

The President's Daily Brief

December 31, 1976

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SPAIN: *The release on bail of Spanish Communist leader Santiago Carrillo and seven other party officials-- who were arrested last week--will probably ease tensions and give a boost to government negotiations with the opposition.*

Only hours after Carrillo left prison, the Spanish government announced the abolition of the controversial Public Order Court that had handled his case; the government also removed terrorist offenses from military jurisdiction. Political and terrorist cases will now be handled by ordinary civilian courts.

These moves, which have long been demanded by the opposition, will anger rightist diehards. The greatest immediate danger in the present situation is that Carrillo will become a target for right-wing terrorists. 25X1

The Communist Party remains banned. It cannot operate openly as a political party, but the government allows it considerable freedom to participate in broad opposition activities.



One formula for Communist participation in the elections would be a tacit agreement allowing party members to run as "independents" or as part of a leftist coalition. The question of Communist participation will probably be addressed later during specific negotiations between the government and the opposition on the elections.

The tension over Carrillo's arrest may have increased pressure on the government to tighten its control over the security forces, which are widely believed to be too tolerant of far-rightist excesses and too harsh with the emerging left.

It was announced on December 23 that the director general of security and the heads of the two paramilitary national police forces--the civil guard and the armed police--would be replaced. Two more high security officials were removed on December 27.

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These changes, which show signs of high-level and even royal involvement, are probably an extension of earlier initiatives by King Juan Carlos and Prime Minister Suarez to replace politically oriented Francoist holdouts in the military and security forces with officers more willing to do the government's bidding.

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EGYPT: *Egyptian President Sadat's suggestion in an interview with The Washington Post published yesterday that any future Palestinian state should be linked with Jordan is not a new idea with Sadat, but it is one he has not pressed for two years and one he is unlikely to press now unless he can secure Syrian agreement.*

Sadat was somewhat cautious in discussing the issue with the Post, but he seemed to be trying to give the impression for US benefit that he retains sufficient strength to force such a suggestion through Arab councils. It is questionable whether he does have this much influence.

In an effort to facilitate peace negotiations in 1974, Sadat urged the Palestine Liberation Organization to allow Jordan to negotiate with Israel for the return of the West Bank, on the understanding that the territory might thereafter be turned over to the Palestinians as an independent state or semi-autonomous region linked to Jordan.

His proposal was defeated at the Rabat summit in October 1974, when the Arab states stripped Jordan of negotiating authority for the West Bank and designated the PLO the sole representative of the Palestinian people. Sadat has deferred to this Arab position since then.

Sadat's credibility among the Arabs was damaged too badly by the second Sinai agreement last year to allow him any longer to pursue an

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independent negotiating course or to press positions with which the other key Arab states are not in agreement. In fact, in another interview published yesterday in an Arab magazine, he did not mention the possibility of Palestinian-Jordanian linkage at all.

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CANADA: Canada's new, more stringent policy on the export of nuclear equipment and materials may substantially reduce its foreign sales for some time.

Canadian Foreign Minister Jamieson announced on December 22 that future shipments of Canadian reactors and uranium would be restricted to states that have either ratified the Non-Proliferation Treaty or have accepted international safeguards on their entire nuclear programs. It is the latter condition that broadens the traditionally stringent Canadian safeguards policy.

By requiring that its customers place their entire nuclear programs under international safeguards, Canada is attempting to assure that not only Canadian-supplied equipment, but all materials a country receives or produces itself, fall under the international inspection regime.

Despite Canadian warnings for some time that additional restrictions would be imposed on its nuclear sales abroad, neither the nine West European members of the EC nor the Pakistanis have met the Canadians' requirements that would permit continued commerce between the countries. Recently Ottawa rejected the latest Pakistani counter-offer on safeguards coverage, and it is increasingly unlikely that the two countries will be able to work out a nuclear supply agreement.

