



# The President's Daily Brief

*18 August 1973*

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

18 August 1973

PRINCIPAL DEVELOPMENTS

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The ruling Israeli Labor Party is trying to satisfy Defense Minister Dayan's demands for a more activist Israeli development program in the occupied Arab territories. (Page 2)

Saudi Arabia's King Faysal is prepared to increase his financial commitment to Egypt in an effort to provide Cairo with alternatives to military dependence on the Soviet Union and to wean President Sadat away from Libya. (Page 3)

Egypt reportedly is willing to sell major items of Soviet military equipment from its inventories to Saudi Arabia for delivery to Yemen (Sana). (Page 4)

Kabul--concerned over Islamabad's recent arrest of opposition leaders in Pakistan's Baluchistan Province--has appealed to the US, the USSR, and Iran for help in preventing trouble in Afghanistan's relations with Pakistan. (Page 5)

Notes on Syria-Lebanon, [redacted] and South Asia appear on Page 6.

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USSR-MBFR

Soviet disarmament officials [redacted] outlined [redacted] Moscow's thinking on the formal force reduction negotiations which are scheduled to begin on October 30.

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*Their views do not reflect any changes on major substantive issues.*

[redacted] the Soviets think force reductions will be easier to achieve than "constraints" such as limiting troop movements and reinforcements.

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*Many Western countries have placed strong emphasis on constraints, particularly a prohibition on reintroducing troops which have been withdrawn.*

[redacted] there must be a "flexible linkage" between reductions in national and stationed (foreign) forces. They are worried that reductions in US and Soviet forces would leave the West Germans disproportionately strong.

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*The Soviets have never stated their position on the relationship between national and stationed forces in detail.*

[redacted] Moscow's continued concern over multi-national verification measures. The Soviets insist that national means of verification are sufficient and are concerned over American insistence on discussing "effective verification."

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On procedural matters, the Soviets foresee the initial phase of the talks being conducted at a high level, to be followed by negotiations at the working group level. The Soviets want the negotiations to be in stages, moving from "agreement to agreement," with recesses for consultation between stages. Moscow thinks the need for frequent consultation argues against establishing permanent missions in Vienna; Moscow also fears that permanent missions might breed familiarity between Soviet and Western delegates which the USSR wants to avoid.

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ISRAEL

The ruling Israeli Labor Party is trying to satisfy Defense Minister Dayan's demands for a more activist Israeli development program in the occupied Arab territories. Dayan has said he might not be able to run on the Labor Party ticket unless such a program is approved.

Dayan and Minister without Portfolio Galili, a member of Prime Minister Meir's "kitchen cabinet," have worked out a four-year draft program which, if adopted by the party, would become a policy guideline for the next government. The draft calls for:

- an expanded program of Jewish settlements (there are now about 50);
- government acquisition of more Arab land for settlement and development purposes;
- allowing private Jewish purchase of Arab lands under government controls;
- government incentives for Israeli businessmen in the Arab territories; and
- greater social and economic benefits and services to the Arabs in the territories.

*Some Labor Party leaders, particularly Finance Minister Sapir, and leaders of the allied MAPAM oppose such a program for economic, demographic, and diplomatic reasons, and criticize Dayan's proposals as "creeping annexation." Sapir holds the whip on party and government finances and thus can block Dayan's initiatives.*

*At the same time, however, Sapir and his allies recognize the need to keep the popular Defense Minister on the party list and are willing to pay a price to keep him there. Labor Party leaders also realize that Israeli voters have grown more conservative about the Arab territories and that unless the party adopts a program to satisfy them, it will suffer political reverses. A more active program in the occupied territories will also please the Labor Party's traditional coalition partner, the National Religious Party, and will undercut the out-and-out annexationist policy of the right-wing opposition GAHAL bloc.*

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SAUDI ARABIA - EGYPT

King Faysal is prepared to increase his financial commitment to Egypt in an effort to provide Cairo with alternatives to military dependence on the Soviet Union and to wean President Sadat away from Libya.

