

The President's Daily Brief

January 17, 1977

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~~*Top Secret*~~ 25X1



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FOR THE PRESIDENT ONLY

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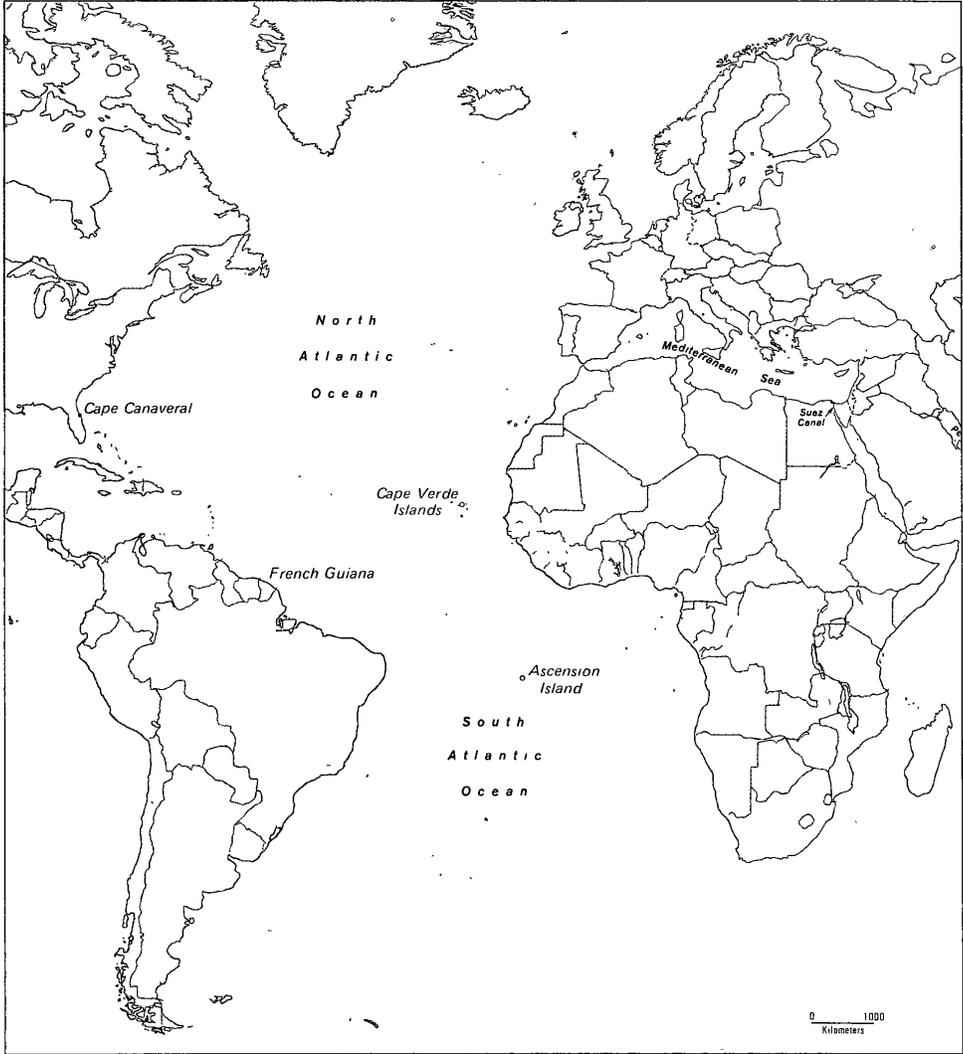
Egypt-Jordan: The public call by President Sadat and King Husayn for a resumption of the Geneva talks and for a Palestinian state with strong ties to Amman appears designed to keep the pressure on the US and Israel to move toward serious negotiations--and on the Palestinians to accept some compromise on a Palestinian state. (Page 1)

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EGYPT-JORDAN: *The call by President Sadat and King Husayn for a Palestinian state with strong ties to Amman and for a resumption of the Geneva talks appears designed primarily to underscore Arab solidarity and to keep the pressure on the US and Israel for serious Middle East negotiations.*

Sadat has also stepped up pressure on the PLO to accept a compromise solution.

The joint statement issued this weekend insists on equal and independent PLO participation in the Geneva talks. By enlisting Husayn's support on this issue, Sadat hopes to discourage Israeli leaders from believing they can split the Arab camp on PLO participation in negotiations.

At the same time, Sadat is again suggesting the possibility of some compromise between the establishment of a West Bank Palestinian state and Israel's demand that the Palestinian question be resolved within a Jordanian context.

