



The President's Daily Brief

February 7, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

February 7, 1974

PRINCIPAL DEVELOPMENTS

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The EC Council has approved a position paper which will allow the community to adopt a cooperative stance at the energy conference in Washington next week. (Page 2)

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Brezhnev's week-long visit to Cuba did not result in any major new agreements but brought Cuba more firmly into the Soviet orbit. (Page 4)

Canadian Energy Minister MacDonald is to visit the Middle East later this month to improve and expand Ottawa's relations with Arab states. (Page 5)

King Husayn appears willing to grant pay raises to rebellious enlisted men, but seems to be balking about replacing unpopular leaders. (Page 6)

An exchange of statements by Peking and Saigon has increased tension over Vietnamese troop landings in the Spratly Islands. (Page 7)

Hanoi's campaign to expand recognition of the Viet Cong's Provisional Revolutionary Government has so far been unsuccessful. (Page 8)

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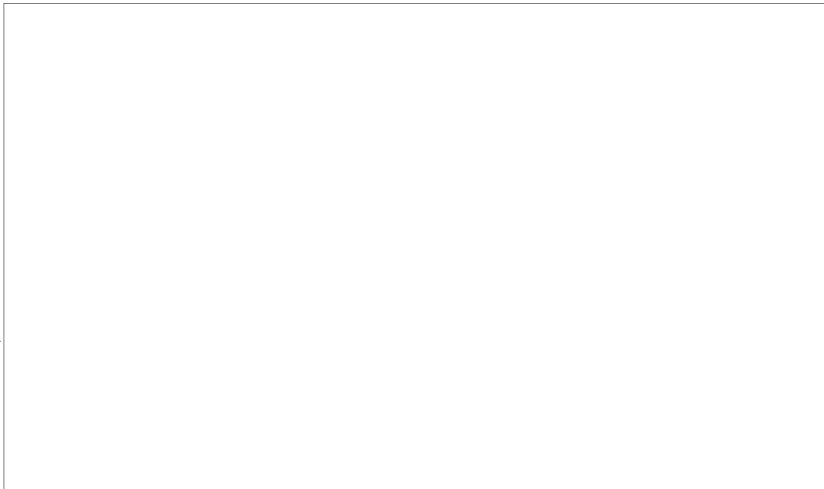
A note on the OECD economic forecast appears on Page 10.

A review of the situation in Greece after the first ten weeks of rule by the new regime is at Annex.

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USSR - MIDDLE EAST

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EC

The EC Council on February 5 approved a position paper designed to permit a cooperative stance by the community at the Washington energy conference next week, despite basic reservations about the conference and differences among the EC members.

The principal points of the paper, which was released to the press in order to strengthen the EC's bargaining position, are:

- the need to avoid a confrontation between oil importing and producing countries;
- the desirability of including all oil importing and producing nations in future international discussions, with a view toward starting these broader talks before April 1; and
- the necessity of preventing the Washington conference--"especially in its present composition"--from being transformed into a permanent organization.

Commission President Ortoli and Council President Scheel, the EC's delegates to the Washington conference, told US officials in Brussels yesterday that the community is going to insist on these points, but they stressed the EC's willingness to discuss fully every item on the conference agenda.

This professed flexibility with regard to the agenda is probably intended in part to take the edge off the communiqué's highlighting of positions that run counter to US aims. It is also evidence of the lack of complete agreement among the Nine about what should be discussed in Washington and may reflect uncertainty in the EC over what the US position will be on sharing responsibilities in the areas of finance and energy supply.

The conference has helped to delay formation of a common EC position on a new relationship with the Arab world. Nevertheless, some EC members--particularly the French--are counting on some announcement after the EC foreign ministers' meeting on February 14 that the Nine are ready to begin talks with the Arabs on economic cooperation.

In Washington, the EC will be cooperative in certain specific areas, such as the development of alternative energy resources. The EC believes that such cooperation should take place within existing organizations like the OECD, but it has not ruled out the establishment of "short-term working groups" to examine other possibilities.

