



The President's Daily Brief

3 November 1973

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~~Top Secret~~ 25X1

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

3 November 1973

PRINCIPAL DEVELOPMENTS

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Talk of resumption of hostilities in the Middle East is being heard on each side. [redacted]

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[redacted] President Sadat has met with a number of Arab leaders. Soviet Deputy Foreign Minister Kuznetsov leaves Cairo today for talks in Syria. Peace talks may open in Romania. [redacted]

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[redacted] (Page 1)

[redacted] Soviet port of Nikolayev details the number and kinds of military equipment shipped to Egypt and Syria. (Page 3)

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The issue of oil may be leading the European Communities into a serious confrontation. (Page 4)

The yen depreciated another two percent yesterday; the dollar continues to gain ground on major markets. (Page 6)

Young Cambodian officers and intellectuals are plotting against the government. Prince Sihanouk has been rebuffed by Khmer Communists, who claim they will take the country in the next dry season. (Page 7)

There is growing opposition in Bangladesh to Mujib's government. (Page 9)

Notes are included on [redacted]

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[redacted] Vietnam, [redacted] Cyprus, and a tightened curfew in Chile this weekend. (Page 10)

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ARAB STATES - ISRAEL

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Some UN observers believe that the Egyptians are bolstering their military position rather than reinforcing the cease-fire.

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On the diplomatic front, President Sadat earlier this week made a whirlwind trip to Kuwait, where he conferred with Syrian President Asad and Kuwait's Shaykh Sabah. He then flew to Riyadh for a meeting with King Faysal. The results of Foreign Minister Fahmi's talks in Washington and coordination of plans for next week's discussions with Secretary Kissinger were the main items on the agenda.

Upon his return, Sadat also met with Algerian President Boumediene. Details on the meeting have not been released, but the Algerian leader--unhappy with Egypt's acceptance of the cease-fire--may have tried to persuade Sadat to take a hard position on Israeli withdrawal, and perhaps even to initiate new hostilities.

(continued)

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Soviet Deputy Foreign Minister Kuznetsov winds up his intensive talks with Egyptian leaders today and will head for Damascus. The Soviets continue to express concern about Egypt's Third Army. The deputy director of TASS in Cairo told a US diplomat that Sadat is under considerable pressure from middle-grade and junior officers to approve a major effort to break through Israeli lines toward the army, possibly before Secretary Kissinger's visit. The TASS representative also said that the Egyptians had pressed Kuznetsov hard for more arms even though, the Soviet official claimed, they have already received enough equipment to replace their losses.

Meanwhile, preparations for negotiations seem to be under way in Romania. Ambassador Keating was informed by the Israeli Foreign Ministry yesterday that Minister Eban has accepted an "urgent invitation" of the Romanian Government to visit Bucharest for "high-level consultations" with representatives of Egypt, Syria, Iraq, Sudan, Morocco, and Algeria. Eban plans to leave on Sunday after conferring with Prime Minister Meir, who is returning from the US on the same day.