From 1967 until this year, Saudi assistance to Egypt has consisted of an annual subsidy of approximately \$100 million. During the last few months Faysal has in addition purchased at least \$50 million in arms for Egypt and offered to guarantee some \$65 million in commercial credits. He reportedly has offered to pick up Libya's \$59-million annual subsidy to Egypt if merger plans and Libyan aid are terminated.

Faysal is actively seeking non-Soviet sources of military hardware for Sadat and plans to authorize substantial Saudi direct investment in Egypt. The Saudis have expressed considerable interest in the SUMED (Suez to Mediterranean) pipeline and in various large-scale tourist projects.

*Beyond any grants of arms aid, Sadat needs at least \$200 million annually in untied cash loans or grants to help reverse the rapid decline in Egypt's living standards. So far there is no evidence of further cash transfers from Saudi Arabia or of a firm Saudi commitment to support fully the Egyptian balance of payments. Until such a commitment is clearly forthcoming from Faysal, Sadat will still be forced to shop for funds from other sources.*

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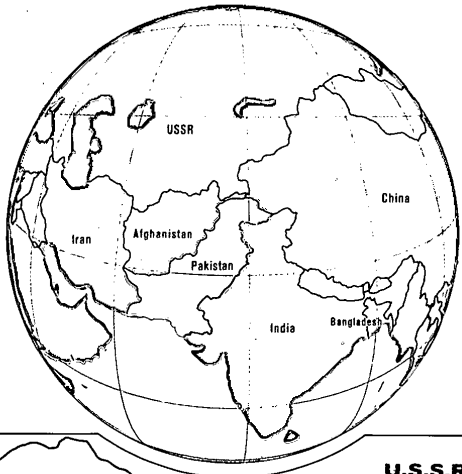
EGYPT - SAUDI ARABIA - YEMEN (SANA)

Egypt reportedly is willing to sell major items of Soviet military equipment from its inventories to Saudi Arabia for delivery to Yemen (Sana). The equipment includes as many as 16 MIG-17 fighters with associated radar and ground support equipment, 50 T-54 and T-34 tanks, artillery, ammunition, and spare parts. Egypt may also provide the more advanced swing-wing SU-17 fighter, even though it only has about 20 of these. Training in the operation and maintenance of the aircraft will be provided by Cairo at no cost.

*Sana's military forces are already largely Soviet-equipped, but in recent years the Soviets have been reluctant to provide additional equipment.*

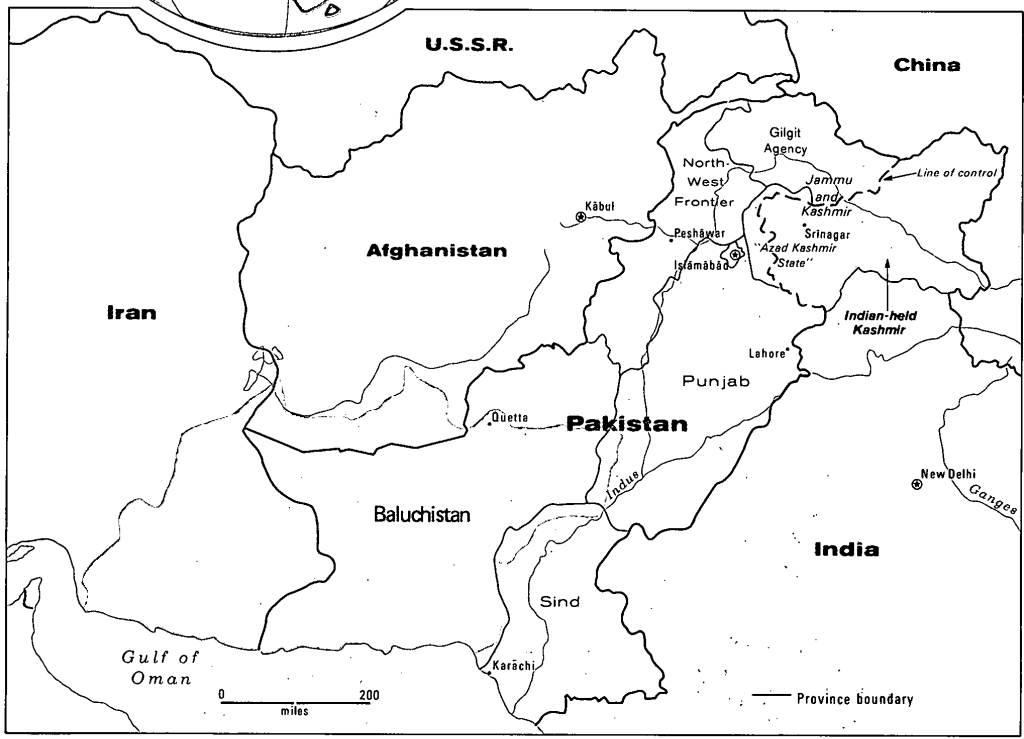
*The Saudis supplied Sana with about \$3 million worth of military supplies from their own stocks in 1972-73, but Sana has described this as "dribbles and dabs of old junk." If the Saudis can get the Egyptian arms into Sana's hands relatively quickly, Sana's growing sense of vulnerability vis-a-vis the regime in Yemen (Aden) can be alleviated. The balance of power between the two Yemens will not be radically altered by the new equipment, however.*

