



The President's Daily Brief

August 18, 1976

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FOR THE PRESIDENT ONLY

August 18, 1976

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LEBANON: *President Franjyah delivered a major address on Monday in which he implied that he was prepared to step down when his term expires on September 23. There has been growing concern in Beirut that Franjyah--encouraged by Camille Shamun--might try to prevent president-elect Sarkis from assuming office.*

Franjyah did not refer to Sarkis by name nor did he explicitly mention the end of his term next month, perhaps to avoid foreclosing his options. Nevertheless, his remarks sounded much like a message of farewell. He blamed the Palestinians for the tragedies during his own administration, and avoided direct criticism of Lebanese Muslims and repetition of the Christians' conditions for a settlement, mentioning only the need for the Palestinians to adhere to the 1969 Cairo accord.

The conciliatory tone of the speech may have been intended to improve the Christians' image in the wake of their conquest of Tall Zatar. It may also have been an effort to improve relations with conservative Muslim leaders, who have recently been trying to reassert their influence in Muslim-held territory.

A loosely organized group of Sunni Muslim leaders headed by Prime Minister Karami and former prime minister Saib Salam has recently been considering ways to revive public administration in west Beirut and other Muslim areas and has been working closely with Palestinian leaders and some Christian politicians who have remained relatively neutral throughout the war. The Muslim leaders have proceeded without consulting Franjyah, Shamun, or other right-wing Christian government officials.

The personal animosity between Franjyah and Karami has prevented broader contacts between the Christian and Muslim establishments. Karami has refused to attend cabinet meetings.



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The Christians have been claiming major advances in their efforts to retake Christian villages in the mountains east of Beirut, but there is no evidence that their offensive has gained much momentum.

Palestinian [redacted] denials yesterday that Syrian forces have captured the town of Hammana on a key road junction just north of the Beirut-Damascus highway. The Christians may, in fact, be delaying a major military drive in the hope that talk of quick victories will break Palestinian morale. 50X1

There was no significant military activity yesterday in other areas of the country.

Israeli naval units appear to be stepping up their patrols along the southern and central coast of Lebanon, possibly with the intent of broadening their efforts to interdict foreign ships suspected of carrying munitions or reinforcements for the Palestinians and Lebanese leftists.

[redacted] 50X1

Israeli state television on Monday described the sea patrols as a naval blockade of Lebanon designed to stop arm shipments to the Palestinians and leftists. 50X1

[redacted]

The Palestine Liberation Organization [redacted] to present an official protest against the 50X1

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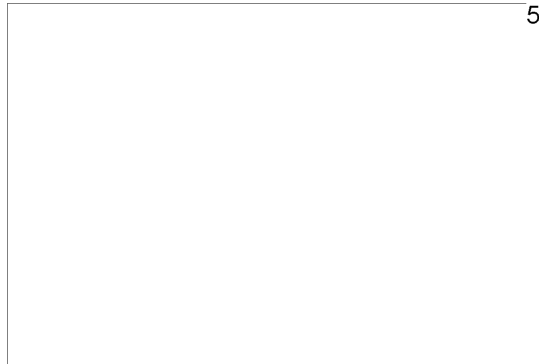
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Israeli patrols--which it views as a de facto blockade--to the UN Security Council. Moscow's Pravda yesterday denounced the Israeli patrols as "piratical actions" meant to cut off the Palestinians and leftists from reinforcement by sea and thus weaken their capacity to fend off continuing Christian attacks.



