorists of the Black September Organization. The terrorists are holding several Israeli Embassy staff members hostage and have demanded the release by eight PM today of some 36 persons held in Israeli jails.

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PRINCIPAL DEVELOPMENTS

The Warsaw Pact countries may confer next month before responding to the West's invitation to begin force reduction talks. (Page 1)

A two year decline in world rice production is expected to continue into the coming year, compounding existing social and economic problems in a number of less developed countries. (Page 2)



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WARSAW PACT - MBFR

The Warsaw Pact countries, who have yet to respond to the West's invitation to begin force reduction talks, may confer in January before doing so. Warsaw Pact leaders did not meet as a group in Moscow during the week of the Soviet Union's 50th anniversary celebration as some Soviet officials had suggested they would. Instead they conferred separately with General Secretary Brezhnev.

*Their delay in replying to the West may result from differences between the Soviet Union and Romania over the latter's desire for full participation in the MBFR talks.*

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WORLD RICE SHORTAGE

The decline in world rice production of the past two years promises to extend into the coming year as well. This downward trend reflects deliberate cutbacks in the production of the United States and Japan in 1970 and 1971 and a variety of adverse conditions--weather, crop disease, war, and bureaucratic mismanagement--in other major rice-producing countries. With carryover stocks already unusually low in many countries, the need for imports will increase in 1973 while supplies available for export will be as much as 20 percent lower than in 1972.

A simultaneous shortage of wheat--due in large part to the poor harvest in the USSR in 1972--limits one major avenue of relief.

*The effect of the shortages is to compound existing economic and social problems in most rice-consuming, less-developed countries. The need to import rice reduces their ability to maintain the momentum of their development programs, and the shortages have seriously increased inflation. In several of the affected countries, including India, economic growth in 1972 will not keep pace with the population increase.*

*Next year's rice situation could be eased should China, despite poor agricultural returns in 1972, be tempted by high prices to increase rice exports.*

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NOTES

North Vietnam:

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Egypt: President Sadat breaks an unusually long public silence today with his first speech to the nation since mid-October. A year has passed since Sadat's self-proclaimed "year of decision" ended and intensified rumblings of discontent in Cairo provide the backdrop for an address that may be more militant than usual. Sadat's frustrations over the lack of any diplomatic breakthrough are likely to be reflected in the speech.

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