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# The President's Daily Brief

July 24, 1975

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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

July 24, 1975

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EGYPT-ISRAEL

*So far there has been no indication of a decrease in the status of Egypt's military alert in the wake of President Sadat's statement yesterday extending the UN force mandate for three months.*

In a letter to the Security Council president, Foreign Minister Fahmi cited the council's appeal for an extension as justification for Cairo's positive response. Last week Fahmi had called on the UN to live up to its responsibilities--which he never clearly specified--before Egypt could renew the mandate.

Sadat may have so abruptly relaxed his political pressure over the UN issue because he believes prospects for negotiating an interim agreement are encouraging. His exercise in brinkmanship over the renewal question has served in the meantime at least two of his political objectives. It shows the domestic and Arab audience that he remains "tough" in his demands despite his tactical negotiating relationship with the US and reminds his wider international audience (including Israel) that he can, if he wishes, recreate a crisis at virtually any time he is not satisfied that negotiating progress is being made.

The military exercise is likely also to prove useful politically with the Egyptian military leadership and practical as a partial rehearsal of Egyptian planning.

At the same time, by backing down from his tough stance without achieving visible progress, Sadat has left unfulfilled Arab expectations that he could force the pace of negotiations.

The Israelis will draw satisfaction from the fact that they kept their powder dry for six days before reacting to Egyptian military demonstrations. Prime Minister Rabin fired the first shot in the next round with his statement yesterday that negotiations for an interim agreement will not be concluded "without a face-to-face parley" between

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Egyptian and Israeli delegations. The negotiations are taking a long time, he said, because of the Egyptians' insistence on dealing through the good offices of the US.

The Israeli embassy in Washington, worried about the impact of Rabin's statements, has been quick to point out that Rabin's remark concerning face-to-face talks was not a demand for new ground rules, but rather was a reference to Israeli and Egyptian representatives working out directly the details of negotiations as they did during the last disengagement.

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SAUDI ARABIA

*Saudi Crown Prince Fahd has made statements to the press recently that suggest the Saudis may be adopting a more conciliatory attitude toward the communist governments of the Soviet Union and Eastern Europe.*

Fahd told a North Yemeni newspaper in early July that "Saudi Arabia follows an open-door policy toward all countries of the world, whether eastern or western, and has economic relations with all states." His interview was then replayed by the Saudi press, probably at the encouragement of the Saudi ministry of information. Fahd was quoted during the same week by a Beirut daily as saying, "We want good relations with both East and West on the same footing. We will conduct our relations with foreign states in the light of our best interests and according to the positions adopted by those countries toward our causes."

Such comments contrast sharply with the late King Faysal's uncompromising hostility toward communism, which he invariably equated with Zionism. The Saudis are unlikely to go so far as to exchange diplomatic representatives with the Soviet Union at present; such a dramatic shift in Saudi policy would be undertaken only after protracted deliberation.

The Saudis may see several advantages, however, in a more open policy toward the Soviets.

--They could see such a stance as a useful signal to the US that results must be forthcoming in Arab-Israeli negotiations if Washington is to continue its close ties with Riyadh.

--They may wish to prevent the breach in Arab-Soviet relations from widening, perhaps with a view to Soviet support for Egypt in the event of renewed fighting with Israel.

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--They may hope their more conciliatory posture will encourage the Soviets to allow a marginally greater degree of religious freedom to Muslims within the USSR, a factor mentioned by Fahd in one of his statements.

The Soviets, who have been interested in developing a relationship with Saudi Arabia for some time, have publicly noted Fahd's statements. They may follow up with low-key demarches to find out whether there has been an actual change in Riyadh's attitude. Recently, a senior Soviet diplomat said Soviet UN representative Malik was maintaining "limited contacts" with the Saudis in New York.

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PORTUGAL

*Portugal was relatively calm yesterday. The US embassy reports that a government reorganization is being considered as a possible way out of the crisis. The restructured regime would be headed by an 11-man directorate drawn from the Council.*

The Socialist leadership, meanwhile, has shown no serious weakening of its resolve to continue the struggle to oust the Prime Minister. At the same time, however, the concern of party leader Soares that he may be unable to retain full control of party membership may be borne out. The US embassy reports learning that four renegade Socialists from the party's extreme left have agreed to join the government Goncalves is still trying to form.

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West European socialist leaders plan to meet in Stockholm in August to devise means to support the Portuguese Socialist Party. West Germany's former chancellor Brandt, Austrian Chancellor Kreisky and Swedish Prime Minister Palme plan to take advantage of the presence of European leaders at Helsinki to organize the Stockholm meeting.

If all those who have been invited attend, the meeting should bring together the socialist heads of government of Norway, Sweden, Denmark, Finland, the Netherlands, West Germany, Austria and the UK. The French Socialist leader, Francois Mitterrand, and the two Italian Socialist leaders, Pietro Nenni and Guiseppe Saragat, will probably be invited. Portuguese party chief Soares expects either to attend himself or to send another leading party official.



