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The President's Daily Brief

December 11, 1974

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FOR THE PRESIDENT ONLY

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EC SUMMIT

French President Giscard will come to his meetings with you this weekend backed by more community solidarity than seemed possible a few weeks ago as a result of the EC summit that concluded in Paris last night.

--Doubts about Britain's continued membership in the EC have been eased, although not eliminated.

--The Nine have stated publicly their interest in the French-backed conference of oil producers, consumers, and developing states.

--The emphasis of the Nine on the dangers of economic depression may be intended to bolster a plea for remedial action by the US.

The Anglo-French debate in Paris included a sharp exchange between Prime Minister Wilson and Giscard that will impress their domestic audiences, but the summit acceded to Britain's demand for a fairer share in contributions to the EC budget. The EC Commission has been instructed, in effect, to meet the UK request for a budget formula linked to each member's gross national product, an outcome foreseen by British officials.

France did not announce any intention to join the US-sponsored International Energy Agency, and Giscard has left any possible move in this direction for his meetings with you. France's partners supported a consumer-producer conference in return for Paris accepting preliminary consultations among the industrialized oil users. The Nine will apparently now try to concert energy policies within the EC.

Summit discussions of Europe's economic problems reflected growing concern over rising levels of unemployment. Chancellor Schmidt demanded common action in Europe to meet recession and inflation. The Nine are now apparently thinking in terms of "complementary" measures for surplus and deficit countries.

The principal institutional innovation of the summit was to agree to hold three regular heads of government "councils" a year in place of less frequent and over-publicized summit sessions.

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ARAB TANKER FLEET

The Arab Maritime Petroleum Transportation Company, organized two years ago by the Arab oil producers to own and operate tankers, is now searching the secondhand market for three tankers in the 100,000 to 300,000 ton class for delivery next year.

The world economic slowdown and high oil prices have lowered demand and idled many tankers, and secondhand vessels can be acquired on very advantageous terms. The Arab tanker company had previously been interested only in new tankers and had committed about \$500 million for five very large crude carriers--over 175,000 dead-weight tons--and six smaller ones.

Last month in Bahrain, the Arabs organized a shipbuilding and repair company to complement the tanker company. This company will finance a \$200-million shipbuilding and repair facility in Bahrain able to handle the largest tankers currently in operation. A similar facility is being planned for Malta. In addition, an inter-Arab merchant marine academy to be located in Egypt was also authorized last month.

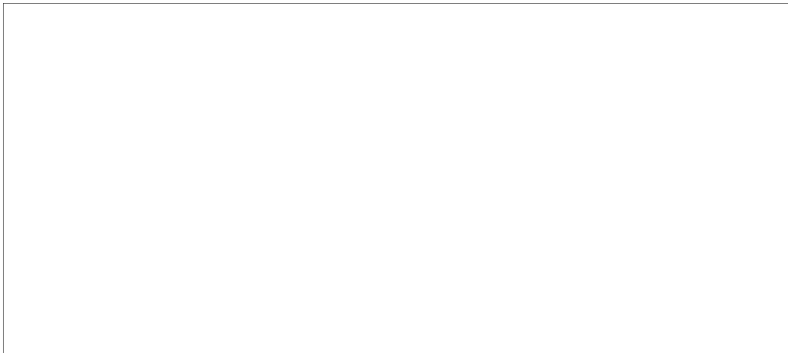
By 1980, the Arabs plan to control about 20 million tons in the tanker market. The tanker company has plans to spend \$2 billion over the next five years to acquire a 10-million-ton fleet, while independent national efforts among the Arab nations will add another 10 million tons.

Control of 20 million tons by 1980 still would give the Arabs only a 5-percent share of the total estimated world tanker fleet. This fleet would be capable of carrying 2 million barrels a day between the Persian Gulf and Rotterdam in 1980, compared to oil production estimates ranging between 15 and 25 million barrels a day.

