



# The President's Daily Brief

6 October 1973

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~~Top Secret~~



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*FOR THE PRESIDENT ONLY*

LATE ITEM

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Israel-Syria-Egypt: Early this morning [redacted]

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[redacted] Israel [redacted]

[redacted] information from "good sources" that Egypt and Syria are planning a coordinated attack across the Suez Canal and the Golan Heights before nightfall today. He said that a partial mobilization of the Israeli Defense Force is under way. We have no information that would confirm the Israeli reports of an imminent attack.

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THE PRESIDENT'S DAILY BRIEF

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PRINCIPAL DEVELOPMENTS

Tension along Israel's borders with Egypt and Syria has been heightened by a Soviet airlift that is in its second day. Neither the Israelis nor the Arabs seem bent on starting hostilities, but in this atmosphere the risk of clashes is greater than usual. (Page 1)

[redacted] Syria [redacted]  
[redacted] Jordan. (Page 3)

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The dollar remained steady on money markets this week, but the European currency band is still vulnerable to a number of pressures. (Page 4)

Barring a weather disaster during the next three weeks, the Soviets are likely to harvest over 200 million tons of grain. (Page 5)

West Germany's insistence that it has the right to represent Berlin's institutions has caused a squabble within the ruling coalition. (Page 6)

The Khmer Communists now hold most of the defense line south of Phnom Penh. (Page 7)

There are notes on North Vietnamese inductions, Chinese road building in Laos, [redacted] fedayeen [redacted], and Japanese moves to assure access to the world's oil and mineral resources. (Page 8)

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FOR THE PRESIDENT ONLY

ISRAEL-EGYPT-SYRIA

Both the Israelis and the Arabs are becoming increasingly concerned about their adversaries' military activities, but neither side seems bent on starting hostilities.

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Four more IL-18s and two AN-22s, the Soviets' heaviest military transport, flew to Damascus yesterday. In addition a Soviet jet transport normally used for VIPs made two round-trip flights to Cairo. The airlift continues today.

Most of these flights probably are being used to evacuate Soviet dependents from Egypt and Syria.

[Redacted] the Soviets began evacuating dependents of civilian technicians from Egypt on October 3, and by October 5 about 1,000 had left. [Redacted] two reasons for the evacuation: fear of an outbreak of hostilities or a further deterioration of Soviet-Egyptian relations. [Redacted] the Soviets might be using the excuse of rising tensions to reduce their presence without further annoying the Egyptians. [Redacted]

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[Redacted]

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(continued)

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Syrian air activity appears to be normal. A number of reports that Damascus is redeploying its forces in the Golan Heights area [redacted]

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A military initiative at this time would make little sense for either Cairo or Damascus. Another round of hostilities would destroy Sadat's painstaking efforts to invigorate Egypt's economy and run counter to his attempts to bring the less militant, oil-rich states into a united Arab front. Syria's cautious President Asad appears braced for a possible second blow from Israel rather than seeking revenge for his recent loss of 13 MIGs to Israeli fighters. Damascus radiobroadcasts reflect Syrian fears.

The Israelis' attitude apparently has changed considerably since Monday when they, too, viewed the activity in Egypt as normal and that in Syria as defensive. [redacted]

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Nevertheless, the Syrians' fears could lead to a mobilization of their defenses, which in turn could alarm and galvanize the Israelis. Such a cycle of action and reaction would increase the risk of military clashes which neither side originally intended.

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### JORDAN-SYRIA

[Redacted]

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*FOR THE PRESIDENT ONLY*

INTERNATIONAL MONETARY DEVELOPMENTS

The dollar remained steady on foreign exchange markets this week, despite a fall in US interest rates and the US announcement of a small trade deficit in August. The European joint float also showed little evidence of strain.

A number of factors still threaten the European currency band and money market stability. The Bundesbank's determination to continue its tight money policy, for example, is a source of the mark's strength but at the same time leads to instability on European currency markets. Tight money conditions in the Netherlands have pushed the recently revalued guilder past the mark to the top of the fragile European currency band, and have had a similar effect on the market.

Both the Swiss and the Belgians this week removed charges on foreign-held deposits. The announcements had little immediate effect on the market, but in the long run speculation in their currencies could become more attractive. Meanwhile, Paris removed its recently imposed restrictions on franc borrowing by foreigners, thus making speculation against the franc easier.

