

DWP



The President's Daily Brief

August 5, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 5, 1974

PRINCIPAL DEVELOPMENTS

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The Soviet Union increased its public support of the Palestine Liberation Organization. It has agreed to let the PLO open an office in Moscow and has called for the presence of the PLO at the Geneva peace conference on a basis of "equal rights with other participants." (Page 2)

Cyprus was calm over the weekend with only minor skirmishing reported. (Page 3)

The Soviet Union [redacted] requested at least port access rights from Equatorial Guinea in return for economic assistance. (Page 4)

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Notes on Portugal - Portuguese Guinea, and the Philippines-China appear on Page 5.

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SAUDI ARABIA - EGYPT

Saudi Arabia has promised Egypt \$1.5 billion in new aid according to Cairo's authoritative daily, Al-Ahram. The story, which anticipated an official announcement today, appeared during King Faysal's week-long visit in Egypt. It is consistent with an earlier report that the King is willing to underwrite the Egyptian economy over a period of several years provided Cairo can produce a long-term budget to justify the support. One billion dollars of the new aid reportedly will be a grant, with the balance disbursed as a long-term, interest-free loan.

Although Egypt has other offers of assistance and venture capital that total about \$5 billion, these are largely committed to construction in the Suez Canal area and to new industrial projects. Cairo has been uncertain as to whether it would have sufficient foreign exchange to improve existing state industries or to support other private investment in Egypt.

The reported Saudi commitment would also help alleviate Egypt's fears of foreign domination of its economy. With this much money deposited to its account, Cairo should have no difficulty securing credit to finance a sizable state equity in new ventures being proposed by foreign investors.

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USSR-FEDAYEEN

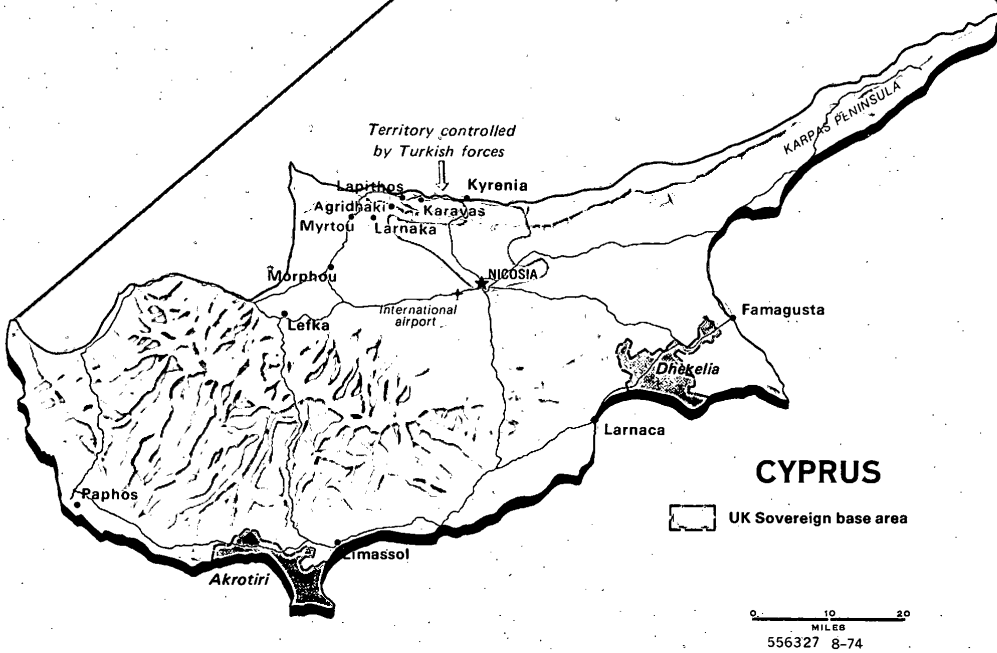
The Soviet Union increased its public support of the Palestine Liberation Organization last week, but stopped short of officially endorsing it as the only representative of the Palestinians.

A communiqué, released shortly after the departure of PLO Chairman Arafat from Moscow, called for the presence of the PLO at the Geneva peace conference on a basis of "equal rights with other participants." It also noted Soviet consent to the opening of a PLO office in Moscow.

The communiqué avoided the issue of whether this was an official visit and failed to say under whose auspices Arafat was received. Arafat did meet with Soviet party secretary Boris Ponomarev and First Deputy Foreign Minister Kuznetsov.

Arafat arrived in Warsaw over the weekend, and is expected to visit other East European capitals in his search for support.

Meanwhile, radical fedayeen leader George Habbash--timing his statement to coincide with Arafat's Moscow trip--emphasized the divisions that continue to plague the PLO. In an interview published in several Beirut newspapers on August 3, Habbash reiterated his opposition to Arafat's willingness to participate in the Middle East peace talks. He criticized Moscow's Middle East policy, saying it was an "error" to assume that there could be a political settlement of the Palestinian question under present conditions.



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CYPRUS

Cyprus was calm over the weekend, with only minor skirmishing reported in the Lapithos area and an exchange of fire in Nicosia. UN forces on the island reported a possible buildup of Turkish troops north of Agridhaki.



