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The President's Daily Brief

January 5, 1977

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Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1),(2),(3)
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the Director of Central Intelligence

FOR THE PRESIDENT ONLY

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USSR: *The USSR's need for sizable grain imports each year stems in part from excessive harvesting losses. We estimate that as a result of poor technology in growing and harvesting, at least 10 percent of the grain grown in the USSR is not harvested, a loss rate more than double that of the US.*

Soviet harvesting practices also adversely affect grain quality, thereby contributing to further losses in the course of transportation, processing, and storage.

Annual losses of unharvested grain may range from 15 to 25 million tons. If the Soviets could cut their loss by even one half, the increased yield would more than exceed the 6 to 8 million tons per year they have agreed to import annually from the US from 1976 to 1980. Without improved harvesting, Soviet grain production is expected to remain 10 to 15 million tons short of actual needs for several years.

Because of peculiarities in the varieties of grains grown in the USSR, the Soviets usually harvest their grain when the moisture content is too high for efficient harvesting and storage. Moist grain is prone to mechanical and biological damage, which reduces its value, especially for such uses as feed, seed, and strategic reserves.

Insufficient equipment, an increasing and unstudied use of chemical fertilizer, as well as slow progress in improving grain varieties are also factors in Soviet grain production and harvest losses.

Soviet measures to reduce grain losses do not appear adequate:

--New grain varieties will be introduced during the next few years, but they will be seeded in only one third of the grain area, and many of the new varieties have the same shortcomings as the old ones.

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--A planned 50-percent increase in the number of farm trucks would not eliminate all of the bottlenecks in transportation of grain.

--New Soviet combine models are being introduced too slowly to bring rapid improvement in the combine fleet, and even the new models have design problems which limit their usefulness.

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WEST GERMANY - MIDDLE EAST: *West Germany is seeking a role in the effort to arrange a Middle East settlement.*

Foreign Minister Genscher said publicly last week that it would be "useful" if all those interested in a Middle East solution would take steps to promote the Geneva conference. He has recently talked to the ambassadors from Jordan, Saudi Arabia, Egypt, and Israel, stressing to the Arab ambassadors that the Palestine Liberation Organization should be persuaded to recognize Israel's right to exist.

Genscher also said that he intends to visit Jordan, Syria, and Israel in the next several months, and to host a visit by the Egyptian foreign minister in Bonn. He will urge that final borders should be "almost identical" with those existing in 1967.

Genscher apparently hopes for a discussion of the Middle East at a ministerial meeting of the EC scheduled for January 31, and he has said any EC endeavor on the Middle East would be made in "close coordination" with the new US administration.

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The West Germans have also established direct contact with the PLO representative at the UN.

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How doggedly the West Germans will pursue their largely undefined diplomatic initiative is unclear. They will wish to wrap themselves in the EC mantle--and to consult with the US--but if they are not supported by their allies, they may abandon their effort.

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RHODESIA: Rhodesian blacks have formed two new parties to operate inside Rhodesia.

One of the parties, the Zimbabwe United Peoples Organization, is being founded by two black cabinet ministers who resigned from the government to form a "moderate party capable of negotiating a peace settlement" with the government.

This new group, which may have been encouraged by white cabinet ministers, is unlikely to attract the support of any prominent black nationalists, but Prime Minister Smith will probably consider "negotiating" with it.

The other new party, the People's Movement, was organized by a nationalist who recently broke with Bishop Muzorewa's faction. Its announced purpose is to provide a voice inside Rhodesia for Robert Mugabe, leader of the Zimbabwe African National Union.

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The government may clamp down quickly on the second group. Mugabe is anathema to Smith because his faction represents most of the Rhodesian guerrillas.

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FRANCE-IRAN: *The French have agreed to aid Iran in developing its nuclear and solar energy programs.*

Under the terms of agreements concluded with Iran, France will:

--Provide technical assistance to establish a nuclear research center.

--Train Iranian technicians to operate nuclear reactors.

--Provide Iran with two 900 megawatt nuclear reactors, to be in operation by 1982-1983, and give Iran the option to buy three more.

Iran's director of energy research believes solar energy is the most attractive alternative for rural electrification over the long term. A feasibility study has been completed, and a solar energy unit capable of producing 100 kilowatts of electrical and 200 kilowatts of thermal power is being developed. Iran hopes to use such units in small villages and for sale to neighboring countries.

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EAST BERLIN: *East Germany has taken measures apparently aimed at strengthening its claim to full sovereign control over East Berlin.*

New visa procedures have been imposed on all non-German visitors entering the East German capital from West Berlin. In effect, a visa valid only until midnight of the day of issuance is now required even for one-day visits.

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Previously, such foreigners were permitted an overnight stay in East Berlin without a visa. The new regulation does not apply to West German citizens, permanent residents of West Berlin, or members of the Allied forces.

The East Germans also have removed border control points at the boundary between East Berlin and East Germany. The control posts were used primarily to ensure that visiting Westerners had proper visas for East Germany and to prevent Allied vehicles from straying beyond East Berlin. This removal at this juncture may be part of the Honecker regime's effort to get rid of those symbolic anomalies which undercut its contention that East Berlin is an integral part of East Germany.

East German leaders have adopted a more strident position toward Bonn recently, in part reflecting the leadership's sensitivity to West German media exploitation of East Germany's internal problems. West German officials are concerned that the Honecker regime may impose new procedures for West Germans wishing to travel to East Berlin. About 1,300,000 West Germans travel annually to East Berlin.

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NOTE

Polish leaders, using stop-gap measures to satisfy consumer demands, slid through the critical Christmas holidays without any new demonstrations.

The Poles remain skeptical of the regime's ability to come up with any real solution to the country's serious economic problems.

Any overreaction by the leadership to public criticism or imposition of stronger economic measures could, of course, lead to new outbreaks of public disorder.

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