

The President's Daily Brief

26 October 1973



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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

26 October 1973

PRINCIPAL DEVELOPMENTS

The Middle East cease-fire is largely being observed. Seventy Soviet troops arrived in Cairo yesterday, ready to reinforce the UN observers on the scene, but were rejected by Secretary General Waldheim. A Soviet ship, probably carrying nuclear weapons, arrived at its destination--most likely Alexandria--on October 24. (Page 1)

Some 13,000 men are on the infiltration trail from North Vietnam to the area of South Vietnam supervised by COSVN and to the central highlands. Yesterday, government forces lost a battalion-sized unit in the highlands near Pleiku. (Page 3)

Common Market members are moving closer to French positions on the draft declaration of Atlantic principles. (Page 4)

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[Redacted] (Page 5)

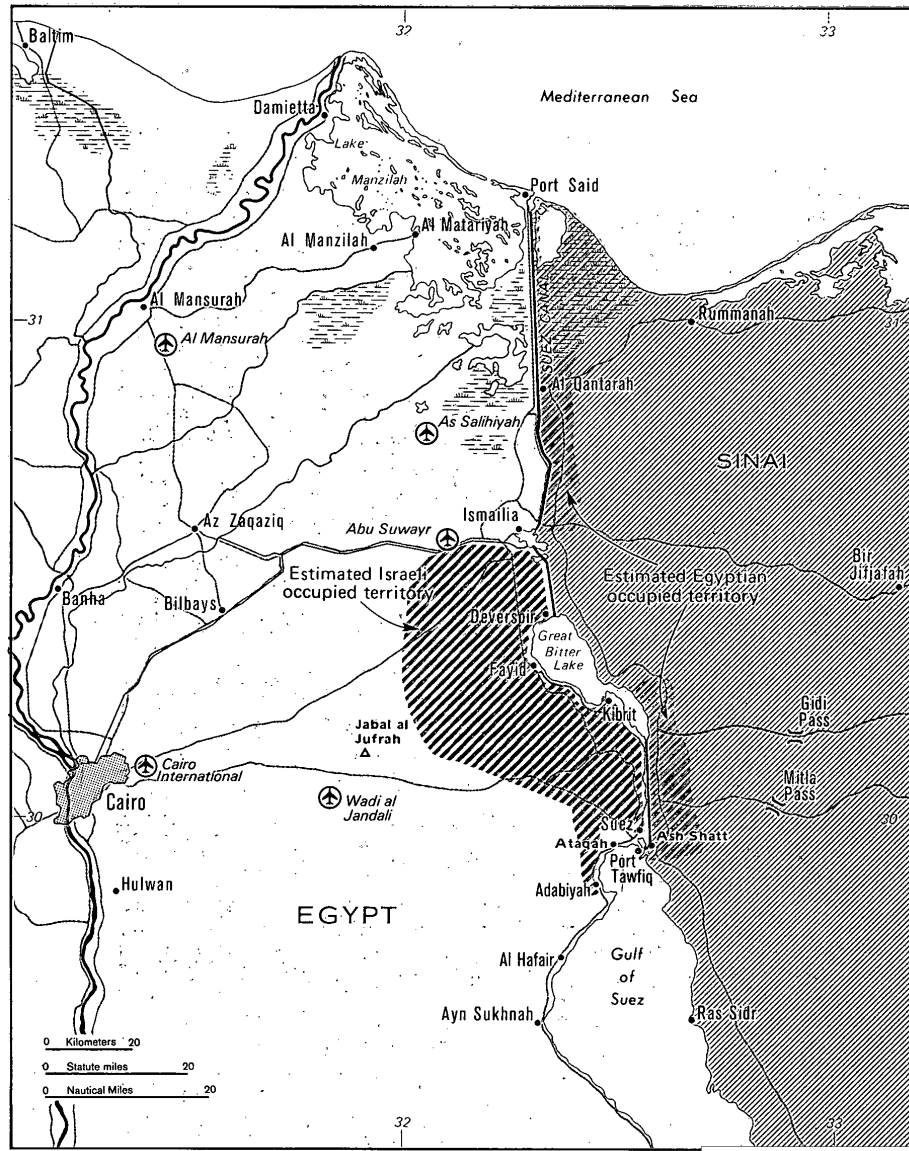
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Greece's Prime Minister Markezinis is encouraging politicians of all stripes to participate in the coming elections. (Page 6)

There are notes on: Nigeria's break in relations with Israel, Chinese wheat purchases, Soviet tenders for a large amount of US soybean meal, the formation of a Latin American Energy Organization, Japanese aid to Cuba, and Argentinian pressure on US firms to trade with Cuba. (Pages 7 and 8)

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Suez Canal Zone



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ARAB STATES - ISRAEL

Both fronts were relatively quiet yesterday. Most forces appeared to be under orders to observe the cease-fire. [REDACTED]

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Egyptian 3rd Army remains cut off on the east bank, but there are no indications that it is about to surrender.