One danger has subsided, however. At the meeting of Commonwealth finance ministers this week, member countries decided to maintain their sterling deposits in London. If these funds had been withdrawn, as threatened last month, the resulting flood of sterling on the market could easily have prompted another currency crisis.

*FOR THE PRESIDENT ONLY*

## USSR

Soviet grain trading officials told Assistant Agriculture Secretary Brunthaver in Moscow on Tuesday that the most recent estimate of the Soviet grain crop was 192 million tons. Although this would be a record--the previous high was 186 million in 1970--they stressed that the quality would be low because of wet harvesting weather. Brunthaver later met with Agriculture Minister Polyanskiy and congratulated him on the grain harvest. When told that Brezhnev had termed it "massive," Polyanskiy appeared taken aback and said that he "would not say that; it is still too early." He too mentioned harvesting problems caused by rain and snow and said that "we need two or three weeks of very good weather to complete the harvest."

Harvesting is roughly on schedule; about 89 percent of the grain crop had been threshed by early this week. Because of the expansion in sown area this year, however, a larger than normal area remains to be harvested--mostly in the Urals, Kazakhstan, and West Siberia, where cold wet weather is causing some harvest and quality losses. Earlier, in the western USSR, rains also interrupted the harvest.

The weather during the growing season was generally favorable. Barring a disaster in the Urals and eastern areas, we estimate that the Soviets are likely to obtain over 200 million tons of grain, exceeding their plan goal of 197 million tons. The excessive moisture, however, will cause a larger than normal discount to be applied when calculating the net usable crop. Polyanskiy's main concern seems to be the quality, rather than the quantity, of the crop.

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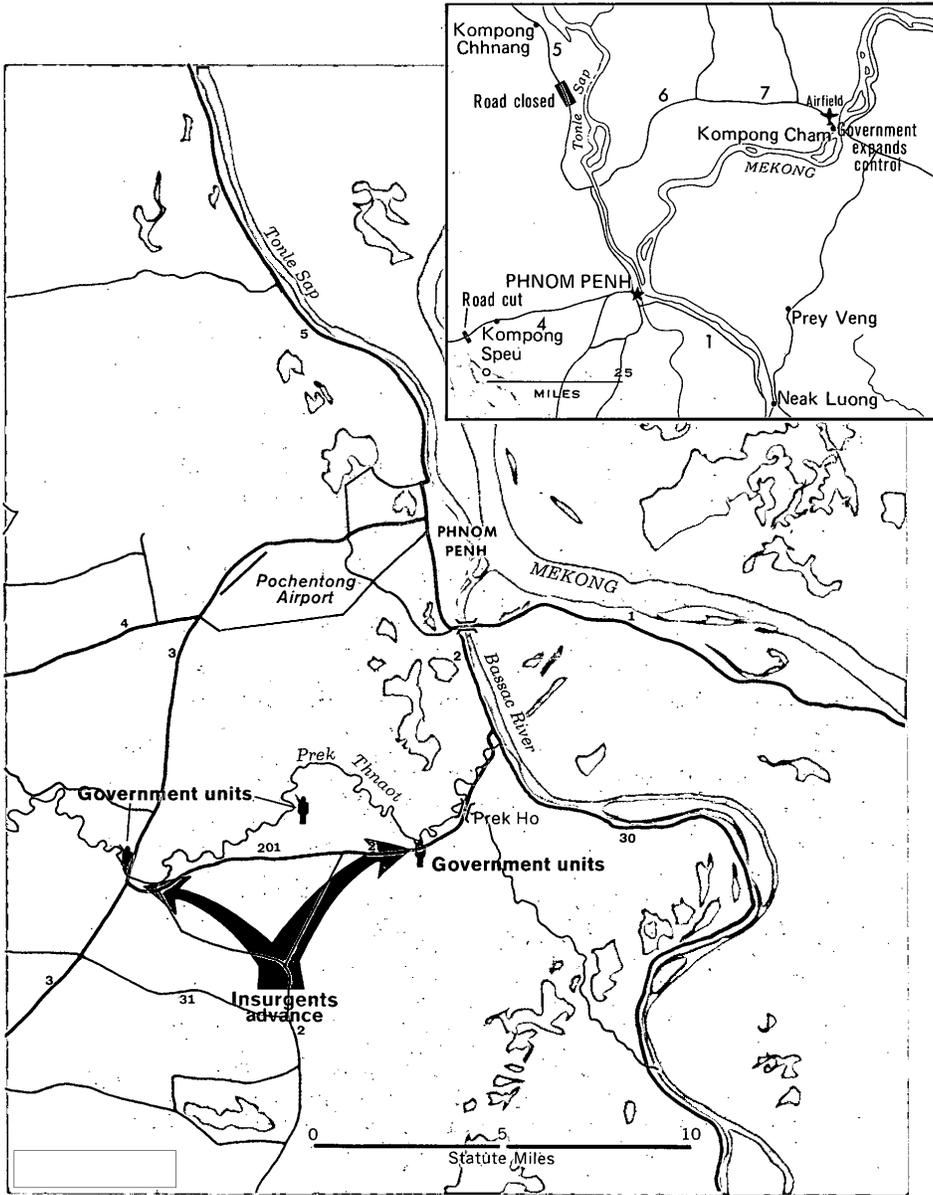
WEST GERMANY

