



The President's Daily Brief

July 12, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

July 12, 1974

PRINCIPAL DEVELOPMENTS

The Soviet Union

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The Egyptians are interpreting the Soviet Union's abrupt postponement yesterday of Foreign Minister Fahmi's trip to Moscow as a ploy to embarrass them with other Arab governments. (Page 3)

Soviet party General Secretary Brezhnev left Moscow, apparently for the Crimea, the day after the conclusion of his summit meetings with President Nixon. (Page 4)

After dismissing the Portuguese cabinet yesterday, President Spínola said the new government--which he hopes to announce by Saturday--would again be a coalition, including military members. (Page 5)

The USSR and Somalia signed a treaty of friendship and cooperation during President Podgorny's current visit to Mogadiscio. (Page 6)

In Italy, the Christian Democrats remain sharply divided over the implications of the setbacks they have suffered in the past two months, and party leader Fanfani has become a target of the party's left wing. (Page 7)

French Foreign Minister Sauvagnargues is in Moscow for a routine review of political and economic relations following the change of governments in Paris. (Page 8)

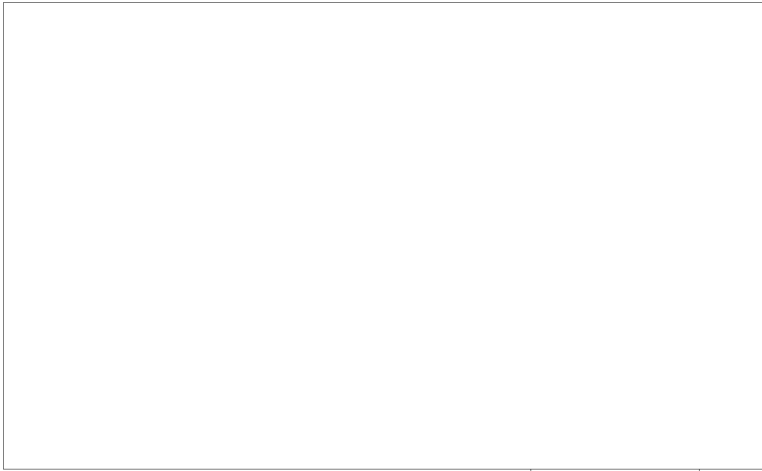
An official of South Africa's Atomic Energy Board has claimed that his country is capable of constructing an atomic bomb. (Page 9)

In Israel, a panel of nuclear experts appointed by Prime Minister Rabin has concluded that it would be difficult for the Egyptians to use the nuclear technology to be acquired from the US for military purposes. (Page 10)

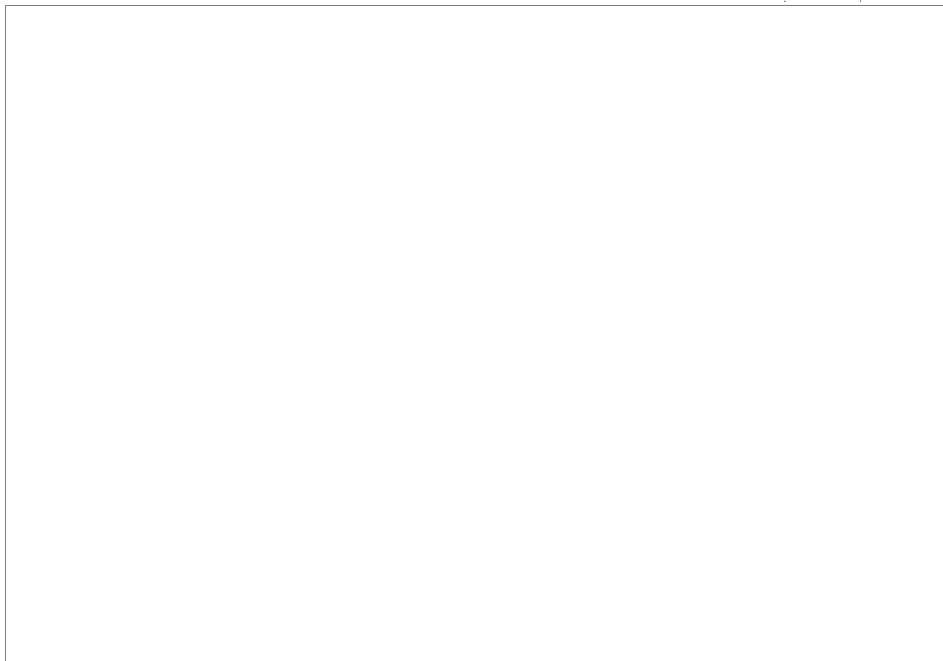
Notes on Romania, Pakistan, France, and Japan appear on Pages 10 and 11.

