



# The President's Daily Brief

*August 27, 1976*

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~~*Top Secret*~~<sup>25X1</sup>



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*FOR THE PRESIDENT ONLY*

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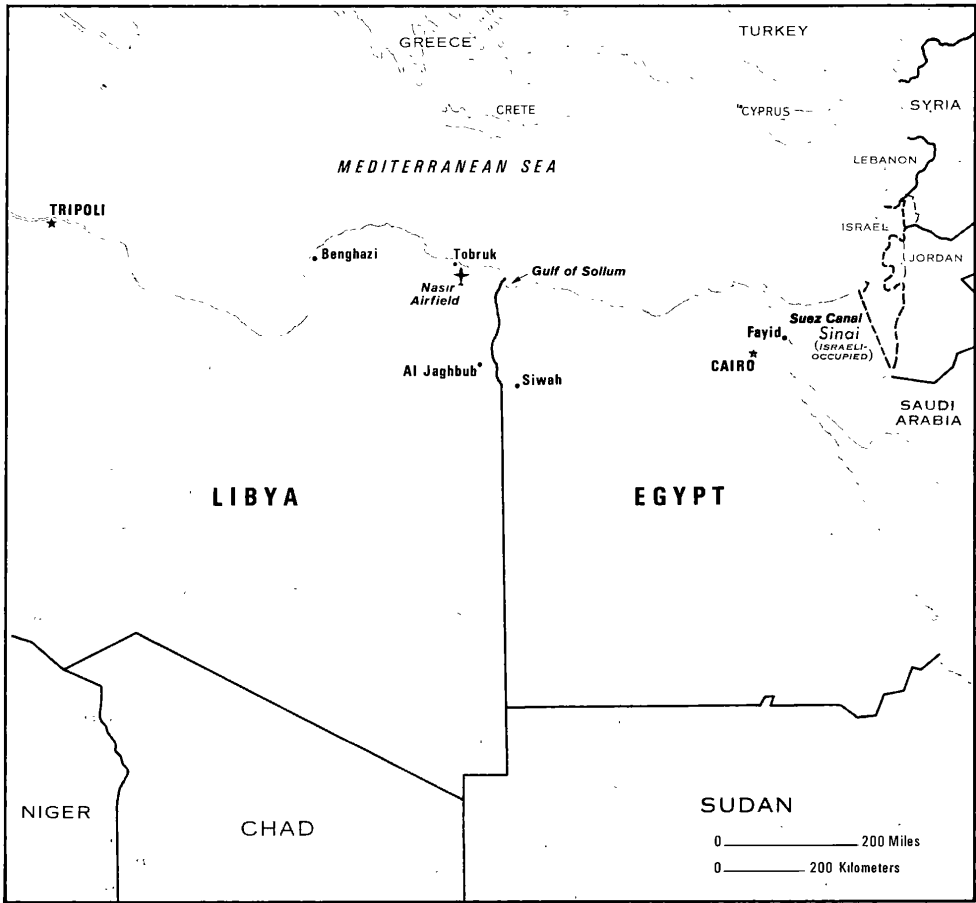
Egypt-Libya-USSR: The Egyptians may now be in the process of moving to the Libyan border the major ground force units that would complete the kind of buildup needed for a showdown with Tripoli. There are no indications that Soviet military forces have undertaken any contingency moves. (Page 1) 25X1

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EGYPT-LIBYA-USSR: *The Egyptians may now be in the process of moving to the Libyan border the major ground force units that would complete the kind of buildup needed for a showdown with Libya.*

Over the past few months, Egypt has proceeded at a deliberate pace to bolster forces near the border.



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A schedule of movement for Egyptian troops from an area near the Suez Canal

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Trains loaded with troops, armored personnel carriers, and other military equipment were to leave Fayid on each of four successive days, beginning yesterday, on a trip that was to take four hours.

We do not yet know the size, identity, or the ultimate destination of the formations involved. Although the units could be en route to an exercise, we believe they are headed for the Libyan border.



The movement of a large number of ground force units to the border from eastern Egypt would take at least several days.

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The Egyptian air force may also be making additional preparations.



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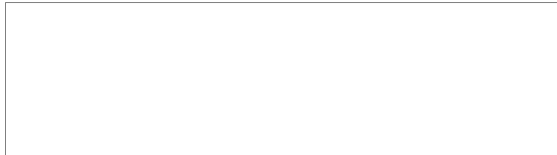
An Egyptian destroyer--one of four warships that earlier information indicated would move to the area--arrived in the Gulf of Sollum yesterday. The Egyptians have closed

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the gulf to foreign shipping--os-  
tensibly for maneuvers--for four  
10-day periods that began on  
Wednesday and will extend through  
late October.



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Egyptian political preparation for  
a move against Libya also appears  
to be continuing. The Cairo press  
yesterday harped on the hijacking  
last Monday of an Egyptian air-  
liner, allegedly by Libyans, as  
well as on the inequities of the  
Qadhafi regime. Although the US  
embassy in Cairo detects some ten-  
dency in the press to draw back  
from the idea of a firm commitment  
to take action against Qadhafi,  
the basic theme that retaliation  
against him is coming is being sus-  
tained.