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THAILAND-PHILIPPINES-SEATO

*Thai Prime Minister Khukrit Pramot has stated that Thailand does not wish to disband the Southeast Asian Treaty Organization.*

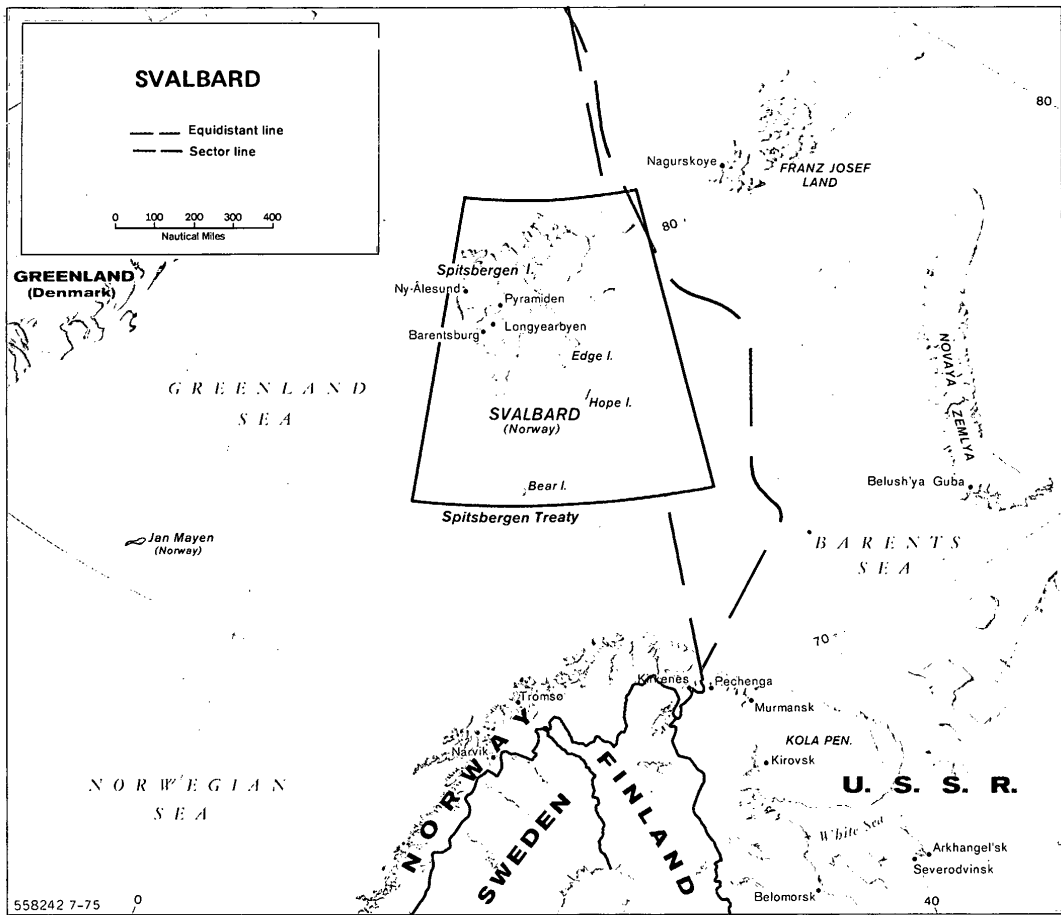
*Khukrit said SEATO was important to Bangkok since it would symbolize Thailand's only link with the US once US forces are withdrawn.*

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A Thai foreign ministry official told a US official that while Khukrit wants the treaty to remain in effect, he would be willing to study suggestions that SEATO headquarters, now in Bangkok, either be disbanded or converted into an economic development organization. Khukrit reportedly wants to delay making a decision on these recommendations, however, until he has had a chance to learn the views of other member nations.

The future of SEATO is likely to be high on the agenda when Thai Foreign Minister Chatchai travels to New Zealand and Australia early next month. The Australians have already indicated their desire to do away with the formal organization while keeping the treaty in force.



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NOTES

*Disagreement over national boundaries in the Barents Sea and administrative problems on Svalbard continue to strain relations between Norway and the Soviet Union.*

The Soviet community on Svalbard--currently numbering about 2,000--is pressing Norway for "administrative reforms." While the Norwegians admit that some revision may be necessary, they are concerned that the reforms would infringe on their sovereignty over the area. The continuing friction is making the Norwegians edgy.

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Soviet



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*The third round of the Cyprus intercommunal talks, previously scheduled for today, has been postponed because of UN Secretary General Waldheim's preoccupation with Middle East developments.*

No new date has been set, but the talks will probably resume shortly in Vienna. The EC Nine meanwhile have made a demarche to Greek Cypriot and Turkish Cypriot leaders, as well as to Athens and Ankara, urging that no side take any action to disrupt the negotiations. The EC is specifically worried about Turkish Cypriot leader Denktash's threat to expel five Greek Cypriots from the north for every Turkish Cypriot prevented from leaving the south. Denktash now hints that his plan might be postponed, at least until after the next round of talks is held.

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