

The President's Daily Brief

November 29, 1976

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Exempt from general
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exemption category 5B(1)(2), (3)
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FOR THE PRESIDENT ONLY

November 29, 1976

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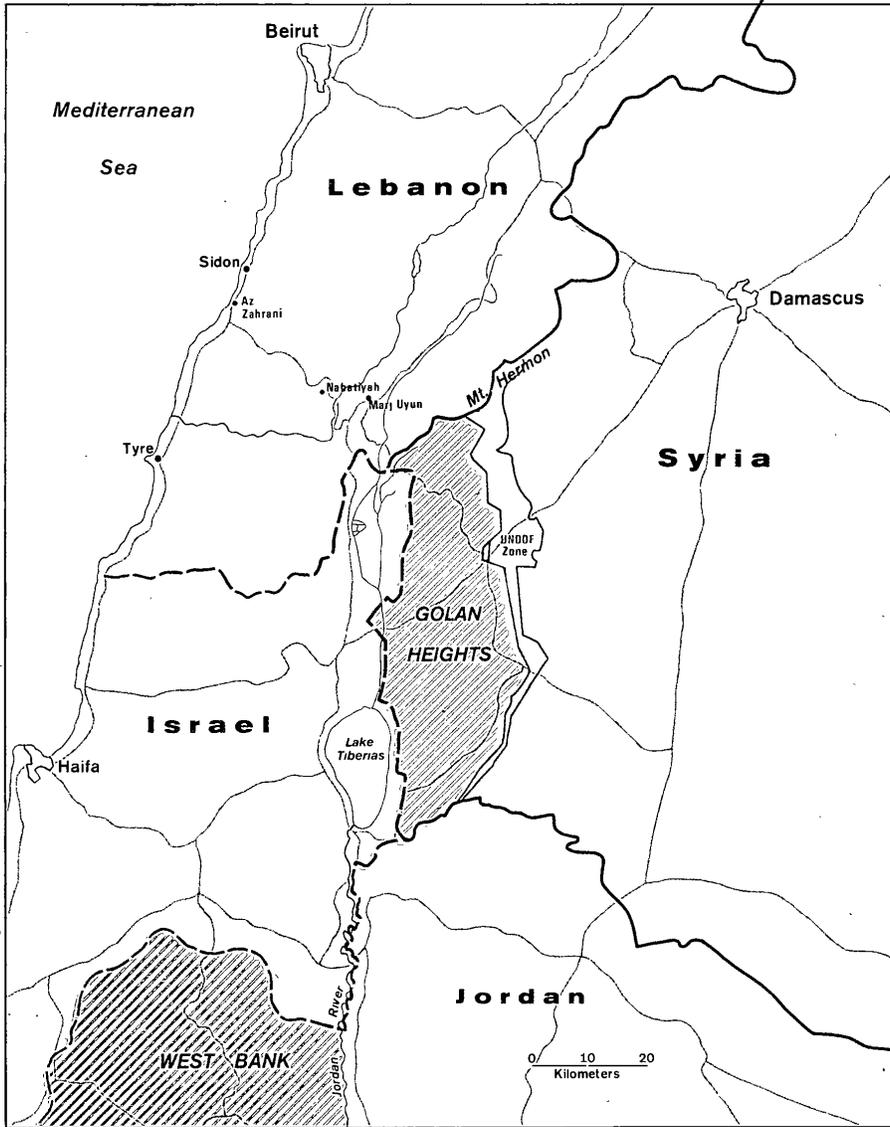
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PALESTINIANS-LEBANON:

The sharply worded policy statement issued in the name of the "Palestinian Command" in Beirut Saturday appears to have been drafted by militant leaders of Fatah in their effort to force Fatah chief Yasir Arafat to endorse more aggressive policies.

These leaders have been critical of Arafat's recent attempts to reach accommodation with Syria and his implied willingness to prepare for wider Middle East peace negotiations.

The policy statement attacks Syria and Jordan, affirms the Palestinians' determination to continue their "struggle" against Israel from southern Lebanon, calls for "total" Palestinian national independence, and rejects UN Security Council Resolution 242--the basis of Middle East settlement efforts.

Arafat, who was not in Lebanon when the statement was approved, faces a dilemma. He will not want to disavow the declaration, as it closely parallels the program approved by him and the Palestinian parliament at its last meeting in June 1974. At the same time, he will be reluctant to approve the declaration. It is a blow to his rapprochement with Syria, and he has backed away since 1974 from some of the harsher planks of the PLO's official line.

