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# The President's Daily Brief

*August 7, 1975*

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Exempt from general  
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*FOR THE PRESIDENT ONLY*

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PORTUGAL

*The Portuguese military leadership has turned its attention to quelling anti-Communist violence in the north.*

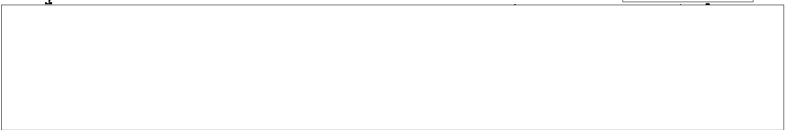
The government has reportedly assigned marines-- considered to be among the most radical units in the internal security forces--to the northern military region to augment troops there. It is unlikely that the marines--only 140 men--can curtail the attacks against the Communists unless they fire into the crowds.

More demonstrations are scheduled during the next few days. The Communists are planning a rally in Oporto to support Prime Minister Goncalves and to protest anti-Communist activity. The Church has scheduled rallies this weekend in two other northern towns.

Anti-Communist sentiment is also being expressed in the Azores where the desire for autonomy continues to grow. The offices of the Communist-dominated Portuguese Democratic Movement were burned on Tuesday, and island residents have recently prevented distribution of mainland newspapers.

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Socialist leader Soares met leaders of social democratic governments and parties from 12 European countries and Israel last weekend in Stockholm to request economic assistance for Lisbon.



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The Socialist leaders made no commitment to provide aid for Portugal. Prime Minister Wilson, reaffirming the position taken by the EC Nine at their mid-July summit, explained that EC reluctance will continue "as long as Portugal fails to give evidence of a quick return to pluralistic democracy."

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Reporting is contradictory on offers to give prompt financial assistance to the Portuguese Socialist Party. Although several Socialist leaders in Europe favor such action, it is unlikely that they made any definite promises. The 13 leaders did unanimously accept a proposal advanced by West German leader Brandt to create a "Committee for Solidarity and Friendship with Portugal." The committee will be chaired by Swedish Prime Minister Palme and is to develop an "action program" to support Soares' party.

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OIL

*The Communist countries play only a small role in meeting the oil and gas needs of Western nations. Although oil exports to the West are likely to edge upward in the future, the Communist states will remain only a marginal source of supply.*

Net Soviet exports of oil and natural gas to the West last year comprised less than 2 percent and 1 percent respectively of consumption in the West. China's supply of oil to Japan--Peking's principal market for oil among the industrialized nations--accounts for 3 percent of total Japanese consumption.

The Soviet Union--now the world's largest oil producer at 9.6 million barrels per day--is expected to boost output by 7 percent this year. Since domestic Soviet and East European consumption will also rise, net Soviet exports to the West are likely to increase only slightly, if at all. Although Soviet output has grown steadily in recent years, it is actually falling below the planned level of production because of lagging discovery and exploitation of new reserves and rapid depletion of older fields.

Soviet gas production, which amounts to about half that of the US, has increased this year, but it will fall below the 1975 target by about 10 percent. The enormous Soviet gas reserves--an estimated 700 trillion cubic feet--are located in remote areas, largely in the permafrost zone. Technical problems in exploiting the deposits and building pipelines have slowed development.

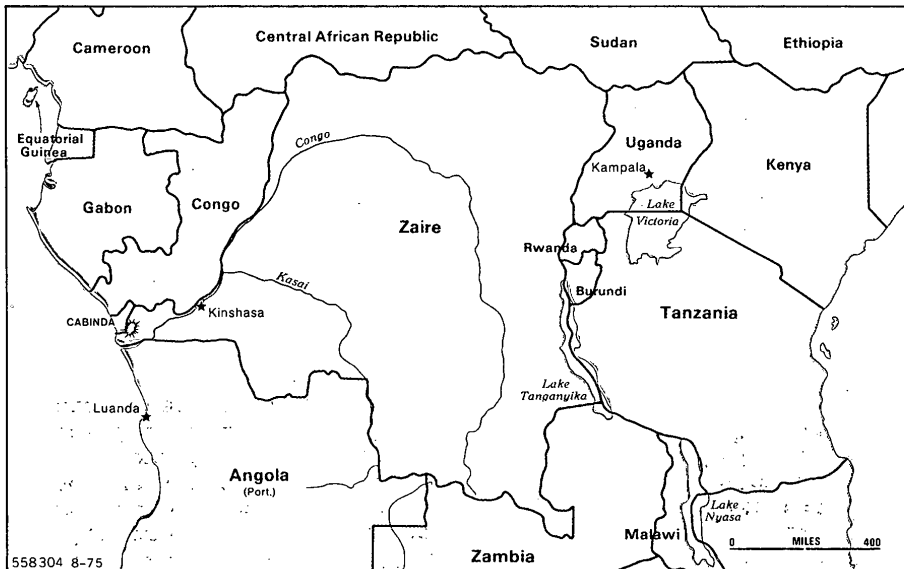
Eastern Europe is a net importer of both oil and gas. Most oil imports are from the Soviet Union. Crude production in Eastern Europe has remained fairly constant over the past several years and is chiefly in Romania.

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In contrast to the tight petroleum situation in the USSR and Eastern Europe, China is rapidly boosting oil production and increasing exports to the West. Crude oil output last year was up 20 percent from 1973. So far in 1975, crude production has averaged 1.6 million barrels per day with exports running 200,000 barrels per day. Although China is rapidly increasing its own oil consumption--substituting oil for coal in some instances--production has risen even faster.

Communist oil exports to the West should reach 1.3 million barrels per day in 1980, compared with 1 million barrels per day in 1975. Growing production problems in the USSR, combined with rising Soviet and East European consumption, will gradually reduce oil exports from this area. Chinese exports, however, probably will more than offset the drop in net Soviet shipments. Chinese exports in 1980 could total 1 million barrels per day, five times the anticipated level for 1975.





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NOTES

*Fighting broke out yesterday between the Popular Movement for the Liberation of Angola and the National Front for the Liberation of Angola along the border between Zaire and Cabinda, the oil-producing Angolan exclave.*

The National Front, which apparently initiated the fighting, did not score any significant gains against the Popular Movement that dominates the exclave. The attack may also have been intended to intimidate a fledgling Cabindan liberation movement. This group declared the exclave's independence from both Portugal and Angola at the recent meeting of the Organization of African Unity.

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