



The President's Daily Brief

July 10, 1976



Top Secret

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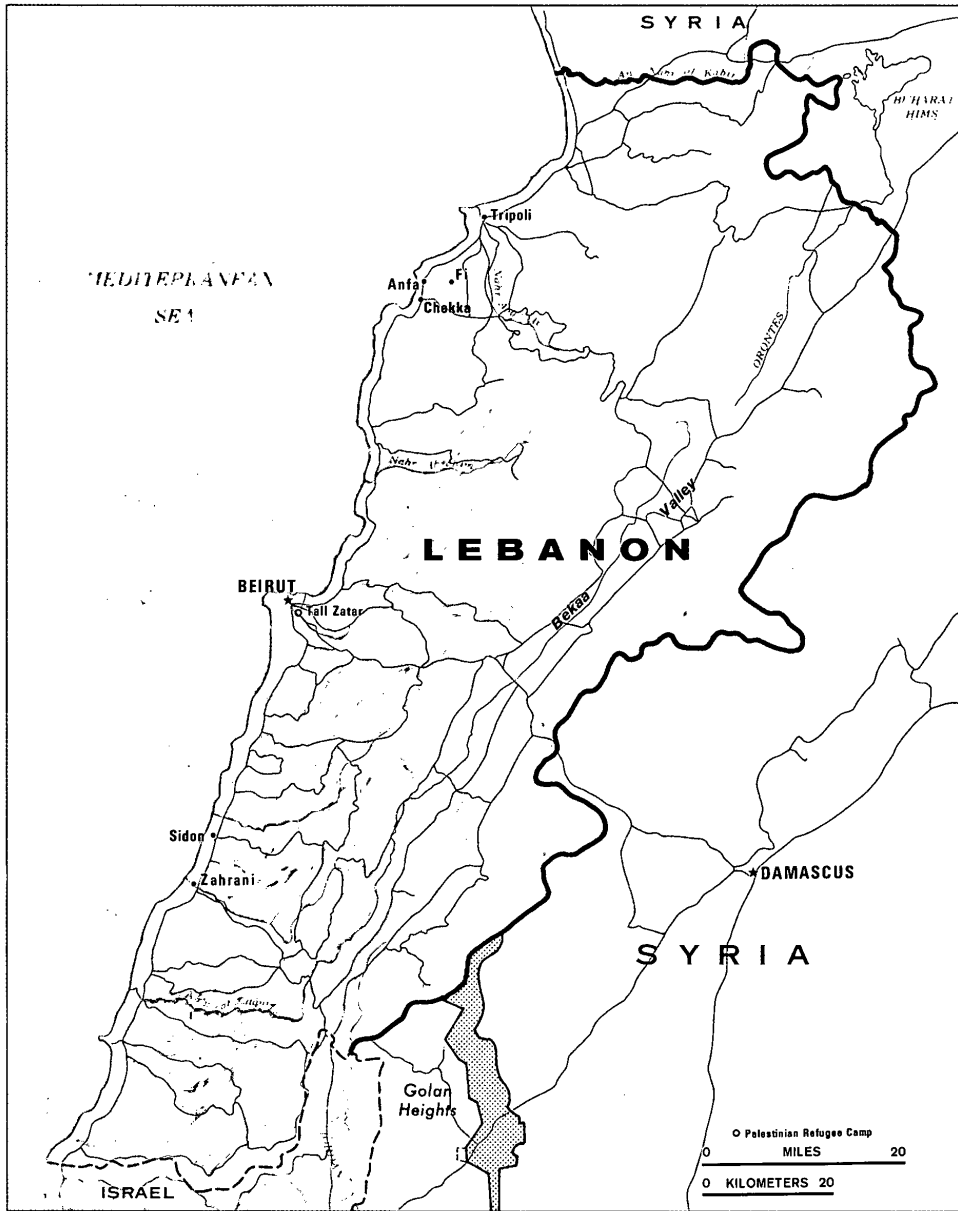
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LEBANON: *Christian forces are continuing their advances in the north.*

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Yesterday they moved north of Chekka as far as Anfa and Fi.



Clearing operations are still going on at Tall Zatar against pockets of Palestinian snipers. The rest of Beirut was quieter than usual yesterday, although bombardments and armed clashes continue along the city's central confrontation line and in its southwest suburbs.

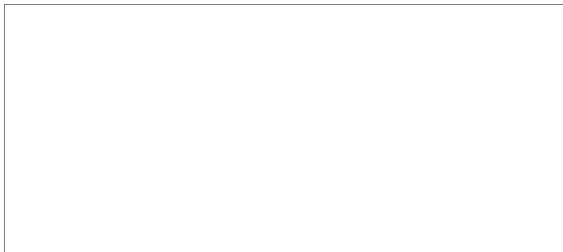
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the Syrians are still shelling Sidon in the south and have again set fire to an oil refinery at Zah-rani that was already seriously damaged. The Syrians are almost certainly trying to keep the refinery closed in order to deny vital fuel supplies to Beirut.

