



The President's Daily Brief

29 September 1973

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

The Soviets are unhappy with what they consider Egypt's drift to the right, and have let Cairo know. In a major speech yesterday, Sadat defended his policies and left the door open for fresh diplomatic efforts to break the Arab-Israeli impasse. (Page 1)

New Delhi's announcement that the USSR will provide 2 million tons of foodgrains will help ease worry in India over food shortages. (Page 3)

In Burma, the army is preparing a move against Communist rebels in the northeast who are supplied and in part directed by the Chinese. (Page 4)

Notes on Portuguese Guinea, Saudi Arabia, and Pakistan appear on Page 5.

USSR-EGYPT

In mid-September the Soviets registered with Cairo their disapproval [redacted]

[redacted] The USSR stressed that closer ties with "reactionaries" hinder "progressive forces" in the area. In reply, the Egyptians told the Soviets to mind their own business.

This is the latest sign that Moscow has decided it cannot remain silent as Cairo's policies evolve in a direction the Soviets dislike. Shortly after his return from Moscow last week, Ambassador Vinogradov met with President Sadat and his adviser Hafiz Ismail, apparently to discuss recent strains in relations.

Cairo's improving ties with Saudi Arabia and Jordan are symptomatic of a trend away from the left which extends to domestic policy as well. Soviet officials in Cairo have also been openly voicing displeasure over Egyptian attempts to increase the role of the private sector and attract Western capital. A Soviet broadcast after the Sadat-Vinogradov meeting was unusually explicit in referring to current tensions. It condemned "certain functionaries in the Arab World" who disparage Soviet aid, accuse Moscow of colluding with the US, and open the door to foreign capital.

The Egyptians have complaints of their own with respect to Moscow's sniping and its lackluster political and military support. Continued Soviet criticism may prompt Cairo to attack the Soviets more openly in the future, but for now the Egyptians seem determined to avoid a rancorous exchange.

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In a major speech yesterday, Sadat did not mention the USSR. He took considerable pains to defend Egypt's moves away from socialism, but the Soviets will take little reassurance from what he said.

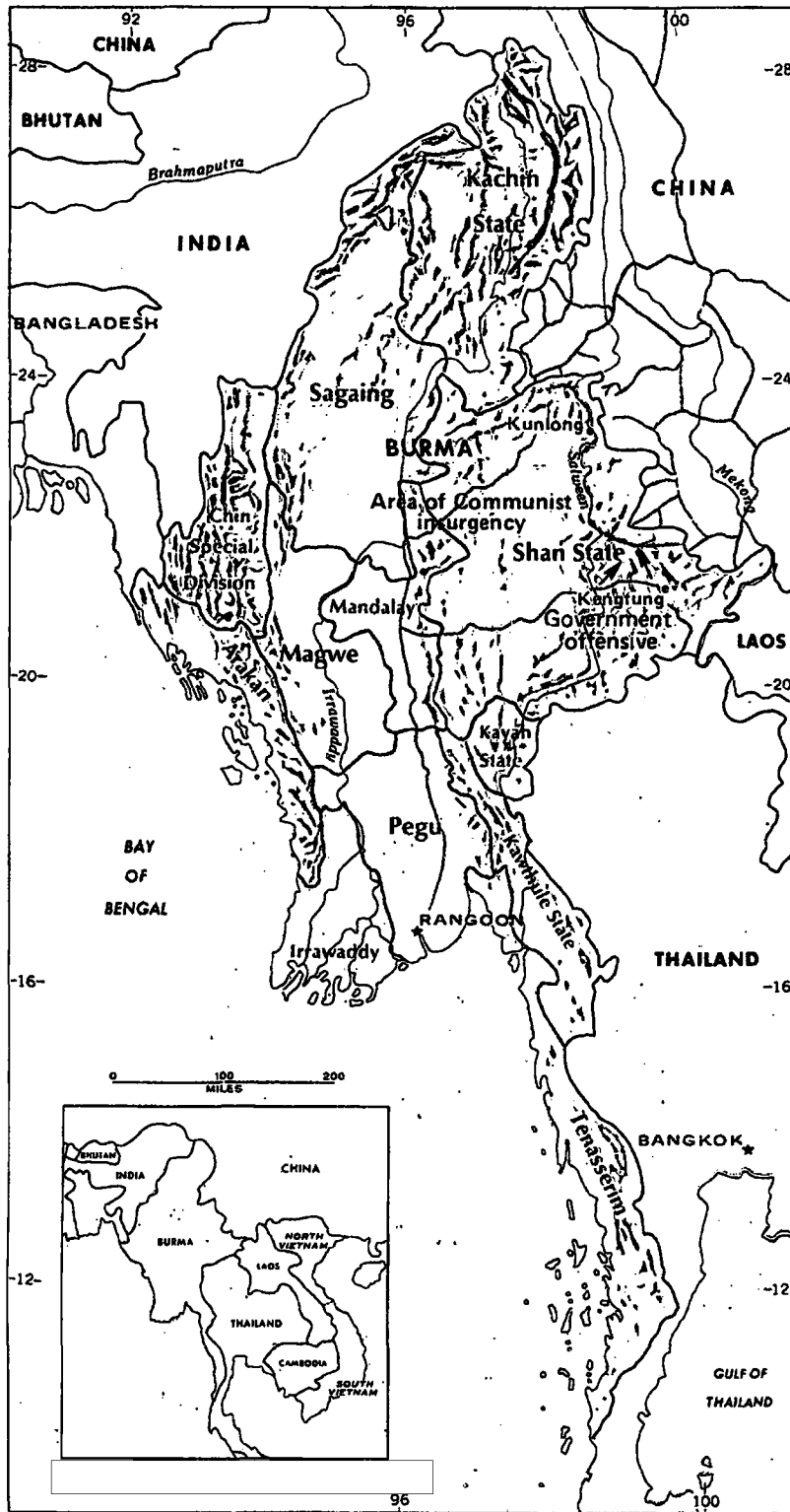
Sadat carefully avoided closing the door on fresh diplomatic efforts to break the Arab-Israeli impasse. After commenting negatively on US support for Israel in the past, he noted approvingly that Secretary Kissinger "says he wants to hear the Egyptian viewpoint." Pointing out that the Secretary is saying "good and sweet things," Sadat expressed cautious hope that these will not be used to "freeze our cause again."

