

# The President's Daily Brief

*21 July 1973*

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*FOR THE PRESIDENT ONLY*

THE PRESIDENT'S DAILY BRIEF

21 July 1973

PRINCIPAL DEVELOPMENTS

Egypt appears to have halted the Libyan march, and a Libyan delegation has flown to Cairo to meet Sadat. *(Page 1)*

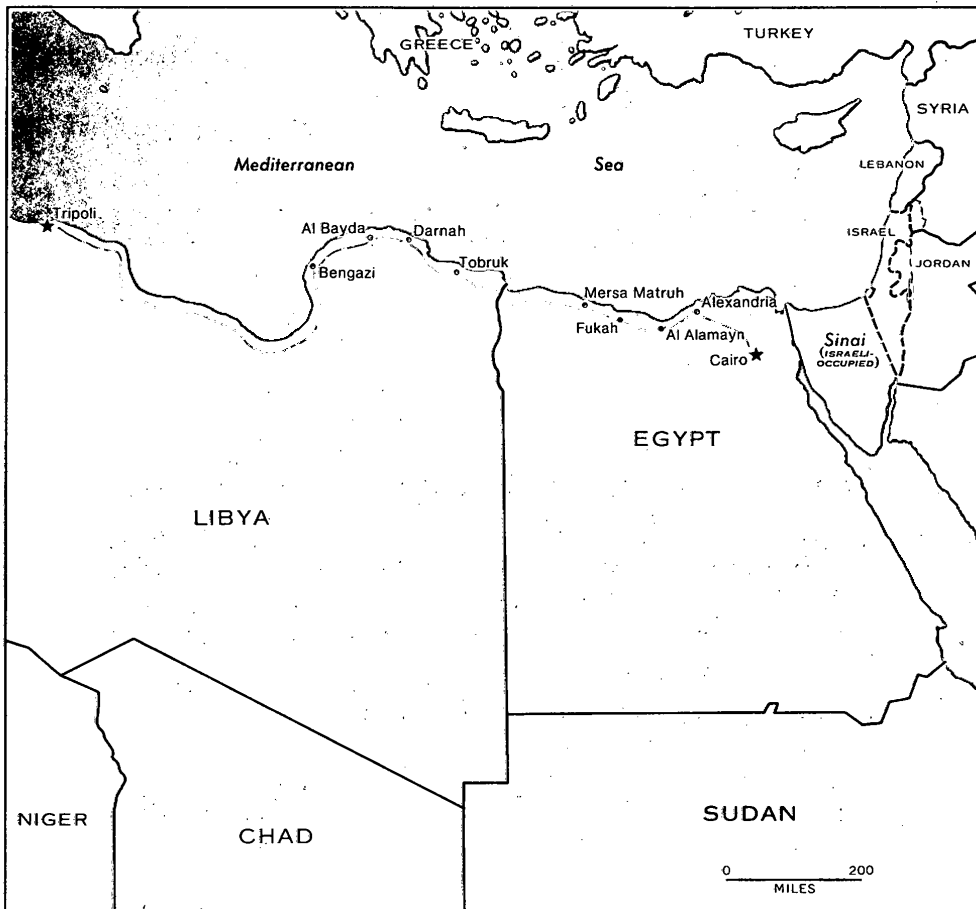
Bangkok wants to begin negotiations toward reducing US forces in Thailand. *(Page 3)*

In Chile, workers are demanding that the government take over all seized industries. *(Page 4)*

The Chinese evidently have begun deploying a coastal defense cruise missile of their own design. *(Page 5)*

At Annex, we discuss Egypt's campaign to improve its relations with other Arab states.

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LIBYA-EGYPT

Colonel Qadhafi replied yesterday to President Sadat's protests about the "march on Cairo" by claiming that he had resigned as president of Libya on July 11 and learned of the march only from radio reports.

*Qadhafi's resignation and his decision to make it public are further indications that he fully intends to place his prestige and leadership behind his own concept of the merger with Egypt. During his three-week stay in Cairo he showed no willingness to yield to Egyptian officials who proposed gradual implementation of a federal union. Nor, since his return to Libya last week, has there been any clear sign that he has settled differences with fellow members of the Revolutionary Command Council (RCC) over the union.*

None of the RCC members has moved to fill the leadership vacuum created by Qadhafi's prolonged absence from Tripoli. On the contrary, council members have refused his resignation and some of them are participating in the "march on Cairo."

*No matter how determined Qadhafi may be, however, Sadat is unlikely to give in to Libyan demands for full and immediate union. The general Libyan performance-- from the march to Qadhafi's dramatics-- could, if anything, intensify Sadat's negativism on the entire union project.*

The Egyptians published what is probably their minimum position on merger two days ago when the march began. It involves a formula that has the outward trappings of full unity but allows a year's grace period for preparations and consultations before the project is completed, and it refers to a plebiscite in September 1974. It is doubtful that Sadat would go much further to satisfy Qadhafi.

Egypt is currently confronted with the more immediate problem of holding back the Libyan march. By late yesterday afternoon, approximately 1,500

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Libyan vehicles had bypassed Egyptian roadblocks at Mersa Matruh and had reached Fukah, approximately 50 miles farther east. Egyptian Army units, called in near Fukah, have blown up portions of the road to the east and have established an apparently successful roadblock in the vicinity. Beyond some minor rock-throwing incidents, no direct confrontation has yet been reported.

