



The President's Daily Brief

October 31, 1974

6

~~Top Secret~~

25X1



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

FOR THE PRESIDENT ONLY

October 31, 1974

Table of Contents

Middle East: If the current diplomatic impasse is not resolved within the next few weeks, the risk of renewed warfare will increase sharply. (Page 1)

South Vietnam: Replacement of three regional commanders is intended to deflate anticipated antigovernment demonstrations and dampen rising political opposition. (Page 2)

USSR - West Germany: Brezhnev and Schmidt have expressed determination to continue the relationship established in the Brandt era. (Page 3)

France: Steps are under way to hold a conference early next year of oil-producing and oil-consuming countries and developing countries. (Page 4)

Copper: Exporting countries are debating ways to support world copper prices. (Page 5)

25X1

USSR-China: [redacted]
[redacted] (Page 6)

25X1
25X1

Notes: [redacted] China; South Africa [redacted];
Peru (Page 8)

25X1

FOR THE PRESIDENT ONLY

MIDDLE EAST

The following is our preliminary assessment of the situation in the wake of the Rabat summit.

The agreement at the Arab summit to endorse establishment of an independent Palestinian authority on the West Bank under the leadership of the Palestine Liberation Organization has raised additional obstacles to progress in Middle East negotiations and has increased tensions in the area. If the current diplomatic impasse is not resolved within the next few weeks, the risk of renewed warfare will increase sharply. Arab and Israeli forces are maintaining a state of readiness which would permit the initiation of major offensive action. We continue to believe that the most dangerous threat to the cease-fire is on the Golan Heights, where a hasty decision by either side could result in hostilities with no further warning.

We are looking carefully for any indications of hostile intent on the part of either side.

* * *

At least 20 Israeli aircraft struck what appear to have been fedayeen targets in southeastern Lebanon yesterday, the first such attacks in over a month. The fedayeen have been active in this area in recent days, and the air strikes probably were aimed at curbing this activity.

Early this morning, a squadron of Israeli gunboats bombarded a Palestinian refugee camp in southern Lebanon. The Israeli Military Command stated that the raid was in reprisal for an infiltration attempt 24 hours earlier.

The Lebanese army reported that it had driven off an Israeli ground patrol in the area just hours before the naval raid.

* * *

In a press conference on his return from Rabat yesterday, President Sadat seemed to deny that Egypt had ever considered further disengagement in the Sinai as the next step in negotiations with Israel and said "withdrawal must be on all fronts." Sadat insisted, however, that the decisions of the Arab summit had not impaired Egypt's freedom of action.

FOR THE PRESIDENT ONLY

SOUTH VIETNAM

The immediate aim of the replacement of three of President Thieu's four regional commanders yesterday is to deflate the antigovernment demonstrations that are being organized for South Vietnam's National Day on November 1. The longer range intent is to dampen rising political opposition to his administration. Thieu's strong action suggests concern that the corruption issue could serve as the catalyst for growing political ferment.

The three new commanders have no records of illegal activity against them. Two of them have reputations as excellent field commanders. The new commander of the area around Saigon, however, apparently was selected for political reliability rather than for combat expertise. He has held sensitive government positions in the Defense Ministry and headed South Vietnam's delegation to the Four Power Joint Military Commission established in Saigon under the 1973 cease-fire agreement.

Three new division commanders have also been announced and other changes probably can be expected. Press reports that several more cabinet ministers have resigned cannot be confirmed, according to the US embassy in Saigon.

* * *

Catholic anticorruption groups last night staged a torchlight parade in Saigon. Press reports indicate that a number of persons were injured as police attempted to prevent further demonstrations. Police are said to have sealed off the downtown area and imposed a 24-hour curfew. Earlier yesterday, police raided the Saigon press club and arrested some 50 persons preparing a demonstration against censorship.

FOR THE PRESIDENT ONLY

USSR - WEST GERMANY

Moscow and Bonn appear satisfied with results of the meeting between General Secretary Brezhnev and Chancellor Schmidt. West German officials say that both leaders expressed determination to continue the relationship established in the Brandt era.

The focus of the talks was on economic matters. Brezhnev suggested cooperation on long-term projects, some to run 20 years or more. Schmidt expressed interest in expanding trade and economic cooperation, but refused government credits to the USSR.

25X1

The question of West Berlin came up several times. Initially the Soviets insisted they would tolerate no infringement of the Quadripartite Agreement. Toward the end of the visit, however, they agreed to procedures that will allow residents of West Berlin to participate in bilateral exchanges between the USSR and West Germany.

FOR THE PRESIDENT ONLY

FRANCE

French diplomats are following up on President Giscard's proposal for a conference early next year of selected oil-producing, oil-importing, and developing countries.

The French have formally invited the UK to participate in a preparatory meeting before a full conference. Although London has not yet responded, and seeks an early exchange of views with Washington on the French proposal, a top-level Foreign Office official has said that Paris' bid is "not something the UK can oppose."

The West German government has publicly announced that it welcomes the French initiative for a conference. Bonn presumably would attend a preliminary meeting as it has stressed that a conference such as France proposes must be carefully prepared. The Germans also welcomed the French decision not to block establishment of the international energy program in the OECD, and Bonn presumably will continue its efforts to persuade Paris to associate with this program.

West Germany's attitude, the US embassy notes, should be seen as part of Chancellor Schmidt's attempt to bolster Giscard's position vis-a-vis his coalition partners. Schmidt believes that the EC and the world economy will benefit from Giscard's cautious efforts gradually to shift French policies away from traditional Gaullist positions.