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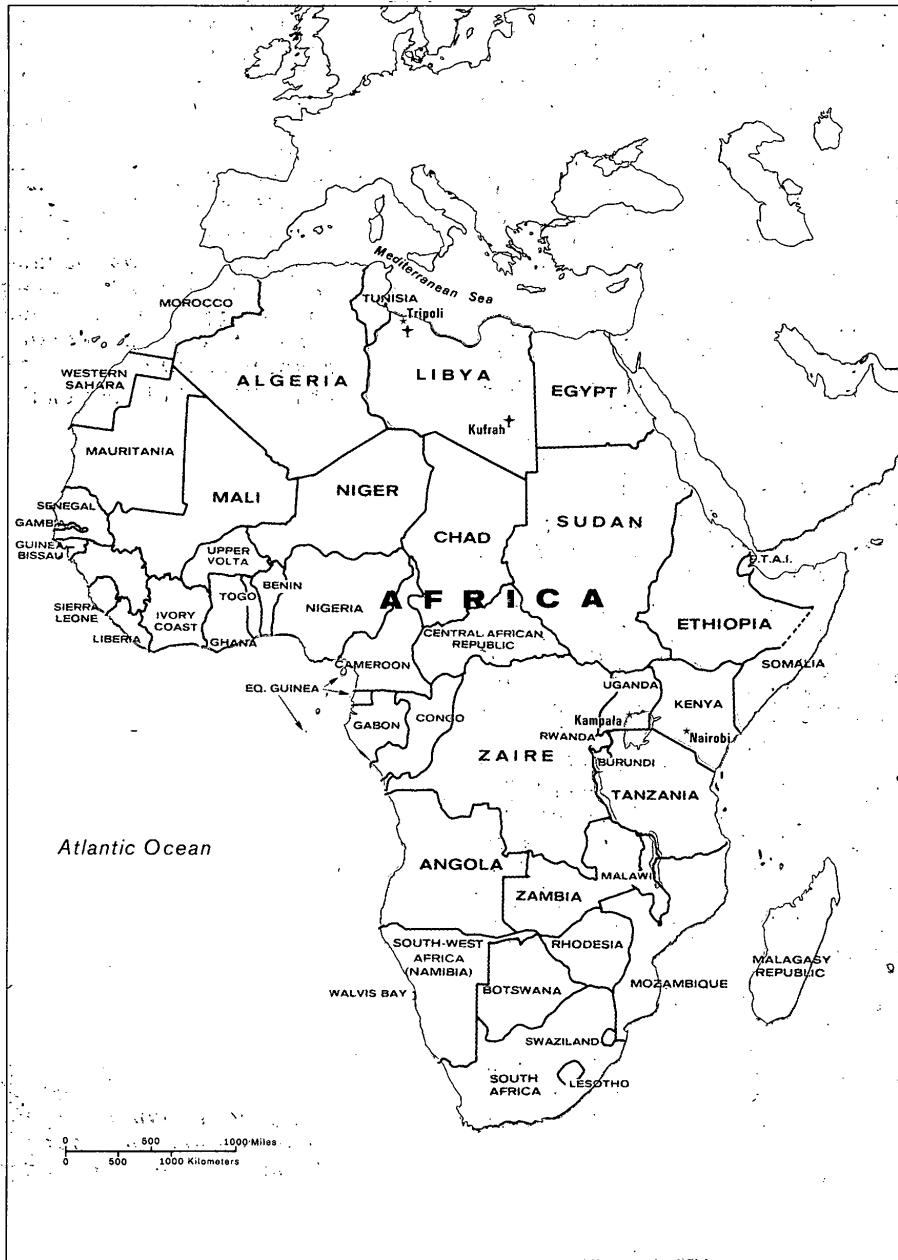
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KENYA-UGANDA: *The Kenyan and Ugandan armies remain on alert, but there apparently have been no new troop movements near the border.*



All rail traffic bound for Uganda was stopped for 15 hours on Thursday. In another action obviously aimed at Kampala, Nairobi has announced that it will soon insist on cash payment in Kenyan shillings for all freight shipments by rail across Kenya. Uganda already is short of foreign exchange.

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Conflicting reports continue to filter in regarding the reported deployment to Uganda of Libyan Mirage-5 fighters.



We still cannot confirm whether any Libyan fighter aircraft are in Uganda, although the Libyans apparently are at least preparing for such a move.



the Libyans are building up their logistics support capability at Kufrah, an air base about 900 kilometers (560 miles) south of Tobruk.

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Kufrah would be the logical base from which the Libyans would stage an air deployment to Uganda. A nonstop flight from Kufrah to any air base in Uganda--a distance of around 2,800 kilometers (1,740 miles)--would be well within the range of Mirage-5 aircraft fitted with reserve fuel tanks but carrying no external ordnance.

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WORLD RICE SITUATION:

We estimate a record world rice harvest ranging from 335 million to 340 million metric tons for the current crop year, about 4 percent above last year's record crop. Nearly every Asian country except China and Vietnam is expecting a larger crop this year. Outside Asia, production is expected to be up by 11 percent.

