

The President's Daily Brief

7 December 1973

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

7 December 1973

PRINCIPAL DEVELOPMENTS

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[Redacted] (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)

[Redacted]
Korea
(Page 4)

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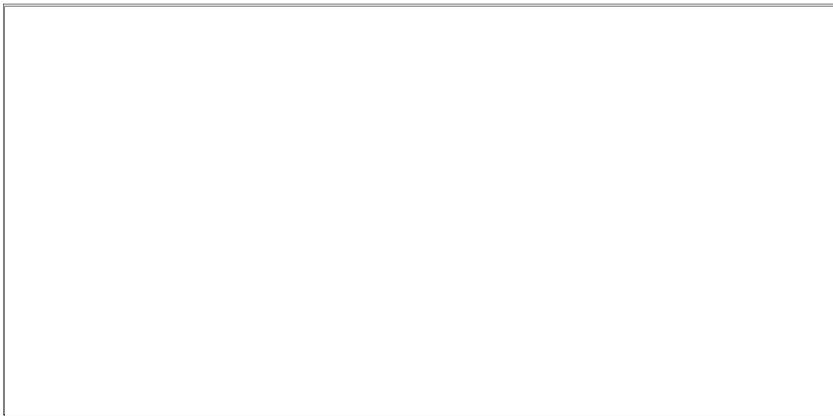
The US defense attaché in Tel Aviv reports that for the first time in three weeks anti-aircraft artillery has been observed around the city.

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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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.

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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.

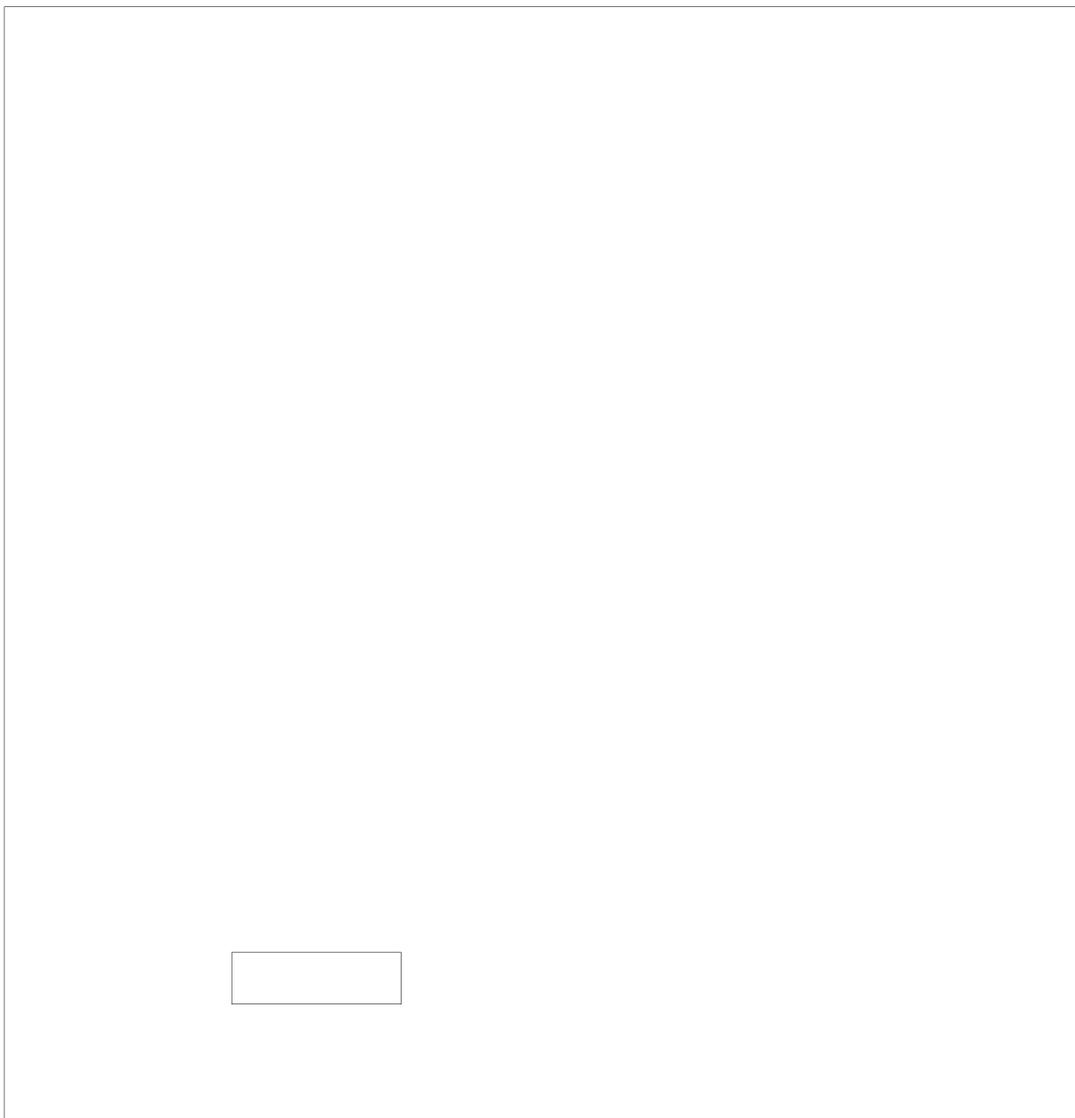
Saudi Arabia too wants to revise its participation agreement, and negotiations are expected to begin soon. Kuwait and Saudi Arabia are almost certainly coordinating their efforts. Saudi Oil Minister Yamani recently indicated that his government will demand more than 51-percent ownership of ARAMCO in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

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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.

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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

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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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