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The President's Daily Brief

May 4, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

May 4, 1974

PRINCIPAL DEVELOPMENTS

The Khmer Communists continue to put heavy pressure on the government base at Lovek, the last significant government position northwest of Phnom Penh. (Page 1)

Laotian Prime Minister Souvanna and the Communists are still sparring over the roles and relative power of the components of the new coalition government. (Page 2)

Soviet-Indian relations are again on the downswing. (Page 3)

Canada is becoming a significant exporter of nuclear power reactors. (Page 4)

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The new junta in Portugal has come through its first week in power without any serious challenge to its authority. (Page 5)

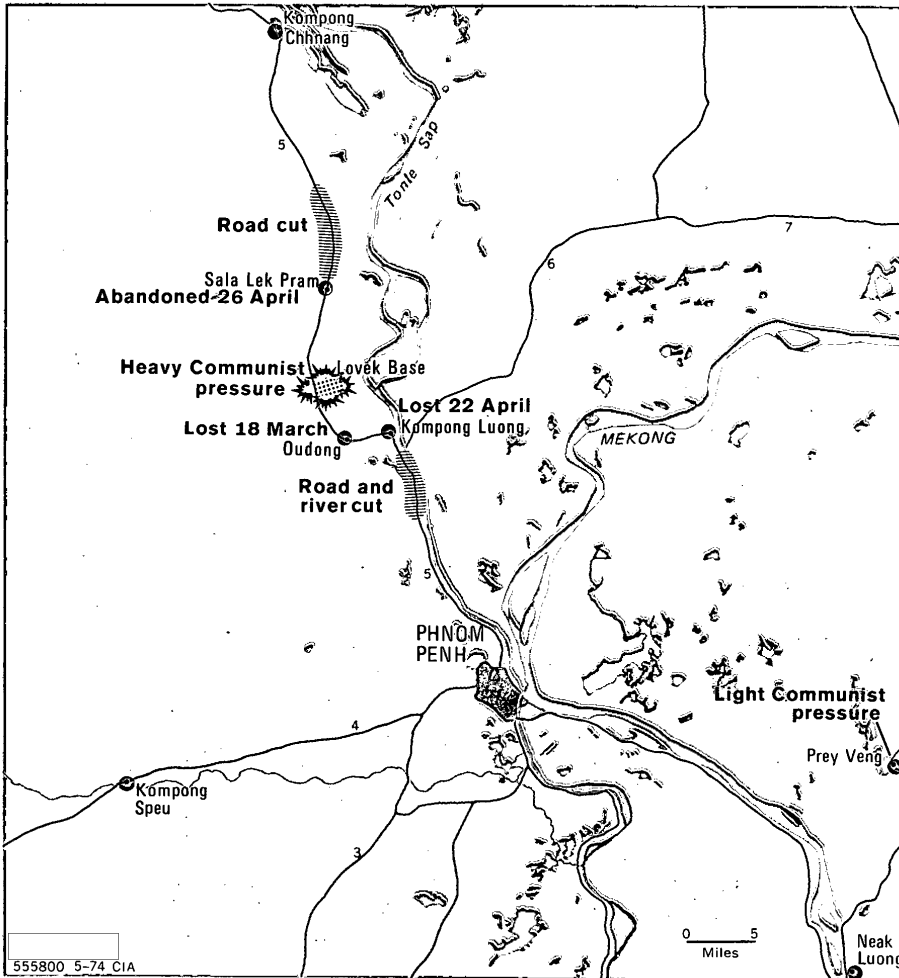
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Notes on [redacted] French [redacted] a Soviet snip visit to Cuba, and the situation in Ethiopia are on Page 6.

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CAMBODIA: Phnom Penh Area



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CAMBODIA

The Khmer Communists are maintaining heavy pressure on the government base at Lovek, the last significant government position northwest of Phnom Penh.

The Lovek complex is being hit by intense mortar and artillery barrages, and ground pressure is becoming heavier at several points. Government defenders yesterday abandoned a number of outposts on the western edge of the complex. The Cambodian Air Force has committed most of its available tactical aircraft in an effort to stem the Communist assaults.

The loss of Lovek would be a major defeat. Government troop strength at Lovek is about 5,000, and refugees from other places have raised the number of civilians there to over 40,000. Supplies of food and water are running short.

East of Phnom Penh, the provincial capital of Prey Veng is the target of sporadic Communist artillery fire and ground probes, but the insurgents have not followed up the attacks they launched earlier this week. The Communists are apparently preparing for a prolonged siege at Prey Veng.

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LAOS

Prime Minister Souvanna Phouma and the Lao Communists continue to spar over the roles and relative power of components of the new coalition government. Souvanna has just given in to demands of the Communists that the National Assembly not reconvene, a move that will cost him politically with the rightists. The Communists refuse to recognize this body because it was elected by Souvanna's previous government. They are determined that the new advisory political council, whose leadership is weighted in their favor, should discharge the assembly's legislative functions.

Souvanna, on the other hand, apparently hopes to persuade the King to assume the assembly's legislative role. A government spokesman stated yesterday that, under the constitution, the budget, foreign treaties, and other important documents would be sent to the King for review. The King would then issue royal decrees from which the government would draw its authority. This formula will probably be unacceptable to the Communists.

