



The President's Daily Brief

24 May 1973

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~~*Top Secret*~~



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CENTRAL INTELLIGENCE AGENCY

WASHINGTON, D.C. 20505

TOP SECRET

May 24, 1973

[Redacted]

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CENTRAL INTELLIGENCE AGENCY
WASHINGTON, D.C. 20505

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May 22, 1973

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THE PRESIDENT'S DAILY BRIEF

24 May 1973

PRINCIPAL DEVELOPMENTS

Qadhafi may be preparing to use US reconnaissance flights off the Libyan coast as the basis for a diplomatic offensive against the US. (Page 1)

Fatah leader Yasir Arafat has warned Lebanese authorities that the guerrillas will resist anything other than token implementation of last week's agreement on demilitarizing refugee camps. (Page 2)

West Germany

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(Page 3)

The ten-year Soviet-German economic cooperation agreement signed on May 19 attests to the importance both sides put on the economic aspects of Brezhnev's visit to West Germany. (Page 4)

Moscow, faced with a heavy trade deficit, reportedly has been selling gold on the Zurich market this year. (Page 5)

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LIBYA

Qadhafi may be preparing to use US reconnaissance flights off the Libyan coast as the basis for a diplomatic offensive against the US. [REDACTED]

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In recent speeches, Qadhafi has denounced what he calls the repeated provocations by US warships and aircraft that he claims have violated Libyan waters and airspace. None of the fighter-escorted US reconnaissance missions has approached Libya's officially claimed 12-mile territorial limit, though they have penetrated the 100-mile "restricted zone" declared by Tripoli last year. Libya now regards this zone as its own air and sea space, and Qadhafi will presumably claim that the presence of US ships and aircraft within the restricted area is an act of aggression.

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LEBANON-FEDAYEEN

Fatah leader Yasir Arafat has warned Lebanese authorities that the guerrillas will resist anything other than token implementation of provisions of the agreement calling for substantial demilitarization of the Palestinian refugee camps. [redacted]

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[redacted]

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[redacted]

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[redacted]

Arafat's tough talk may have been intended to test the government's resolve to enforce the new restrictions. The army, however, seems likely to try to remove from the camps at least some of the rocket launchers and mortars that fired on Lebanese positions earlier this month.

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WEST GERMANY

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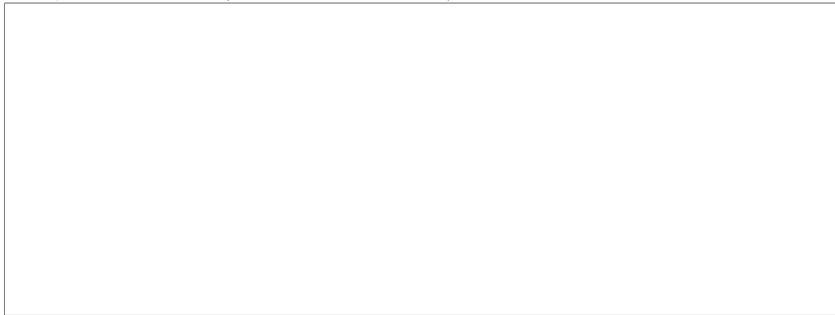
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USSR - WEST GERMANY

The ten-year economic cooperation agreement signed on May 19 attests to the importance both sides put on the economic aspects of Brezhnev's visit. Brezhnev and Brandt reportedly spent considerable time talking about possible large joint Soviet - West German projects. In discussions with West German industrialists and bankers, the Soviet leader stressed the USSR's desire for long-term cooperation with West Germany in the exploitation of Soviet natural resources.

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USSR

Moscow, faced with a heavy trade deficit, has been selling gold on the Zurich market this year, [redacted] The Soviets have sought to borrow as much as \$1 billion in Euro-dollars [redacted]

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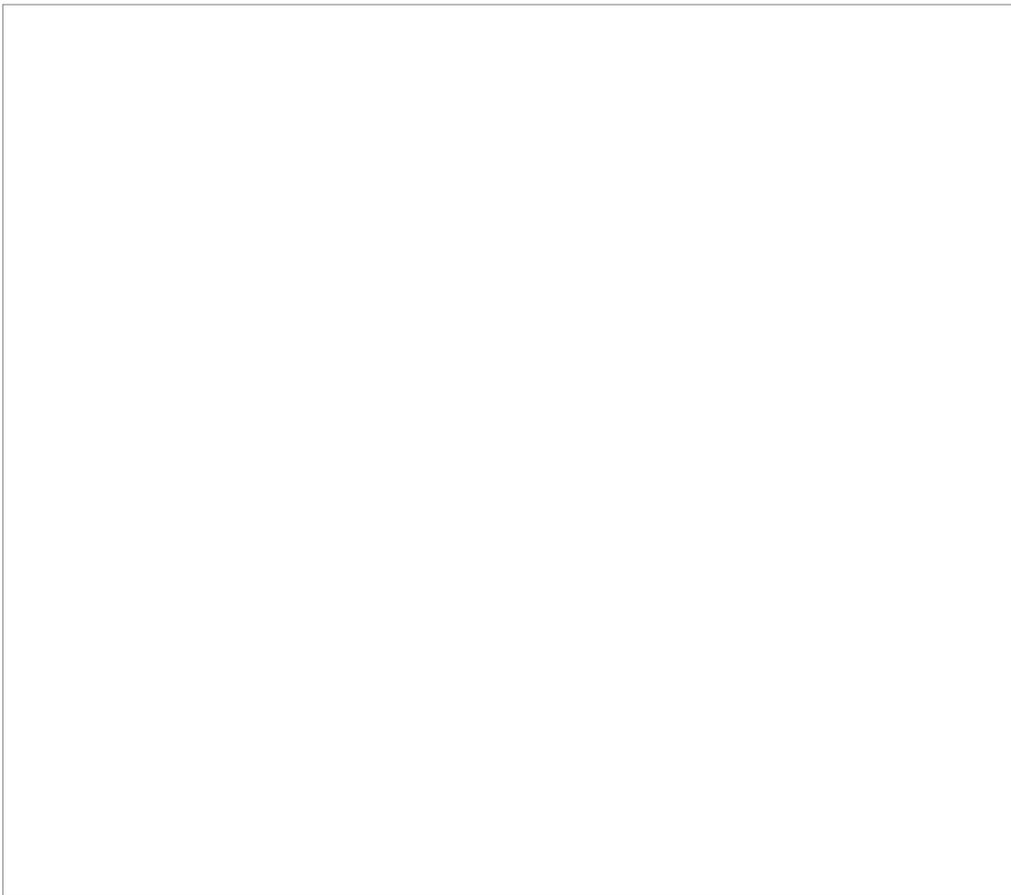
[redacted] Last year the Soviets sold about \$270 million worth of gold on the Zurich market.

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The Soviet trade deficit could reach a record \$2 billion this year--swollen mostly by contracts to buy \$1.8 billion in grain from the West. Favorable credit terms cover only a minor part of these purchases.

Moscow's large gold reserves and current production could go far toward financing even this projected deficit, especially if gold prices remain near their present levels. At \$100 per ounce Soviet gold reserves are worth about \$5.8 billion. Current production is worth about \$820 million a year and is continuing to expand.

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NOTES

China:

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Chinese are also providing more military equipment to border units. The troops for these expanded positions evidently come from within the regions involved; no large-scale movement of troops from other areas of China has been detected since 1971. The Chinese have an estimated 1.4 million troops in the four border regions, of whom 1.2 million are in combat or combat support units.

Peru:

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