



# The President's Daily Brief

*28 November 1973*

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

28 November 1973

PRINCIPAL DEVELOPMENTS

Egypt is growing increasingly impatient with what it considers Israeli stalling in the talks at Kilometer 101. An Egyptian spokesman charged yesterday that Israeli obstinacy throws doubt on its attitude toward the peace conference next month. The next session at Kilometer 101 had been scheduled for today, but early this morning it was abruptly postponed until Thursday at Israel's request. Military activity yesterday was at a very low level. (Page 1)

Prime Minister Golda Meir will probably overcome criticism and win a vote of confidence at a meeting of the Israeli Labor Party's central committee today. Those working to soften the party's stand on keeping the occupied territories may make some headway. (Page 3)

Although the USSR does not face an oil shortage as serious as that confronting the West, the Soviets are finding it increasingly difficult to satisfy domestic needs and meet export commitments. Moscow has little if any uncommitted oil, and there are already signs that it is straining to honor its obligations. (Page 4)

The cabinet shuffle in Tokyo, particularly the appointment of Takeo Fukuda as Finance Minister, probably will help the Tanaka government deal more effectively with Japan's pressing economic problems. (Page 5)

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Notes on a new Chinese plant for producing solid-propellant strategic missiles, [Redacted]

[Redacted] appear on page 6.

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MIDDLE EAST

No significant cease-fire violations were reported yesterday. According to the Israeli press, however, there was an exchange of small arms fire south of Little Bitter Lake, and Syrian units fired mortars at Israeli positions.

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Ambassador Eilts has reported that Egyptian officials seem interested in convening a peace conference as soon as possible, but that they regard the discussions at Kilometer 101 as the most important indicator of the Israelis' intentions and of Cairo's ability to negotiate with them. Israel's recent behavior has apparently led some Egyptian officials to conclude that Tel Aviv's approach to negotiations is little more than a tactical maneuver aimed at making it difficult for Cairo to attend a peace conference, or possibly even at provoking a new round of fighting.

Egypt is showing particular sensitivity and impatience over what it considers Israeli stalling at Kilometer 101. An Egyptian Foreign Ministry spokesman charged yesterday that Israel is "playing for time" which, he added, casts doubt on its attitude toward the peace conference next month. The next session at Kilometer 101 had been scheduled for today, but early this morning it was abruptly postponed until Thursday at Israel's request.

Recent reports from UN and Red Cross officials in Egypt lend some support to Egyptian complaints about Israeli obstinacy. Protracted inspections of wounded evacuees and of convoy shipments, for example, have caused long delays and the death of some wounded Egyptians. Meanwhile, UN Assistant Secretary General Urquhart has expressed concern that Israel's suggestion that disengagement of forces be the first agenda item at the peace conference is a delaying tactic that could prompt Cairo to break off the talks at Kilometer 101, seriously complicating UN peace-keeping efforts.

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At the Arab summit in Algiers yesterday, an Egyptian spokesman expressed satisfaction with the way the talks are going. He acknowledged that differences between Jordan and the Palestine Liberation Organization over who should speak for the Palestinians remain a major sticking point, and openly criticized King Husayn for threatening not to attend the peace conference if the summit designates the PLO to represent the Palestinians.

Announcing Jordan's acceptance "in principle" of the US-Soviet invitation to the peace conference next month, Prime Minister Rifai reiterated that Jordan will nonetheless stay away if the Arab leaders declare the PLO the sole legitimate representative of the Palestinian people. The summit participants apparently decided yesterday, however, to disregard Jordanian protests and give this status to the PLO, according to late press reports from Algiers. Husayn thus faces a serious dilemma. He clearly would prefer to protect his own interests by attending the peace conference, but he is not willing to concede that Jordan has no right to speak for the Palestinians.

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ISRAEL

Prime Minister Golda Meir is expected to beat back critics within her own Labor Party and win a vote of confidence at a meeting of the party's central committee today.

The policies of Mrs. Meir and Defense Minister Dayan have come under increasing criticism, especially from so-called doves within the party. Finance Minister Sapir, the party boss, and Foreign Minister Eban are in this category, although open criticism so far has come primarily from younger Laborites and intellectuals. The prospect of an early peace conference and of the parliametary elections scheduled for December 31 have added fuel to the intraparty debate, as they have to the general debate going on in the country.