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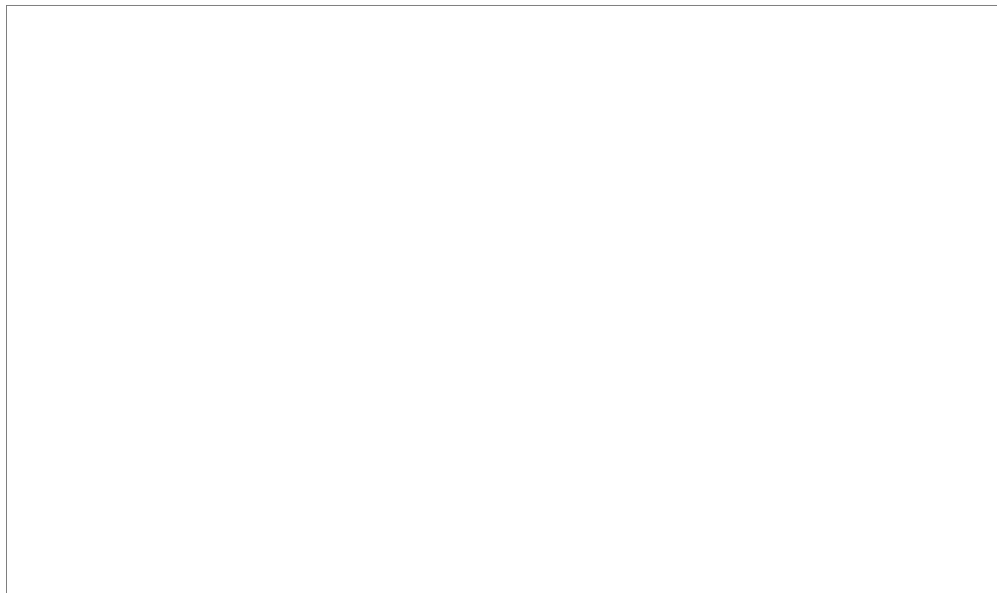
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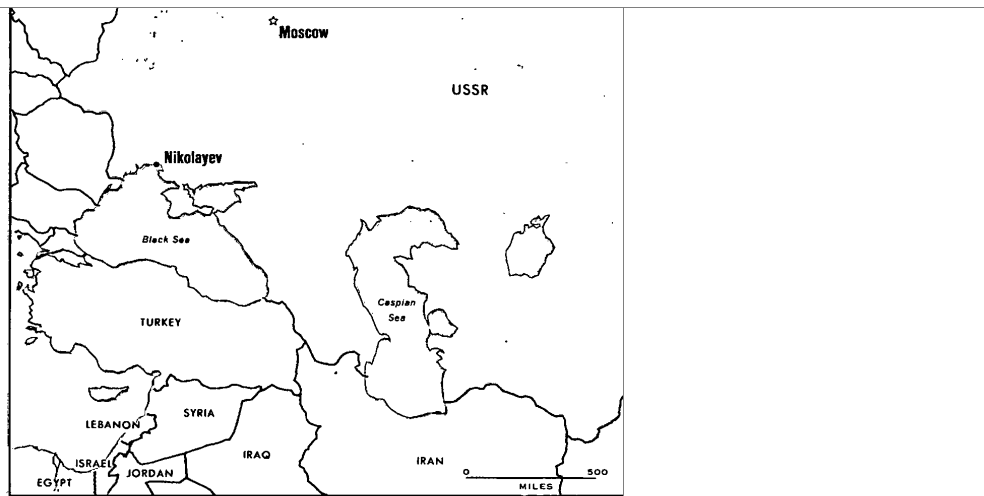
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USSR - MIDDLE EAST

[redacted] the port facilities at Nikolayev on the Black Sea provides details on the numbers and types of military equipment that apparently was being shipped to Syria and Egypt.

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[redacted] most of the equipment being shipped consisted of tanks and armored combat vehicles. A small amount of other ground forces equipment, including SA-6 surface-to-air missile equipment, anti-aircraft artillery, and multiple rocket launchers was also observed at the port. The equipment apparently was being shipped in a near combat-ready condition.

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[redacted] a total of 455 tanks and armored combat vehicles were seen. [redacted] the number of tanks and armored vehicles had declined to 273 [redacted] 160 were observed. Despite this decline, it is likely that the number of tanks and armored vehicles that passed through the port was greater than the cumulative total for the three coverages. On each occasion, the vehicles were parked in different positions, and ground scarring increased dramatically.

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The pattern of ground scarring indicates that after the tanks were unloaded from trains, they were moved to a field adjacent to the rail yard. From there, they were first moved to an area where they were loaded with ammunition. Then they were moved to a point where the vehicles were fueled. Thus, the tanks and other vehicles were shipped in as combat-ready condition as possible, and could have been sent to the battle area immediately after being unloaded.

The tanks appeared to be parked in groupings approximately the size of various Soviet armored units--mostly in groups of 32 to 35 tanks. The absence of any supporting vehicles or equipment that are organic to a Soviet tank unit suggests, however, that these were not actual combat units. The tanks may have been loaded and unloaded by Soviet troops who parked them according to the structure of the unit.

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WESTERN EUROPE - MIDDLE EAST

The oil problem and responses to Middle East political developments will be on the respective agendas of an EC Council meeting next week and a separate session of the foreign ministers "on the margins" of the Council meeting. The Dutch--singled out for an Arab oil boycott--have requested joint community measures, including EC sharing of oil supplies.

The Dutch are ready to hold hostage other areas of community policy-making in order to get positive action on oil. The French [redacted] [redacted] are looking at oil questions as leverage for obtaining financial and trade concessions from their EC partners. Thus a serious confrontation may be in the making.

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The EC Commission has so far been able to agree only to propose a community system of export licensing for petroleum products--which could allow The Hague to limit such exports to other EC members. More far-reaching measures are viewed warily by several of the Netherlands' partners who fear that sharing arrangements could bring down Arab wrath on them.

Quick EC action thus seems unlikely and it is doubtful that a common stand will be reached at a scheduled Council session on energy policy on November 21. Meanwhile, tensions between effectively embargoed states and those with more ample supplies may well increase.

