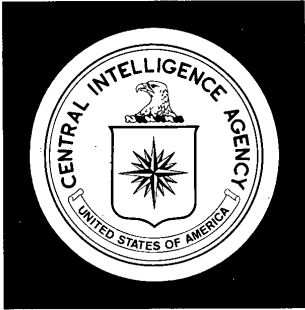


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The President's Daily Brief

August 21, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

August 21, 1974

PRINCIPAL DEVELOPMENTS



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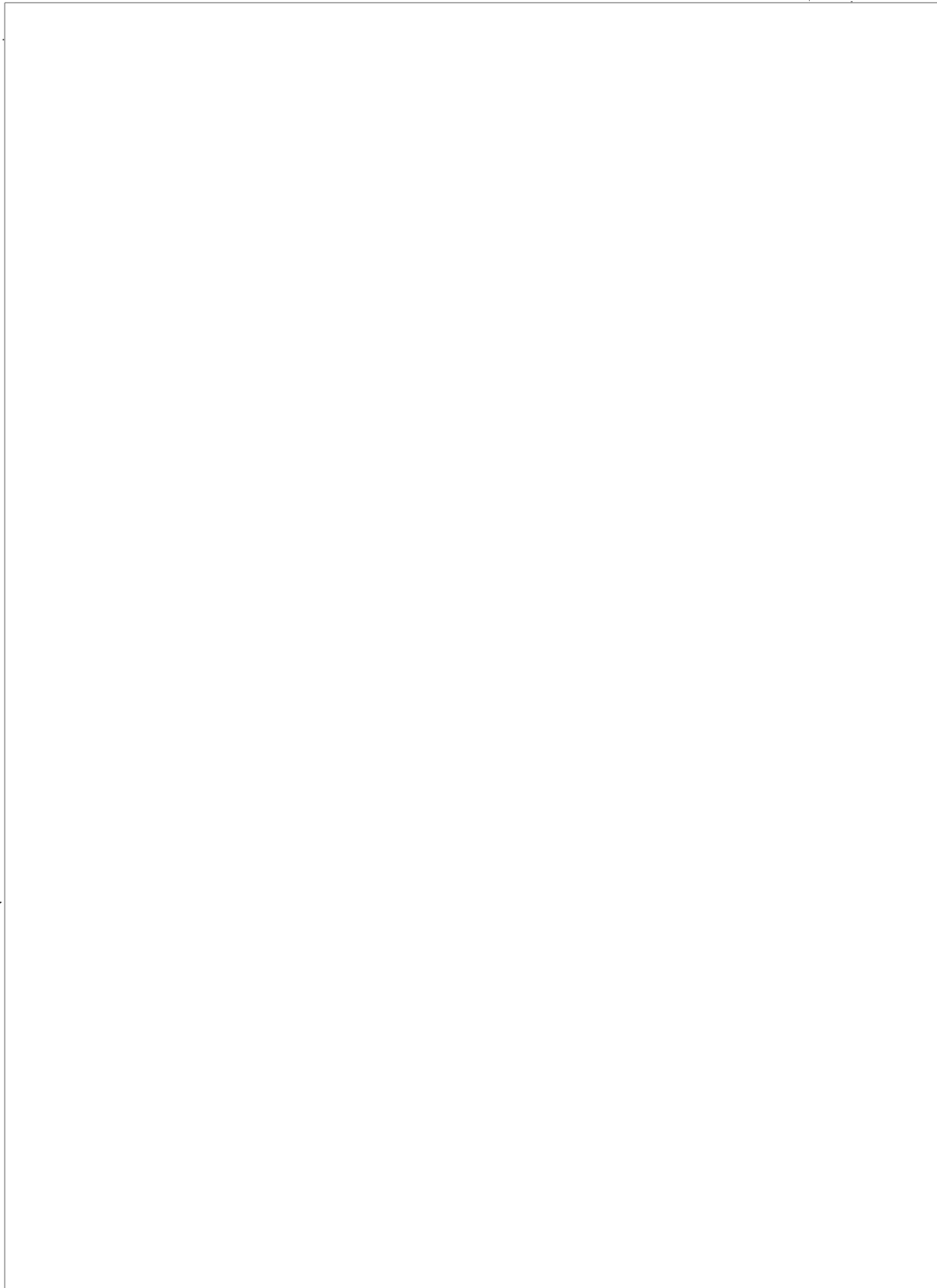
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Mexico reportedly has discovered oil fields in Chiapas and Tabasco states that could change the petroleum market in the Western Hemisphere. (Page 7)