*Libya is showing in-  
creasing concern about  
the Egyptian military  
buildup.*

 an in-  
crease in Libyan military trans-  
port flights to the border area  
during the past 10 days. Since  
August 17, there have been at  
least eight C-130 flights to Nasir  
airfield near Tobruk; in the pre-  
vious 30 days, no transport flights  
were detected to that area. Libya  
has also restricted flights of  
civil aircraft to Tripoli and Ben-  
ghazi.

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The Libyans have sent armored ele-  
ments to Al Jaghub, some 250 kilo-  
meters (160 miles) south of Tobruk.  
Al Jaghub is about 115 kilometers  
(70 miles) northwest of the point



The Libyans have noted

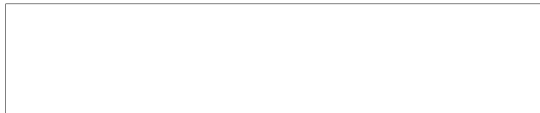
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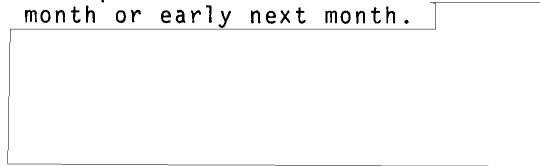
increased Egyptian military activity near Siwah and other isolated areas along the northern part of the border with Egypt.



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*There are no indications that Soviet military forces have undertaken any contingency moves.*

Soviet airborne troops have begun some activity which we believe is in preparation for an exercise to take place at the end of this month or early next month.

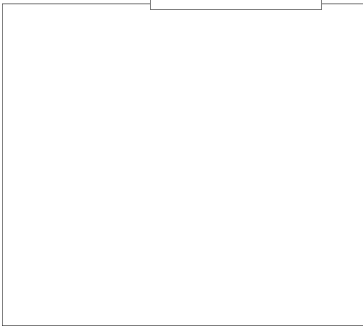


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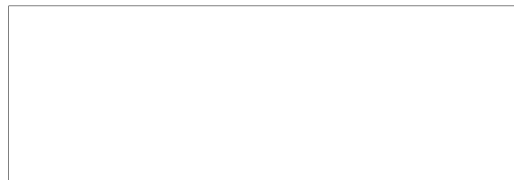
The Soviets have not reinforced the Mediterranean Squadron or ordered any unusual naval movement.

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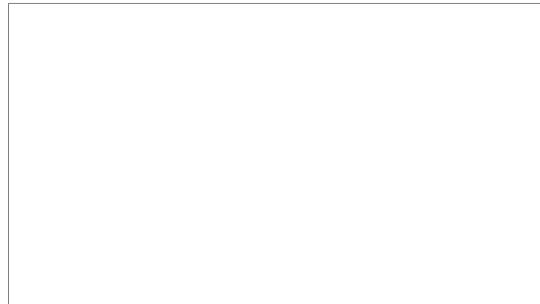
LEBANON:



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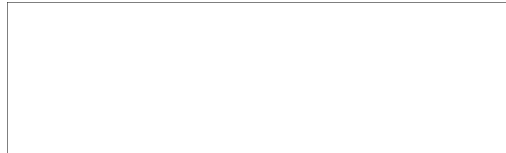
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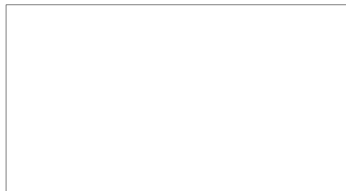
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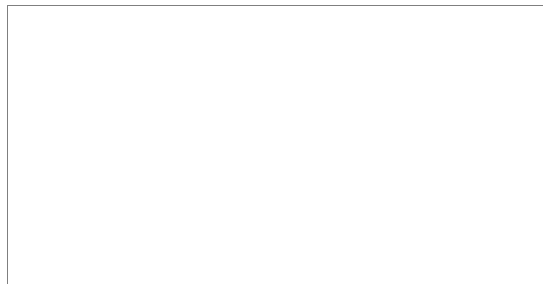
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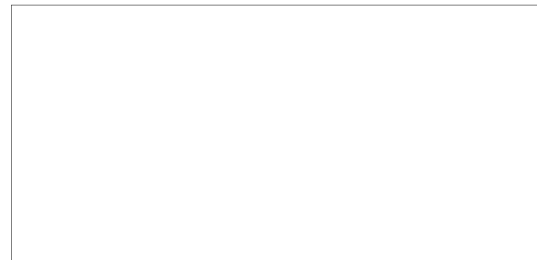
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*CHINA: China is unlikely to match last year's mediocre grain output estimated at 260 million tons, excluding soybeans, unless the weather improves markedly.*

High government officials have expressed disappointment over the early harvest and concern about the late one. Premier Hua Kuo-feng reportedly stated in early

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June that the early harvest could be 20 to 30 percent lower than that of last year.