Oil sharing is also on the agenda of the OECD Oil Committee's High Level Group session on November 19. The OECD secretary general is, however, asking members to consider whether the meeting should not be held earlier. The US attitude toward participation in oil-sharing schemes may be a decisive influence on European efforts both within the community and the OECD. The US mission in Brussels believes that evidence of US preparedness to make sacrifices to match European risks might have a significant effect on "stiffening spines" in Europe.

NATO, meanwhile, is preparing for a possible study of the economic and financial consequences for the alliance of Arab use of the "oil weapon."

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On the EC political front, the nine foreign ministers may attempt to frame another common declaration on a Middle East peace settlement at their meeting next week. An existing draft generally endorses Security Council resolutions and emphasizes that any negotiations must take place within the UN framework. Any new declaration is likely to be bland because of continuing differences among the Nine over how their interests would be affected by a forthright stand. The French and British also have a lingering belief in the efficacy of their own diplomacy.

French President Pompidou's call earlier this week for a summit reflects the urgency for a European response to the Middle East situation, but could also have the effect of deferring concrete proposals until the heads of government can meet. The Danish prime minister has invited the Nine to Copenhagen on December 15-16.

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INTERNATIONAL MONETARY DEVELOPMENTS

The central bank of Japan permitted the yen to slip another 2 percent against the dollar yesterday before intervening in the market. The day before the yen was allowed to depreciate by 1 percent. At the new intervention point of 275 yen to the dollar, the Bank of Japan had to sell about \$200 million yesterday, bringing total dollar sales during the week to about \$800 million. Despite these actions, the pressure on the yen continues because traders expect it to fall still farther.

The dollar has been gradually gaining ground on the major money markets since the low point reached in early July, appreciating by an average of 6 percent. The most important factor is the improving US trade balance. The announcement that US trade in September showed a seasonally adjusted surplus of \$873 million confirmed trader optimism about the long-run prospects for the dollar. In addition, differences in interest rates in the major countries have narrowed.

The growing confidence in the dollar was not shaken by the Middle East war. No substantial capital movements occurred, even though several Arab countries sold dollars.

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CAMBODIA

There is fresh evidence of political ferment among some of the younger military leaders and civilian intellectuals in Phnom Penh.

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[Redacted] National Assemblyman Thach Toan, has told an embassy officer that he has a plan to establish a new government of young military officers and technicians. Its objective, however, would be to fight for "total victory." Toan says that he intends to apprise Lon Nol of his plan soon, but will move even if he does not gain the President's support.

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Although Toan states that it will take at least two more months to complete his political preparations, he claims that he already has the backing of 50 assembly deputies and of some military officers who collectively command 5,000 troops. Toan's claims of support are open to question, but his statements reflect a widespread belief that the present state of affairs cannot continue.

* * *

The Khmer Communists have bluntly rejected Sihanouk's recent public assessment that they will be unable to achieve a military solution in Cambodia during the forthcoming dry season. In a snide "birthday greeting" to the Prince on October 26, Sihanouk's

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in-country "defense minister," Khieu Samphan, stated that the war is entering a "decisive and irreversible phase" that will soon lead to "total victory." He referred to forthcoming dry season offensives "in all regions," indicating that the Communists may intend a widespread offensive rather than one aimed exclusively at the capital itself.

The bellicose tone of the message--the first authoritative public statement by the Khmer Communist leaders on their military intentions since the insurgents' failure to take Kompong Cham in September--is reflected in Communist tactical communications.

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BANGLADESH

There is growing dissatisfaction within the bureaucracy, the military, and the ruling Awami League over inefficiency, corruption, and nepotism in Prime Minister Mujib's government. Opposition groups, growing both in number and in size, are now publicly criticizing Mujib; some are openly committed to ousting his government.

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Lawlessness has become a major concern of both the government and the people. Successful attacks against more than 20 police posts by political groups seeking arms have added a disturbing new element to the situation. A relatively high level of crime and violence have plagued Dacca since independence, but until recently this generally has been the work of common criminals.

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NOTES

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Vietnam: Further analysis of a recently intercepted Communist message, which showed that infiltration of 13,000 troops through Laos to COSVN and the central highlands of South Vietnam would begin in November, indicates that this movement will be stretched out over the next five months. Under this timetable, the infiltration would not be "large-scale"

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[Redacted] in fact, it would be an extremely small figure for such a period of time if it refers to combat troops. Since no infiltration groups have been spotted moving toward this area since last March, the message may actually refer to logistical troops earmarked for service along the new supply corridor in South Vietnam.

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Cyprus: [Redacted]

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Chile: Curfew restrictions in Santiago have been tightened this weekend, probably on the assumption that leftists will attempt to stage violent disturbances in commemoration of the late President Allende's inauguration on November 4, 1973.

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