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The President's Daily Brief

February 27, 1975

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~~Top Secret~~ 25X1

Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1)(2),(3)
declassified only on approval of
the Director of Central Intelligence

FOR THE PRESIDENT ONLY

February 27, 1975

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EGYPT-SYRIA

Neither Egypt nor Syria has given clear public signals that the gap between their negotiating proposals and Israel's is narrowing. Nevertheless, in press interviews over the past two weeks, both Sadat and Asad have attempted to respond in a positive way on the critical non-belligerency issue.

In a discussion with a *Washington Post* editor earlier this month, Sadat rejected the notion of providing Israel with a written guarantee. He promised, however, that Egypt would not attack Israel as long as negotiations continue and suggested, in effect, that the US could serve as the guarantor of Egypt's peaceful intentions.

Sadat further hinted in his *Post* interview that he is prepared to assuage any Israeli fear that substantial concessions to the Arabs now will only lead to unacceptable demands in the future. The Egyptian leader risked drawing fire from the Palestinians and King Faysal by asserting that he is prepared to accept the internationalization of the entire city of Jerusalem as an alternative to the return of the Arab sector to the Arabs. Subsequently, the counselor of the Egyptian embassy to the Vatican told a US official that Sadat's statement is a firm government decision.

Asad, in an interview appearing in the current issue of *Newsweek*, also called for an end to the state of belligerency as a first step and added that a US defense guarantee for Israel would be acceptable to Syria as part of a final settlement, not as part of an interim package. By not rejecting out of hand the notion of a defense guarantee, Asad may be indirectly signaling Tel Aviv that he could live with some form of US guarantee for a second-stage Egyptian-Israeli settlement along the line suggested by Sadat to the *Post*.

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In any case, Asad's admission in the *Newsweek* interview that he would be willing to sign a long-term peace treaty with Israel is the clearest public indication to date of his commitment to the negotiating process. This is the first time Asad has been willing to be as explicit as Sadat, who repeatedly has said that Egypt is ready to sign a peace treaty when the time comes and to accept the right of Israel to exist.

By going on record now, Asad may hope to elicit a positive Israeli response to Syria's demand that some movement on the Golan be linked with any formula for a second-stage Israeli-Egyptian agreement. Asad indicated that he is not insisting upon an immediate return to Geneva, and he clearly left open the possibility that he would be willing to negotiate a second-stage withdrawal on the Golan. He claimed, however, that a limited Israeli pull-back in the southern Golan--leaving the hills around Qunaytirah in Israeli hands--was of no interest to Syria.

By using US media to transmit these signals to Israel, Sadat and Asad may hope to avoid arousing domestic criticism of their departures from orthodoxy, but both must reckon with the reaction of doctrinaire Arab critics, in particular the Palestinians. The clearest acknowledgement of this constraint came yesterday when Asad's press office said that the *Newsweek* interview did not "faithfully express" his comments on a peace treaty with Israel. Sadat has also come under fire from the Palestinians for his statements on Jerusalem.

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MEXICO

The Mexicans have told US embassy officials of their interest in leasing unused refinery capacity in the US or other countries and marketing the refined products in the US under arrangements with American oil companies.

The leasing plan would help achieve Mexico's goal of exporting refined products rather than crude oil in order to obtain the maximum income from its petroleum resources. Mexico could also use some of the refined products to replace imports from other countries until domestic refineries under construction come on line. In addition, the arrangement would expand commercial relations with US oil companies that Mexico could exploit in the future as it expands its own refinery capacity.

These efforts to maximize revenues lend credence to reports that Mexico is considering domestic gasoline rationing to free additional petroleum products for export.

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NOTES

Cambodia's deteriorating economic and military situation has stimulated anti-Chinese demonstrations in the northwestern city of Battambang and in Phnom Penh.

The tight supply situation and rising prices of some basic commodities have increased traditional Cambodian resentment over the control of commerce by local Chinese and Vietnamese. Given the already considerable tensions that exist in Phnom Penh, further demonstrations against the Chinese could easily get out of hand and assume anti-government overtones. Morale and discipline among available security forces in the capital area are low; the government might be unable cope with widespread disorders.

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North Vietnam appears about to move one of its reserve divisions--the 341st--to the south.

This month the 341st has received large quantities of supplies, including medicine and body bags, and has established communications with the senior Communist headquarters responsible for moving troops and materiel south. On February 23 the division communicated with the military high command in Hanoi. The 341st has given no indication of its ultimate destination, but two likely places are northern South Vietnam or southern Laos.

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The head of the Egyptian economic delegation has returned home from Moscow with little to show for his efforts.

The Soviets appear to have taken a tough line in the economic negotiations as a way of keeping pressure on President Sadat. Cairo undoubtedly is particularly disappointed with the lack of progress on rescheduling payment of Egypt's military debts. Until last year, Moscow had deferred most of these payments. Although four sessions in Moscow were devoted to the issue, press reports indicate that all the Egyptians got was a Soviet commitment to "study" their proposals. One influential Egyptian commentator said that resolution of the debt question must await General Secretary Brezhnev's elusive visit to Cairo.

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Egypt apparently received its first shipment of SU-20 fighter-bombers since the Soviet suspension of aircraft deliveries in late 1973.

A Soviet freighter arrived in Alexandria on February 22 with at least four fuselage crates associated with SU-7 and SU-20 aircraft. These crates probably are the first shipment of the 18 SU-20s to be delivered under a Soviet-Egyptian arms accord reached in 1973. The SU-20 is a swing-wing version of the SU-7 ground attack aircraft with a greater range. Delivery of the SU-20s, as well as the ten MIG-23s that arrived in Alexandria earlier this month, was probably arranged during the visit of Egyptian Foreign Minister Fahmi to Moscow last December.

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Eritrean insurgents and Ethiopian government forces engaged in a two-hour firefight late last night near the US consulate and the Kagnev facilities in Asmara; there were no American casualties.

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[redacted] the rebels--who hold no large population center--will soon try to seize the town of Keren, some 55 miles northwest of Asmara. If they are successful, they will declare Eritrea independent.

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South Korean naval vessels challenged North Korean fishing boats well south of the west coast Northern Limit Line. A South Korean destroyer reportedly collided with, and sank, one of them.

Other South Korean ships and jet fighters were dispatched to the general area. The North Koreans conducted defensive fighter patrols both north and south of the line and sent some naval ships south of the line, probably to escort the fishing boats back home. [redacted]

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Indian officials have reacted with relative restraint to the announcement that US arms sales to Pakistan will be permitted.

Prime Minister Gandhi told the Indian upper house yesterday that the US action would reopen old wounds and hinder the course of normalization, but her comments were made in the course of debate and apparently were not from a prepared statement. Foreign Minister Chavan has canceled an official visit to Washington, but his statement in parliament on Tuesday was moderate. New Delhi had been anticipating the US policy change, the immediate impact of which was overshadowed by New Delhi's almost simultaneous announcement of a new political arrangement in Indian-controlled Kashmir and the arrival of Soviet Defense Minister Grechko.

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