Arafat has recently visited several Arab capitals, including Damascus, apparently in an attempt to shore up his own position and perhaps to win general consensus on a revised policy statement to present to the Palestinian parliament within the next month or two.

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Arafat's effort suffered an important setback--and his critics were prompted to act--last week when a Syrian newspaper that is virtually a government mouthpiece suggested that the next session of the Palestinian parliament should exclude representatives of the fedayeen organizations.

The Palestinians also felt threatened by suggestions in the Syrian media that Syrian troops in Lebanon plan to collect heavy weapons from the fedayeen and establish military control as far south as Tyre, Nabatiyah, and Marj Uyun.

Actually Syrian units of the Arab peacekeeping force have delayed moving into these southern towns. They do have a mechanized brigade in the Sidon area and have sent some tanks to Az Zahrani, presumably to guard Lebanon's only oil refinery. We have no reports of Syrian forces south of Az Zahrani.

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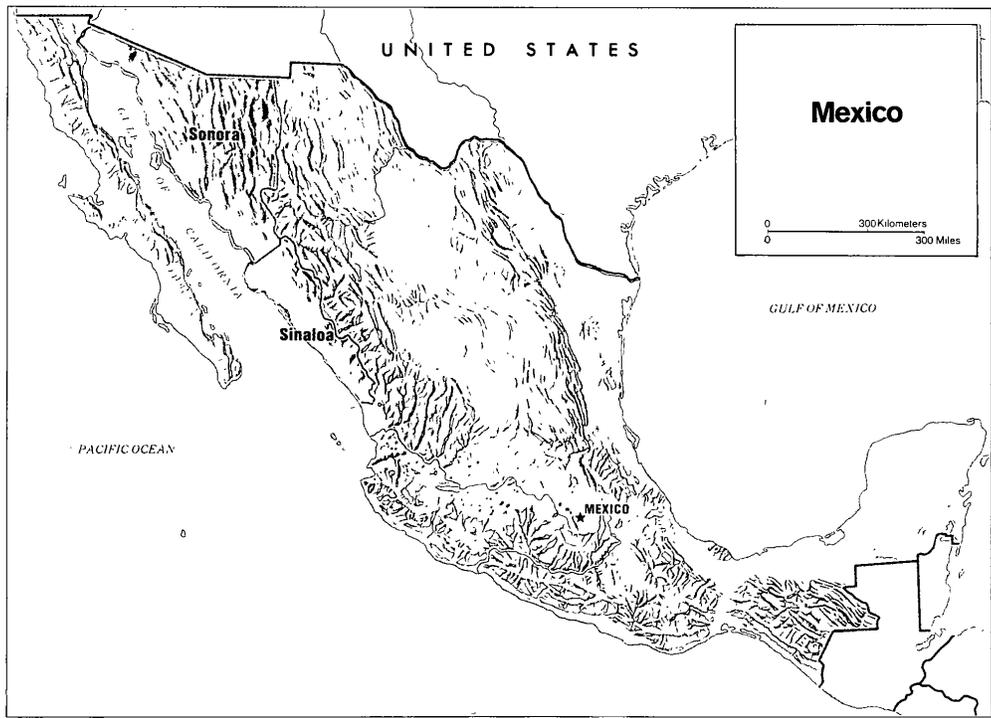
ISRAEL: The establishment of a new political party last week by Yigael Yadin, a highly respected former Israeli chief of staff, is likely to complicate further the dominant Labor Party's efforts to win another plurality in next fall's general election.

Yadin is the second prominent military figure in the past two weeks to declare his intention to head an independent list of candidates for the Knesset election. The controversial and charismatic Major General Ariel Sharon, who led the Israeli armored attack across the Suez Canal in the 1973 Arab-Israeli war, broke last week with the conservative Likud opposition bloc to establish his own group.

The emergence of these two challengers--neither of whom has had much experience in Israeli party politics--is symptomatic of the popular dissatisfaction in Israel with both the Rabin government and the faction-ridden Likud.

Despite his personal appeal, Sharon is likely to have a smaller impact on the outcome of the election than the less dynamic Yadin.

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With a hard election fight in prospect, Prime Minister Rabin and other Labor Party leaders are almost certain to urge the US not to press Israel to engage in serious negotiations with the Arabs until after the election lest they harm Labor's chances of staying in power.