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SYRIA-ISRAEL

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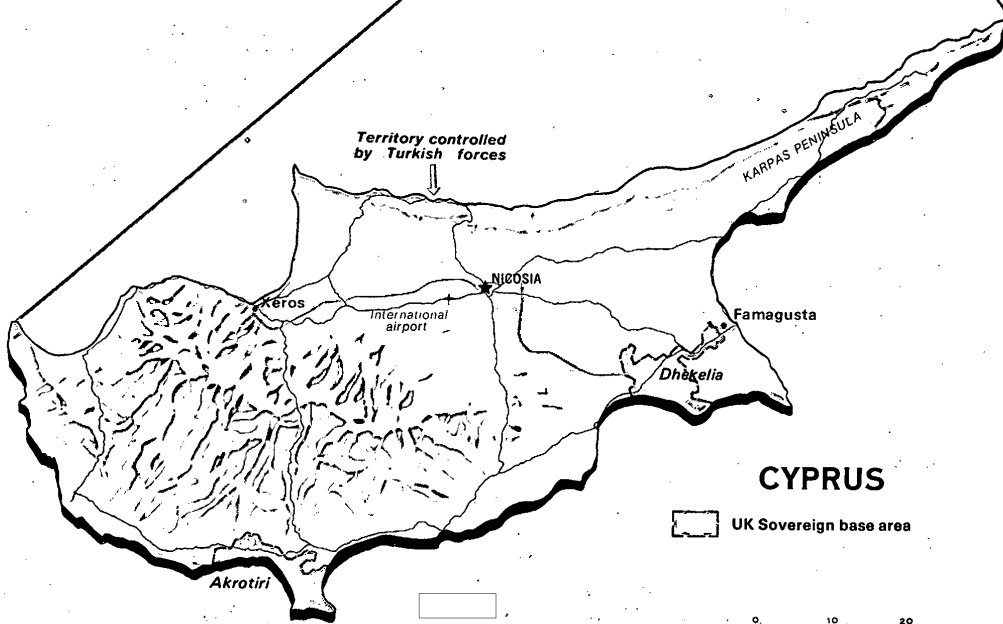
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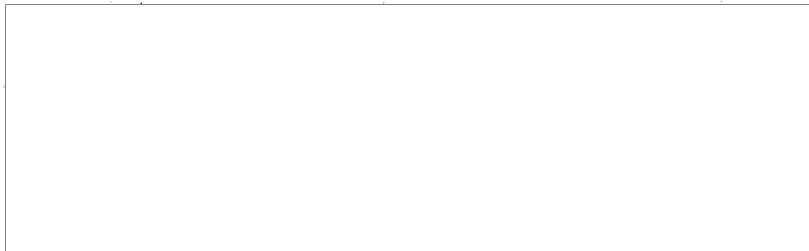
FOR THE PRESIDENT ONLY

GREECE-TURKEY-CYPRUS

The UK is trying to get interested parties in the Cyprus dispute back to the negotiating table. Foreign Secretary Callaghan plans to send invitations to Greece, Turkey, and Cyprus to resume talks in Geneva on August 27 or 28. A Foreign Office spokesman said yesterday that the British High Commissioner in Nicosia had already approached Cypriot President Clerides. The Greek and Cypriot governments have responded that they cannot accept negotiations if these are to be based on Turkey's current military holdings.

