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Z 220147Z DEC 73 ZYH ZFF-1 ZFF-4  
FM THE SITUATION ROOM TOHAK 177

TO AMEMBASSY GENEVA

T O P S E C R E T SENSITIVE EXCLUSIVELY EYES ONLY CONTAINS CODEWORD

SECTION ONE OF TWO WH37750

25X1

DELIVER AT OPENING OF BUSINESS

TOHAK 177

TO LARRY EAGLEBURGER FOR SECRETARY KISSINGER

TOP SECRET-SENSITIVE  
CONTAINS CODEWORD

DECEMBER 22, 1973

MEMORANDUM FOR SECRETARY KISSINGER

FROM: THE SITUATION ROOM

SUBJECT: MORNING SUMMARY

FRENCH CONCLUDES OIL DEAL WITH SAUDI ARABIA: ACCORDING TO A SENSITIVE STATE DEPARTMENT CABLE, FRENCH GOVERNMENT OIL COMPANIES HAVE CONCLUDED AN AGREEMENT WITH THE SAUDI ARABIAN MINISTRY OF PETROLEUM TO PURCHASE 200,000 BARRELS PER DAY OF OIL FOR THREE YEARS, WITH OPTIONS FOR MORE AND FOR A LONGER TERM. AMBASSADOR MUHAMMAD JOUHHAR, PETROLEUM ADVISOR TO THE FOREIGN MINISTRY, INFORMED AMBASSADOR AKINS OF THE DEAL AND URGED AMERICAN COMPANIES TO COME TO SAUDI ARABIA SOON TO PROMOTE THEIR OWN DEALS.

LEBANESE NEWS REPORTS QUOTE YOU ON ISRAELI WITHDRAWAL: LEBANESE NEWS REPORTS TODAY THAT DURING YOUR VISIT TO CAIRO, YOU INFORMED EGYPTIAN OFFICIALS THAT THERE WOULD BE AN IMPORTANT DEVELOPMENT AT THE GENEVA CONFERENCE BEFORE THE END OF THIS YEAR IN CONNECTION WITH THE ISRAELI ATTITUDE. ATTRIBUTING THIS INFORMATION TO WELL-INFORMED WESTERN DIPLOMATIC SOURCES, THE PAPER SAID THAT YOU MADE IT CLEAR TO THE EGYPTIAN OFFICIALS

MORI/CDF  
C03343540

\*\*\*\*\* WHSR COMMENT \*\*\*\*\*

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DOS and DIA  
Reviews  
Completed

NGA Review Completed

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THAT ISRAEL WILL PLEDGE AT THE CONFERENCE TO WITHDRAW ITS FORCES ON THE SUEZ CANAL FRONT BEHIND THE CEASE-FIRE LINES -- "THE OCTOBER 22 LINES" -- AND THAT THIS WITHDRAWAL WOULD COME BEFORE THE END OF THE YEAR. THESE SOURCES INDICATED THAT THIS U.S. PROMISE MADE PRESIDENT SADAT DECIDE TO PARTICIPATE IN THE GENEVA CONFERENCE DESPITE SYRIA'S ANNOUNCEMENT THAT IT WOULD BOYCOTT THE CONFERENCE. THESE SOURCES TOLD THE PAPER THAT THE U.S. PROMISE ALSO INCLUDES SETTling THE PROBLEM OF THE EGYPTIAN THIRD ARMY.

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MEXICAN FOREIGN MINISTER ANNOUNCES YOU WILL ATTEND CONFERENCE: MEXICAN FOREIGN MINISTER RABASA TOLD A NEWS CONFERENCE LAST NIGHT THAT YOU WILL ATTEND A SPECIAL LATIN AMERICAN FOREIGN MINISTERS' CONFERENCE FEBRUARY 21-23. HE SAID YOUR PRESENCE WOULD GIVE LATIN AMERICA AN OPPORTUNITY TO ESTABLISH A "FRANK AND OPEN" DIALOG WITH THE U.S. AIMED AT SETTING A COMMON CONTINENTAL POLICY BASED ON ECONOMIC COOPERATION.

