



The President's Daily Brief

24 December 1973



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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

December 24, 1973

PRINCIPAL DEVELOPMENTS

The disengagement talks of the Egyptian-Israeli working group will begin this week. Cairo reportedly is satisfied with the opening session of the Geneva conference; Jordan is apprehensive about the decision to concentrate on the disengagement of Egyptian and Israeli forces

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Major cities in Lebanon were quiet over the weekend after four days of demonstrations protesting the sharply rising cost of living. (Page 4)

Spain is calming down, and Generalissimo Franco is expected to name a new prime minister by the end of the month. (Page 5)

China's foreign trade increased at an unprecedented rate in 1973 and will continue to increase next year. (Page 6)

Arab oil ministers will meet this week to discuss the impact of the Arab oil embargo. (Page 7)

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ARAB STATES - ISRAEL

The disengagement talks of the Egyptian-Israeli working group will begin this week. General Yariv, Israel's negotiator at the stalled talks at Kilometer 101, said he expects a "very tough discussion" but believes disengagement may be possible. Egypt's official spokesman, Tahsin Bashir, has stated that he, too, sees a "ray of hope."

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The Cairo media have portrayed the opening session of the Geneva conference as crisis-ridden

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Major newspapers have praised the tough stand taken by Egyptian Foreign Minister Fahmi on the necessity for full Israeli withdrawal from the occupied territories.

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Jordan is apprehensive about the decision to concentrate on the disengagement of Egyptian and Israeli forces. Amman radio warned yesterday that Israel is trying to break Arab solidarity and counseled that the goal of the Arabs at Geneva should be to negotiate at the same time a separation of forces on all fronts. The Jordanians are worried that Cairo will reach a settlement on the Sinai and leave Amman alone to negotiate West Bank issues from a position of relative weakness.

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Damascus radio yesterday described the first stage of the Geneva conference as the "beginning of the end" and charged that Israel will be able to stall progress in the military working group just as it did at the talks at Kilometer 101.

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Coverage of the conference by Israeli media has been factual, with editorial comment urging a cautious optimism. Jerusalem radio reported that the meeting on December 21 between foreign ministers Eban and Gromyko--the first high-level meeting between the Israelis and the Soviets since 1967--was held "within the framework of Gromyko's authority as one of the chairmen of the peace conference." An Israeli spokesman added that Gromyko received Eban at the residence of the Soviet delegation, but said the meeting had not led to any concrete or significant results.

Soviet coverage of the conference has been generally optimistic. Pravda, however, has cited Israel's "expansionist spirit" and has carried negative accounts of Eban's opening speech and of Prime Minister Meir's statement at Haifa that not all occupied Arab lands would be returned.

* * *

According to the Middle East News Agency, the number and intensity of cease-fire violations on the Egyptian front increased significantly over the weekend. Although most of the reported incidents involved only small-arms fire, some, according to the account, were "severe battles" that included exchanges of artillery, mortar, and tank fire. This increase in military activity is not confirmed by other sources.



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A senior Swedish officer serving with the UN truce supervisory organization on the Syrian front reports a major buildup by Syrian forces over the past few weeks. Until a month ago, the officer had believed the cease-fire would hold until spring. Having now observed the buildup behind the Syrian cease-fire line, he thinks there is a risk of a major clash by mid-January. He reasons that, even if the Syrians do not launch an attack, their potential for causing severe damage by a surprise move is such that the Israelis, still smarting from their setback of October 6, might decide on a pre-emptive strike.

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LEBANON

Major cities were quiet over the weekend after four days of demonstrations protesting the sharply rising cost of living. Violence began on December 17 in the northern city of Tripoli. Subsequent general strikes in Beirut and Sidon were partially effective, despite the refusal of the trade unions to participate. Throughout the week, security forces were able to maintain a fair degree of control in most areas, although at least four persons were killed and eight wounded.

Although the protests focused primarily on inflation, there were a number of other complaints indicating popular disaffection with the government. In addition, anti-Americanism, as expressed in the earlier student demonstrations protesting Secretary Kissinger's visit, may have played a role.

Some opponents of the government have sought to transform such popular discontent into a Christian-Muslim dispute. They have had only limited success, however. It is unlikely that the current round of protests will force major changes in Prime Minister Sulh's six-month-old government.

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SPAIN

The country is calming down. Generalissimo Franco has appeared in public and now is expected to name a new prime minister by the end of the month.

The police have identified six Basque terrorists as the assassins of Prime Minister Carrero Blanco and are trying to apprehend them. All are said to be members of the outlawed separatist organization Basque Fatherland and Liberty. It has been involved in bombings, kidnappings, and bank robberies in northern Spain to dramatize its demands for a separate state and to raise funds to continue its struggle.

Meanwhile, the trial of the "Carabanchel Ten" dissident labor leaders concluded Saturday with a prosecution demand for sentences of 12 to 20 years for "illegal association." A verdict of guilty is expected before the new year.

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CHINA

Peking's foreign trade increased at an unprecedented rate in 1973. According to preliminary returns, total trade jumped from \$5.3 billion in 1972 to more than \$8 billion this year with imports doubling to about \$4.5 billion.

Sharp increases in the volume and cost of imported agricultural products and accelerated purchases of whole plants highlighted China's trade with the West. The US, China's largest supplier of farm products in 1973, moved up to the number two position among Peking's trading partners. China's export earnings were boosted by increased rice exports at substantially higher world prices and by price hikes for most Chinese goods sold at the Canton fairs.

China's foreign trade in 1974 will continue to increase at a substantial rate. Peking has already signed contracts for larger quantities of agricultural products in 1974 than in all of 1973. Deliveries connected with China's billion-dollar plant import program will begin next year. Other machinery and equipment valued at over \$500 million have also been ordered. Trade with the US in 1974 may surpass the \$1-billion level, primarily due to continued large agricultural imports.

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NOTE

International Oil: Arab oil ministers will meet this week to discuss the impact of the Arab oil embargo. There are some indications that Algeria will argue for easing the boycott. So far, Saudi Arabia shows no sign of wavering in its support of the embargo.

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