*The Egyptians would probably not have decided to aid Sana without strong Saudi prodding. Cairo's willingness to go ahead stems directly from Egypt's desire for greater financial assistance from Saudi Arabia.*



# Pakistan

□ Baluchi tribes





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AFGHANISTAN-PAKISTAN

Kabul has appealed to the US, the Soviet Union, and Iran for help in preventing serious trouble in Afghanistan's relations with Pakistan. In a statement given to the US ambassador yesterday, the Afghans expressed deep regret over the recent arrest of opposition leaders in Pakistan's Baluchistan Province and charged that Islamabad is trying to suppress the people of the area.

*Bhutto locked up the opposition leaders partly to forestall the installation of an opposition government, which seemed likely under the new constitution that came into effect this week. He had also received exaggerated reports that the opposition, with encouragement from Moscow and Kabul, was plotting secession. The former governor of Baluchistan undoubtedly fueled Bhutto's suspicions when he charged publicly, just before his arrest, that Islamabad was deliberately forcing the people of Baluchistan to seek outside support. Two of those arrested are chiefs of major tribes, and an increase in violence in the province-- which borders on Afghanistan and Iran-- seems likely.*

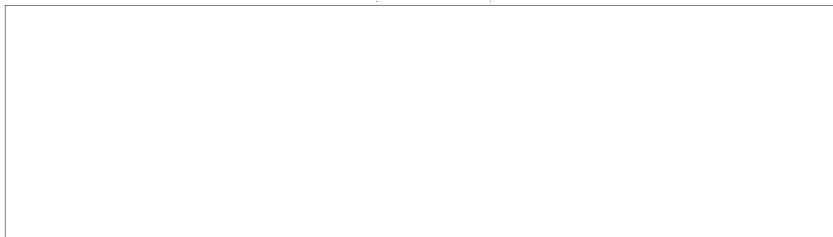
*Kabul's strong reaction is not surprising, and the Afghans may not limit themselves to words. They may be tempted to assist tribal rebels across the Pakistani border, which in turn could bring a violent response from Islamabad.*

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NOTES

Syria-Lebanon: The Syrian-Lebanese border was officially opened yesterday. A Damascus broadcast stated that Syria had decided to open the border after it noted "sincere attempts by the Lebanese to better relations with the Palestinian resistance in Lebanon."

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South Asia: The second round of talks between India and Pakistan is scheduled to open today in New Delhi. The outcome hinges largely on Bangladesh Prime Minister Rahman's stand on war crimes trials of 195 Pakistani prisoners of war. Chief Indian negotiator P. N. Haksar visited Dacca this week presumably to work out a compromise to present to the Pakistanis.

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