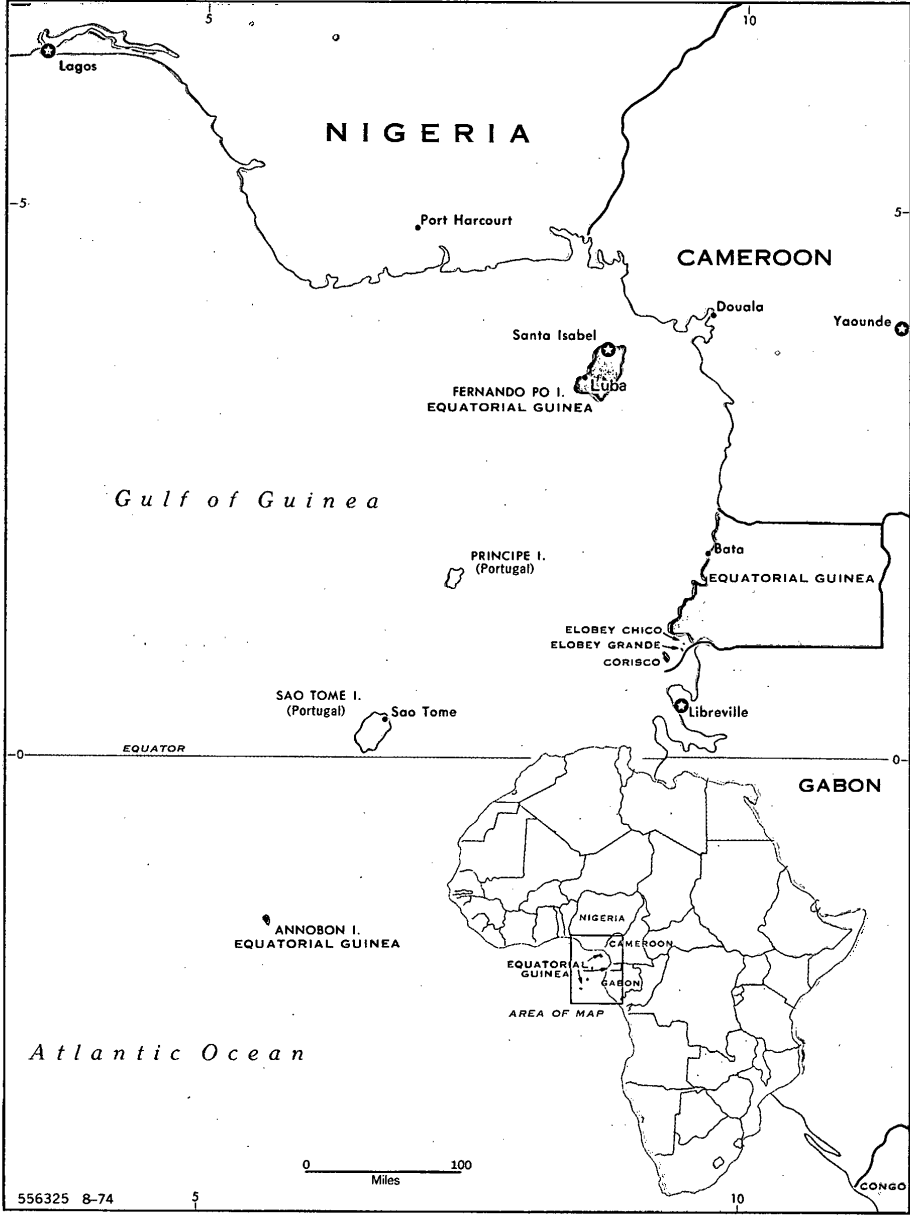
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An alert of Greek air force units early yesterday apparently has been lifted. Defense Minister Averoff told the US embassy in Athens that he had ordered the alert after Greek intelligence reported that Turkish ships were moving from Cyprus to the Aegean Sea. Averoff now believes these reports were false and part of a Turkish war of nerves.

* * *

Archbishop Makarios has now publicly announced that he will not attend the Geneva peace talks. He has also stated that he would support acting President Clerides if the latter is elected President of Cyprus.

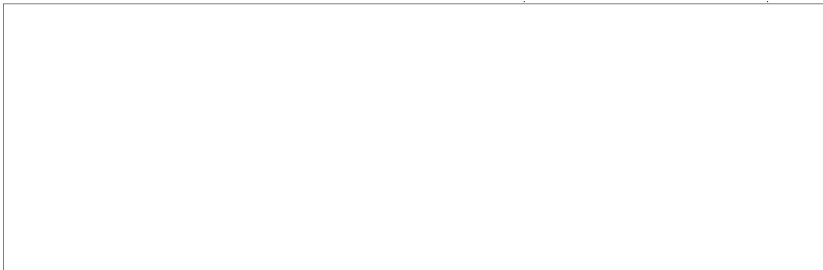
EQUATORIAL GUINEA



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USSR - EQUATORIAL GUINEA



The USSR may be seeking no more than port access rights for submarines and other naval vessels such as it now has in Berbera, Somalia. Port access in Equatorial Guinea would facilitate Soviet naval operations in the south central Atlantic.

Moscow earlier had expressed interest in developing the port of Luba on Equatorial Guinea's island of Fernando Po as the principal base for its south Atlantic fishing fleet. Lately, however, the Soviets seem to have lost interest in that project.

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NOTES

Portugal - Portuguese Guinea: An announcement on the independence of Portuguese Guinea, which UN Secretary General Waldheim had expected over the weekend, has been delayed. [REDACTED]

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[REDACTED]

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Philippines-China: The planned "cultural" visit to China by Philippine First Lady Imelda Marcos in mid-August is the latest indication of Manila's increased interest in improving relations with Peking. According to Foreign Secretary Romulo, however, no senior foreign office official will accompany her. President Marcos wants to move closer to Peking without disrupting Manila's important commercial ties with Taipei. [REDACTED]

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