It is too soon to predict output for the fall, but the odds are against a crop good enough to offset the shortfalls in the early harvest. Transplanting of rice and other crops was from one to three weeks late in south China. After sowing, crops took longer than usual to mature because of unseasonably cool summer temperatures.

Late planting usually means lower yields; the delay also leaves the crop vulnerable to fall frost. Drought is reportedly developing in pockets of central, east, and northwest China. The prospects for coarse grains are believed to range from fair to good in north and northeast China.

According to Premier Hua, China is drawing down its grain stocks to avoid new purchases. Roughly 2 million tons of wheat are scheduled for delivery from Canada and Australia during the remainder of this year and until March 1977. The Chinese have the option of purchasing another 2 million tons under long-term agreements with these suppliers.

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*SOUTH AFRICA: The three-day work stoppage among Soweto residents appears to have ended.*

The boycott showed that student militants have made important headway in their effort to involve urban blacks in a disruptive protest movement against the apartheid system. On August 23 about 80 percent of the 200,000 industrial workers who usually commute from Soweto to Johannesburg were absent from their jobs.

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Absenteeism declined only slightly during the next two days, a marked contrast with the first boycott three weeks ago, which quickly fizzled out. The spread of random fighting between Soweto residents and Zulu tribesmen who were not participating in the boycott also contributed to absenteeism. The intervention of the Zulus has no political significance.

*Many of the pamphlets distributed in Soweto last weekend reportedly carried the name of the African National Congress, the black organization that has been outlawed in South Africa since 1960.*

It is possible that remnants of the congress inside South Africa could be asserting some influence over the student movement that has burgeoned since June. Meanwhile, exiled congress leaders have wasted no time in exploiting the violence for propaganda purposes.

*Economic pressure on black workers could limit further work stoppages.*

South Africa's economy currently suffers from falling gold prices and a recession. The results have fallen heavier on blacks than whites, and black unemployment has risen rapidly.

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NOTES

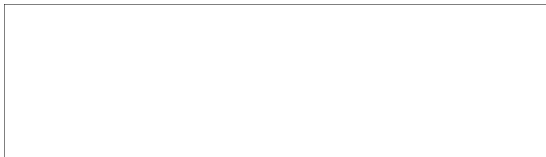
*The Soviets' continuing restrained reaction to the recent Panmunjom incident suggests that their primary concern is that the incident have no detrimental impact on their relations with the US.*

Soviet propoganda support for North Korea is still very limited. The only positive gesture thus far has been a statement by the Soviet-backed World Federation of Trade Unions protesting the US military build-up in Korea and calling up the US to withdraw its forces from Korea. Although the Soviets pay lip service to North Korea's position on US troop withdrawals, they still see their interests as best served by a continuation of the status quo on the Korean peninsula.

Private Soviet comment seems to be aimed at dissociating the USSR from North Korea's actions. The most extensive comment has come from a Soviet specialist on the Far East who, according to a US embassy officer in Moscow, denounced "irresponsible and hot-headed leaders of non-countries" like North Korea who seek to embroil the greater powers in a war. Such comments are in line with Moscow's long-standing opposition to adventurism by North Korean leader Kim Il-song.

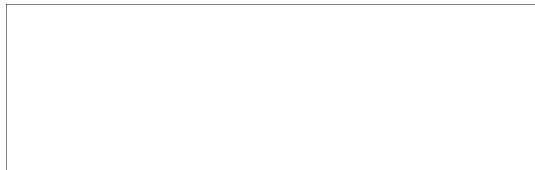
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*The Chinese also are continuing to play down the significance of the incident.*



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	Japan
US	



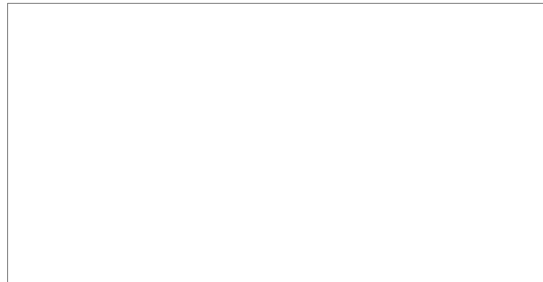
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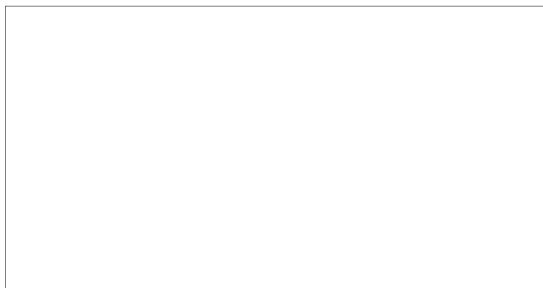
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West Germany has agreed to reschedule Italy's payment of a \$2 billion gold-backed loan that falls due on September 5.

Italy's present foreign exchange holdings would have permitted only partial repayment of the loan on schedule. The amount of gold pledged against the loan apparently will be increased to offset the decline in the market price of the metal. West Germany also expects Italy to remove its current restrictions on trade as soon as possible.

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