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USSR

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EGYPT-USSR

The Egyptians are interpreting the Soviet Union's abrupt postponement yesterday of Foreign Minister Fahmi's trip to Moscow as a ploy to embarrass them with other Arab governments.

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President Sadat is considering a strong response.

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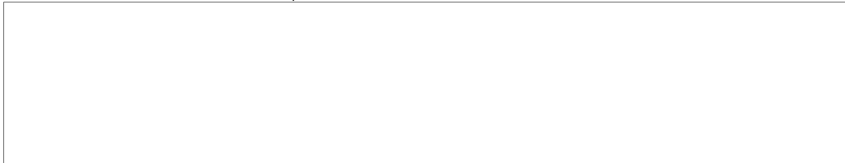
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The Palestine Liberation Organization announced yesterday that Brezhnev has renewed an invitation to fedayeen leader Arafat to visit Moscow late this month. Since the date of Brezhnev's invitation to Arafat is not known, it is not possible to attribute a direct relationship between it and the cancellation of Fahmi's visit. Publicity given the invitation, however, will heighten Egyptian suspicions that Moscow is seeking to isolate them from other Arabs.

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USSR

General Secretary Brezhnev left Moscow, apparently for a vacation in the Crimea, the day after concluding his summit meetings with President Nixon. Brezhnev flew to Simferopol on the morning of July 4.



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Brezhnev's decision to leave Moscow for a rest immediately after the summit may account for the last-minute cancellations of visits by Pakistani Prime Minister Bhutto and the foreign ministers of Indonesia and Egypt. All were due in Moscow during the first half of this month.

The next major event on Brezhnev's calendar is a trip to Poland, scheduled to begin next Friday. The full program planned for that visit will provide a good indication of the severity of his health problems and a test of his recuperative powers.

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PORTUGAL

After dismissing the entire Portuguese cabinet yesterday, President Spinoza told newsmen the new government would again be a coalition, including military members. He said he has contacted the new prime minister and hopes to announce the new government by Saturday.



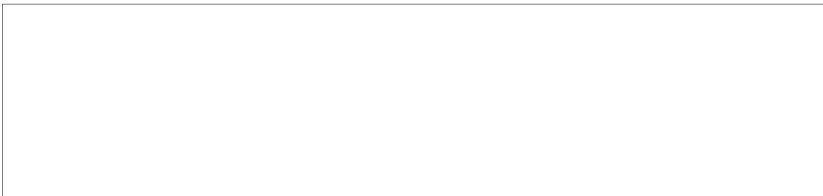
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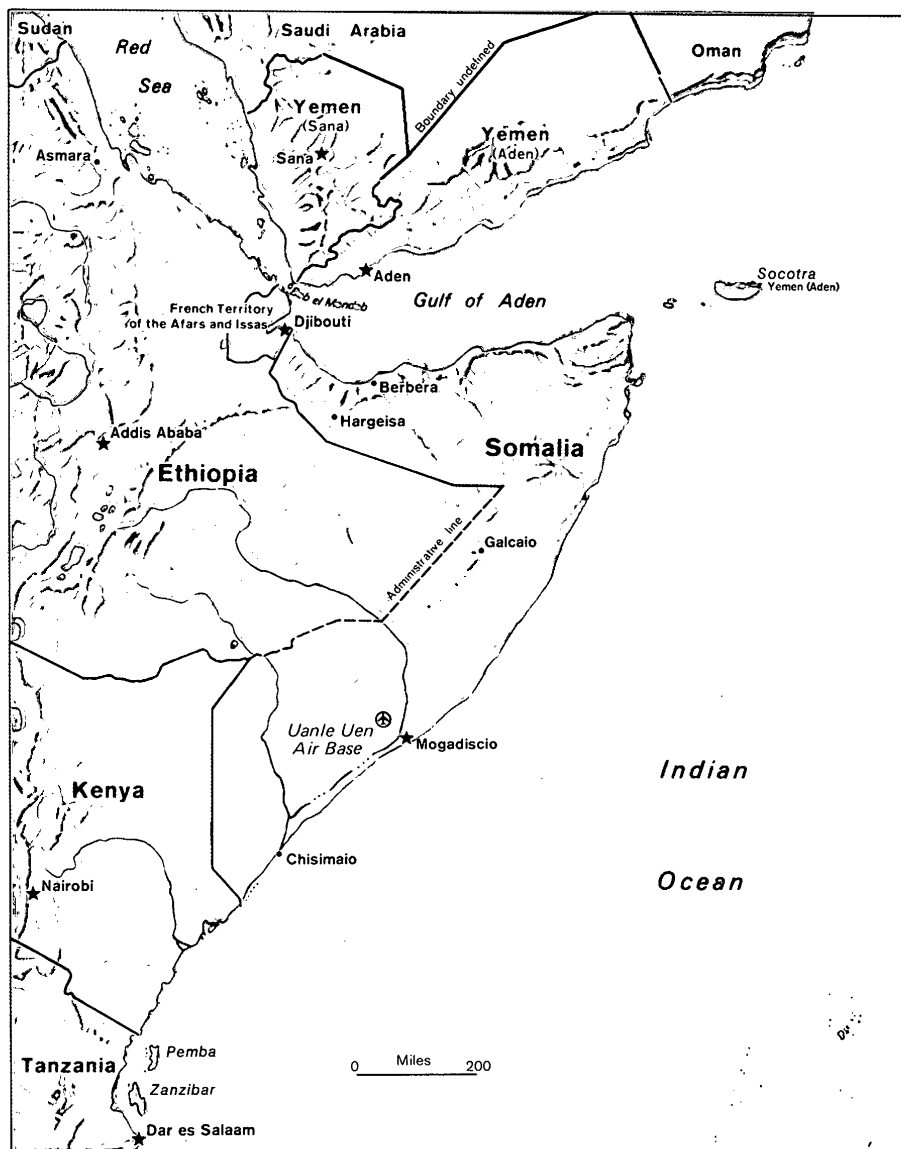
The cabinet is expected to be predominantly military. The socialist foreign minister, Mario Soares, reportedly is slated for reappointment so he can continue negotiations to end rebellions in Portuguese Africa and settle the status of the overseas provinces.