General Dionysios Arbouzis, the new Greek armed forces chief, has appealed for the objectivity and cooperation of the army, despite what he described as the bitterness and damaged honor caused by the public positions taken by Athens' traditional allies. He stressed that Greece is still threatened by Turkish intransigence and may face further demands from Ankara.

Arbouzis was not an active opponent of either former President Papadopoulos or General Ioannidis. His appointment is therefore less likely to stimulate resentment among remaining supporters of those two men.



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Plans are being made for the Turkish mainland troops on Cyprus to winter on the island. The Turks, however, do not plan to annex the territory they control. Their current political planning is still centered on creating a federal system for Cyprus. Turkish Deputy Prime Minister Erbakan was quoted yesterday as saying that if there is an extended delay in resuming talks, a Turkish Cypriot federal state will be established unilaterally.

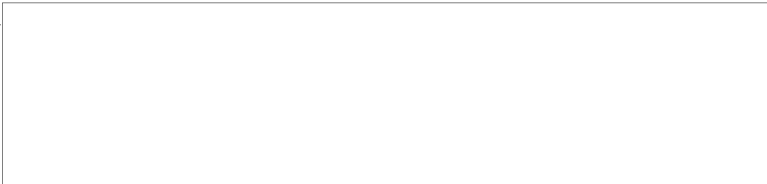
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No significant fighting was reported on Cyprus yesterday. A few firing incidents were reported in the Nicosia area, and UN reports indicate that Turkish forces were responsible for at least two of the incidents.



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PANAMA-CUBA

Panama's decision, announced yesterday, that it will proceed unilaterally to re-establish relations with Cuba results largely from pressure from Fidel Castrol. After having led Havana to believe he would restore formal ties unilaterally, Panama's General Torrijos informed the Cubans on August 15 that he would instead work toward a resumption of relations within the framework of the Organization of American States and had requested Havana to send an emissary to discuss the matter.

This emissary arrived on Saturday with the message that the Cubans did not believe Torrijos was negotiating in good faith, that the talks were suspended, and all Cubans in Panama were being ordered to return to Havana within 72 hours. Torrijos then decided to extend recognition, and to send a delegation to Havana today to make the official arrangements.

Torrijos likes the "revolutionary" identification that ties with Castro provide, and knows that other countries are on the verge of recognizing Cuba.

[REDACTED]

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For Castro, Panama's recognition of Cuba is another step toward breaking out of isolation. He believes, moreover, that unilateral action by member countries works toward his goal of scuttling the OAS.

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USSR

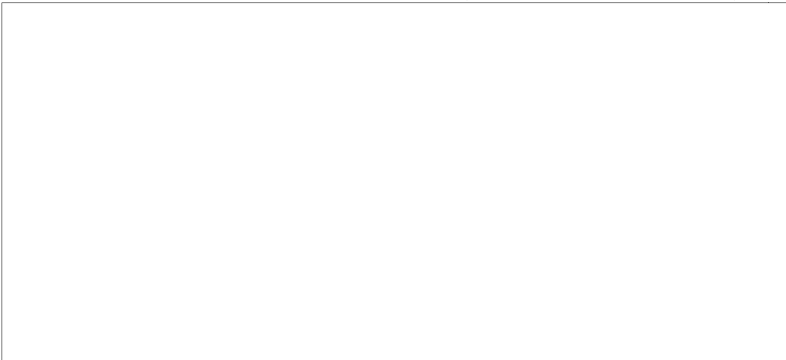
The Soviet manned spaceflight program is moving in two directions: continued preparations for the joint Apollo-Soyuz manned mission scheduled for next July and development of a space station with a military mission.