The PLO thus far has not rejected the idea of a truncated Palestinian state. Over the weekend, in fact, a PLO spokesman endorsed the idea of closer relations with Jordan. This moderate stance probably reflects the perception of PLO leaders that they have no alternative at this point but to follow the lead taken by the major Arab leaders.

Husayn, for his part, has probably gone along with Sadat for similar reasons, fearing that to oppose Egypt now would leave Jordan isolated in the Arab world.

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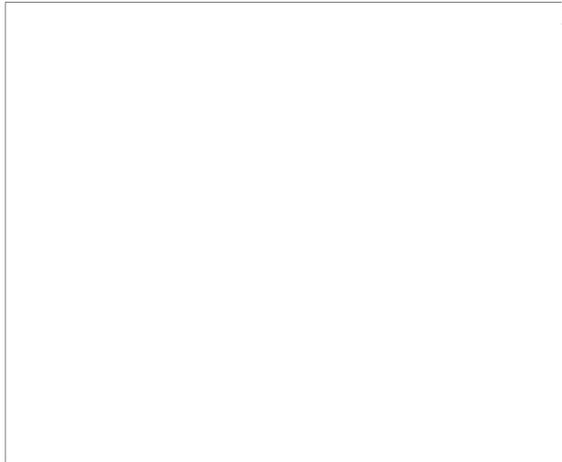
USSR: *A Soviet intelligence-collection ship is in position near Ascension Island to monitor today's scheduled initial test-firing of the US Trident SLBM from Cape Canaveral.*

The Soviet ship had been on this station last November, when the initial test-firing of the Trident missile was postponed. Instead of returning to its home base on the Black Sea, the ship conducted

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operations between the Cape Verde Islands and French Guiana, and then made a port call to Guinea. The ship returned to the Ascension Island area by January 10.



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THAILAND: Thai military dissatisfaction with Prime Minister Thanin may be reaching a crisis stage.

The ruling military council has reportedly agreed to give Thanin another 60 days to demonstrate a greater ability to deal with the country's pressing political and economic problems. The council is already thinking in terms of a new administration, however.

The military leaders have been uncomfortable with Thanin almost from the time he became prime minister in October. His reputation as a well-known jurist of spotless integrity and as an academic specialist on counterinsurgency suggested he would be the ideal front man.

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But Thanin's extreme right-wing views have been disquieting to many Thai and somewhat at odds with the consensus among the Thai leadership that a modus vivendi must be reached with their Indo-chinese neighbors. While he has been more restrained in his public pronouncements lately, the military are impatient with the general lack of movement on a number of national problems, including stalled relations with Hanoi and indecision on domestic economic issues such as foreign investment regulations.

Some members of the military council would like the military to take a more direct role in running the government.

The leaders of the council are concerned, however, that such a move would expose them as military dictators. They clearly would prefer to continue to mask the military's role with a civilian apparatus--a preference that may continue to be a restraint on dumping Thanin.



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*retired
Air Chief Marshal Thawi
Chunlasap is a likely
successor to Thanin.*

