

SECRET

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FM THE SITUATION ROOM//TOHAK06//
TO COMPERT/BREMER FOR THE SECRETARY ADDARD 86970
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TOP SECRET SENSITIVE CONTAINS CODEWORD VIA 86970 WH42874

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ON-FILE NSC RELEASE INSTRUCTIONS APPLY

TOP SECRET-SENSITIVE
CONTAINS CODEWORD
MEMORANDUM FOR SECRETARY MISSINGER
FROM: THE SITUATION ROOM
SUBJECT: NOON NOTES

OCTOBER 23, 1974

25X1

GROUP IN NATO EXCLUDES PORTUGAL: NATO MEMBERS ARE CONCERNED ABOUT SECURITY IF REPRESENTATIVES OF PORTUGAL'S LEFTIST GOVERNMENT DECIDE TO ATTEND THE MINISTERIAL-LEVEL MEETING OF THE ALLIANCE'S NUCLEAR PLANNING GROUP IN ROME NEXT MONTH. IF THE PORTUGUESE INSIST ON COMING, THE OTHER ALLIES MAY POSTPONE THE MEETING. AT A MEETING WITH SECRETARY GENERAL LUNS LAST MONDAY, THE MEMBERS OF THE NUCLEAR PLANNING GROUP, MINUS PORTUGAL, AGREED TO EXCLUDE PORTUGAL. LUNS INFORMED THE PORTUGUESE OF THE DECISION, BUT LISBON HAS NOT YET REACTED. LUNS SAID HE FEARED LEFTIST ELEMENTS IN PORTUGAL MIGHT USE THE GROUP'S DECISION TO STIR UP ANTI-U.S. AND ANTI-NATO FEELING. ANOTHER REASON FOR POSTPONING THE COMING SESSION IS THE PROBLEM INVOLVED IN PROVIDING CERTAIN CATEGORIES OF NUCLEAR INFORMATION TO THE GREEKS.

ARGENTINE NATIONALIZATION OF STANDARD ELECTRIC: LAST WEEK'S ANNOUNCEMENT OF PLANS TO NATIONALIZE STANDARD ELECTRIC OF ARGENTINA -- AN ITT SUBSIDIARY -- AND TWO OTHER FOREIGN-OWNED TELECOMMUNICATIONS FIRMS WAS APPARENTLY TRIGGERED BY ITT DEMANDS FOR A GOVERNMENT TAKEOVER. ITT DECIDED TO DUMP STANDARD AFTER GOVERNMENT CANCELLATION OF A MAJOR CONTRACT LEFT STANDARD WITH DEBTS OF NEARLY \$100 MILLION AGAINST ASSETS OF AROUND

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\$140 MILLION. THE RESULTING SHORTAGE OF CASH AND THE DETERIORATING BUSINESS CLIMATE LED ITT TO OFFER TO SELL STANDARD FOR BOOK VALUE -- APPARENTLY \$50 MILLION -- PLUS GOVERNMENT ASSUMPTION OF DEBTS. FOLLOWING REJECTION OF THIS OFFER, ITT OFFERED SIMPLY TO SURRENDER THE COMPANY IN RETURN FOR CANCELLATION OF DEBTS.

CHINESE MAY CONVENE NATIONAL PARTY CONGRESS: CHINA'S LONG-DELAYED NATIONAL PEOPLE'S CONGRESS MAY SOON BE CONVENED. ON OCTOBER 18, THE CHINA OCEAN SHIPPING COMPANY SENT A MESSAGE TO ONE OF ITS SHIPS ANNOUNCING THAT THE CONGRESS WOULD MEET SOON. THE COMPANY CAUTIONED THE CREWMEN TO KEEP THE MATTER SECRET UNTIL AN OFFICIAL ANNOUNCEMENT IS MADE. CENTRAL COMMITTEE MEMBER LIAO CHENG-CHIH TOLD A RECENT JAPANESE VISITOR IN PEKING THAT THE CONGRESS WOULD BE CONVENED IN DECEMBER "IF NOT EARLIER," AND THAT THE TASK OF DRAFTING A NEW STATE CONSTITUTION HAD BEEN COMPLETED. OTHER LEADERS, INCLUDING VICE PREMIERS TENG HSIAO-PING AND LI HSIEN-NIEN, HAVE ALSO TOLD VISITORS THAT THE CONGRESS WOULD MEET SHORTLY. THE LAST SUCH CONGRESS MET IN 1965.

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