



The President's Daily Brief

June 24, 1975

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FOR THE PRESIDENT ONLY

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PORTUGAL

The Socialist Party moved quickly to take advantage of the moderate tone of the communiqué released Saturday by the Armed Forces Movement. Several thousand Socialists and other non-communists marched through the streets of Lisbon and Oporto last night in support of the Revolutionary Council and its affirmation of political party activity. The crowd dispersed peacefully after a conciliatory talk by President Costa Gomes, who called for unity to overcome the country's problems.

Sharp ideological splits within the Revolutionary Council and the Movement have not been resolved by the Council's compromise statement. Last night's show of strength by moderate civilian forces is presumably intended to encourage moderates in the military and help head off further attempts to eclipse them by radical officers in coming sessions of the Armed Forces General Assembly.

The Socialists probably also wanted to show that they too could mobilize the populace behind the Armed Forces Movement. Since the dispute over the Socialist newspaper Republica began, the Communists have monopolized mass activity. The Communist Party ordered its supporters not to participate in the rally "in any way."

The promotion of General Otelo de Carvalho from deputy head of the internal security forces to commander reportedly was announced a short time before the rally began. President Costa Gomes, who formerly held the position, retains ultimate responsibility for security in his capacity as armed forces chief of staff. Carvalho, however, has exercised a free hand with the security troops as deputy commander, and his promotion represents official recognition of this fact. It may also have been intended to repudiate rumors that he would soon be removed.

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NUCLEAR SAFEGUARDS

Representatives of seven major exporters of nuclear equipment and technology--Canada, France, Japan, the UK, US, USSR, and West Germany--met for two days last week in London to continue discussions on the imposition of stricter safeguards on exports to non-nuclear countries.

When the meeting was over, the participants had still not agreed on:

--A proposal to gain more extensive safeguards through greater use of the leverage individual supplier states already have. This is a major issue, for example, in the recent nuclear deal between West Germany and Brazil.

--A suggested mandatory provision that any export of a reprocessing plant be of a multinational character. This provision would give added assurance that the supplier state would remain involved in the management of the plant and perhaps prevent the location of nuclear facilities in possibly insecure areas such as Taiwan or South Korea.

France is the major obstacle to consensus on both these requirements. The French, although willing to impose safeguards on their own exports, will not try to force recipients to accept blanket safeguards on all their facilities. In objecting to a multinational form for all reprocessing plants, the French argue that bilateral agreements in some instances would afford a better opportunity for continuing supervision and effective control by a supplier.

The next such talks on the subject are scheduled for September, though informal bilateral discussion on safeguards will continue among the suppliers during the summer.

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WORLD SUGAR

Depressed demand and prospects for a record harvest next year have caused world sugar prices to drop to 12 cents a pound at Caribbean ports--80 percent below the record price of last November and the lowest since December 1973.

Consumer resistance to high prices and increasing use of sugar substitutes have turned an expected world shortage this year into a surplus. The decline in sugar consumption has been particularly sharp in industrial countries like the US, which normally accounts for about a third of the purchases on the world market.

Expanded plantings and the return of normal weather in most of the major producing countries are expected to boost world production in the crop year beginning September 1. Production probably will reach 81.5 million tons, about 6 percent above the current crop year.

Most of the increase will occur in the USSR, Europe, and the US. Higher production in the USSR and the EC will enable them to discontinue buying sugar on the world market. Their purchases were a major factor in the 1974 price rise. Gains in output are also anticipated in Brazil and Australia, but drought seems likely to prevent increases in Cuba and the rest of the Caribbean.

Consumption will probably rise less than production during the coming year, and stocks will grow substantially for the first time since 1971. Despite lower current prices for raw sugar, demand will remain slack for some months until high priced inventories are sold. In some large consuming countries, demand may remain permanently affected by the increased use of sugar substitutes. The prospect of excess sugar probably will keep world prices around 10 cents a pound for the rest of 1975.

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NATIONALIST CHINA

Premier Chiang Ching-kuo recently instructed Taiwan's defense and scientific establishments to move ahead vigorously to develop a broad range of weapons, including missiles, nuclear weapons, and chemical warfare agents.



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Chiang's remarks on missile development and chemical warfare agents as well as nuclear weapons reflect Taiwan's current drive to modernize its armed forces and to attain a degree of self-sufficiency in production of advanced armaments. Taipei is clearly looking to a time when overwhelming military pressure from a numerically superior force could be parried only by an array of sophisticated weapons. Since Taipei cannot rely on the US for modern weapons over the longer term, it is developing its own advanced armaments industry and is attempting to expand contacts

elsewhere. Possession of nuclear weapons is viewed as a necessary deterrent to a communist invasion

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President Siad has lavished praise on the Soviet Union during the past week for its assistance to Somalia.

Siad's touting of the relationship follows a short period during which he played down his ties with Moscow while he sought to burnish his Arab credentials preparatory to the now-postponed Arab summit meeting in Mogadiscio. Siad's pro-Soviet publicity was prompted by the announcement on June 18 of a \$60-million Soviet economic assistance package, part of which will be used to combat the effects of the drought that has afflicted Somalia along with other countries of sub-Saharan Africa. The new Soviet aid package will probably not satisfy those Somalis for whom criticism of the Soviet relief effort has been a convenient way of showing displeasure at the substantial Soviet role in the country.

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Thai Prime Minister Khukrit, rather than Foreign Minister Chatchai, will head the delegation to Peking on June 30 to open diplomatic relations with the Chinese.



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