

J



The President's Daily Brief

July 9, 1976



~~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

July 9, 1976

Table of Contents

Lebanon: Christian and Syrian forces seem to have gained the upper hand in the north. The Israelis evidently are continuing to take a relatively relaxed view of the situation. (Page 1)

USSR: Our early July estimate of the Soviet grain crop, assuming normal weather, is 195 million metric tons. (Page 3)

25X1

Kenya-Uganda:

[Redacted]

[Redacted]

25X1

Saudi Arabia - Syria: Saudi Arabia's first substantial aid payment this year will help ease Syria's serious financial problems. (Page 6)

Notes: Cuba; Hungary (Page 7)



FOR THE PRESIDENT ONLY

LEBANON: *Christian forces, with Syrian support, apparently have blunted the Palestinian and leftist offensive against Christian villages in northern Lebanon.*

25X1

The Christians reportedly regained Chekka and another village on Wednesday and were able yesterday to take control of the main access route to the town of Zagharta.

25X1

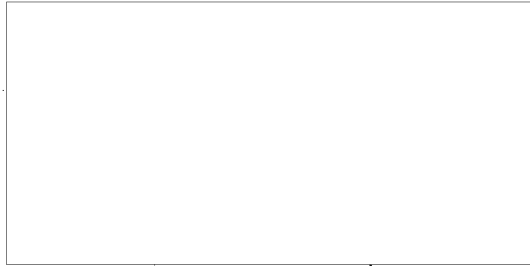


In Beirut, heavy clashes continued yesterday in the central part of the city and in the suburbs surrounding Tall Zatar refugee camp. Muslim and Palestinian units trying to break the siege of Tall Zatar evidently have begun sending "suicide squads" into neighboring Christian communities.

The Palestinians' desperation over the situation at Tall Zatar apparently prompted charges yesterday from Palestine Liberation Organization chairman Yasir Arafat that Syria is planning an imminent attack on Beirut.

Syrian troops and artillery have supported the attack on Tall Zatar, but there is no direct evidence that substantiates Arafat's claim. President Asad did meet with top Syrian military and political leaders on Wednesday, possibly to gain endorsement of a new initiative in Lebanon.

25X1



--continued

FOR THE PRESIDENT ONLY

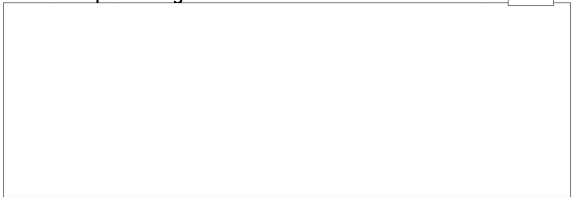
FOR THE PRESIDENT ONLY

The Israelis apparently still believe that events in Lebanon pose no immediate threat to their security and are continuing their tacit endorsement of Syria's role there.

In a recent conversation with the US ambassador, Israeli Defense Minister Peres--who is usually suspicious of Syrian aims--cautiously indicated that Israel could tolerate a consolidation of Syrian control in Lebanon. According to Peres, this would be less damaging to Israel's security than a leftist-Palestinian takeover. Peres also discounted speculation that President Asad is seeking to transform Lebanon into an anti-Israel confrontation state.

The Israelis probably remain concerned, however, that Syria's military presence in Lebanon could ultimately work to Israel's disadvantage. Prime Minister Rabin, for example, has repeatedly expressed the view that Asad could eventually be forced by Arab and domestic pressures to reverse his course and seek an accommodation with the Palestinians and Lebanese leftists that would isolate the Christians. 25X1

Tel Aviv has long hoped that the Christians will be able to maintain 25X1 a strong political position in order to prevent the Palestinians from posing a threat to Israel.



* * *

--continued

FOR THE PRESIDENT ONLY

USSR: Assuming normal weather, our early July estimate of the Soviet grain crop is 195 million metric tons--unchanged from the mid-June estimate. Later today the Department of Agriculture will publicly release a crop estimate of the same size. The actual crop could be substantially higher or lower depending on the weather in the next month.

Soviet grain requirements are especially difficult to estimate this year because of the legacy of last year's disastrous harvest.