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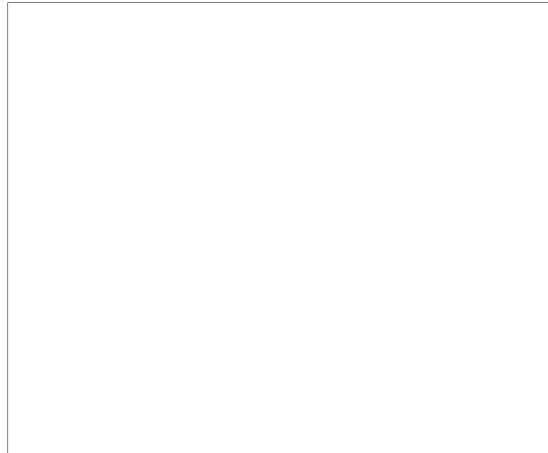
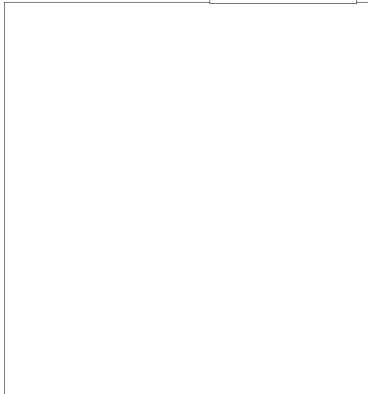
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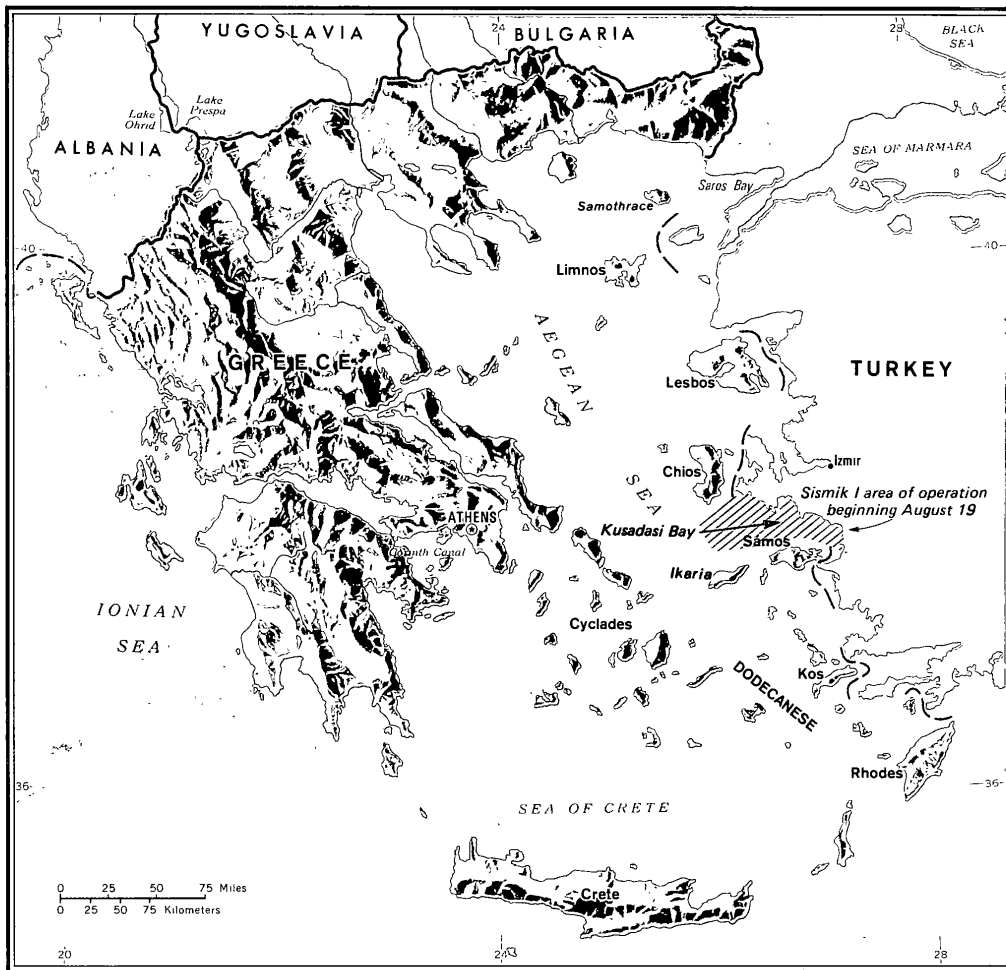
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EGYPT-LIBYA:



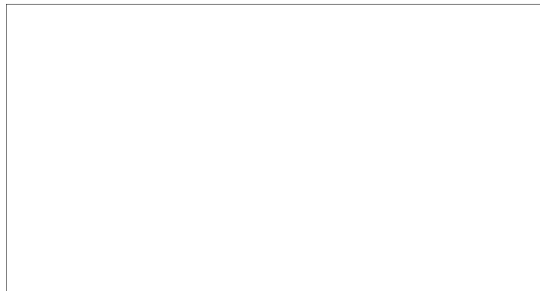
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TURKEY-GREECE: The announced area of operation in which the Turkish research ship Sismik I will conduct its third mission in the Aegean would seem to decrease for the time being the chances of a Greek-Turkish incident.

The Turkish navy has informed mariners that the ship is to operate during the period of August 18 to 25 in an area bound roughly by the Turkish coast and the Greek islands of Chios, Ikaria, and Samos. Other reports suggest that the ship may not leave Izmir--where it has been refueling for several days--until midnight tonight and may spend only about four days on this mission.

The area includes a zone outside Turkish territorial waters but appears to avoid any of the overlapping Greek-Turkish oil concessions that stirred controversy during the Sismik I's second mission.

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No formal Council session appears likely before Thursday.

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We have no indications of any new Greek or Turkish military developments.

The Greeks, however, are now aware of recent Turkish amphibious preparations at bases across from the eastern Aegean islands.