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At the UN, the Security Council approved a resolution by eight nonaligned nations authorizing a new UN Emergency Force. Last evening Secretary General Waldheim announced he was transferring more than 900 men from UN forces on Cyprus to the Middle East as an "interim measure."

These developments have probably reduced--at least for the present--the threat of unilateral Soviet action. The Communists, however, clearly intend to play a more active role in Middle East peacekeeping than heretofore.

During the Security Council debate, Soviet Ambassador Malik indicated that he expected troops from Communist and nonaligned countries to participate in the new peacekeeping force. Seventy Soviet soldiers arrived in Cairo yesterday, ready to join the UN observers on the scene; Secretary General Waldheim denied them permission to do so.

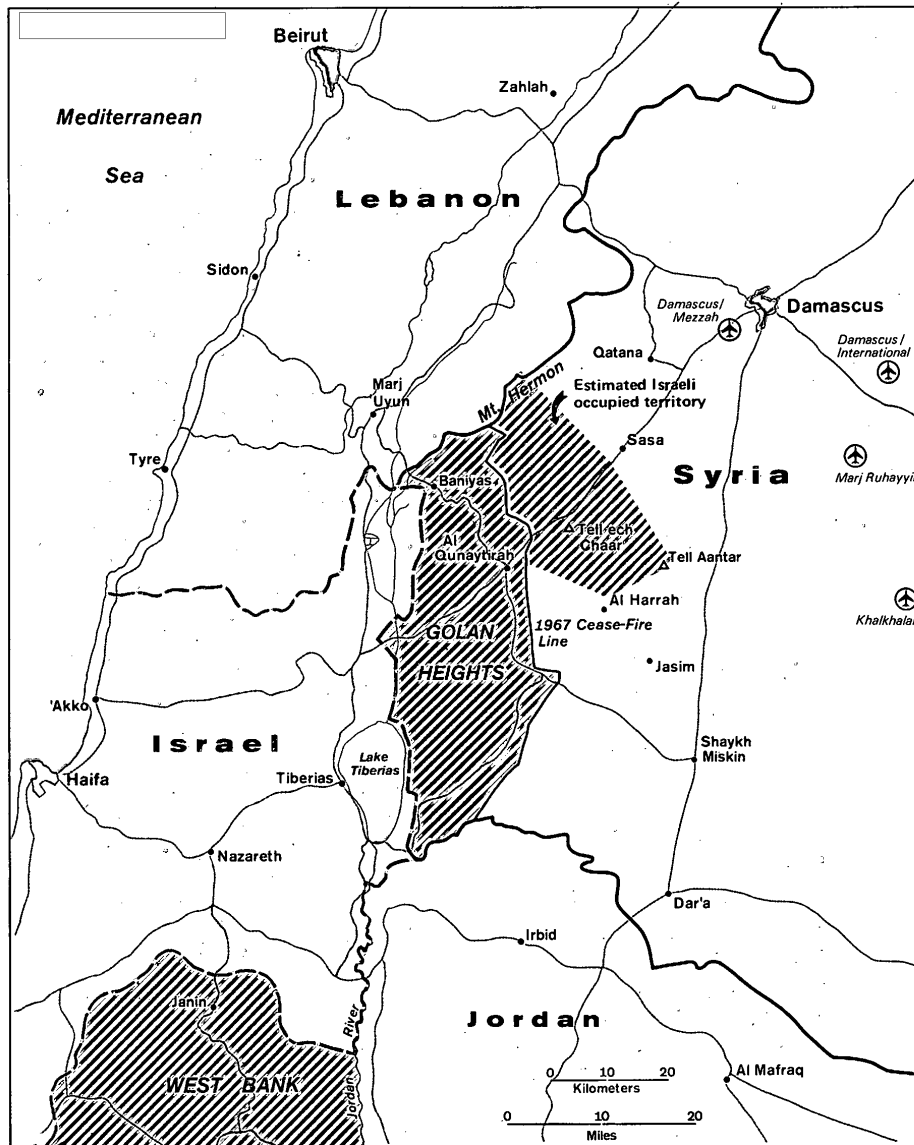
The initial TASS report on Secretary Kissinger's press conference yesterday is positive, and gives no hint of US concern about Soviet intentions. TASS stresses the Secretary's remarks regarding joint Soviet-US actions to resolve the crisis and quotes his references to the "most promising" possibilities for peace in the Middle East. There has been no public Soviet reaction to the announcement that US forces are on alert.

However, part of the Soviet naval force near Crete--a missile frigate, four destroyers, and two amphibious ships--began moving south toward the combat area after US forces were alerted on October 25. The ships are now holding 80 to 100 nautical miles north of the Egyptian coast.

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The Syrian Front

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The Soviets are probably anticipating the arrival of US ships in the eastern Mediterranean. When the carriers Roosevelt and Kennedy join the Independence in the eastern Mediterranean, the US will have from 25 to 30 ships in the area.

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VIETNAM

Recent North Vietnamese intercepts provide the first indications of large-scale infiltration to central and southern South Vietnam. According to a message of October 22, the "general plan" calls for 13,000 troops to pass through southern Laos starting in November on their way to COSVN and South Vietnam's central highlands.