VC WALK OUT OF SESSIONS IN PARIS AND SAIGON: THE PRESS REPORTS THAT THE VC TODAY WALKED OUT OF NEGOTIATING SESSIONS WITH THE SAIGON GOVERNMENT IN PARIS; THEY ALSO WALKED OUT OF A CHIEF DELEGATE MEETING IN SAIGON.

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THE WASHINGTON STAR-NEWS: ON PAGE TWO PICTURES OF YOU AND NANCY MAGINNES APPEAR WITH AN ARTICLE BY JOY BILLINGTON ENTITLED "A KISSINGER WEDDING?" SPECULATION IS THAT DECEMBER 29 IS THE MAGIC DAY. PRESIDENT POMPIDOU IN A GENERALLY PESSIMISTIC YEAR END REPORT LAST NIGHT EXPRESSED CONCERN ABOUT UNEMPLOYMENT AND ASSERTED FRANCE HAD ENOUGH OIL TO AVERT A SERIOUS CRISIS; HE ADDED THAT IF THE PRESENT OIL SITUATION DRAGGED ON, "THE GOVERNMENT IS READY TO TAKE SERIOUS MEASURES, GRAVE MEASURES." CARL T. ROWAN SEES LITTLE HOPE IN THE PEACE TALKS. HE BELIEVES YOU MUST FIND IT WRYLY AMUSING ON YOUR TOUR THAT IN BEIRUT ANGRY ARABS GREET YOU WITH SIGNS SAYING "HENRY KISSINGER TODAY, MARSHAL DAYAN TOMORROW" WHILE IN ISRAEL YOU ARE WELCOMED WITH SIGNS SAYING "KISSINGER ABANDONED FORMOSA; IS ISRAEL NEXT?"

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TO AMEMBASSY GENEVA

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TOHAK177 WH37750 FINAL SECTON OF TWO

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DELIVER AT OPENING OF BUSINESS

TO LARRY EAGLEBURGER FOR SECRETARY KISSINGER

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EGYPTIAN BACKGROUNDING ON GENEVA TALKS:

CAIRO HAS DEVELOPED THE FOLLOWING GUIDELINES FOR  
EGYPTIAN AND OTHER ARAB MEDIA COVERAGE OF THE GENEVA PEACE  
CONFERENCE:

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- ANY GENERAL LINE ABOUT THE CONFERENCE SHOULD NEITHER UNDERMINE ITS IMPORTANCE NOR OVERPLAY ITS SIGNIFICANCE AS AN HISTORIC EVENT.
- EMPHASIS SHOULD BE PLACED ON THE "ARAB PRESENCE" AT THE TALKS RATHER THAN FOCUS EXCLUSIVELY ON EGYPT'S PRESENCE TO AVOID GIVING THE IMPRESSION THAT EGYPT IS ACTING UNILATERALLY OR IS ALONE AT THE CONFERENCE.
- THE CONFERENCE SHOULD BE GENERALLY CHARACTERIZED AS A CONTINUATION OF THE LONG-STANDING ARAB BATTLE TO SECURE ARAB RIGHTS, PARALLEL TO THE MILITARY STRUGGLE.
- THE DECEMBER 21 - 22 MEETING SHOULD BE REFERRED TO AS "TALKS" RATHER THAN "NEGOTIATIONS" AND SHOULD BE DESCRIBED AS THE OPENING SESSIONS TO BE FOLLOWED IMMEDIATELY BY A FIRST PHASE OF THE CONFERENCE FOCUSING ON MILITARY DISENGAGEMENT. THERE SHOULD BE NO REFERENCE TO ANY INTERRUPTION IN THE CONFERENCE OR TO THE AWAITING OF THE ISRAELI ELECTIONS.

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- THE ROLE OF JORDAN SHOULD BE DOWNPLAYED AND THE ASSOCIATION BETWEEN EGYPT AND JORDAN AT THE CONFERENCE MINIMIZED.
- CONTACTS WITH THE SOVIETS ARE TO BE LEFT EXCLUSIVELY TO THE OFFICIAL EGYPTIAN DELEGATION; EGYPTIAN MEDIA PERSONNEL MAY TALK FREELY WITH THE AMERICANS.