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USSR-CUBA

Brezhnev's week-long visit to Cuba brought no major new agreements and no evidence that Cuba would be any less a drain on the Kremlin's treasury. The visit tied Cuba more firmly to the Soviet orbit, however, and Brezhnev is probably more confident that Castro can be brought to accept, however grudgingly, the Soviet view of the benefits of detente.

The joint declaration signed by Brezhnev and Castro called for improved bilateral cooperation and the integration of the Cuban economy into CEMA. The Soviets clearly intend to maintain close supervision of the Cuban economy. There was no mention of future military assistance, but Brezhnev probably agreed to consider Cuban requests for more modern weaponry. Cuban Armed Forces Minister Raul Castro flew to Moscow the day after Brezhnev arrived home.

Castro's remarks on Brezhnev's efforts toward detente are his warmest to date, and he seems to have been satisfied that Cuba's interests will not be compromised in Moscow's bilateral dealings with the US. The declaration calls for the termination of both the "blockade" of Cuba and the US presence at the Guantanamo naval base.

Castro endorsed Moscow's Asian security proposal and implicitly criticized Peking. The declaration did not, however, mention a world Communist conference. Neither was there any indication that a meeting of Latin American Communist leaders took place in Cuba during Brezhnev's visit.

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CANADA - MIDDLE EAST

Energy Minister MacDonald's planned trip to the Middle East later this month will be important in Ottawa's efforts to improve and expand relations with the Arab world. MacDonald will try to convince the Arabs of Canada's neutrality on Middle East matters and will seek assurances of continued Arab oil exports to Canada.

Before the October war, Ottawa attached a low priority to relations with Arab countries. Canada has only four small missions in the Middle East-- in Beirut, Cairo, Tehran, and Tel Aviv. Ottawa is now scrambling to make up for lost time. Last week, Canada established nonresident diplomatic relations with several Persian Gulf sheikhdoms and is seeking Saudi approval to open an embassy in Jidda.

This activity does not presage any dramatic shift in Canada's relations with Israel. Domestic support for Israel remains strong and, although there is obvious concern about oil shortages, the Trudeau government has publicly stated that it will not respond to Arab blackmail.

MacDonald will probably also visit Iran, which supplies 16 percent of Canadian oil imports.

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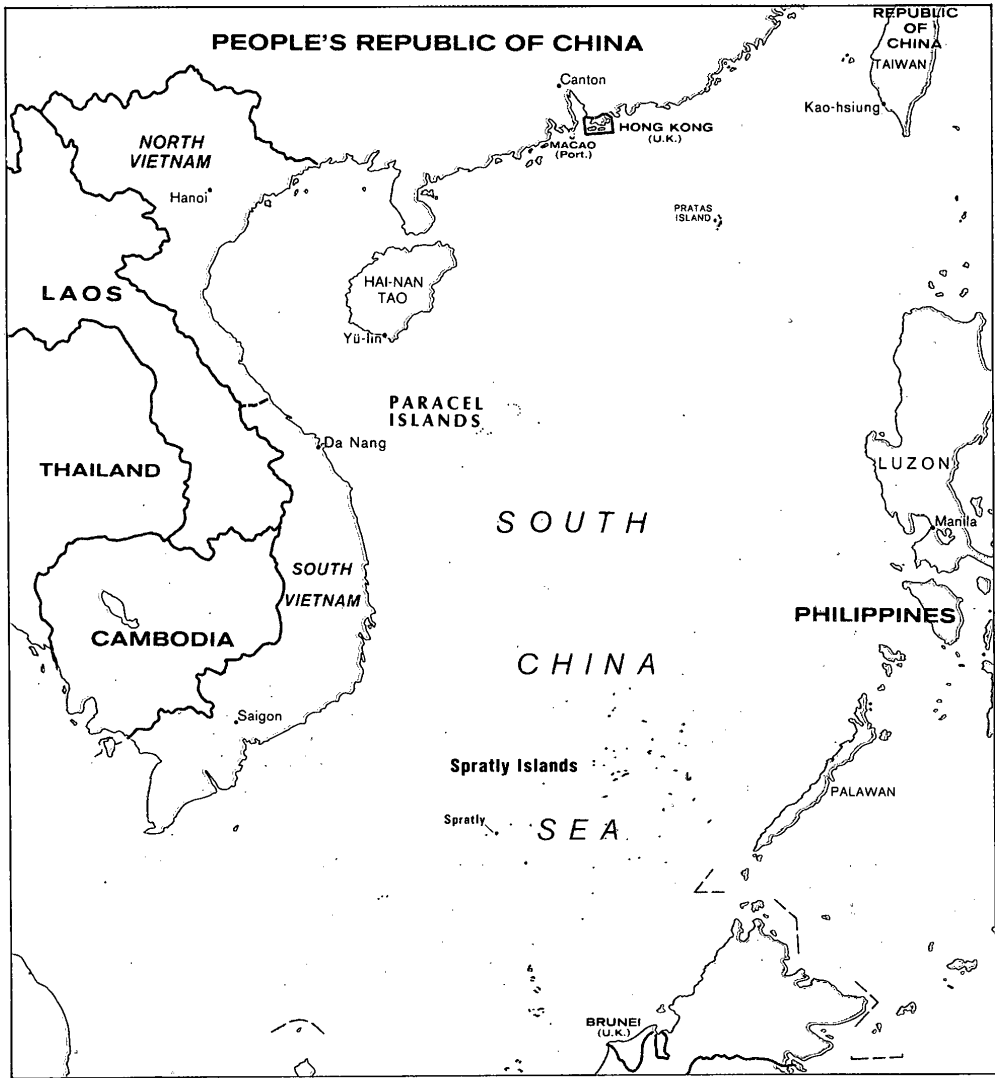
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JORDAN