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More than three North Vietnamese battalions overran a battalion-sized government unit just 12 miles southwest of Pleiku City in the central highlands yesterday. The Communists employed heavy artillery and five T-54 tanks in the assault. Government losses are said to be heavy.

South Vietnamese troops in this area have been engaged in a large operation to retake the Plei Djerang Ranger Camp, which was lost to the Communists on September 22. Major General Toan, commander of Military Region 2, has reacted to this latest enemy attack by recalling a recently reassigned regiment from Binh Dinh back to Pleiku Province. More heavy fighting is likely in this area.

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EC-US

During early stages of the negotiations on a declaration of Atlantic principles, the other Europeans tended to attribute reluctance to accept US positions to French obstinacy. Now, as is evident from reactions to the latest round of US-EC consultations last week, the Nine are presenting a more united front, defending a number of French positions as common to the Nine.

All apparently agree that the US-EC declaration should not try to deal with the entire range of the relationship. They oppose any explicit affirmation of the interdependence of monetary, trade, defense, and political questions. While insistent that any joint declaration reflect Europe's separate identity, the Nine apparently also agree that the EC cannot be committed to more definite actions than the current development of the community's authority would allow.

Concerning detente, a Luxembourg official has told the US Embassy that close cooperation between the EC and the US might not be "realistic" in the light of close US-Soviet relations. Ambassador Rumsfeld has reported that a high-ranking French Foreign Ministry official was emphatic earlier this week in rejecting US arguments for NATO solidarity in the face of the Soviet supply operations in the Middle East.

The EC political directors will meet next to work on the US-EC declaration in Copenhagen on November 12 and 13.

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EC-MONETARY

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GREECE

Prime Minister Markezinis is trying to demonstrate that his government is legitimate and will lead eventually to a stable parliamentary democracy. Toward this end he is seeking the participation of former political leaders and even the extreme left in elections that may be held late this year.

In a recent interview in Le Monde, Markezinis issued an invitation to the extreme left to participate providing it renounce any attempt to overthrow the existing order. Markezinis thinks that the leftists wish to participate in the elections under some thin disguise like the old United Democratic Left and wants to encourage this.

In the same interview the Prime Minister said he favored legalization of the Greek Communist Party. This is little more than a ploy, since any move to legalize the Communists would run into solid opposition from the military.

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NOTES

Nigeria-Israel: Nigeria became the tenth African country to break relations with Israel since the Middle East war began. Because Gowon is currently head of the OAU, his decision may cause the 14 remaining holdouts in black Africa to follow suit, thus virtually ending Israel's presence in Africa.

China: Peking recently signed agreements to buy wheat from Canada and Australia during 1974-76. Canada will deliver up to 6 million tons and Australia as much as 4.7 million tons. The two deals are worth \$2.1 billion at current prices. China's grain imports are expected to average about 6.5 million tons annually between 1974 and 1976, about half of which apparently will be supplied by Canada and Australia. The bulk of the remainder seems likely to come from the US.

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USSR-US: [REDACTED]

[REDACTED] Moscow wishes to buy 1 to 2 million tons of soybean meal during the current crop year at about \$180 per ton (including shipping costs). Negotiations are to begin today in Moscow. If a deal is concluded, it will substantially increase US exports of soybean meal over the next 12 months. Prices have gone down somewhat since October 1, when US export controls on soybean products were lifted. News of such a large sale would send prices spiraling upward again.

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Latin America - Oil: Representatives from most Latin American countries, including Cuba, will meet in Lima next week to discuss creation of a Latin American Energy Organization. The new group will be concerned with financing energy development, overseeing resource conservation, facilitating trade in Latin American oil among member countries, and building tankers to transport it. The organization is billed as apolitical, but some participants view it as a means of strengthening Latin America's position in dealing with US economic interests. Importers of oil among the group probably will seek ways to get around the recent price increases by Venezuela and Ecuador, the major oil-exporting nations in Latin America.

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Japan-Cuba: The Japanese Government has decided to permit its Export-Import Bank to grant credits to Cuba. The terms, seven percent interest over five years, are comparable to Japanese commercial credits previously given to Cuba. The Japanese hope to expand exports to Cuba, thus reducing their bilateral trade deficit, which last year amounted to \$94 million, mostly because of large purchases of sugar. The level of credits will be restricted and they will have only a marginal impact on Cuba's economy, but the official loans, plus associated technical assistance, will be regarded in Havana as a definite political plus.

Argentina: The government is increasing its pressures on US subsidiaries to trade with Cuba. The process began when Argentina extended a \$200-million-a-year line of credit in August to finance exports to Cuba--primarily manufactured goods and transportation equipment. Subsidiaries of Ford, General Motors, Chrysler, and Goodyear are among the major producers of such equipment. The US Embassy has learned that the Argentines are drafting legislation that sets progressively larger export quotas for passenger cars--quotas that would require US firms to export to Cuba or face restrictions on sales in Argentina.

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