POINTS MENTIONED IN ONE MEDIA BRIEFING BY THE OFFICIAL EGYPTIAN SPOKESMAN IN GENEVA ALSO INCLUDED REFERENCES TO EGYPT'S UNDERSTANDING OF SYRIA'S BOYCOTT. THE SPOKESMAN EXPRESSED THE VIEW THAT EGYPT WOULD HAVE PREFERRED SYRIA TO ATTEND BUT THAT IN THE INTERIM EGYPT WOULD SPEAK FOR SYRIA. HE ALSO DESCRIBED THE NEGOTIATIONS AS NOT DIRECT BUT RATHER UNDER THE UN FLAG AND GENERALLY DESCRIBED EGYPT'S POSITION AS VERY FLEXIBLE IN TACTICS BUT FIRM ON PRINCIPLES. (NIEHUSS/QUANDT)

ISRAEL HAS ENOUGH OIL: THERE HAVE AS YET BEEN NO NOTICEABLE SHORTAGES OF PETROLEUM SUPPLIES IN ISRAEL. THE COUNTRY'S TWO REFINERIES HAVE A COMBINED DAILY CAPACITY OF OVER 200,000 BARRELS OF PRODUCTS. ISRAEL'S DOMESTIC CONSUMPTION OF PETROLEUM HAS BEEN RUNNING AN ESTIMATED 15 PERCENT BELOW THE NORMAL RATE OF 130,000 BARRELS PER DAY (B/D).

OIL FROM FIELDS IN THE SINAI IS APPARENTLY BEING USED IN PLACE OF IMPORTED CRUDE. BY THE END OF OCTOBER, PRODUCTION FROM THE SINAI FIELDS WAS ABOUT 50,000 B/D AND WAS EXPECTED TO BE CLOSE TO THE NORMAL 100,000 B/D BY THE END OF THE YEAR. THUS, MOST OF ISRAEL'S DOMESTIC CRUDE REQUIREMENTS CAN BE SATISFIED FROM SINAI PRODUCTION AND FROM THE SUBSTANTIAL STOCKS ON HAND WHEN THE WAR BEGAN.

BREZHNEV VISIT TO CUBA POSTPONED: A SOVIET FOREIGN MINISTRY OFFICIAL HAS TOLD THE U.S. EMBASSY IN MOSCOW THAT BREZHNEV WILL BE GOING TO CUBA AROUND JANUARY 15. HE WAS ORIGINALLY SCHEDULED TO ARRIVE IN LATE DECEMBER AND TO BE PRESENT FOR THE CASTRO REGIME'S 15TH ANNIVERSARY CELEBRATION ACTIVITIES. IT IS POSSIBLE THAT THE SOVIETS FEARED BREZHNEV'S PRESENCE WOULD ASSOCIATE THEM WITH ANY HARSH ANTI-U.S. STATEMENTS MADE DURING THE CEREMONIES BY FIDEL CASTRO. HAVANA PROBABLY IS NOT HAPPY OVER THE DELAY SINCE IT IMPLIES THAT MOSCOW IS DOWNGRADING CUBA'S IMPORTANCE.

CHILE DEBT RESCHEDULING: REPRESENTATIVES OF THE U.S. AND CHILEAN GOVERNMENTS SIGNED AN AGREEMENT WEDNESDAY FOR RESCHEDULING CHILE'S EXTERNAL DEBT PAYMENTS FOR THE PERIOD OF NOVEMBER 1971 THROUGH DECEMBER 1972 IN ACCORDANCE WITH THE APRIL 1972 PARIS CLUB AGREEMENT. THE AGREEMENT PROVIDES THAT OVER 60 MILLION DOLLARS WILL BE PAID OVER THE NEXT FOUR YEARS AND AN ADDITIONAL \$64 MILLION PAID OVER SIX YEARS BEGINNING IN JANUARY OF 1975 AT 6 PERCENT ANNUAL INTEREST. UNPAID CHILEAN OBLIGATIONS TO THE U.S. AND CERTAIN OF ITS AGENCIES FOR 1973 AND DEBTS DUE IN 1974 WILL BE THE SUBJECT OF A MEETING OF CREDITOR

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NATIONS IN PARIS THIS FEBRUARY. THE CHILEAN GOVERNMENT REITERATED ITS INTENTION TO FULFILL ALL THE PROVISIONS OF THE PARIS CLUB AGREEMENT AND, IN PARTICULAR, THEIR INTENTION TO CONDUCT NEGOTIATIONS WITH THE COMPANIES AIMED AT PROVIDING JUST COMPENSATION FOR NATIONALIZED PROPERTIES. (JORDEN)

