



# The President's Daily Brief

*January 13, 1975*

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*Top Secret 25X1*



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SAUDI ARABIA - ARAB STATES

*King Faysal's trip to Syria, Jordan, and Egypt this week will give Arab leaders a chance to assess their situation with regard to Israel and examine future options.*

Faysal is scheduled to stop first in Syria tomorrow. Since 1971, Saudi policy has been directed at bringing Damascus closer in line with the views of Saudi Arabia and Egypt on Arab-Israeli and inter-Arab questions, at urging Asad's regime to adopt a moderate approach to internal and external problems, and at trying to limit Syrian-Soviet ties.

Saudi aid--approximately \$200 million last year--gives Faysal a fair amount of leverage. The Syrians are certain to ask for an increase in this aid. They may also try to get the King to make a firm commitment to use the oil weapon in the event that negotiations are stalemated or new fighting begins.

Faysal's second stop will be in Jordan. King Husayn is unhappy about Faysal's support of the fedayeen over the years, and probably feels Faysal could have done more to prevent the endorsement of the Palestine Liberation Organization at the Rabat summit conference.



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In any case, Husayn's potential animosity has been tempered by the fact that Saudi Arabia has been giving money to Jordan since the war in 1967. Amman received \$50 million last year, and on January 11 Saudi Arabia transferred another \$50 million in accordance with pledges made at the Rabat conference.

Faysal's last stop will be in Cairo. The tie between Saudi Arabia and Egypt has been a key element of Arab politics since the October war, although there have been signs of friction. Sadat has chafed at his economic dependence on Faysal, and Cairo has been upset by what it regards as Saudi stinginess and aid restrictions. Egyptian requests for money, often couched more like demands, have irritated the Saudis. There are, however, no indications of a divergence in policy. The recent cooling in Cairo's relationship with Moscow will move Egypt even closer to Saudi Arabia.

Last year, the Saudis gave the Egyptians \$500 million. They also promised a sizable amount to the defense fund set up at the Rabat summit, \$161 million in project aid, and possibly additional cash.

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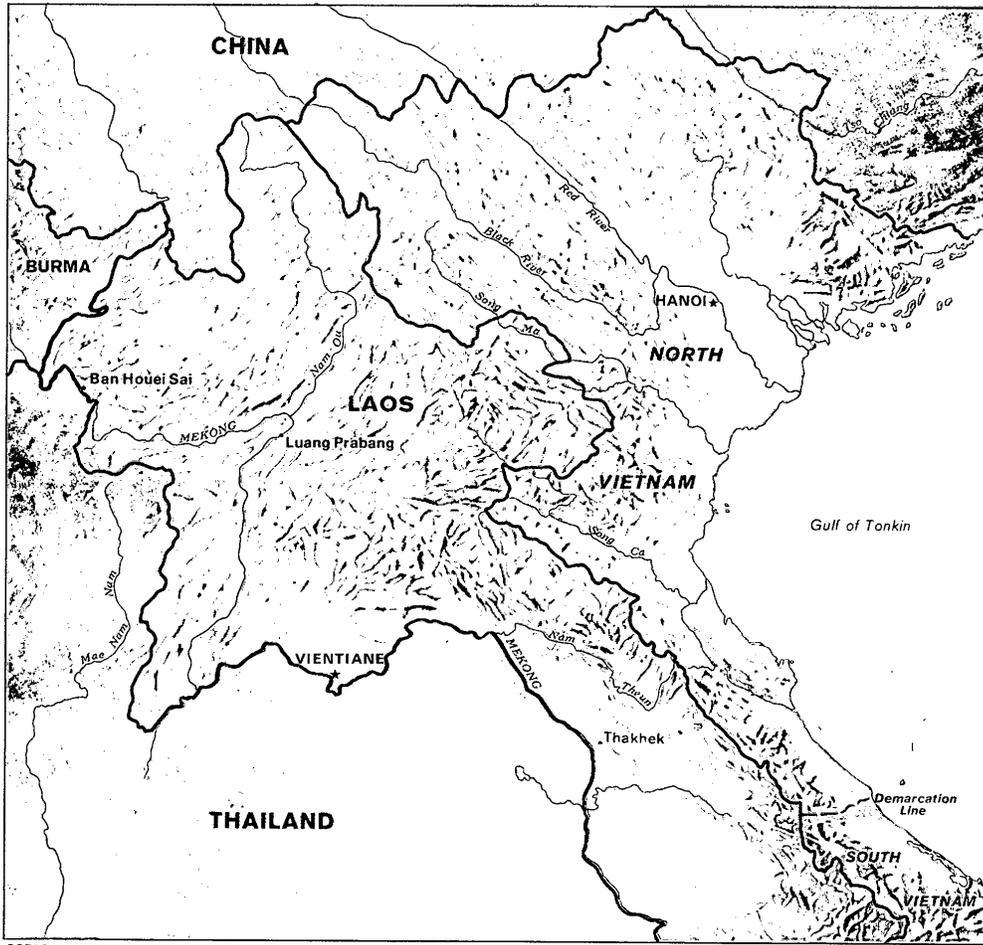
INTERNATIONAL MONETARY FUND

*Japan will join members of the EC in lobbying at the IMF meeting this week for expansion of the IMF-based, oil-related lending facility and for raising the quotas of IMF members.*

Japan and members of the EC want to enlarge the lending facility this year from the current \$3.6 billion to as much as \$10 billion. They would like it to be the primary source of funds to supplement borrowing both from the oil exporters and from the international capital market.

The EC finance ministers had agreed last week to study the US recycling plan for possible use in conjunction with the IMF scheme. Officials of several EC states have stated that the EC will wait until after the IMF scheme is approved before considering an additional plan.

On the matter of quotas for IMF members, Japan and most EC members agree that the total should be increased by up to 35 percent. Most favor the doubling of quotas for OPEC members, a freeze of those of other developing countries, and selective changes in the quotas of developed countries. No agreement has been reached yet on how to redistribute quotas among developed countries.



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NOTE

*The Royal Lao Army reportedly has placed the provincial capital of Thakhek under martial law following a week of civil disorder.*

There has been no violence within the city thus far, however, and, unlike last month's embarrassing uprising at Ban Houei Sai, no dissident non-communist forces or Pathet Lao troops have been involved. The non-communists insist that they are firmly in control of Thakhek, but prolonged occupation of the city by the Royal Lao Army--especially if disturbed by a shooting incident involving civilian casualties--could backfire on them.

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