The small independent Liberal Party, with its four Knesset seats, is apparently about to drop out of the governing coalition. This would leave the Labor Alignment-- senior member of the ruling coalition and composed of the Labor Party and the left-wing Mapam-- more dependent on its coalition partner, the hardline National Religious Party, which controls 10 of the government's 63 remaining seats in the 120-member Knesset. Mapam, for its part, may leave the Alignment to run an independent slate of candidates next fall, although it apparently would stay in the present government.

Furthermore, Rabin faces challenges to his leadership of the Labor Party from former foreign minister Abba Eban, a leading dove, and Defense Minister Peres, a hardliner. He fears that if he bows to Mapam demands, former defense minister Moshe Dayan and some other Labor Party hawks would bolt the party, leaving Labor more divided and disoriented than it is now.

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MEXICO: President-elect Lopez Portillo, who assumes office on Wednesday, will find his task of trying to restore confidence in the economy made even more difficult by recent events in the northwestern agricultural region.

The northwestern farm area, threatened by violence last week between peasants and landowners, is at least temporarily quiet.

The Echeverria government on Friday persuaded landowners in the state of Sinaloa to cede about 30,000 acres of agricultural land to peasants--about one third the area the latter were demanding. The government's expropriation on November 19 of some 250,000 acres of privately held land in neighboring Sonora state had prompted the peasants to act.

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Lopez Portillo will probably promise not to expropriate more private lands and to offer to compensate landowners already affected. He has said he favors methods to make agriculture more productive and efficient rather than distributing small plots.

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The president-elect will probably announce his cabinet choices tomorrow.

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USSR-FRANCE: [Redacted]

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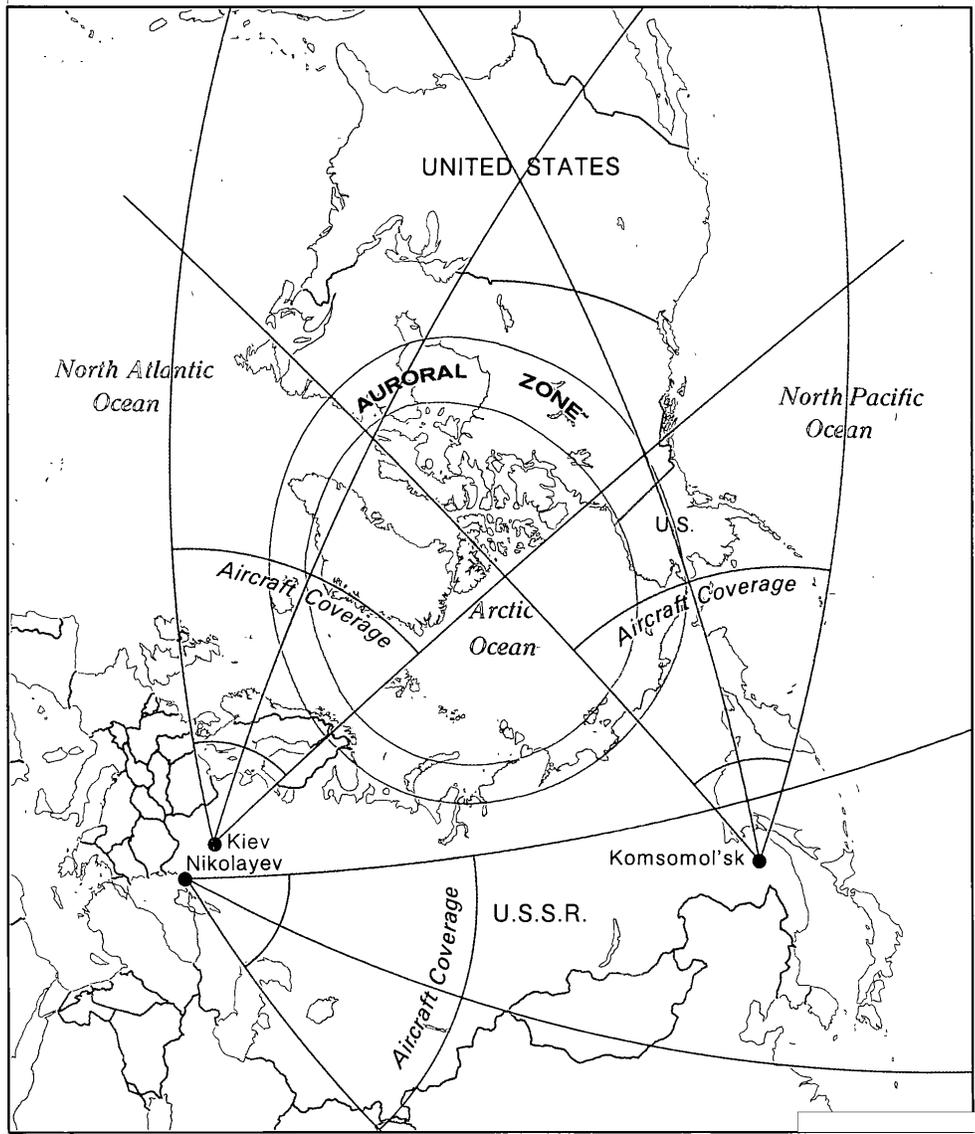
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USSR: *Signals from a Soviet over-the-horizon radar near Kiev are disrupting radio communications in a large part of the Northern Hemisphere.*