At the end of his speech, Sadat called attention to the fact that he had deliberately avoided rhetoric on "the battle." Although he reasserted Egypt's determination to win back its lost territory, he made no threats and said nothing to suggest that Cairo has a military option under active consideration.

USSR-INDIA

Indian Food Secretary Joneja announced yesterday that the USSR will provide India with 2 million tons of foodgrains "on a loan basis." He said Brezhnev had made the offer in a letter to Prime Minister Gandhi, who expressed "warm appreciation for this friendly gesture." Joneja added that shipment of the grain will start immediately. He did not disclose the terms of payment. In a smaller deal with Bangladesh in July the Soviets requested repayment in kind.

This year's excellent harvest helps make it possible for the Soviets to sell grain to countries like India in addition to the USSR's traditional customers. It is not known how much Soviet grain will arrive in India before the main Indian harvest in November. Nevertheless, the announcement of the Soviet deal, the arrival of other grain imports already on the way, and the favorable prospect for India's fall crop will help ease pre-harvest tension.



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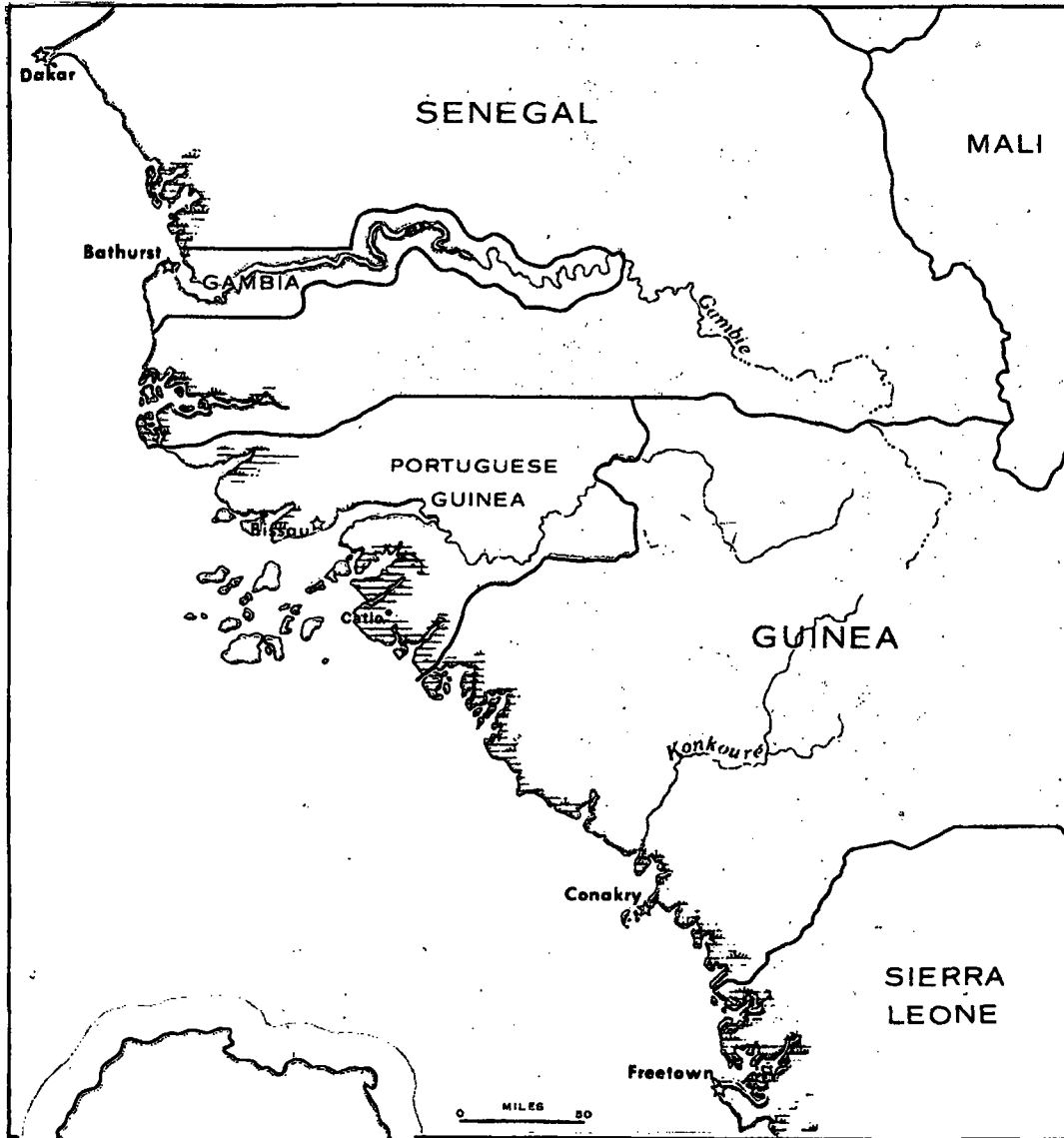
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BURMA

The army is readying a 5,000-man force to move against the Burmese Communists, who have been extending their influence in Shan State for the past six months.

Senior officers have long been frustrated by their inability to block the growth of the rebel movement, which is supplied and in part directed by the Chinese. Up to now, however, the army command has ruled out major ground operations in the remote border area, largely out of fear of provoking Peking, although prospective military problems have also been a factor. Supply lines will be extended; the terrain is rugged, the population inhospitable, and the insurgents--now numbering upwards of 5,000--well-armed.