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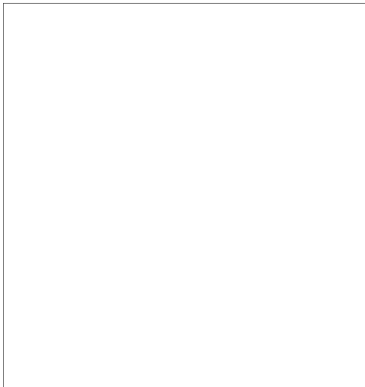
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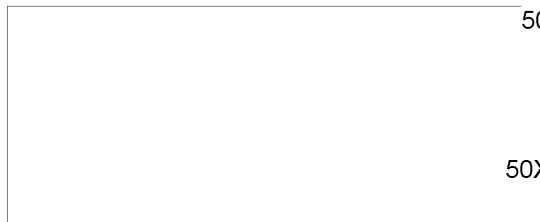
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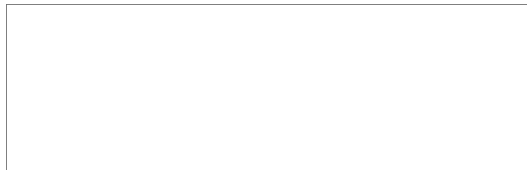
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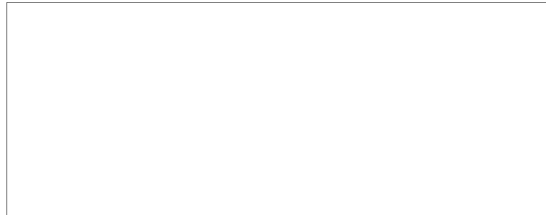
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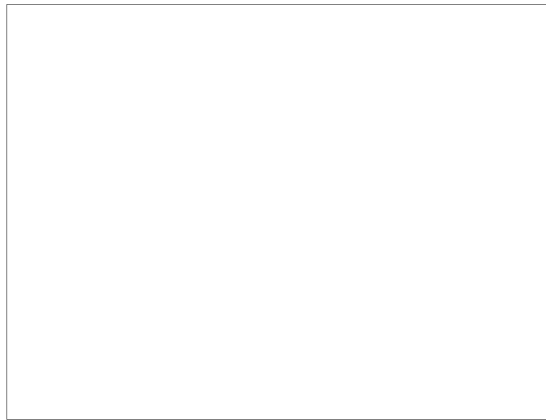
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NOTES

Some 10,000 students held a rally in Bangkok yesterday to protest the return to Thailand of General Praphat, the exiled former deputy prime minister.

The students have demanded Praphat's immediate arrest and legal action against those who assisted him to return. Student leaders are planning another rally on Thursday to "hear the government's reply" to their demands.

It is now clear that Praphat did arrive on Sunday and was assisted by some of his army colleagues, who may be trying to precipitate public disturbances that would discredit the civilian government. To the embarrassment of the Seni Pramot government, his whereabouts remain a mystery, but Seni has made clear that he wants Praphat expelled again as soon as possible.

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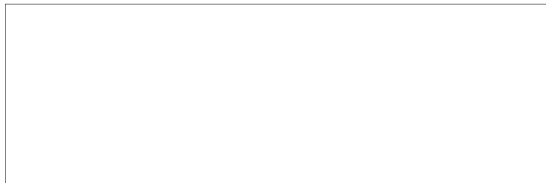
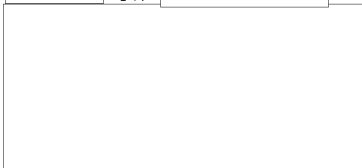
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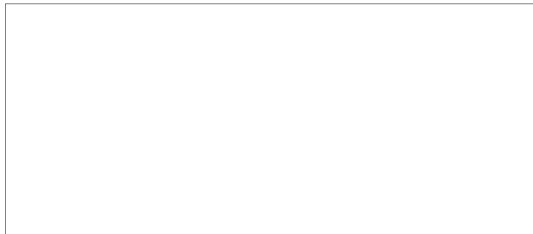
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Iran

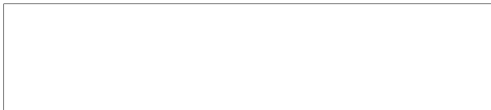
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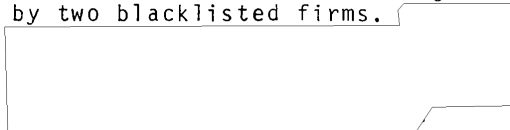
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The ineffectiveness of the Arab League boycott against "Jewish-owned banks" and the loss of lucrative business opportunities have apparently influenced some Arab financial houses to relax their ban against participation in underwritings led or co-managed by "Jewish firms."

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Last week the Saudi Arabian Investment Company was listed as an underwriter of an issue managed by two blacklisted firms.



The Arabs' bank boycott was never very effective. Blacklisted firms--well-connected in the international banking community--were still able to use their influence to close lucrative deals. The real losers in the boycott were the Arab investment houses that excluded themselves from participation in or management of large international offerings.

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