King Husayn began negotiating yesterday with rebellious enlisted men from the 40th Armored Brigade. Their mutiny has created Jordan's worst domestic crisis since the King's showdown with the fedayeen in September 1970. Husayn appears willing to grant pay raises but apparently intends to negotiate other demands, such as removal of the army chief of staff and the Prime Minister.

The five-day-old mutiny is still nonviolent. Dissident leaders, however, have threatened to march on Amman from their base at Zarqa if their demands are not met.

News of the mutiny has spread, despite government efforts to suppress publicity, and fedayeen propaganda will soon add to Husayn's problems. The public appears sympathetic to the enlisted men's protests, but there have been no reports of supportive civilian demonstrations.



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CHINA - SOUTH VIETNAM

Peking has called the landings by Vietnamese troops in the Spratly Islands a "new military provocation" and declared that it will not tolerate such an infringement on its territory. Although Saigon's reply was decidedly defensive, it has dispatched two more warships to the area.

China has no forces in the Spratlys and has not patrolled the area. While Peking may bring force to bear, there are no signs of preparations for such an action. The islands are beyond the range of China's fighters and at the extreme range of medium bombers based on Hai-nan. A military move would create diplomatic as well as logistical problems for Peking since Taiwan and Manila also claim the islands and have troops on several of them.

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VIETNAM

Hanoi's campaign for expanded recognition of the Viet Cong's "Provisional Revolutionary Government" (PRG) has so far been unsuccessful. North Vietnam has pressed hard on the issue in negotiations with the UK, several European countries, and Japan.

North Vietnam's stiffening demands on recognition of the PRG seem related to a decision last fall to stress political action and diplomacy and for the time being to forgo heavy military operations in the South.

As a result of this decision, Hanoi asked the British late last year not to send their ambassador, even though the North Vietnamese had earlier given agreement and the ambassador was already en route.

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[REDACTED] Its justification is that London has not recognized the PRG.