AMERICAN KIDNAPED IN ARGENTINA: AN AMERICAN ENGINEER OF THE MCKEE TESCA CO., CONNECTED WITH AN OHIO-BASED CONSTRUCTION FIRM, WAS KIDNAPED FRIDAY BY A GROUP OF ARMED MEN. CHARLES ROBERT HAYES WAS ON HIS WAY TO WORK WHEN HE WAS ABDUCTED. A COMPANY SPOKESMAN SAID THAT NO RANSOM DEMAND HAS BEEN RECEIVED FROM THE KIDNAPERS. THE U.S.-CITIZEN MANAGER OF THE ESSO REFINERY IN CAMPANA, ARGENTINA WAS ABDUCTED EARLIER THIS MONTH. HE IS STILL BEING HELD.

NIGERIAN OIL: NEW NIGERIAN GOVERNMENT STATISTICS SHOW THAT AS OF AUGUST 1973 PROBABLY MORE THAN 40 PERCENT OF NIGERIA'S TOTAL CRUDE EXPORTS WERE GOING TO THE U.S. AND U.S. OFF-SHORE REFINERIES. IN A RELATED DEVELOPMENT, REPORTS COMING OUT OF LAGOS ARE THAT THE NIGERIAN GOVERNMENT WILL SELL ITS ROYALTY AND PARTICIPATION CRUDE (300,000 BARRELS PER DAY), NOW UP FOR AUCTION, AT WORLD RECORD PRICES JUST SHY OF \$18. THE SUCCESSFUL BIDDERS ARE DUE TO BE ANNOUNCED TODAY. (HORAN)

PRC PRODUCTION CAPACITY EXPANDED FOR HIGH EXPLOSIVES: ANALYSIS [REDACTED] SHOWS AN INCREASE OF 75 TO 100 PERCENT OVER THE PAST FIVE YEARS IN THE PRC CAPACITY TO PRODUCE HIGH EXPLOSIVES. TWO NEWLY DISCOVERED FACILITIES HAVE BEEN CONSTRUCTED IN ISOLATED AREAS OF SOUTH CHINA AT ICHENG AND YUNGHSIN. THEY PRODUCE RDX AND TNT -- BOTH MAJOR CONSTITUENTS OF BURSTING AND DEMOLITION CHARGES. TECHNICAL IMPROVEMENTS HAVE BEEN SEEN IN PRODUCTION LINES AT OTHER PLANTS. PEKING IS ALSO NEGOTIATING AT THIS TIME WITH BOFORS OF SWEDEN, A MAJOR FABRICATOR OF EXPLOSIVE PLANTS.

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DIA COMMENTS THAT THE OVERALL REQUIREMENTS FOR HIGH EXPLOSIVES HAVE INCREASED AND CHINA IS ATTEMPTING TO BECOME INDEPENDENT OF THE USSR AS A SOURCE. THE MILITARY ARE RECEIVING NEW TYPES AND LARGER QUANTITIES OF EXPLOSIVE ORDNANCE, AND CIVILIAN MINING AND CONSTRUCTION PROGRAMS HAVE EXPANDED. AN ESTIMATED 50,000 TO 60,000 METRIC TONS OF TNT WERE USED IN 1972, WHEN NEARLY 17,000 METRIC TONS WERE IMPORTED FROM THE USSR. ABOUT 8,250 METRIC TONS WERE DELIVERED BY MOSCOW DURING THE FIRST TEN MONTHS OF THIS YEAR.

PRC AND MOSCOW TO OPEN EMBASSIES IN MALAGASY REPUBLIC: THE MALAGASY FOREIGN MINISTER HAS ANNOUNCED THE PRC AND USSR WILL OPEN EMBASSIES IN TANANARIVE IN 1974. MALAGASY HAS HAD RELATIONS WITH THE TWO COUNTRIES SINCE 1972. (HORAN)

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ALL THREE TV NETWORKS LED THEIR NEWSCASTS TONIGHT WITH FILM  
CLIPS OF YOUR SPEECH AT THE PARIS CONFERENCE.  
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