Tokyo has not yet responded to the French invitation.

25X1

FOR THE PRESIDENT ONLY

COPPER

Copper-exporting countries are debating ways to boost world copper prices, which have plunged 60 percent in the past six months to a current low of about 60 cents a pound on the London Metal Exchange.

The steering committee of the Copper Producers Group comprises the governments of Chile, Zambia, Zaire, and Peru, as well as private copper companies in Canada, Australia, the Philippines, and Papua New Guinea. The committee agreed at meetings this month to reduce the amount of copper available for export by 150,000 tons, or 9 percent, over a six-month period beginning November 1, subject to approval by the four member governments. These four countries account for 60 percent of world net exports of copper, and the producers group represents nearly all world net exports.

Final decision on the new proposal reportedly is to be made next month, when the four governments will hold a ministerial-level meeting in Paris.

FOR THE PRESIDENT ONLY

USSR-CHINA

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

(continued)

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

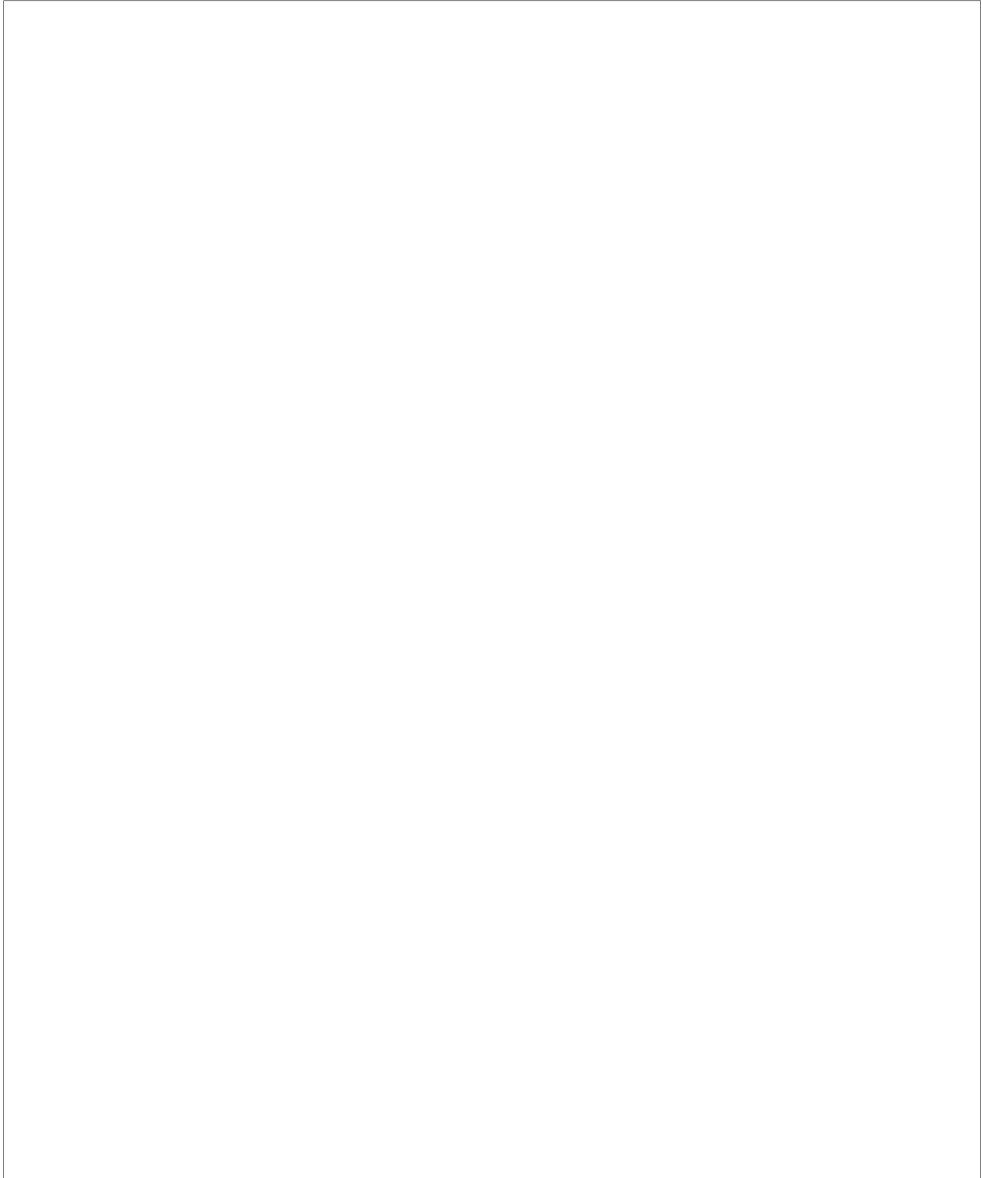
[Redacted]

25X1

[Redacted]

25X1

FOR THE PRESIDENT ONLY



25X1

FOR THE PRESIDENT ONLY

NOTES

[Redacted]

25X1

China: Peking appears to have accepted quietly the announcement of your coming meeting with General Secretary Brezhnev in Vladivostok, despite the fact that this summit will be held not far from the Sino-Soviet border. As yet, Peking has issued no public comment on the meeting. If past patterns are followed, the Chinese will give the summit only minimal coverage.

South Africa

[Redacted]

25X1

25X1

[Redacted]

25X1

25X1

Peru:

[Redacted]

25X1

[Redacted]

25X1

Top Secret