Through mid-1973 the Soviets seemed interested primarily in keeping pace with the US launch schedule and in trying to minimize the prestige gained by the US from the successful Apollo and Skylab programs. The most recent effort to keep up with the US was made just prior to the 1973 Skylab mission, when the Soviets attempted two Salyut missions--their counterpart to Skylab. Both missions failed, indicating that the Soviets were pushing their spacecraft development too rapidly. Until the successful Soyuz - Salyut-3 mission earlier this year, all Salyut missions had, in fact, ended in failure.

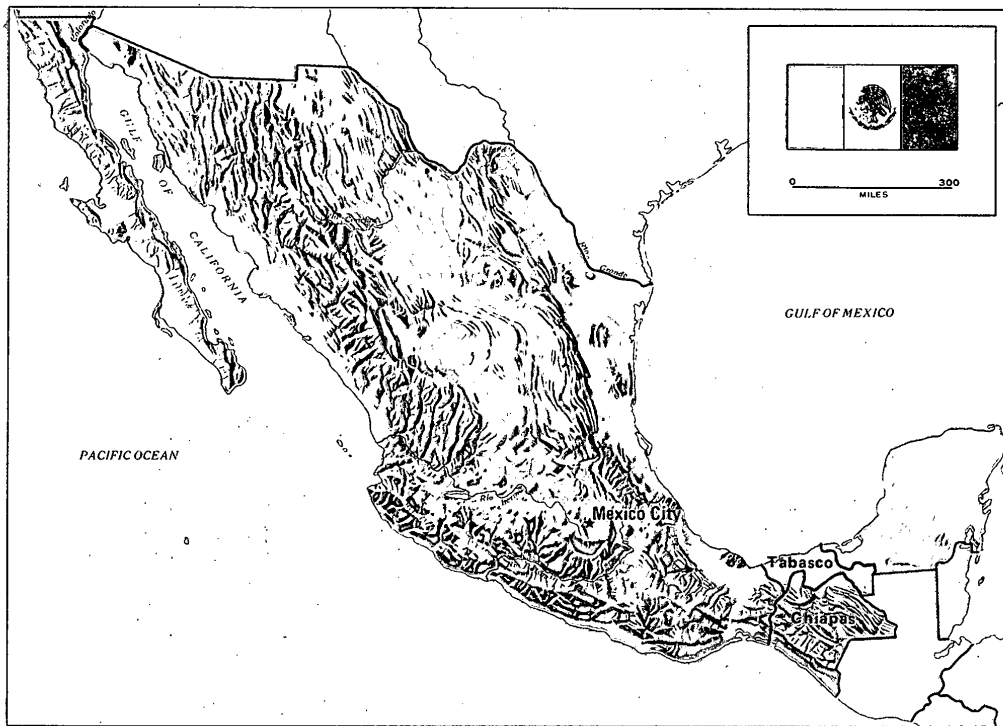
In preparation for the joint Apollo-Soyuz mission, the Soviets last Sunday completed a six-day unmanned Soyuz flight that was designed to test modifications in equipment and tracking systems for the mission. Apollo and Soyuz are roughly comparable spacecraft. The Soviets, however, feel a need to prove the reliability of their spacecraft in view of the many difficulties they have experienced. Another unmanned Soyuz was launched in April and was in orbit for ten days.

The Soviets are also expected to conduct two to three manned Soyuz missions before next July. One may occur fairly soon. So far, only two members of the Soyuz back-up crews for the joint mission have prior experience in space.

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Mexico



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MEXICO

Mexico reportedly has discovered oil fields in Chiapas and Tabasco states that could change the petroleum market in the Western Hemisphere. Government officials have not disclosed the size of the fields, but [redacted] the find appears to be a major one. The oil is of high quality.

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[redacted]

Sharply increased production from these new oil deposits has allowed Mexico to end crude oil imports, and to declare an exportable surplus. Mexican oil production will probably exceed 750,000 barrels per day by the end of 1974, and the country will have an exportable surplus in excess of 150,000 barrels per day. Transporting this oil should pose no problem; the fields are close to port facilities on the Gulf of Mexico. The discovery is also expected to bring a 20-percent increase in gas production.

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