The tougher Egyptian measures may be having some effect. Last night, five of the marchers who had remained at Mersa Matruh, including a member of the RCC, flew to Cairo to meet Sadat and present their views on unity.

With a meaningful merger with Libya now so unlikely, Egypt has recently been improving its relations with other Arab states. This campaign and reasons for it are discussed at Annex.

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THAILAND

Bangkok, currently reviewing its policy toward the US, has requested information from Washington on three matters of "highest importance":

- US intentions regarding Cambodia after August 15,
- US intentions regarding future use of the air bases in Thailand, and,
- US plans for equipping the Thai armed forces.

*It is clear from remarks of Prime Minister Thanom and Deputy Foreign Minister Chartchai that Bangkok wants to begin negotiations to reduce US forces in Thailand. Thai leaders believe that unless some progress is achieved on this issue, the government will become increasingly vulnerable to public criticism. Such criticism could lead to large-scale student demonstrations.*

*Most important, the Thai leadership hopes its demarche will lead to a new US military assistance package. Alarmed over the deteriorating situation in Cambodia and unhappy over recent cuts in US military assistance, Bangkok wants to test Washington's commitment to Thai security. Should Thai leaders be dissatisfied with the reply, they may consider new steps to signal their displeasure, such as a demand for a reduction in the number of US facilities, over and above the air bases, permitted to operate in Thailand.*

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CHILE

Workers in Santiago's industrial districts clashed with police two days ago after barricading streets near the factories they have seized and held since June 29. Apparently led by the extreme leftist Movement of the Revolutionary Left (MIR), the workers are demanding that the government take over all seized industries. President Allende's position is that each case will be studied individually and that only "monopolistic" or "strategic" firms will be taken over by the state.

The Communist and Socialist leaders apparently oppose the President's desire to return some industries to their owners. Communist trade union leaders, on the other hand, are pressing for some form of workers' action considerably short of seizure.

*The Communists, Socialists, and the MIR may hold Allende personally responsible for the use of force against workers. The incident will hurt the President's effort to persuade Popular Unity parties to support a dialogue with the opposition Christian Democrats.*

*The Christian Democrats, for their part, are reportedly considering bringing impeachment charges against the entire cabinet. If successful, this would embarrass the government, but not bring it down.*



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NOTES

China: [redacted] the Chinese have begun to deploy a coastal defense cruise missile of their own design. The weapon seems to be a lengthened version of the Styx missile that the Soviets supplied in the late fifties. [redacted]

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Spain: The new Foreign Minister, Lopez Rodo, has already begun to define Madrid's terms for renewal of the agreement which permits the US to use several military bases on Spanish soil. Although the agreement does not come up for renewal until 1975, Lopez Rodo wants to start discussions when he comes to the UN in October. In a new linkage, he has told Ambassador Rivero that the US could stay at the Rota naval base only if the question of British hegemony over Gibraltar is settled, because there is no justification for two NATO bases in the area. The Foreign Minister urged the US to get the British to moderate their intransigent stand against returning Gibraltar to Spain.

USSR-Cuba: The Soviet Union apparently is sending another group of ships to visit Cuba. A guided-missile cruiser, a destroyer, and a tanker now near the Canary Islands are headed west and could arrive in Cuba in seven or eight days. [redacted]

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[redacted] If the visit takes place, it will be the tenth such port call to Cuba since the visits began in 1969.

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EGYPT - ARAB STATES

Egypt has recently made several moves aimed at bettering its ties with other Arab states.

--During a visit to Khartoum last week, Cairo's war minister, General Ahmad Ismail Ali, reportedly reached final agreement on plans to return a token Sudanese force to the Suez Canal and to reopen the Egyptian military academy in Khartoum. Presidents Sadat and Numayri decided in principle on these moves in late May.

--Egyptian leaders have been in increasing contact with Saudi Arabia since King Faysal visited Cairo in mid-May. The Saudis since have reportedly granted Egypt loans of \$65 million for food purchases and \$50 million for the purchase of British helicopters.

--Kuwait has tentatively agreed to finance the construction of a major oil pipeline from Suez to the Mediterranean in return for a large share of the equity.

Arab solidarity is always a goal--however elusive--of Arab leaders, and this objective took on added urgency earlier this year when President Sadat put renewed emphasis on his preparations for military action against Israel. Reintroduction of the Sudanese troops provides a symbol of this solidarity. Cooperation with Saudi Arabia could provide more than a symbol; Sadat hopes for enough leverage to induce the Saudis, and probably also the Kuwaitis, to use their oil resources as a political weapon against the US if and when he decides to intensify his campaign to force Israeli concessions on the settlement issue.

Egypt will use any aid it may receive from Jidda to purchase Western, principally European, military equipment. This would allow Cairo to claim that it needs time to absorb the new equipment before it could undertake war. This arrangement would also lessen Egypt's dependence on Soviet equipment--an objective that Cairo now feels necessary because of Soviet attitudes toward detente with the US, and that Saudi Arabia views as eminently desirable.

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Sadat has more immediate concerns as well. Egypt desperately needs economic assistance, and the oil-rich states have it to give in abundance. In this connection, the diminishing prospects for a meaningful merger with Libya, whose own wealth was the primary inducement for Cairo's participation in the union project, have accelerated Egypt's efforts to better its ties with its wealthy neighbors. Sadat's closer ties with the other Arab states--with Sudan in a purely political sense and with Saudi Arabia in both a political and an economic sense--are an insurance policy against the failure of the merger plans.

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