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DE WTE #4474 3511529
O 171524Z DEC 73
FM THE SITUATION ROOM TOHAK110

TO LARRY EAGLEBURGER FOR SEC. KISSINGER ABOARD 86970

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DECEMBER 17, 1973

MEMORANDUM FOR THE SECRETARY
FROM: THE SITUATION ROOM
SUBJECT: EVENING NOTES

PALESTINIANS HIJACK LUFTHANSA 737 AT ROME: THREE PALESTINIAN
COMMANDOS ATTACKED PASSENGERS AT FIUMICINO AIRPORT IN ROME
THIS MORNING. THEY THEN DESTROYED A PAN AMERICAN BOEING 707
AND SEIZED A LUFTHANSA BOEING 737, WHICH IS REPORTEDLY EN
ROUTE TO BEIRUT. LOCAL SECURITY OFFICIALS HAVE SAID THEY
WILL NOT PERMIT THE AIRCRAFT TO LAND. SEVERAL AIRPORT WORKERS
ARE HOSTAGES. ONE U.S. CITIZEN IS DEAD AND EIGHT OR NINE PER-
SONS HAVE BEEN INJURED. ISRAEL'S LYDDA INTERNATIONAL AIRPORT
IS ON ALERT BECAUSE OF THE HIJACKING. LATE INFORMATION
INDICATES THAT THE PLANE HAS JUST LANDED IN ATHENS.

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CHINA TO ALLOW FOREIGN DEVELOPMENT OF OFF-SHORE OIL: OVER THE
PAST TWO MONTHS, CHINESE OFFICIALS HAVE TOLD JAPANESE BUSINESS-
MEN AND OVERSEAS CHINESE LEADERS THAT PEKING MAY CONSIDER COOP-
ERATIVE SCHEMES TO DEVELOP OIL DEPOSITS IN THE PO HAI GULF.
CHINA EARLIER HAD INDICATED UNYIELDING OPPOSITION TO JOINT

ON-FILE NSC RELEASE INSTRUCTIONS APPLY

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NSA Review Completed

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DEVELOPMENT VENTURES. THIS OPPOSITION PRESUMABLY HAS BEEN SOFTENED BY THE PROSPECT OF EARNING FOREIGN EXCHANGE FROM OIL EXPORTS, GAINING TECHNOLOGY THROUGH ASSOCIATION WITH FOREIGN FIRMS, AND FORESTALLING JAPAN FROM BECOMING DEPENDENT ON THE USSR FOR MAJOR ENERGY SUPPLIES. CRUDE OIL OUTPUT IN CHINA THIS YEAR WILL REACH APPROXIMATELY 38 MILLION TONS, COMPARED WITH 7.5 MILLION IN 1965. THE CHINESE EFFORT TO FIND NEW

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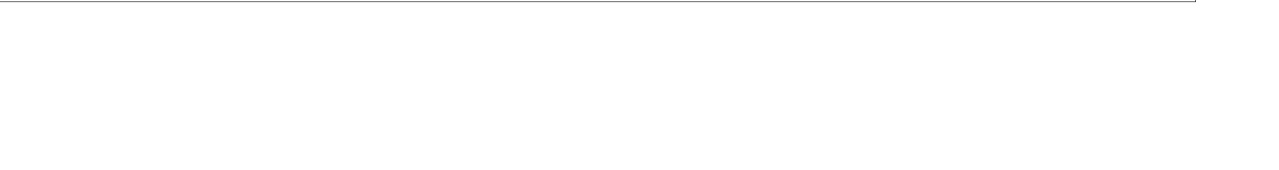
FIELDS HAS REPORTEDLY BEEN SO SUCCESSFUL THAT WELLS ARE FREQUENTLY CAPPED OFF BECAUSE TRANSPORT AND HANDLING FACILITIES CANNOT KEEP PACE.

FURTHER INCREASES IN OIL EXPORTS WILL DEPEND ON CHINA'S SUCCESS IN IMPROVING ITS INADEQUATE TRANSPORTATION AND HANDLING FACILITIES. DIFFICULTIES IN THIS AREA MAY RESULT IN FAILURE TO MEET EXPORT COMMITMENTS TO JAPAN OF ONE MILLION TONS THIS YEAR. IF TRANSPORTATION AND HANDLING PROBLEMS ARE RESOLVED, CHINA COULD EXPORT SOME SIX TO TEN MILLION TONS OF OIL ANNUALLY BY 1976.

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SITUATION IN INDOCHINA: THE ENEMY ATTACK IN PLEIKU PROVINCE WHICH THE SOUTH VIETNAMESE EXPECTED ON SATURDAY MORNING DID NOT OCCUR. ON THE TWO PRECEDING DAYS, SOUTH VIETNAMESE AIRCRAFT BOMBED ENEMY TROOP CONCENTRATIONS IN THIS REGION AND

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MAY HAVE DISRUPTED COMMUNIST PREPARATIONS. YESTERDAY, THERE WAS SHARP FIGHTING IN THE DELTA AROUND VINH LONG, WHICH LIES ALONG THE MEKONG RIVER. PRESUMABLY, THE FIGHTING BROKE OUT OVER COMMUNIST RICE RAIDS. FIGHTING ELSEWHERE IN SOUTH VIETNAM DECREASED OVER THE WEEKEND.

THE FIRST SIGNS OF CONCERTED COMMUNIST ACTION TO ISOLATE PHNOM PENH DURING THE DRY SEASON EMERGED OVER THE WEEKEND. ENEMY RESISTANCE TO GOVERNMENT CLEARING OPERATIONS KEPT ROUTES 4 AND 5 CLOSED TO SUPPLY CONVOYS AND ROUTE 1 WAS CUT ON DECEMBER 15 AT A POINT SOME FIVE MILES SOUTHEAST OF THE CAPITAL. IN ADDITION, ENEMY ACTIVITY HAS PICKED UP ALONG THE EAST BANK OF THE MEKONG RIVER IN WHAT MAY BE A NEW ATTEMPT TO DISRUPT GOVERNMENT DEFENSES ALONG THIS CRUCIAL SUPPLY ARTERY. ACCORDING TO AN INTERCEPTED ENEMY MESSAGE, THE COMMUNIST COMMAND HAS ASSIGNED A HIGH PRIORITY TO KEEPING ROUTE 4 CLOSED.

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