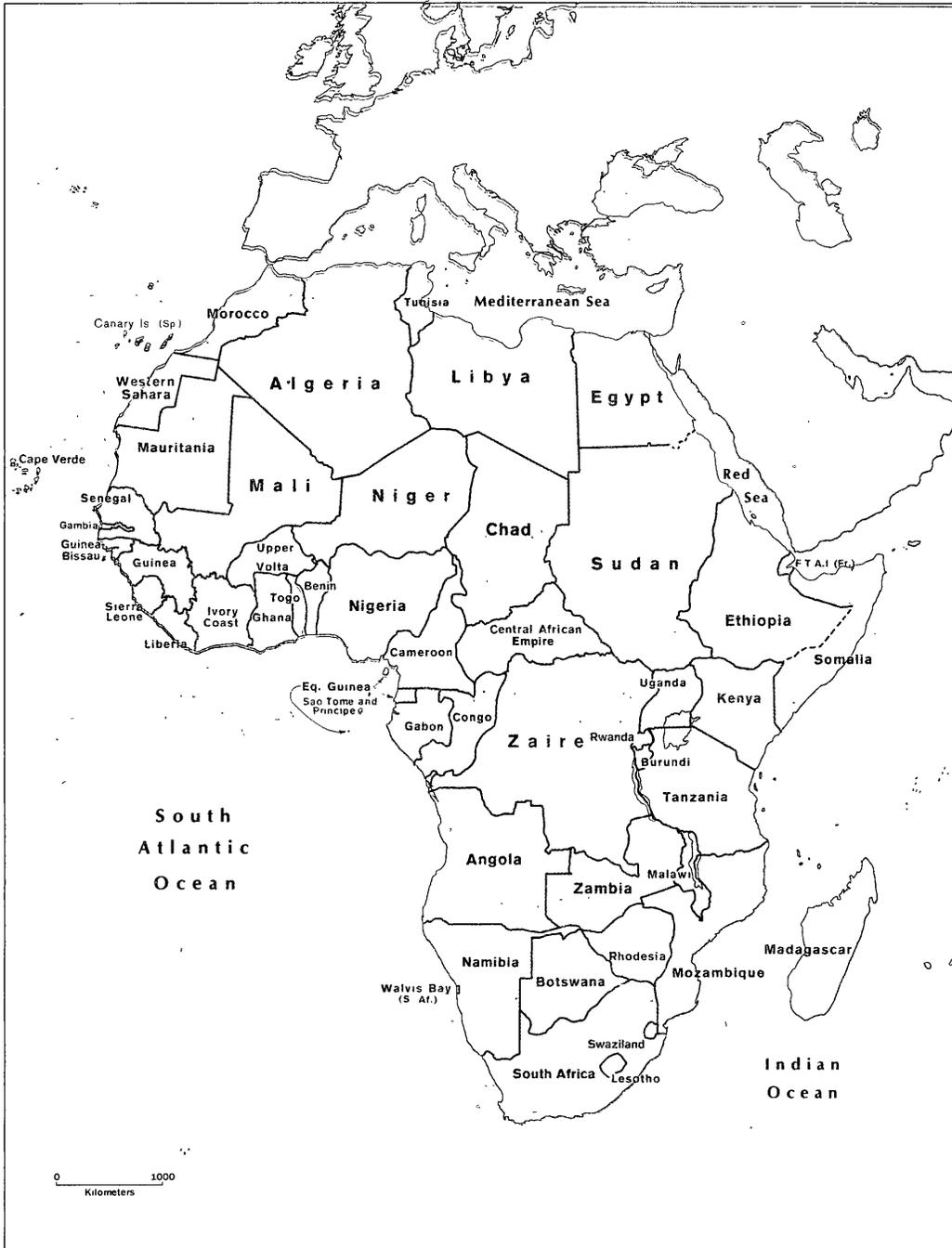
In view of Thawi's unsavory reputation for corruption, his appointment would do little for the government's image. On the contrary, a government shakeup so soon after the October coup would only add to the impression of a tentative and fumbling regime little better than the parliamentary administrations it replaced in the name of stability and progress.

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NOTES

The US embassy in Cotonou anticipates a possible anti-white backlash following the unsuccessful attempt to overthrow President Kerekou of Benin (formerly Dahomey).

Government troops repelled a small invading party, probably composed of European mercenaries and supporters of exiled opponents of Kerekou. Looking for invaders who may have stayed behind, government forces made a house-to-house search in the city. The residence of the US ambassador, unoccupied at the time, was apparently fired on by Beninese troops after two armed whites were seen nearby. Some whites also were reportedly shot in the street and others were taken to prison camps.



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The world's five major natural rubber exporting countries--Malaysia, Indonesia, Thailand, Sri Lanka, and Singapore--are meeting in Geneva this week to discuss plans to bring the international rubber market under greater control.

Their plans, first proposed last November, call for setting floor and ceiling prices for natural rubber and establishing a buffer stock to dampen price movements.

Market forces will prevent natural rubber producers from taking OPEC-like actions to rig price movements. Synthetic rubber producers have substantial excess capacity, and demand for rubber is expected to grow only moderately over the next few years. Nevertheless, oil-related increases in synthetic rubber costs should provide a lucrative and gradually rising floor price for natural rubber.

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Rubber supplies are likely to be more than adequate to cope with the anticipated rising demand between now and 1980. By our estimates, natural and synthetic rubber industries together will have the capability to produce 15-16 million tons by 1980--some 15 percent more than projected consumption.

| Natural Rubber Production | | |
|----------------------------------|---------------|--------------------|
| | Thousand Tons | |
| | 1975 | 1980 |
| Malaysia | 1,478 | 2,000 |
| Indonesia | 825 | 1,000 |
| Thailand | 349 | 485 |
| Sri Lanka | 149 | 190 |
| India | 136 | 185 |
| Africa | 208 | 260 |
| Other | 153 | 200 |
| Total | 3,298 | 4,320 ¹ |

¹ *Minimum estimate*

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