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IRAQ-KURDS-IRAN

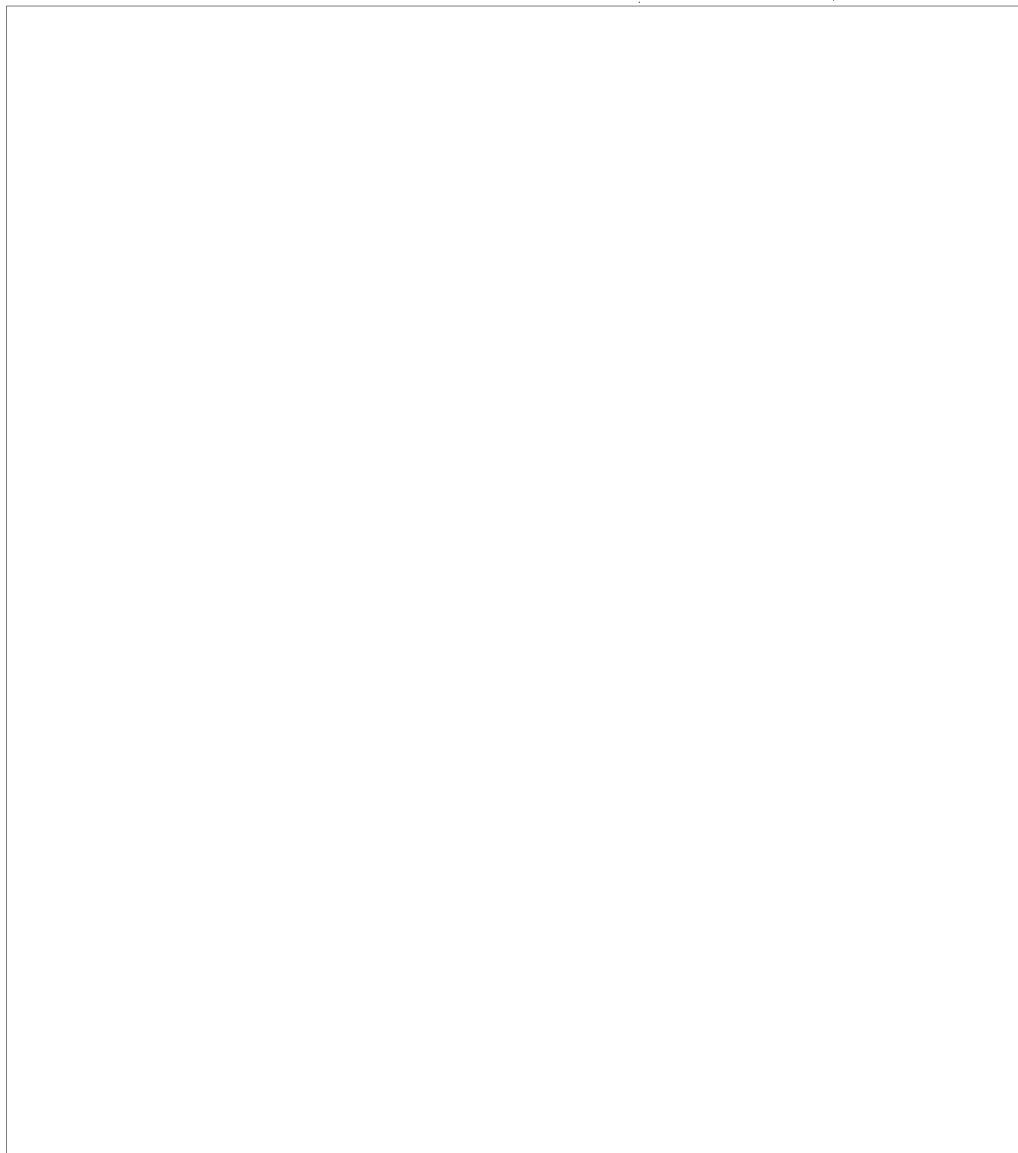
Heavy snowfall has blanketed most of the Kurdish area on the Iraq-Iran border, and Iraqi attacks on the Kurdish rebels now probably will be limited to artillery bombardments and air strikes when weather permits.



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Iran is also continuing to provide sanctuary for Kurdish refugees. An estimated 120,000 persons have fled to Iran as of late November; about 95 percent of these are women, children, and elderly noncombatants. The Iranians have made a conscientious effort to deal with dietary, water supply, and sanitation problems in the camps. Since September, Tehran has been constructing winter quarters to replace the original tent camps.

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NOTES

North Vietnam - China - US: The North Vietnamese and Chinese are reacting to the movement of the US carrier Enterprise and four destroyers off the Vietnamese coast. An intercepted message shows that a North Vietnamese air defense division in Quang Tri Province in northern South Vietnam was ordered yesterday to be alert for possible US air strikes.

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China-USSR-US: The Chinese have thus far maintained an outward appearance of calm in reacting to the Vladivostok summit and the new US-Soviet understanding limiting strategic arms. China's press has mentioned the meeting only once, and has not yet reported the arms agreement. The Chinese leaders, of course, remain acutely sensitive to such key developments in US-Soviet relations. They see no point in advertising this, however, and Chinese spokesmen are assuming an air of nonchalance in

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the results of the summit.

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