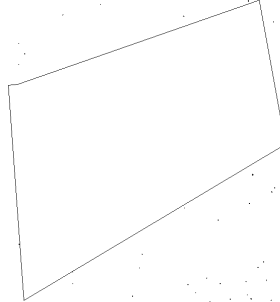


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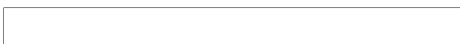
The President's Daily Brief

June 1, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

June 1, 1974

PRINCIPAL DEVELOPMENTS

The Syrian-Israeli disengagement agreement has strengthened the hand of Yasir Arafat, head of the Palestine Liberation Organization. Arafat will now push for approval of his relatively conciliatory policies from the legislative body of the PLO, which is scheduled to meet in Cairo today. (Page 1)

Libya

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(Page 3)

The possibility of a confrontation between Greece and Turkey over rights to the Aegean seabed appears to have receded. Both countries have taken steps to reduce tension. (Page 5)

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Total trade between the US and USSR in 1974 is likely to remain at last year's level, but the US export surplus will probably be reduced by about half. (Page 9)

Notes on EC-US, West Germany, Jordan - South Africa - Rhodesia, and Somalia-USSR appear on Pages 9 and 10.

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FEDAYEEN

The signing of the Syrian-Israeli disengagement agreement has significantly strengthened moderate fedayeen leaders, including Palestine Liberation Organization Chairman Yasir Arafat. Arafat, whose movement has depended heavily on Syrian good will and arms, until now has been unable to move ahead of Damascus in agreeing to participate in peace negotiations. With this restraint gone, Arafat will now try to gain approval for his relatively conciliatory policies from the Palestine National Council--the legislative body of the PLO--which is scheduled to convene in Cairo today.

Arafat probably will receive at least reluctant backing from the Syrian-supported fedayeen organization, Saiqa, from most non-fedayeen Palestinian members of the council, and probably also from representatives of the Marxist-oriented Popular Democratic Front for the Liberation of Palestine. Principal opposition will come from members of radical fedayeen organizations that are cooperating loosely as the "Rejection Front." They include two members of the PLO--the "Popular Front for the Liberation of Palestine" and the "Arab Liberation Front"--and the independent "Popular Front for the Liberation of Palestine - General Command."

Essentially, the program the PLO leadership will press at the Cairo meeting is likely to include:

- Refusal to recognize formally or establish peace with Israel.
- A statement that the Palestinians must fight to establish a "national authority" or "national sovereignty" in all liberated territory.
- Insistence that the PLO, as the sole legitimate representative of the Palestinian people, control such an authority.
- Refusal to accept Jordanian administration of any future Palestinian entity.
- Willingness to accept some form of agreement with any of several Arab states to ensure the security of a Palestinian state.
- An understanding that, the PLO, under certain conditions, will accept an invitation to participate in the Geneva peace talks.

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The call for the establishment of a "national authority" is the closest Arafat has been able to get toward gaining Palestinian acceptance of an autonomous state made up only of the West Bank and the Gaza Strip. Even moderate Palestinians are reluctant to imply by their acceptance of a "state"--rather than an ambiguous "authority"--that they are giving up the "fight against Zionism."

Radical groups may increase terrorist operations both to disrupt the meeting in Cairo and to interfere with further progress toward a settlement at Geneva. Should they fail to realize their obstructionist objectives, the radicals will lose at least temporarily some of their popularity among rank-and-file Palestinians, particularly refugees, who will be inclined to await more tangible gains from Geneva. Palestinians will regard the Syrian-Israeli disengagement agreement itself as evidence of the success of the negotiating route.