Spinoza also announced that the policy of the government will be the policy of the armed forces, an indication that he has abandoned for now any plans to enhance his own position by reducing the role of the Armed Forces Movement.

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*FOR THE PRESIDENT ONLY**USSR-SOMALIA*

The USSR and Somalia yesterday signed a treaty of friendship and cooperation to highlight President Podgorny's current visit to Mogadiscio. Neither the text nor amplifying details are yet available. Friendship treaties of recent years between the USSR and Egypt, Iraq, and India call for closer military, political, and economic cooperation and contain provisions for consultation in the event of war.

The Soviets had pressed the Somalis for a treaty of friendship and cooperation for several years, but Mogadiscio had refused, fearing such an agreement would identify it too closely with Moscow, erode its claims to nonalignment in Africa, and alienate potential benefactors in the Arab world. The Somalis apparently have decided their heavy dependence on Soviet economic and military aid now requires a closer relationship with Moscow. They may have extracted pledges of substantial additional assistance from Moscow in return for agreeing to sign the treaty.

One of Moscow's objectives in pressing for a treaty reportedly was to formalize its access to port facilities at Berbera. The Russians have also been assisting in the construction of an airfield that could be used as a base for long-range reconnaissance aircraft.

In a speech last night, Podgorny sought to calm concern among Somalia's neighbors--particularly Ethiopia--by saying that the treaty was not aimed at third parties. Despite such assurances, the Ethiopians will see the treaty as portending increased Somali aggressiveness in pushing territorial claims. Nations that have been concerned over Soviet activities in the Indian Ocean area will regard the treaty as an indication of the USSR's intention to expand its influence in the region.

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ITALY

Christian Democratic leaders remain sharply divided over the implications of the setbacks suffered by their party in the last two months, and they have postponed their party's National Council meeting, originally set for today, until July 18.

The party's left wing and some party moderates view recent defeats as evidence that the Christian Democrats must respond more effectively than in the past to the public's desire for more innovative social and economic programs. The feeling is also widespread that the party should find younger faces to replace, or at least augment, the older personalities who have dominated the party for years.

The debate centers on 66-year-old party leader Amintore Fanfani. Fanfani, long associated with left-of-center elements, recently has moved toward the center and has become a target of the left. The effectiveness of the left's opposition to him depends mainly on the position taken by Foreign Minister Aldo Moro, the most influential of the party's left-of-center leaders. There are signs that Moro will join the opposition to Fanfani, but he may not make a decision for some weeks.