FOR THE PRESIDENT ONLY

USSR-INDIA

The warmth in Soviet-Indian relations generated by Brezhnev's visit to India last November has dissipated, and the two countries are complaining about each other again.

New Delhi claims that Moscow's response to India's economic difficulties has been poor. Only one new economic agreement advantageous to India--a contract for kerosene and diesel fuel--has been signed since Brezhnev's visit. Moreover, the Soviets are charging India the current high market price for badly needed fertilizer and are ignoring Indian requests for food grains and additional energy relief.

The Soviets in turn do not want to be made the goat for Indian economic troubles. For example, a Soviet official in New Delhi recently called a press conference to criticize the Indians' performance in meeting their commitments for the Bhilai and Bokaro steel plants, two of the Soviet Union's largest aid ventures in India. Neither is proceeding as planned, and part of the fault does in fact rest with New Delhi.

Beyond the economic sphere, however, the Soviets presumably are also concerned about improved US-Indian relations, Mrs. Gandhi's domestic moves to the right, and New Delhi's interest in decreasing India's dependence on the USSR for military assistance. The Indians, on their side, are apparently displeased over the USSR's persistent requests for special military privileges in India and over Moscow's failure to respond to New Delhi's call for restraint in naval competition in the Indian Ocean.

The Soviet-Indian relationship has never been a smooth one, and problems of this kind are not unusual. Present difficulties could become more serious, however, should India continue to move closer to the US or should it make a real effort to improve relations with the Chinese.

FOR THE PRESIDENT ONLY

CANADA

Canada is becoming a significant exporter of nuclear power reactors. It has sold two of its CANDU nuclear reactors to India, one to Argentina, and one to Pakistan. A second one will probably be sold to Argentina. South Korea has signed a letter of intent to purchase the reactor with an option to buy a second. Romania, Denmark, Iran, Taiwan, and the UK have also indicated an interest in the system.

The CANDU reactor differs from those of US design in using natural rather than enriched uranium as fuel, and in employing "heavy" rather than "light" or ordinary water. The capital cost of a CANDU reactor is slightly higher than a similar sized light water reactor, but over its lifetime the reduced cost of using natural uranium is expected to make up this difference. The CANDU reactors will be even more competitive as the price of enriched uranium increases. A major problem at this time is the shortage of heavy water for these reactors.

The CANDU system proved itself in 1973 with the performance of Canada's Pickering nuclear station. The four reactors at this plant, each with a capacity of 540 megawatts of electricity, operated at about 85 percent of their possible capacity, producing a total of 14 billion kilowatt hours of electricity. The main reason for this high productivity is that the CANDU system can be refueled while still producing electricity. US reactors must be shut down during this operation.

FOR THE PRESIDENT ONLY

PORTUGAL

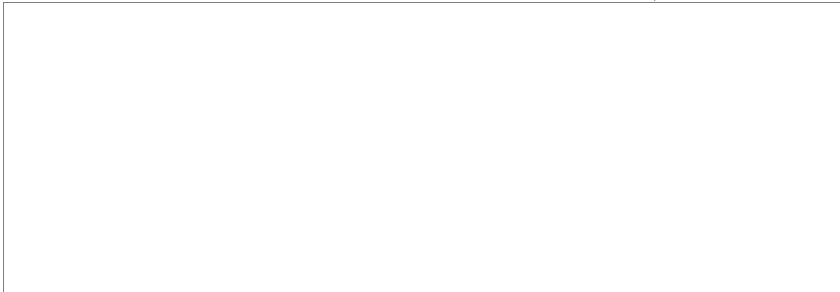
There has been no serious challenge to the junta's authority after one week in power. In the coming weeks, however, it will have to produce an African policy acceptable to a wide political spectrum and face the anticipated increasing demands of the leftists.

Although Spinoza favors self-determination for the overseas territories, he has called for a program of "preparation." This measured approach could well bring a clash with the leftists, who say they want a cease-fire and immediate independence. Spinoza has also said that he hopes the overseas territories will continue their association with Portugal.

The liberalization measures announced this week have encouraged the leftists to move on various fronts. They have taken over key unions and have forced out the managements of the government airline and some of the news media.

The junta has announced publicly that it intends to ensure a balanced media coverage of political events. Although the left appeared to dominate radio and television broadcasts during the first few days after the coup, this week the media have focused on interviews with a dozen or so political figures, mostly from the center of the political spectrum.

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France:

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USSR-Cuba: Two Soviet destroyers and a diesel-powered ballistic-missile submarine have remained moored in Havana since arriving on April 30. The Cuban press says the ships will leave Havana next Monday to visit other Cuban ports. They may conduct exercises with Cuban ships before leaving the Caribbean.

Ethiopia: Labor strife abated yesterday when telecommunications workers ended their walkout. The government of Prime Minister Endalkatchew is still functioning ineffectively, however, and the US Embassy reports that there is increasing talk that military intervention will be necessary to restore order. The embassy tends to believe a report that the group of officers who won authority from Emperor Haile Selassie to arrest 15 members of the previous cabinet met again yesterday.

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