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USSR-LIBYA

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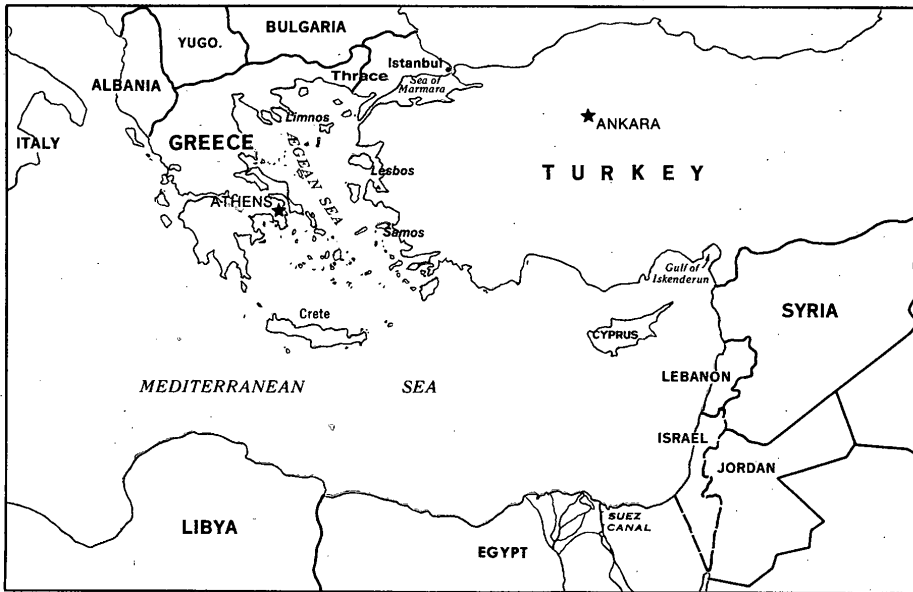
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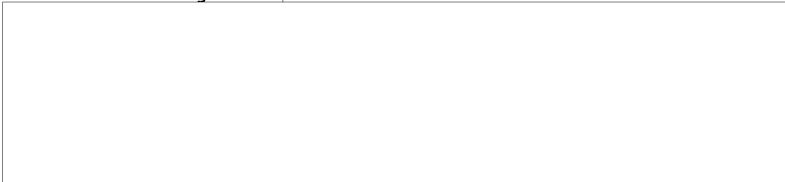
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GREECE-TURKEY

The possibility of a confrontation between Athens and Ankara over disputed rights to Aegean seabeds appears to have receded. Athens yesterday began to reduce tensions by announcing that it accepted as normal the scientific research activities of a Turkish oil exploration ship sent by Ankara into the eastern Aegean. Athens also said Greek authorities had been notified in advance of Turkish naval maneuvers. Prime Minister Ecevit has repeated earlier assurances that Turkey has no hostile intentions and believes in maintaining friendly relations with Greece.

The Turkish government had apparently concluded that Athens, which had opposed a Turkish proposal to negotiate the seabed issue, needed to be reminded that Ankara is determined to pursue what it perceives to be its rights.

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Athens' main interest in recent weeks has been to avoid any discussion of the issue with Ankara that could be interpreted as negotiation. The Greeks evidently hoped to maintain this position at least until the Law of the Sea Conference convenes later this month in Caracas. Although Turkey's sending of the ship to the "disputed area" was regarded by Athens as "a serious matter," the Greek leadership has indicated that seismological work in the Aegean would not in itself precipitate a military response from Greek forces.

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least some of its escort force is expected to proceed south to participate in a bilateral exercise with US naval forces in the eastern Mediterranean in the Gulf of Iskenderun.

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A first-round clash appears to have been avoided but the problem has not been resolved. A long period of diplomatic wrangling, possibly accompanied by new threats and demonstrations of military force, seems certain. The next contact between the two parties now appears to be scheduled for the NATO ministers' conference in Ottawa on June 19.