When the radar becomes operational next year it will be an important part of the Soviet defense system. We believe the radar is best suited to detect aircraft approaching Soviet borders; the Soviets may also intend to use it for early warning of ICBMs launched from the continental United States.

Scandinavian and northern European countries have been most severely affected by interference from the radar, but the US, Canada, Greenland, and Iceland have experienced some problems, as have airplanes and ships crossing the North Atlantic.

A similar over-the-horizon radar near Komsomolsk, to be completed about 1978, probably will cause interference in an area which includes the western US. Another over-the-horizon radar at Nikolayev, completed in 1973, could be causing similar problems for the Chinese and Japanese, but no complaints have been noted.

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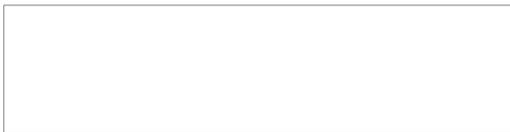
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ANGOLA-ZAIRE:



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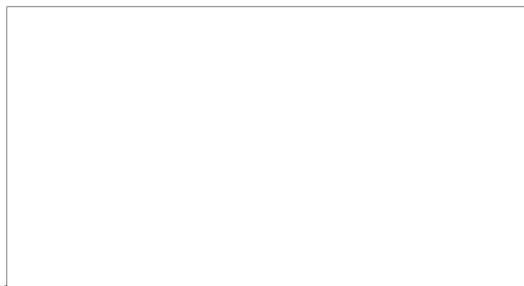
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The new Angolan cabinet has a higher concentration than its predecessor of persons loyal to President Neto.

Remaining as Prime Minister is Lopo do Nascimento, long a supporter of Neto. The new foreign minister--Paulo Jorge, a white--has served for some years as Neto's right-hand man and has extensive contacts in the Third World.

Absent from the cabinet is Nito Alves, the former interior minister and an outspoken critic of Neto. Since the civil war ended, Nito has tried to build a personal power base among black radicals in the military and among unemployed black Angolans.