The labor confederations, meanwhile, will meet next week to formulate an official response to the government's austerity program. Labor is likely to press for sharp cuts in the vast state bureaucracy--one of the Christian Democrats' main power bases.

The Communist Party is divided over how best to exploit the situation. The party secretariat has reportedly ordered, however, that no action be taken which would worsen the Christian Democrats' internal crisis or lead to a change of government before fall. Communist chief Berlinguer feels that overly aggressive Communist moves at this time might encourage a shift to the right within the Christian Democratic Party.

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FRANCE-USSR

French Foreign Minister Sauvagnargues is in Moscow for a routine review of political and economic relations following the change of governments in Paris. No specific agreements are expected to come from three days of talks that will probably cover a wide range, including:

--CSCE, on which Sauvagnargues will resist Soviet pressure for the third stage to be held at the summit level;

--MBFR, on which he will simply restate the French position;

--Soviet briefing on the Nixon-Brezhnev summit, by which Moscow would be complying with consultation provisions of its 1970 protocol with France;

--the West Berlin environment office issue; and

--the Middle East.

The foreign minister's visit to Moscow coincides with a meeting of the Franco-Soviet Grande Commission in Paris, at which a major contract for nuclear reactors may be signed.

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On July 10 the Grande Commission issued a protocol on peaceful uses of atomic energy for 1974-75, setting guidelines for cooperation in nuclear production of electricity.

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SOUTH AFRICA

An official of South Africa's Atomic Energy Board announced Wednesday that his country is capable of constructing an atomic bomb, but that its policy is to use nuclear knowledge for peaceful purposes only.

South Africa may have done research in the nuclear weapons field, but is not now capable of producing a nuclear weapon. Pretoria has one nuclear research reactor, supplied by the US, under International Atomic Energy Agency safeguards. Pretoria plans to build a nuclear power station, but this would not be operational until the early 1980s.

South Africa is not now able to produce enriched uranium. A pilot enrichment plant will go into production this year, but its product will not be suitable for making nuclear weapons. Nevertheless, the process it will use could be altered--as can all uranium enrichment methods--to produce weapons grade uranium in the future.

South Africa lacks the other facilities necessary for nuclear weapons manufacture. If a decision is made to start a weapons program, it would take several years to build the needed facilities.

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NOTES

Israel: A two-man panel of nuclear experts appointed by Prime Minister Rabin has assessed the possibility that Cairo could use for military purposes the nuclear technology to be acquired from the US. The experts concluded that it would be difficult for the Egyptians to switch a reactor for power production operating under US-imposed safeguards to the manufacture of nuclear arms. They reported that each function requires completely different know-how and scientists with different qualifications. The report should help calm the Israeli public, which has been nervous about the US-Egyptian nuclear arrangement. Rabin probably feels the report vindicates his government's low-key reaction, for which it had come under severe attack from the political opposition and much of the press.

Romania: Factory workers set at least one industrial fire in Romania recently, the first confirmed case in some time of serious worker-instigated sabotage. Further incidents could mean that Ceausescu faces some of the most serious popular discontent in his nearly ten years of rule. The regime's main response has been to tighten security at industrial facilities. Ceausescu's emphasis on developing heavy industry at the expense of improved living conditions and the production of consumer goods is an important factor in worker dissatisfaction. Romania's living standard is the lowest in Eastern Europe, except for Albania.

Pakistan: Prime Minister Bhutto has asked China to speed up arms deliveries at the same time that he is pressing Washington to lift its embargo on offensive weapons for Pakistan. He based both requests on alleged Indian troop and air movements, a military alert in Afghanistan, and the delivery of large quantities of Soviet military aid to Kabul. US embassies in Islamabad, Kabul, and New Delhi report no indications of unusual military activity that would support Bhutto's allegations. Although there has been a heavy flow of Soviet materiel to Kabul, the Afghan armed forces have shown little ability to use this equipment effectively.

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France:

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Japan: Deputy Prime Minister Takeo Miki has resigned to protest Prime Minister Tanaka's handling of the recent upper house election campaign, according to press reports. The resignation represents a serious challenge to Tanaka's leadership, in the wake of the ruling Liberal Democratic Party's setback in the election last Sunday. Miki is an important factional leader and long a prime ministerial aspirant. There are indications that Finance Minister Fukuda, Tanaka's chief rival in the party, is also considering resigning. At a minimum, this would force Tanaka to reshuffle his cabinet, but the resignations of these important party factional leaders could threaten his continuation as party chief and Prime Minister.

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