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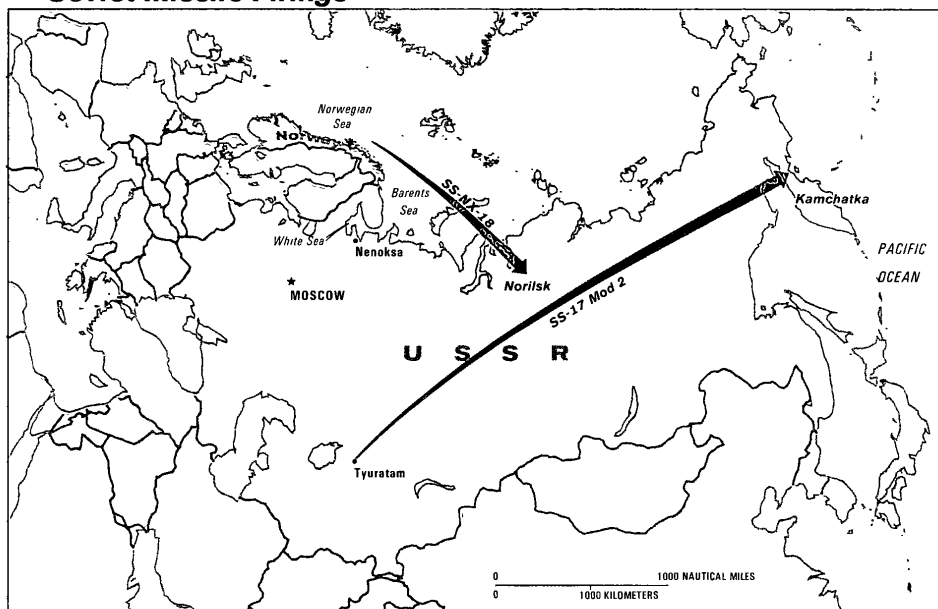
The problem with the Europeans is more complex. Under a 1973 agreement between IAEA and EURATOM--not yet in force--international safeguards have been accepted in principle by EC states. On the assumption that the EURATOM-IAEA safeguards agreement will soon enter into force, Canada has been supplying the Europeans for the past several years. France, however, as a non-NPT country, has now rejected the blanket application of IAEA safeguards to its facilities. To get around this obstacle to the implementation of the IAEA-EURATOM agreement, some EC countries will have to pass national legislation accepting IAEA safeguards.

Canadian uranium shipments to Europe could still continue if the Canadians agreed to accept a provisional application of IAEA safeguards to EC countries, other than France, pending formal national legislation and to deal with the French on a case-by-case basis. Canada, however, has also raised broader nonproliferation issues, such as restraints on technology transfer, that the Europeans may find difficult to accept.

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Soviet Missile Firings



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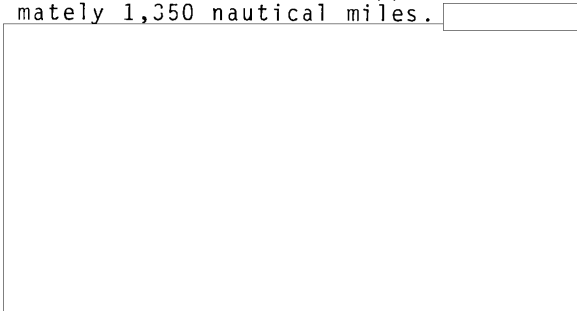
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NOTES

The recent spate of Soviet SS-NX-18 firings suggests that the new missile--which has been tested with both a single re-entry vehicle and with MIRVs--will be ready for loading on operational D-IIIs by next summer.

Two SS-NX-18 SLBMs were fired yesterday from a submarine--probably a D-III--in the Norwegian Sea to Norilsk, a distance of approximately 1,350 nautical miles.

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An SS-17 Mod 2 was fired yesterday from the Tyuratam test center to Kamchatka.

This variant of the SS-17 carries a single re-entry vehicle on a new post-boost vehicle, uses the same booster as the MIRVed SS-17, and has been tested at least nine times this year. We expect that this version will probably be operational next year.

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Chen I-sung, vice-chairman of China's National People's Congress, has reaffirmed in the course of interviews with Japanese newsmen--now available in fairly complete versions--Peking's three preconditions for normalization of relations with the US.

These are abrogation of the US-Taiwan defense treaty, withdrawal of US forces from Taiwan, and severance of diplomatic relations with Taipei. Chen said China would continue its refusal to promise that it would not forcefully incorporate Taiwan. Chen offered only the assurance that, in principle, China will seek a peaceful reunification, if circumstances allow.

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Chen's statements are a further indication of China's interest in progress toward establishing full diplomatic relations with the US early in the life of the incoming administration. They may also be intended to give an appearance of a conciliatory stance by Peking as a means toward ending US insistence on a Chinese guarantee not to use force in Taiwan, a demand Peking has repeatedly turned aside.

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Bangladeshi strongman Zia ur-Rahman will begin an official visit to China on Sunday.

A Bangladeshi Foreign Ministry official told the US embassy that Zia will seek assistance in areas such as water management and defense aid. The official said Zia particularly wants small arms and the reactivation of an ordnance plant China built when Bangladesh was still part of Pakistan.

China, which is gradually improving relations with India, is likely to treat Zia's request for military aid cautiously. Chinese military aid to Bangladesh to date has been limited and has served to maintain rather than to improve Bangladesh's armed forces.

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