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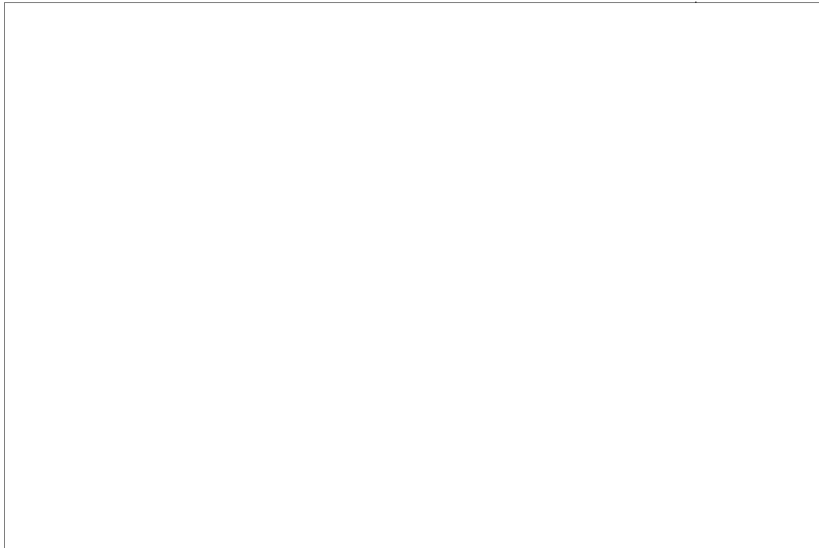
Dutch and Belgian ambassadors accredited to Hanoi are still waiting in Peking because the North Vietnamese have refused to let them present their credentials. Japan and North Vietnam agreed last fall to exchange ambassadors, but Hanoi subsequently has parried Japanese moves to open an embassy. North Vietnamese officials have hinted to all three governments that a "gesture of recognition" for the PRG would get their envoys into the capital.

Even the French, who previously were reported wavering on recognition, are now firmly against it.

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NOTE

OECD: The Organization for Economic Cooperation and Development has revised downward its already bleak world economic forecast for 1974. The sharpest adjustment is in the forecast for the UK--from no growth to an anticipated decline in output of 2.4 percent. Sharp declines in real growth are also anticipated for Japan and West Germany. The rate of inflation is expected to accelerate in all countries except Italy. The deficit in current accounts--trade and services--in the seven major industrial countries of the OECD is expected to increase from less than \$1 billion in 1973 to nearly \$30 billion in 1974.

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GREECE

The first ten weeks of rule by military police chief Ioannidis have reinforced initial impressions that his government would not end internal ferment and that it could not cope effectively with the country's economic problems.

Outwardly, the regime appears to have a firm grip on the situation. Student dissidents are back in classes and, although said to be restive, have yet to offer the kind of challenge that led to Ioannidis' ouster of Papadopoulos. A factor in the students' behavior undoubtedly is their fear that the government will act on its promise to repress any antigovernment demonstrations. Some government officials, however, are convinced that student demonstrations are inevitable.

Labor groups that played a part in the student-led riots in November have also been quiet since the coup. Extreme leftist elements also reportedly have been ordered by their leaders to refrain from anti-government activity. Many leftist leaders have been arrested by previous regimes, and they probably fear being shipped off again to remote island prisons if their supporters challenge the Ioannidis government.

Opponents from the old political world seem more frustrated than they had been under Papadopoulos. Except for the exiled Andreas Papandreou and his supporters, who are determined to continue working against the regime, these former opposition politicians do not appear to have the spirit for a test of strength with the military.

Aside from keeping the lid on potential dissidence, the new government has done little. Ioannidis' style is to work behind the scenes, and he has failed to convey a sense of direction to the government. The men he has placed in charge of ministries and departments are short on administrative talent.

There has been little movement toward dealing with Greece's substantial economic problems--an increasing wage-price spiral and trade deficit. Although the failure to deal effectively with the country's financial woes seems unlikely in itself to bring Ioannidis down, it does give his detractors yet another handle for criticism.

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ANNEX

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There is growing evidence of ferment within the regime itself. Some of Ioannidis' military colleagues, for example, are said to have demanded the removal of Prime Minister Androutsopoulos, who is suspect to them because he served in Papadopoulos' cabinet.

Much of the dissatisfaction with Androutsopoulos comes from younger officers who have pressed for the prosecution of all "corrupt" members of the old regime. Some would even try Papadopoulos. Three former ministers allegedly tainted by graft and fraud have been placed under house arrest. They have not been charged with corruption, however, but with activities "dangerous to the security of the state." Androutsopoulos may stay for the time being, particularly since there is a shortage of "acceptable" candidates for top positions. A cabinet shuffle seems almost certain within a few months, however, and he could be a casualty.

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