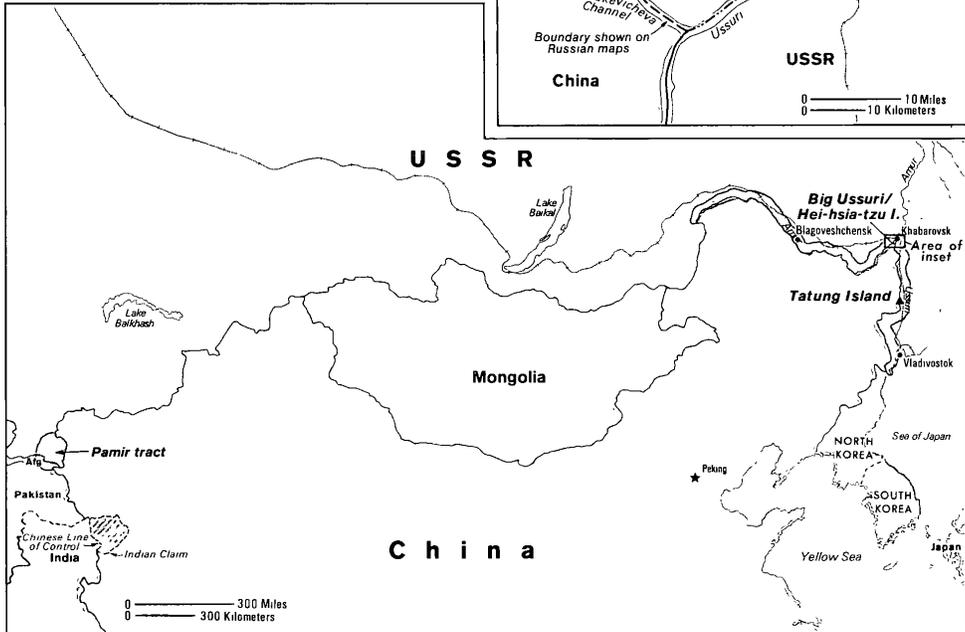
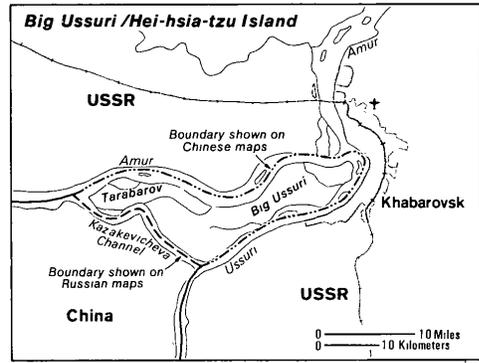
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Sino-Soviet Border Area

Principal areas in dispute between China and the Soviet Union over the last five years. Chinese claim the Soviets hold islands in the Amur and Ussuri and areas in the Pamirs which were not given to Tsarist Russia even by the "unequal treaties" of the 19th century



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NOTE

The USSR's chief negotiator at the stale-mated Sino-Soviet border talks, Deputy Foreign Minister Ilichev, returned to China Saturday.

Ilichev had not participated in the talks since May 1975, the longest absence of a Soviet negotiator since discussions began in 1969. The USSR has probably sent him back as another move in its effort to build a public record of Soviet reasonableness in dealing with Mao's successors.

It is unlikely that the Chinese have given any sign that they are willing to engage in serious negotiations on the border problem. Chinese propaganda attacks on the Soviets continue to be as tough as ever, and there is no indication that the domestic situation in China has stabilized enough for the new Chinese leaders to take on a problem as sensitive as Sino-Soviet relations.

Ilichev, nevertheless, may have brought new proposals for settlement of the eastern border issue. A previous offer--broached in 1973--was rejected by the Chinese.

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EGYPT-USSR

Egypt's rift with the USSR has seriously reduced Cairo's military readiness and has hastened its search for arms from other sources.

Small quantities of military supplies from the USSR have continued to trickle into Egypt, but the shipments consist mostly of Egyptian equipment being returned after servicing.

As an emergency measure, Egypt has turned to East European and Chinese sources. Major tank deals negotiated last year with Poland and Czechoslovakia have fallen through, however, presumably because of Soviet pressure.

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[redacted] China is supplying small quantities of unsophisticated equipment and spare parts.

Egypt has approached US, British, and Italian firms about refurbishing and retrofitting major Soviet weapons and equipment, including tanks and MIG fighters. Cairo also has tried to purchase arms and equipment from various Western countries, but its initiatives have been hampered by a lack of financial resources and Arab reluctance to bankroll indiscriminately such purchases.

The Arabs did begin to loosen their purse strings last year. Saudi Arabia, the largest source of Arab funds for Egypt, allocated \$725 million in 1976 alone to cover Egyptian military equipment purchases from France and the UK. Substantial deliveries of Western arms nonetheless are still a long way off because of Europe's lack of large arms inventories available for immediate export and its relatively limited production capabilities.

Egypt hopes eventually to expand domestic military output. The Arab Industrial Organization was established last year by Egypt, Saudi Arabia, Qatar, and the United Arab Emirates to encourage development of an indigenous armaments industry in Egypt. The current arms output in Egypt is limited to light infantry weapons, ammunition, explosives, and transport vehicles.

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Although Egypt's defense industry outpaces that of other Arab nations, it is small by Western or Israeli standards. It will continue to provide only a small portion of Egypt's defense requirements for many years, even with Western assistance.

In the meantime, Egypt will be forced to continue to seek assistance to maintain its Soviet equipment. Unless such help is found, Egypt's armed forces will experience increasing shortages over the next year, which will further degrade its capabilities.

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