We estimate that the winter grain crop, which will soon be harvested, will be 45 million metric tons. Crop conditions in most of the European USSR, the major winter grain area, remain unusually favorable. Continuation of wetter-than-normal weather in the northern European USSR, could, however, cause delays and above-average losses.

Overall prospects for spring grains continue to be good, and production is now estimated at 150 million tons. Conditions west of the Urals which favored winter grains also have fostered the development of spring grains. In contrast to the rather uniform crop development in this area, crop conditions east of the Urals are uneven in the main spring grain areas.

Moscow's requirements will depend on the rate of rebuilding poultry and hog inventories, on the rate of recovery in meat production, and on the replenishment of grain stocks. More claims on Soviet grain supplies may come from Eastern Europe, especially Poland. Large increases in grain exports to Eastern Europe and in grain reserves, as well as a rapid buildup of livestock herds, would require substantial additional grain imports.

--continued

FOR THE PRESIDENT ONLY

The large Soviet import contracts for grain and soybeans in recent months indicate that Moscow is giving high priority to rebuilding its livestock sector. So far, the Soviets have bought an estimated 13.6 million tons of grain for delivery beginning this month. This figure includes 6.5 million tons from the US, 1.6 million tons of which was purchased during the past week. Under the US-Soviet grain agreement, there remains a minimum Soviet commitment of 2.2 million tons.

The Soviets also have bought 2 million tons of soybeans, of which 1.5 million tons probably will come from the US.

There is no reliable information on the likely scale of Soviet grain imports for the balance of the crop year. Balance of payments considerations may be critical.

Outlays for grain and soybean purchases to date have reached nearly \$3 billion. Moscow has shown a willingness, however, to continue spending heavily for grain imports despite its hard-currency deficit and growing indebtedness. Nonetheless, it probably is increasingly concerned over these problems.

* * *

--continued

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

25X1

25X1

25X1

KENYA-UGANDA

[Redacted]

[Redacted]

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

25X1

[Redacted]

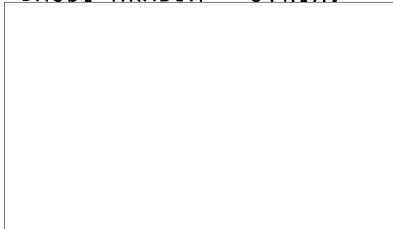
* * *

--continued

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

SAUDI ARABIA - SYRIA:



25X1

The Saudis had been withholding aid this year to underscore their displeasure over Syria's continuing dispute with Egypt. Damascus' willingness to reach even a superficial reconciliation with Cairo at the Saudi-sponsored meeting in Riyadh late last month obviously prompted Saudi approval of the new grant.

The decision to provide assistance also reflects Riyadh's concern that Syrian President Asad's position has been seriously weakened by his political and military problems with Lebanon, Iraq, and Egypt.

The Saudis' grant may reflect a decision to resume their assistance program for Syria. This would strengthen Damascus' capability to pursue its military campaign in Lebanon and its economic development programs at home. Riyadh's move could also encourage the smaller Persian Gulf states that often follow Saudi Arabia's lead to resume financial aid to Syria.

Saudi assistance to Syria during 1975 exceeded \$400 million; total Arab aid was approximately \$800 million.

* * *

--continued

FOR THE PRESIDENT ONLY

FOR THE PRESIDENT ONLY

NOTES

A third convoy of Cuban ships probably returning troops from Angola is to leave Africa on July 13.

Two of the ships in the convoy have carried troops previously. One is able to transport up to 700 troops and the other between 500^{25X1} and 700 troops. If the ships leave on schedule, they should arrive in Cuban waters in early August.

* * *

Hungary's increase in the prices of meat products on Monday apparently provoked no adverse public reaction.

The Hungarian success will compound Poland's embarrassment over its mishandling of proposed price hikes. Unlike Warsaw, Budapest has raised prices periodically on a number of food items without incident. The recent Hungarian price increases, however, were less drastic and covered fewer foodstuffs than those proposed in Poland.

FOR THE PRESIDENT ONLY

Top Secret