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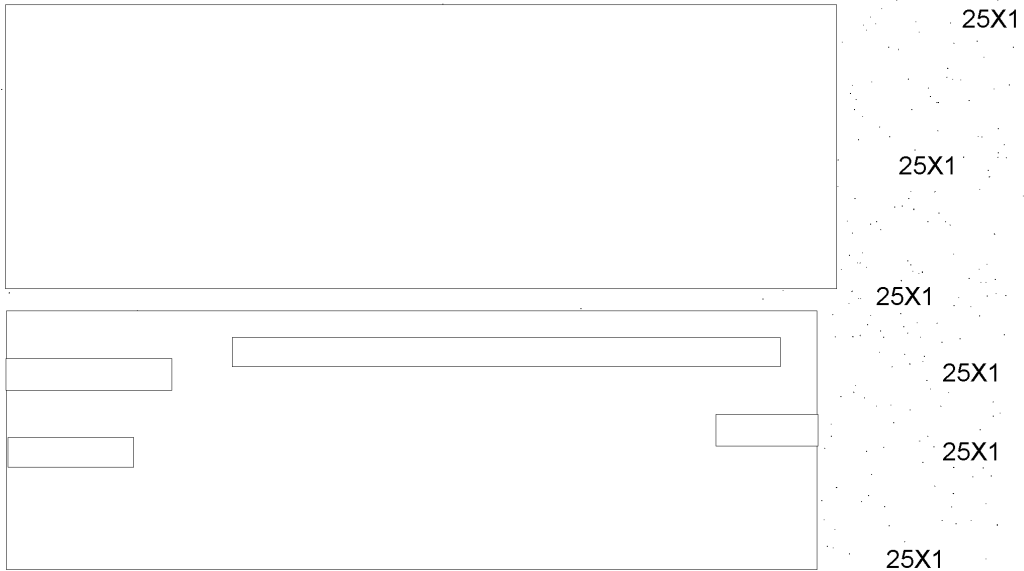
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CHINA



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NOTES

USSR-US: Total trade between the US and Soviet Union in 1974 is likely to remain at last year's level, but the US export surplus will probably be reduced by about half. Unless a bad harvest forces Moscow to buy more grain, US agricultural deliveries apparently will be less than half the level in 1973. On the other hand, US exports of machinery and equipment are climbing rapidly and will probably reach \$300-400 million for the year. US sales to the USSR will probably fall short of \$1 billion, down from the record \$1.2 billion last year, but the US will probably import more from the USSR this year than ever before.

EC-US: Conclusion of the agreement between the EC and the US on compensation for trade losses incurred when the community was enlarged will clear the air for the US-EC consultations on economic matters next week in Brussels. The length of time needed to resolve this dispute is indicative of the difficulties that will occur during the much broader multilateral trade negotiations in Geneva. The fact that the EC ultimately did not want to let the compensation argument drag on even longer, however, testifies to real concern that obstruction of trade liberalization efforts now would be dangerous to all parties concerned.

West Germany:



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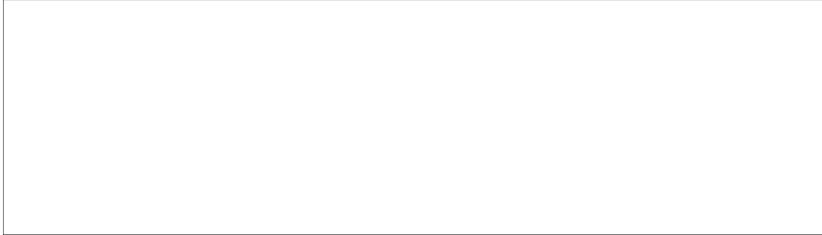
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Jordan - South Africa - Rhodesia:

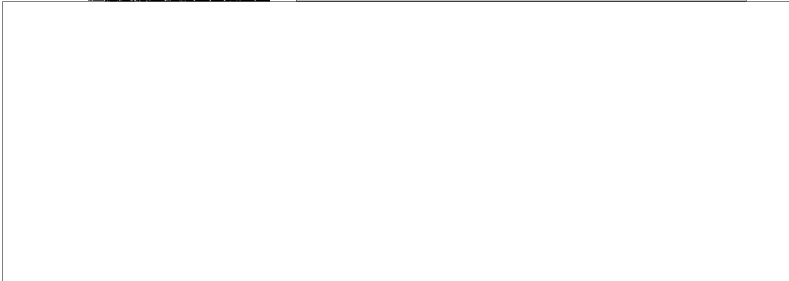
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Somalia-USSR:

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