The Communists are matching the government build-up with one of their own and could decide to take the offensive. A defensive posture is more likely, however, since Rangoon will probably be unable to sustain a large-scale operation in this area for long.



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NOTES

Portuguese Guinea: The insurgents have finally made their long-planned declaration of an independent state of "Guinea-Bissau," following a "national popular assembly" that met inside the territory earlier this week. The rebels hope the move will bring new pressure on the Portuguese to leave. The Portuguese still control all the important areas of the new "state." The rebel government has already been recognized by Yugoslavia and a number of Arab and African states. The USSR, which has long provided the rebels with arms and money, will almost certainly follow suit.

Saudi Arabia - France - West Germany: Paris apparently has agreed to sell the Hot and Milan anti-tank missile systems to Saudi Arabia and may also sell the Hot system to Kuwait. In accordance with a Franco-German agreement on the export of equipment jointly developed and manufactured by the two countries, the French Government has requested Bonn's concurrence on the sale to Saudi Arabia. West Germany is likely to approve the application.

Pakistan: Wali Khan, leader of Pakistan's largest opposition party, the National Awami Party, was fired on by unknown assailants yesterday but escaped injury. As spokesman for most of the country's Pushtun tribesmen of Northwest Frontier Province, Wali Khan could use the incident to rouse further tribal unrest.