Rice available for export in 1976 should reach nearly 10 million tons--over 30 percent more than was exported last year. This volume is probably more than the market will absorb, and some major exporters--including the US, Pakistan, and Thailand--may end the season with large carryover stocks.

The 24-month decline in world rice prices can be expected to continue through most of 1976. The extent will depend on stock rebuilding

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policies, consumption levels in the major importing nations, and prospects for the 1976 fall harvest. World stocks may be rebuilt to levels seen prior to the rice shortages of the 1973-74 crop year.

The Department of Agriculture estimates US rice supplies available for export in 1976 at 2.7 million to 2.9 million tons. Of this amount, it forecasts that total commercial and PL-480 exports will account for 1.8 million tons, down 17 percent from last year's record level.

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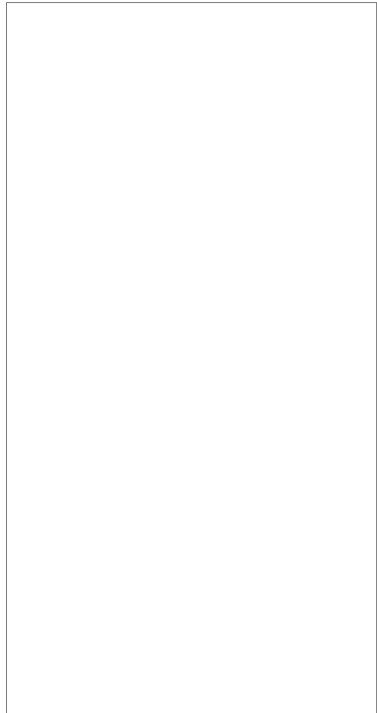
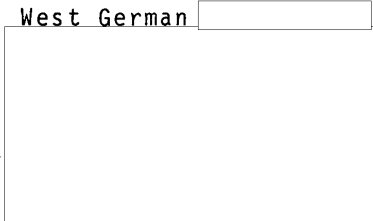
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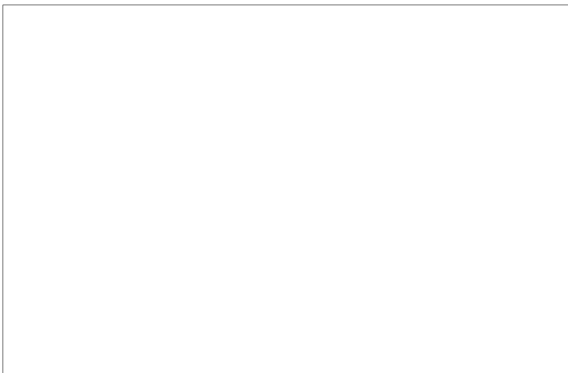
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NOTES

West German



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Soviets

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The nationwide postal strike in Spain presents the new government with its first major challenge.

The postal workers, who walked out earlier this week, have demanded a pay increase of 35 percent. They have apparently turned down a government offer of half that amount.

If the government takes a repressive stance, as it has done previously when strikes affect important public services, it risks losing the support of the moderate opposition, which the cabinet is trying to win for its reform program. Should it accede to the strikers' demands, workers in other sectors are likely to come forward with their own grievances.

The interior minister reportedly will delay until Monday placing the postal workers under military jurisdiction in the hope that further negotiation will produce a settlement.

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Italian Christian Democrat
Giulio Andreotti appears to have the inside track to be named the new prime minister-designate in the wake of the resignation yesterday of Prime Minister Aldo Moro.

Andreotti, 57, was budget minister in the outgoing cabinet and has been prime minister twice previously.

He is generally considered to have the best chance of finding an accommodation with the Socialists, whose participation in the formation of a non-Communist coalition government is essential.

A minority Christian Democratic government may have to be formed as an interim measure if the Socialist Party continues to reject any government proposal that does not include the Communists at least as part of the parliamentary majority.

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Greek and Turkish leaders
are trying to reduce tensions created by the coming activities of a Turkish seismic research vessel in the Aegean Sea.

Greek concern has lessened about the Turkish military exercise in the Aegean extending from July 4 to 13. It seems likely that the maneuvers will end without incident before the research ship enters the area.

The Greek defense minister stated publicly on July 7 that no violations of international law had been noted during the Turkish exercise. Conciliatory statements by the Turkish president and foreign minister late last week and Turkish press reports that Ankara is still considering the Greek proposal for a non-aggression pact also have had a calming effect.

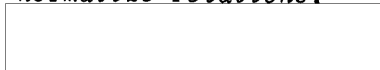
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The Vietnamese have invited a Thai delegation to Hanoi in August to normalize relations.



A Vietnamese effort to establish diplomatic relations in May 1975 failed because Bangkok refused to return to Hanoi all US-supplied aircraft and ships brought out of Saigon after the collapse of the Thieu regime. A month later, Thailand rebuffed a Vietnamese bid to renew talks.

Vietnam is no longer emphasizing its claim to US-supplied equipment and may be willing to sidestep this issue. Hanoi may also believe that recent Thai government decisions on a US residual presence have opened the way for improved Vietnamese-Thai relations. Thai Foreign Minister Phichai has recently publicly stated his willingness to go to Hanoi for new talks.

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