Herbert Wehner, parliamentary leader of West Germany's Social Democratic Party, last week surprised friend and foe alike with an interview in Moscow characterizing as wrong Bonn's policy on East-West issues centered on Berlin. He said that West Germany had "overdone things a bit" by insisting that Czechoslovakia, Hungary, and Bulgaria recognize Bonn's right to represent West Berlin institutions as well as residents. This issue has deadlocked the establishment of diplomatic relations with these governments, which have Soviet backing for their stand.

According to the US Embassy in Bonn, Wehner now says that his dramatic interview was intended to force Chancellor Brandt to exercise greater leadership as head of the Social Democratic Party. He objects to the fact that Brandt has given a greater influence over foreign policy to Foreign Minister Scheel, leader of the Free Democrats.

About all Wehner accomplished was to embarrass Brandt, who had to defend Wehner. The Federal Government and the Soviets have been working on a compromise over the Berlin issue, and it is doubtful that Wehner's statements will make any appreciable difference in the way it comes out.

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CAMBODIA

During the past week Khmer Communist forces have forced the Cambodian Army out of the area between Routes 2 and 3 and now control most of the positions that made up the capital city's southern defense line. Elements of the Cambodian Army's 1st and 2nd Divisions still have a foothold in this sector south of the Prek Thnaot River. Thus far, they have made little progress in dislodging the insurgents from key highway embankments, the only dry ground in the area.

The Communists have not significantly increased their strength along the southern front. Intercepted messages indicate that the attacks are being carried out by elements of two regiments that have been in the area for some time. Even if these units are able to eliminate the remaining government positions along Route 2, swollen rivers and difficult terrain should deter a major Communist thrust across the Prek Thnaot. The Communists are in position to shell the southern parts of Phnom Penh, however.

Route 4 remains closed 40 miles west of Phnom Penh, and insurgent raids have kept road-bound government forces off balance. Government troops on Route 5 are still on the defensive but so far have managed to limit the insurgents to a seven-mile stretch of highway above the garrison town of Sala Lek Pram.

Government troops at Kompong Cham have broken through light resistance to relieve a small force that has been isolated for over a month at the city's nearby airfield. A recent intercepted message shows that insurgent morale is flagging and that the Communist commander in the Kompong Cham area wants to forego further large-scale operations against the city until the dry season.

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NOTES

North Vietnam: The number of induction-related messages in North Vietnamese civil communications dropped sharply in September, according to a preliminary NSA tally. The September total is 19, compared with 106 in August. The drop tends to substantiate indications in the North Vietnamese media that the conscription drive which began in August tapered off before the end of September.

China-Laos: A recent intercept indicated that repair work on the Chinese-built road in the Phong Saly area would begin on October 1. This is the first reference to repair work since the recent end of the monsoon, which caused unusually severe damage to the roads this year.

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Fedayeen:

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Japan: The Japanese Export-Import Bank is planning to double the funding of overseas petroleum development and mineral resources in the fiscal year beginning next April. About \$1.1 billion--nearly a third of the bank's budget--is earmarked for overseas resource development, according to US Embassy sources. At the same time the Japanese Foreign Ministry is planning to station "oil attachés" in major oil producing and consuming countries next year to gather data on energy resources. It will also send fact-finding missions to eight oil producing nations, including the Persian Gulf countries, to identify areas where Japan can assist in economic development.

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