Officials and commentators have been questioning both Israel's pre-war foreign policies and the policies Israel should follow now. The party dissidents have called for a variety of changes, including a reshuffle or removal of the top leadership and a softening of the party's stand on keeping the occupied territories. The US Embassy expects that the party platform on this issue will be softened by the committee, but that decisions on other policy issues and on possible changes in key leadership positions will be postponed in order to maintain party unity for the elections.

The embassy also believes that a recent Israeli newspaper poll predicting a sharp shift in voter sentiment is too extreme. The poll claimed that, if parliamentary elections were held now, the majority held by the present coalition government would be severely jeopardized.

*FOR THE PRESIDENT ONLY*

USSR-OIL

Although the Soviet Union does not face an oil shortage as serious as that confronting the West, Moscow is finding it increasingly difficult to satisfy its domestic needs and export commitments. Currently, the USSR exports almost one quarter of its oil, and production over the next few years should allow sizable deliveries to Eastern and Western Europe after domestic requirements are met. Moscow has little if any uncommitted oil, however, and there are already signs that it is straining to honor its obligations.

When deliveries of Middle Eastern oil to Eastern Europe were reduced because of the Arab-Israeli war, the USSR was able to make up the difference only at the expense of Western Europe. The Soviets were forced to reduce deliveries to Italy, for example, in order to compensate Eastern Europe for the slackening in Iraqi oil exports. The Soviets reportedly are also running behind on oil deliveries to France and West Germany.

Within the USSR, the petroleum industry has encountered major problems in oil drilling and production. About half of the proved oil reserves lie in permafrost areas, where exploitation is difficult and costly and domestic equipment and technology are inadequate. Older fields are being depleted more rapidly than expected.

Over the longer run, the Soviet petroleum industry will have to rely on Western hardware and techniques to overcome the serious problems it faces. During the past three years the Soviets have ordered technology from the West costing more than \$400 million. Without prompt and effective application of modern techniques, together with some luck in finding new, accessible reserves, the USSR may no longer be a net exporter of oil in the 1980s. It may have to turn to foreign oil to meet part of its steadily growing domestic demand.

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JAPAN

Prime Minister Tanaka's cabinet reshuffle following Finance Minister Aichi's sudden death, particularly the elevation of Takeo Fukuda to Aichi's post, should permit the government to deal more forcefully with Japan's pressing economic problems. Fukuda has been one of Tanaka's harshest critics and he probably accepted the powerful Finance Ministry only after being promised relative freedom in directing the government's economic programs.

Soon after assuming office, Fukuda called for a moratorium on government investment in public construction projects and rejected measures to stimulate the slowing Japanese economy. To further curb inflation, Fukuda may press Tanaka to scrap politically popular proposals to reduce personal income taxes.

Tanaka has also made strong appointments to some of the ten lesser cabinet posts involved in the reshuffle.



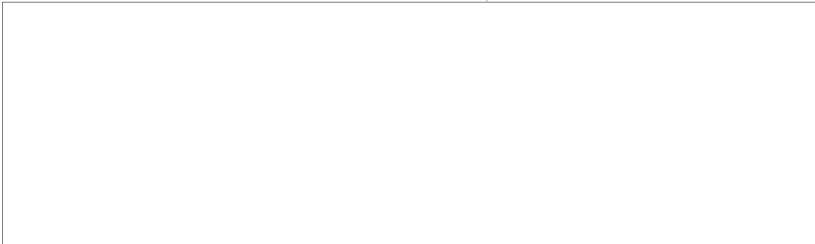
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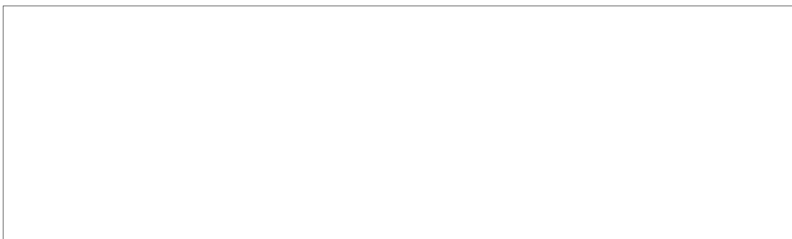
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China:  a second large facility for producing solid-propellant strategic missiles has begun limited operations. The plant, located in central China, appears to have a larger capacity than the first one constructed in north central China in the late 1960s. Construction of two such development and production facilities indicates that Peking intends to deploy a variety of solid-propellant missile systems in the future. Progress has been slow, however, and the first of these systems is not expected to become operational for several years.

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